



**ANNUAL INFORMATION FORM**

**For the year ended December 31, 2017**

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

**March 29, 2018**

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

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; the results of the Technical Report for the Volta Grande Gold Project, including without limitation, capital and operating costs, economic analysis, expected mine life, production, cash costs, all-in sustaining costs, net present value, internal rate of return and payback period; 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; the Corporation's expectations with respect to the outcome of the litigation process with local courts; 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 mine development and economics at the Volta Grande Gold Project (as defined herein) are based on management expectations, discussions with official and general filing timelines, 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 and assumptions that are set out herein and in the Technical Report (as defined 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: precious metal prices; revocation of government approvals, authorizations and licences; foreign exchange rates; foreign operations in Brazil; compliance with environmental legislation; environmental licensing; liquidity concerns and timing and availability of external financing on acceptable terms; unexpected events and delays during construction and start-up; the highly speculative nature of mineral exploration, including lack of assurances that exploration programs will result in the expansion of mineral resources or the establishment of mineral reserves; variations in mineral grade and recovery rates; uncertainties inherent in estimating mineral resources and mineral reserves; lack of revenues; commodity prices; title to properties; uninsured risks; competition; dependence on outside parties; dependence on key personnel; litigation; community and non-governmental organization opposition to mineral projects; timing of completion and approval of the indigenous study in respect of the Volta Grande Gold Project; corruption; uncertainty with court systems and the rule of law in foreign jurisdictions where the Corporation operates; availability of reasonably priced raw materials and mining equipment; share price fluctuations; conflicts of interest; foreign mining tax regimes; 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 pre-feasibility 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 on a consolidated basis 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.
“GAAP”	means Generally Accepted Accounting Principles
“IFRS”	means International Financial Reporting Standards prepared in accordance with International Accounting Standards 34, Interim Financial Reporting, as issued by the International Accounting Standards Board.
“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 Pará State, Brazil.
“Rainbow Alexandrite Project”	means the Rainbow project in Goias State, Brazil.
“Technical Report”	means the technical report entitled “Feasibility Study on the Volta Grande Project, Pará, Brazil, NI 43-101 Technical Report”, dated May 8, 2015 with an effective date of March 30, 2015 and authored by Mr. Stefan Gueorguiev, P. Eng. Ontario, Vice President Projects, Lycopodium Minerals Canada Ltd (Lycopodium), Mr. Aron Cleugh, P. Eng. Ontario, Lead Process Engineer, Lycopodium, Dr. Oy Leuangthong, PhD., P.Eng. Ontario, Principal Consultant (Geostatistics), SRK Consulting (Canada) Inc. (“SRK”), Dr. Jean-François Couture, PhD, P.Geo, Corporate Consultant, SRK, Dr. Lars Weiershäuser, PhD, P.Geo, Senior Consultant (Geology), SRK, George H Wahl, P. Geo., British Columbia, Principal Consultant, G H Wahl & Associates Geological Services, Mr. Gordon Zurowski, P.Eng. Ontario, Principal Mining Engineer, AGP Mining Consultants (AGP), Mr. Alexandre Luz, AusIMM, Senior Partner, L&M Assessoria Empresarial (L&M), Mr. Paulo Franca, Principal Consultant, AusIMM, VOGBR Recursos Hídricos & Geotecnia Ltda (VOGBR), Mr. Derek Chubb, P. Eng. Ontario, Senior Partner, Environmental Resources Management Inc. (ERM).
“Volta Grande Gold Project”	means the Volta Grande Gold Project in Pará 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**

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

	<b>Year Ended December 31 (Expressed in Canadian Dollars)</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Closing	1.2545	1.3427	1.3840
High	1.3743	1.4589	1.3990
Low	1.2128	1.2544	1.1728

On March 28, 2018, the closing rate in United States dollars reported by the Bank of Canada was US\$1.00 = \$1.2902.

### Brazilian Real Exchange Rates

<b>Brazilian Reais</b>	<b>Year Ended December 31 (Expressed in Canadian Dollars)</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Closing	0.3787	0.4125	0.3494
High	0.4395	0.4282	0.4840
Low	0.3787	0.3376	0.3205

On March 28, 2018, the closing rate in Brazilian real reported by the Bank of Canada was R\$1.00= \$0.3867.

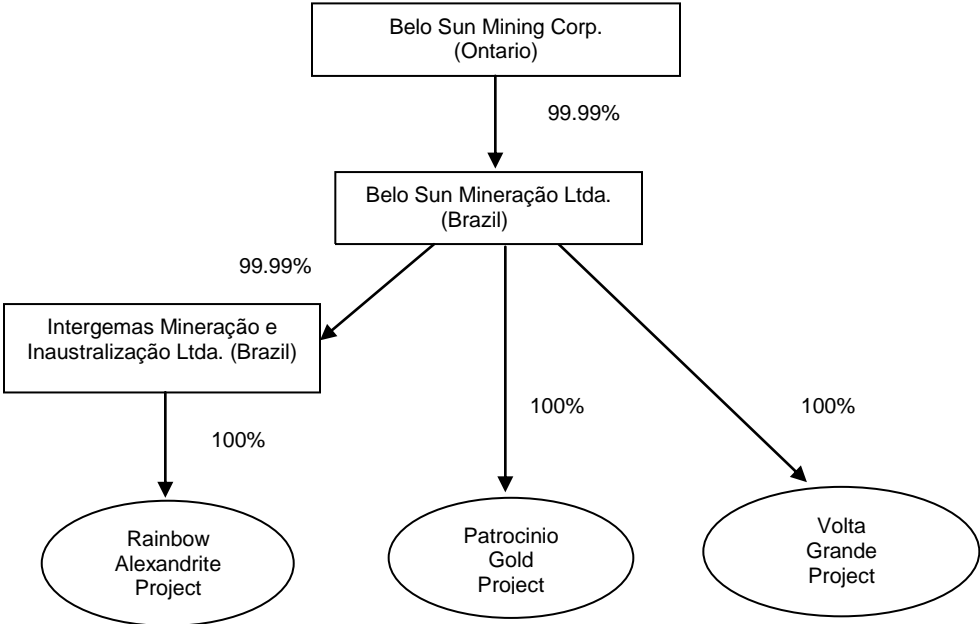
All information in this AIF is given as of March 29, 2018 unless otherwise indicated.

**CORPORATE STRUCTURE**

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 Corporation’s Brazilian office is located at Rua Dragão do Mar, 1025, Premem Altamira, PA, CEP: 68372-070.

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



**GENERAL DEVELOPMENT OF THE BUSINESS**

Belo Sun is a Canadian-based mineral exploration and development company focused on gold in Brazil. Belo Sun is focused on developing the Volta Grande Gold Project, located in Pará State, approximately 65 km southeast of the city of Altamira in northern Brazil. The Volta Grande Gold Project is 100% owned by the Corporation. See “*Description of Mineral Properties – the Volta Grande Gold Project.*”

The Corporation also has a 100% ownership interest in the Patrocínio Gold Project, which is located in the Tapajos gold province in the Pará State of northern Brazil, and a 100% ownership interest in the Rainbow Alexandrite Project, which is located 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, 2015.

### *Current Financial Year*

The Corporation continues its efforts to complete an indigenous study in compliance with the guidelines of the Indigenous Affairs Agency of Brazil (“Funai”).

### *Financial Year Ended December 31, 2017*

In February 2017, the Corporation secured the construction licence authorizing the Corporation to proceed with the construction and development of the Volta Grande Gold Project. Subsequently, an order was issued from the Agrarian Court of Altamira issuing a temporary 180 day injunction halting certain work related to the construction licence. The purported purpose of the injunction was to provide time for the relocation of certain families in an area proximate to the Volta Grande Gold Project. The Corporation appealed the Court’s decision and continued advancing the project and awarded to FLSmith the first phase of the turnkey contract for engineering, procurement and construction of the metallurgical process facilities. The Corporation also initiated purchases of long lead items, including the semi autogenous grinding mill for the Volta Grande Gold Project.

In April 2017, an interim order was issued by a judge from the Brazilian Federal Regional Court suspending the Corporation’s construction license until an indigenous study has been approved by Funai.

In June 2017, the judge of the Agrarian Court of Altamira lifted the initial temporary injunction related to the Corporation’s construction license for the Volta Grande Project.

In December 2017, the Federal Court of Appeals in Brasilia ruled to uphold the suspension of the Corporation’s construction license related to the Volta Grande Project until an indigenous study has been completed by the Corporation in compliance with Funai’s guidelines and approved by Funai.

### *Financial Year Ended December 31, 2016*

On March 16, 2016, the Corporation completed a non-brokered private placement financing with Agnico Eagle Mines Limited (“**Agnico Eagle**”) at a price of \$0.53 per Common Share for proceeds of \$6,190,400.

On March 21, 2016, the Corporation completed a non-brokered private placement financing with Sun Valley Gold LLC (“**Sun Valley**”) at a price of \$0.53 per Common Share for proceeds of \$5,800,000.

On July 27, 2016, the Corporation closed a bought deal financing co-led by TD Securities Inc. and Canaccord Genuity, and including BMO Nesbitt Burns Inc., Scotia Capital Inc., CIBC World Markets Inc., Dundee Securities Ltd., and National Bank Financial Inc., pursuant to which the Corporation issued 77,320,000 Common Shares at a price of \$0.97 per Common Share, for aggregate gross proceeds of \$75,000,400.

### *Financial Year Ended December 31, 2015*

On March 30, 2015, the Corporation announced the completion of a feasibility study on the Volta Grande Gold Project. The study is based on a “fit for purpose” design basis and was conducted with the objectives of: updating the resource and reserve estimates at the Volta Grande Gold Project; and designing to feasibility level the appropriate facilities required for mining, processing, tailings management, ancillary facilities, on site and office site infrastructure of the Volta Grande Gold Project. The Technical Report supporting the feasibility study was filed on May 8, 2015.

On May 21, 2015, the Corporation completed a private placement with Agnico Eagle, pursuant to which Agnico Eagle made a strategic investment of \$15 million by way of a non-brokered private placement of 62,500,000 Common Shares at a price of \$0.24 per Common Share (the “**Strategic Investment**”). Subject to certain conditions as more particularly described in an investor rights agreement between the Corporation and Agnico Eagle dated May 21, 2015 (the “**Investor Rights Agreement**”), Agnico Eagle has the right to participate in certain future equity offerings by the Corporation in order to maintain its *pro rata* investment in the Corporation and to nominate one person to the Board provided that Agnico Eagle at the time continues to hold no less than ten percent of the then issued and outstanding common shares

of Belo Sun on a non-diluted basis. In the event the Board is increased to ten or more directors, Agnico Eagle will have the right to appoint one additional director.

In the third quarter of 2015, the Corporation entered into various agreements to acquire land packages totalling approximately 740 hectares for an aggregate purchase price of R\$3,882,000 (\$1,476,678).

## ***NARRATIVE DESCRIPTION OF THE BUSINESS***

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### **General**

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

Belo Sun's principal focus is the Volta Grande Gold Project.

In May 2015, the Corporation completed the Technical Report. Please see the information below under the heading "*Description of the Mineral Properties – the Volta Grande Gold Project*".

Belo Sun has not conducted a market study in relation to the gold doré that may be produced by the Volta Grande Gold Project. Gold is a freely traded commodity on the world market for which there is a steady demand from numerous buyers.

### **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; (iii) equipment and suppliers; and (iv) financing. 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.

In Brazil, extensive environmental legislation has been enacted by federal and provincial governments. Such legislation imposes rigorous standards on the mining industry to reduce or eliminate the effects of wastes generated by extraction and processing operations and subsequently deposited on the ground or emitted into the air or water. All phases of the Corporation's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner that requires stricter standards and enforcement, imposes increased fines and penalties for non-compliance, mandates more stringent environmental assessments of proposed activities and requires a heightened degree of responsibility for companies and their officers, directors, employees and contractors.

To the best of the Corporation's knowledge, all of the Corporation's activities are in compliance in all material respects with applicable environmental legislation. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Corporation's operations. The cost of compliance with changes in governmental regulations has the potential to preclude entirely the economic development of a property.

### **Social or Environmental Policies**

The Corporation is, and has been, carrying out exploration and development in Brazil, principally in Pará State. Such activities are subject to various laws, rules and regulations governing the protection of the

environment. Management is committed to ensure that it continues to comply with or exceed all environmental regulations currently applicable to it. To the best of the Corporation's knowledge, all of the Corporation's activities are in compliance in all material respects with applicable environmental legislation.

### **Specialized Skill and Knowledge**

All aspects of the Corporation's business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, engineering, operations, environmental, drilling, logistical planning and implementation of exploration and development programs, treasury, accounting and legal.

### **Employees**

The Corporation has approximately 18 internal consultants and employees in Toronto. In addition, it retains approximately 44 geologists, engineers, employees 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"*.

### **Business Cycles**

The mineral exploration business is subject to mineral price cycles. The marketability of minerals and mineral concentrates and the ability to finance the Corporation on favourable terms is also affected by worldwide economic cycles.

### **Risks Factors**

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, without limitation, 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"*.

#### *Local Opposition to the Volta Grande Gold Project*

In April 2017, an interim order was issued by a judge from the Brazilian Federal Regional Court suspending the Corporation's construction license until an indigenous study has been approved by Funai. In December 2017, the Federal Court of Appeals in Brasilia ruled to uphold the suspension order. The Volta Grande Gold Project and its future operations are subject to a risk that one or more local groups or organizations, including indigenous people, may oppose further development of the project and its future operations. In addition, there is an increasing level of international public concern relating to the perceived effect of mining activities on communities impacted by such activities. The evolving expectations related to human rights, indigenous rights, environmental protection may result in opposition to Belo Sun's current and future project development activities and future operations or further development or new development of projects and mines. Such opposition may be directed through additional legal or administrative proceedings or expressed in manifestations such as protests, roadblocks, adverse media campaigns or other forms of public expression against the Corporation's activities, and may have a negative impact on the Corporation's reputation and operations.

Opposition by any of the aforementioned groups to our operations may require modification of, or preclude the development or operation of, the Volta Grande Gold Project or other projects and future mines or may require the Corporation to spend significant amount of time and resources in litigation or enter into agreements with such groups or local governments with respect to our projects and mines, in some cases, causing increased cost and considerable delays to the advancement of our projects.

### *Licences 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, state 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. There can be no assurance that the Corporation will be able to maintain or obtain all necessary licences, 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 or maintaining the necessary authorizations and licences and complying with these authorizations, licences 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. The recent litigation process with the Agrarian Court of Altamira and the Brazilian Federal Regional Court are examples of legal claims that will affect 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 that could have a material adverse effect on the Corporation's business, reputation, properties, results of operations, financial condition, prospects or community relations. Claims, lawsuits and injunctions may be brought by parties looking to prevent the Corporation from advancing its projects. 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. There is no assurance that it will obtain the corresponding mining concessions, or that if they are granted, that the process will not be heavily contested and thus costly and time consuming to the Corporation. In addition, it may not obtain one or more licences. Any such failure may have a material adverse effect on the Corporation's business, results of operations and financial condition.

### *Precious Metal 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 precious metals. Precious metal 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 precious metals, 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 precious metals 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 real as compared to the United States dollar. Any foreign exchange fluctuations may have an effect on the Corporation's revenue and cost management, and ultimately, the Corporation's financial condition and performance.

### *Foreign Operations*

The mineral properties 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; corruption; 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.

#### *Environmental Regulations and Risks*

The Company'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 Company, including the suspension or cessation of operations.

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

Many of the local, state and federal environmental laws and regulations require the Corporation to obtain licences for its activities. The Corporation must update and review its licences from time to time, and is subject to environmental impact analyses and public review processes prior to approval of new activities. In particular, the Corporation's mineral project is located in the Volta Grande do Xingu region, in the area proximal to the Belo Monte hydroelectric plant on the Xingu River, which is one of the Amazon's most important rivers. Due to the existence of communities of indigenous peoples and the region's biodiversity, the environmental licensing process of the Belo Monte dam has attracted a great deal of attention from the local communities, non-governmental organizations, the Federal Public Prosecutor Office, the Brazilian Institute of Environment and Renewable Natural Resources, and other Brazilian and foreign institutions. Therefore, environmental and operational licensing of the Volta Grande Gold Project and relations with local communities may be more challenging and time consuming and subject to greater scrutiny as compared to the environmental licensing process and community and social relations for other mineral projects conducted in Brazil. Belo Sun can make no assurance that it will be able to maintain or obtain all of the required environmental and social licences on a timely basis, if at all.

In addition, it is possible that future changes in applicable laws, regulations and authorizations or changes in enforcement or regulatory interpretation could have a significant impact on the Corporation's activities. Those risks include, but are not limited to, the risk that regulatory authorities may increase bonding requirements beyond the Corporation's or its subsidiaries' financial capabilities.

### *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 and dilutive as compared to the Corporation's estimated net asset value per share and estimated mineral resource or reserve ounces per share. The Corporation currently has a negative operating cash flow and finances its mineral exploration activities through equity financing. The Corporation's financial success will be dependent on the economic viability of its mineral properties and the extent to which it can establish economic operations.

### *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. 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. Further, there is no certainty that even greater expenditures relating to economic analysis or to development will result in a commercially viable project.

### *Cost Estimates, Permit Timing, and Project Economics*

The Corporation presents information from a feasibility study on the Volta Grande Gold Project which contains estimates with respect to capital costs, operating costs and other project economics. The Corporations' actual costs, production, returns, payback and other financial and economic performance metrics for the Volta Grande Gold Project are dependent on a number of factors, including currency exchange rates, the price of gold, the cost of inputs used in mining development and operations, timing of obtaining all required permits and approvals, timing of obtaining all necessary financing and events that affect cost and production levels that are not in the Corporation's control. The Corporation's actual costs may vary from estimates for a variety of reasons, including changing waste-to-ore ratios, ore grade, metallurgy, labour and other input costs, commodity prices, general inflationary pressures and currency exchange rates. Failure to achieve cost estimates or other economic performance metrics or material increases in costs could have an adverse impact on the Corporation's future cash flows, profitability, results of operations and financial condition. As a result of the substantial expenditures involved in development projects, development projects are prone to material cost overruns versus budget. The capital expenditures and time required to develop new mines are considerable and changes in cost or construction schedules can significantly increase both the time and capital required to build the project. Volta Grande Gold Project development schedules are also dependent on obtaining the governmental approvals and permits necessary for operation of a project. The timeline to obtain these government approvals and permits is often beyond the control of the Corporation. It is not unusual in the mining industry, especially in a jurisdiction like Brazil, for new mining operations to experience construction challenges or delays and unexpected problems during the start-up phase, resulting in delays and requiring more capital than anticipated. Given the inherent risks and uncertainties associated with the

development of a new mine, there can be no assurance that the construction will commence in accordance with current expectation.

#### *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 and Mineral Reserves*

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.

In addition, mineral reserves may not conform to geological, metallurgical or other expectations, and the volume and grade of ore may differ from estimated levels. There are numerous uncertainties inherent in estimating mineral resources and mineral reserves, including many factors beyond the Corporation's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. In addition, there can be no assurance that gold recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. Lower market prices, increased production costs, reduced recovery rates and other factors may result in a revision of its mineral reserve estimates from time to time or may render the Corporation's mineral reserves uneconomic to exploit.

#### *No Revenues*

To date, the Corporation has not recorded any revenues from operations nor has the Corporation commenced commercial gold 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 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.

#### *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. Historically there have been 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 affecting financial performance of the Corporation.

#### *Corruption and Bribery Laws*

The Corporation's operations are governed by, and involve interactions with, many levels of government in numerous countries. The Corporation is required to comply with anti-corruption and anti-bribery laws, including the *Criminal Code* (Canada), and the *Canadian Corruption of Foreign Public Officials Act*, as well as similar laws in the countries in which the Corporation conducts its business. In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny and punishment to companies convicted of violating anti-corruption and anti-bribery laws. Furthermore, a company may be found liable for violations by not only its employees, but also by its contractors and third party agents. Although the Corporation has adopted steps to mitigate such risks, such measures may not always be effective in ensuring that the Corporation, its employees, contractors or third party agents will comply strictly with such laws. If the Corporation finds itself subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions imposed on the Corporation resulting in a material adverse effect on the Corporation's reputation and results of its operations.

#### *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 and economic analysis, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore and to develop and build mines. 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. As Belo Sun moves to advance and develop the Volta Grande Gold Project, the Corporation anticipates legal claims and actions will be brought in Brazilian courts to attempt to delay or stop the project. The recent litigation process with the Agrarian Court of Altamira and the Brazilian Federal Regional Court related to Funai are examples of legal claims that will affect the Volta Grande Gold Project. Given the speculative and unpredictable nature of litigation, the outcome of any future disputes could have a material adverse effect on Belo Sun.

#### *Availability of Reasonably Priced Mining Equipment*

The Company will require a variety of mining equipment. To the extent the equipment is unavailable or available only at significantly increased prices, the Company's production and financial performance could be adversely affected.

#### *Share Price Fluctuations*

The market price of securities of many companies, particularly development stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Corporation's share price will not occur. During the 52 weeks ended March 29, 2018, the Corporation's share price had a high of \$0.85 and a low of \$0.29 (as of today).

#### *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 Mining Tax Regimes*

Mining tax regimes in foreign jurisdictions are subject to differing interpretations and are subject to constant change. The Corporation's interpretation of taxation law as applied to its transactions and activities may not coincide with that of the tax authorities. As a result, transactions may be challenged by tax authorities and the Corporation's operations may be assessed, which could result in significant additional taxes, penalties and interest. In addition, proposed changes to mining tax regimes in foreign jurisdictions could result in significant additional taxes payable by the Corporation, which would have a negative impact on the financial results of the Corporation. The Corporation is also engaged in tax stabilization discussions with the Para state government which, if successful, has the potential to provided long term reduction in indirect taxes and would provide a positive impact on the project economics. These discussions are ongoing and have not been concluded.

#### *Limited Property Portfolio*

At this time, the Corporation holds an interest in one main project. As a result, unless the Corporation acquires additional property interests, any adverse developments affecting its current properties would be expected to have a material adverse effect upon the Corporation and would materially and adversely affect the potential mineral resource production, profitability, financial performance and results of operations of the Corporation.

## *Enforcement of Legal Rights*

The Corporation's material subsidiaries are organized under the laws of foreign jurisdictions and certain of the Corporation's experts are located in foreign jurisdiction. Given that the Corporation's material assets are located outside of Canada, investors may have difficulty in effecting service of process within Canada and collecting from or enforcing against the Corporation or its experts, any judgments obtained by the Canadian courts or Canadian securities regulatory authorities and predicated on the civil liability provisions of Canadian securities legislation or otherwise. Similarly, in the event a dispute arises from the Corporation's foreign operations, the Corporation may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada. See "Other Disclosure Relating to OSC Requirements for Companies Operating in Emerging Markets".

## **Other Disclosure Relating to Ontario Securities Commission Requirements for Companies Operating in Emerging Markets**

### ***Controls Relating to Corporate Structure Risk***

Belo Sun has implemented a system of corporate governance, internal controls over financial reporting, and disclosure controls and procedures that apply at all levels of the Corporation and its subsidiaries. These systems are overseen by the Corporation's Board, and implemented by the Corporation's senior management. These systems of corporate governance, internal control over financial reporting and disclosure controls and procedures are designed to ensure that, among other things, the Corporation has access to all material information about its subsidiaries. The relevant features of these systems include:

- (a) **Belo Sun's Control Over Subsidiaries.** Belo Sun's corporate structure has been designed to ensure that the Corporation controls or has a measure of direct oversight over the operations of its subsidiaries. Belo Sun's subsidiaries are either wholly-owned or controlled to a large extent by the Corporation. Accordingly, the Corporation directly controls the appointments of all of the directors of its subsidiaries. The directors of Belo Sun's subsidiaries are ultimately accountable to Belo Sun as the shareholder appointing him or her, and Belo Sun's board of directors and senior management. As well, the annual budget, capital investment and exploration program in respect of the Corporation's mineral properties are established by the Corporation.

Further, signing officers for subsidiary foreign bank accounts are either employees of Belo Sun or employees of the subsidiaries. Monetary limits are established internally by the Corporation as well as with the respective banking institution. Annually, authorizations over bank accounts are reviewed and revised as necessary. Changes are communicated to the banking institution by the Corporation and the applicable subsidiary to ensure appropriate individuals are identified as having authority over the bank accounts.

- (b) **Strategic Direction.** The Board is responsible for the overall stewardship of the Corporation and, accordingly, supervises the management of the business and affairs of the Corporation. More specifically, the Board is responsible for reviewing the strategic business plans and corporate objectives, and approving acquisitions, dispositions, investments, capital expenditures and other transactions and matters that are material to the Corporation including those of its material subsidiaries.
- (c) **Internal Control Over Financial Reporting.** The Corporation prepares its consolidated financial statements and management's disclosure and analysis of ("MD&A") on a quarterly and annual basis, using IFRS as issued by the International Accounting Standards Board, which require financial information and disclosures from its subsidiaries. The Corporation implements internal controls over the preparation of its financial statements and other financial disclosures to provide reasonable assurance that its financial reporting is reliable and that the quarterly and

annual financial statements and MD&A are being prepared in accordance with IFRS and relevant securities laws. These internal controls include the following:

- (i) The Corporation receives trial balances, balance sheets, income statements and general ledger details relating to its subsidiaries in order to complete the consolidated financial statements and MD&A. Management of the Corporation has direct access to relevant financial management of its subsidiaries in order to verify and clarify all information required.
  - (ii) All public documents and statements relating to the Corporation and its subsidiaries containing material information (including financial information) are reviewed by senior management, including the Chief Executive Officer, the Chief Financial Officer and internal legal counsel before such material information is disclosed, to make sure that all material information has been considered by management of the Corporation and properly disclosed.
  - (iii) As more fully described in paragraph (e), the Corporation's Audit Committee obtains confirmation from the Chief Executive Officer and Chief Financial Officer as to the matters addressed in the quarterly and annual certifications required under National Instrument 52-109 - *Certification of Disclosure in the Corporation's Annual and Interim Filings* ("NI 52-109").
  - (iv) The Corporation's Audit Committee reviews and approves the Corporation's quarterly and annual financial statements and MD&A and recommends to the Corporation's board of directors for the board's approval of the Corporation's quarterly and annual financial statements and MD&A, and any other financial information requiring board approval, prior to their publication or release.
  - (v) The Corporation's Audit Committee assesses and evaluates the adequacy of the procedures in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements by way of reports from management and its internal and external auditor.
  - (vi) Although not specifically a management control, the Corporation engages its external auditor to perform an audit of the annual consolidated financial statements in accordance with IFRS.
- (d) Disclosure Controls and Procedures. The responsibilities of the Corporation's Audit Committee include oversight of the Corporation's internal control systems including those systems to identify, monitor and mitigate business risks as well as compliance with legal, ethical and regulatory requirements.
- (e) CEO and CFO Certifications. In order for the Corporation's Chief Executive Officer and Chief Financial Officer to be in a position to attest to the matters addressed in the quarterly and annual certifications required by NI 52-109, the Corporation has developed internal procedures and responsibilities throughout the organization for its regular periodic and special situation reporting. This is done in order to provide assurances that information that may constitute material information will reach the appropriate individuals who review public documents and statements relating to the Corporation and its subsidiaries containing material information, is prepared with input from the responsible officers and employees, and is available for review by the Chief Executive Officer and Chief Financial Officer in a timely manner.

## ***Procedures of the Board of Directors of the Corporation***

### ***Removal of Directors of Subsidiaries***

In respect of its subsidiaries, subject to applicable local corporate laws and the respective constating documents of each of the Corporation's wholly-owned subsidiaries, the Corporation may remove directors of these subsidiaries from office either by way of a resolution duly passed by the Corporation at a shareholders' meeting or by way of a written resolution.

### ***Records Management of the Corporation's Subsidiaries***

The original minute books, corporate seal and corporate records of each of the Corporation's subsidiaries are kept at each subsidiary's respective registered office.

## **DESCRIPTION OF MINERAL PROPERTIES**

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

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

Stéphane Amireault, P.Eng (B.Eng; MScA), Vice-President of Exploration for Belo Sun, is the in-house Qualified Person under National Instrument 43-101 for geology. Joseph C. Milbourne, FAusIMM, Vice-President of Technical Services for the Company, is the in-house Qualified Person under National Instrument 43-101 for all technical materials (except geology). Mr. Amireault and Mr. Milbourne have reviewed and approved the scientific and technical information in this AIF.

### ***Project Description, Location and Access***

The Volta Grande Gold Project is located adjacent to the Xingu River south-east of Altamira. The Volta Grande Gold Project is situated in an area of low topographic relief with elevations in a range of 100 m to 120 m above mean sea level. The dominant topographic feature is the valley of the meandering and northeast flowing Xingu River and the Itatá River which drains into the Xingu River in the eastern part of the property.

The Volta Grande Gold Project is moderately forested. The land in neighbouring areas is used mainly for grazing of cattle and subsistence agriculture.

The Volta Grande Gold Project is located approximately 65 km south-east of the city of Altamira.

The property is located north west of the Carajás mineral region in the State of Pará, which has a long mining history. However, local infrastructure is poor for mining activities since the property is located in a remote area.

Access to the Volta Grande Gold Project site 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 paved and dirt road (BR-158) to the stretch of river known as the Big Bend (or *Volta Grande*) where the exploration camp is situated. Due to the construction of the Belo Monte hydroelectric dam, road access from Altamira to the dam construction site is paved. From the construction site, approximately halfway between Altamira and the Volta Grande Gold Project the road is unpaved but in good condition.

The Corporation holds 100% interest in the Volta Grande Gold Project through its wholly owned subsidiary named Belo Sun Mineração Ltda. The project comprises four mining concession applications,

48 exploration permits, 24 exploration permits extension submitted and 7 exploration applications, all covering a total area of 175,443 hectares.

ID	ID DNPM	AREA HECTARES	PHASE	STATUS
1	805.657/1976	522.06	Application For Mining Concession	APPLICATION FOR CONCESSION
2	805.658/1976	552.02	Application For Mining Concession	APPLICATION FOR CONCESSION
3	805.659/1976	645.07	Application For Mining Concession	APPLICATION FOR CONCESSION
4	812.559/1976	637.30	Application For Mining Concession	APPLICATION FOR CONCESSION
5	851.372/1981	10,000.00	Available concession	APPLICATION PUBLIC TENDER
6	850.250/2001	1,256.96	Exploration	PERMIT EXTENSION SUBMITTED
7	850.249/2001	1,730.86	Exploration	PERMIT EXTENSION
8	850.253/2001	231.60	Exploration	PERMIT EXTENSION SUBMITTED
9	850.214/2004	696.60	Available concession	APPLICATION PUBLIC TENDER
10	850.439/2008	324.98	Exploration	PERMIT EXTENSION SUBMITTED
11	850.633/2008 A	2,168.26	Available concession	APPLICATION PUBLIC TENDER
12	850.633/2008 B	1.72	Available concession	APPLICATION PUBLIC TENDER
13	850.312/2010	9,884.05	Exploration	PERMIT EXTENSION SUBMITTED
14	850.313/2010	1,359.04	Exploration	PERMIT
15	850.314/2010	1,654.62	Exploration	PERMIT
16	850.315/2010	8,750.81	Exploration	PERMIT EXTENSION SUBMITTED
17	850.316/2010	3,114.04	Exploration	PERMIT EXTENSION SUBMITTED
18	850.013/2011	8,139.23	Exploration	PERMIT EXTENSION SUBMITTED
19	850.255/2011	50.63	Exploration	PERMIT
20	850.507/2011	311.99	Exploration	PERMIT EXTENSION SUBMITTED
21	850.692/2011	1,284.54	Exploration	PERMIT EXTENSION SUBMITTED
22	850.693/2011	8,656.74	Exploration	PERMIT
23	850.694/2011	8,070.12	Exploration	PERMIT
24	850.695/2011	2,992.62	Exploration	PERMIT
25	850.696/2011	8,448.89	Exploration	PERMIT
26	850.697/2011	9,728.63	Exploration	PERMIT EXTENSION SUBMITTED
27	850.699/2011	7,995.43	Exploration	PERMIT EXTENSION SUBMITTED
28	850.700/2011	9,246.10	Exploration	PERMIT EXTENSION SUBMITTED
29	850.701/2011	9,900.00	Exploration	PERMIT EXTENSION SUBMITTED
30	850.702/2011	8,358.97	Exploration	PERMIT EXTENSION SUBMITTED
31	850.703/2011	7,649.94	Exploration	PERMIT EXTENSION SUBMITTED
32	850.265/2012	5,081.59	Exploration	PERMIT EXTENSION SUBMITTED
33	850.266/2012	283.92	Exploration	PERMIT
34	850.624/2012	15.04	Exploration	PERMIT
35	850.625/2012	73.21	Exploration	PERMIT
36	850.626/2012	68.54	Exploration	PERMIT
37	851.220/2012	517.37	Exploration	PERMIT
38	850.887/2013	1,000.01	Exploration	PERMIT
39	850.171/2016	50.00	Exploration	PERMIT
40	850.172/2016	22.31	Exploration	PERMIT
41	850.173/2016	22.23	Exploration	PERMIT
42	850.174/2016	50.00	Exploration	PERMIT
43	850.175/2016	49.81	Exploration	PERMIT
44	850.176/2016	50.00	Exploration	PERMIT
45	850.177/2016	50.00	Exploration	PERMIT
46	850.178/2016	50.00	Exploration	PERMIT
47	850.179/2016	50.00	Exploration	PERMIT
48	850.180/2016	50.00	Exploration	PERMIT
49	850.181/2016	49.85	Exploration	PERMIT
50	850.182/2016	22.32	Exploration	PERMIT
51	850.183/2016	50.00	Exploration	PERMIT
52	850.184/2016	22.33	Exploration	PERMIT
53	850.185/2016	23.15	Exploration	PERMIT
54	850.186/2016	24.90	Exploration	PERMIT
55	850.187/2016	50.00	Exploration	PERMIT
56	850.188/2016	50.00	Exploration	PERMIT
57	850.189/2016	50.00	Exploration	PERMIT
58	850.190/2016	22.98	Exploration	PERMIT
59	850.191/2016	22.98	Exploration	PERMIT
60	850.192/2016	50.00	Exploration	PERMIT
61	850.193/2016	23.04	Exploration	PERMIT
62	850.194/2016	49.85	Exploration	PERMIT
63	850.195/2016	50.00	Exploration	PERMIT
64	850.251/2016	477.92	Exploration	PERMIT
65	850.252/2016	354.96	Exploration	PERMIT
66	850.253/2016	362.51	Exploration	PERMIT
67	850.254/2016	447.88	Exploration	PERMIT
68	850.427/2016	993.24	Exploration	PERMIT
69	850.489/2016	9,007.71	Exploration	PERMIT
70	850.496/2016	5,401.63	Exploration	PERMIT
71	850.498/2016	1,644.33	Exploration	PERMIT
72	850.499/2016	2,088.19	Exploration	PERMIT
73	850.500/2016	6,765.95	Exploration	PERMIT
74	850.970/2016	67.93	Exploration	APPLICATION
75	850.971/2016	232.87	Exploration	PERMIT
76	851.027/2016	1,477.80	Exploration	PERMIT
77	851.028/2016	28.14	Exploration	PERMIT
78	851.029/2016	463.35	Exploration	PERMIT
79	851.030/2016	1,321.43	Exploration	PERMIT
80	850.287/2017	7.78	Exploration	PERMIT
81	850.103/2017	2,303.24	Exploration	PERMIT
82	851.322/2017	9,641.62	Exploration	PERMIT

The Federal Constitution of Brazil has established that the States, municipalities, federal district and certain agencies of the federal administration are entitled to receive royalties for the exploitation of mineral resources by holders of mining concessions (including extraction permits). The royalty rate for gold is currently 1.5% arising from the sale of the mineral product, less the sales taxes of the mineral product. The royalty rate increased from 1% to 1.5% pursuant to Brazilian Federal law 13.540 enacted on December 18, 2017. No royalties are currently due.

The climate is tropical with a rainy season from January to April and a dry season extending from May to December. The mean temperature is nearly the same (25 to 30°C) throughout the year. The relative humidity ranges from about 65% to 85%.

Electric power at the property currently 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. There is also limited grid power to the project exploration camp. 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.

### ***History***

Extraction of gold in the eastern Amazon region dates back to the Portuguese colonization in the 17th century. The discovery of gold along the stretch of the Xingu River, known as Volta Grande, 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. The Corporation understands that systematic exploration started in the late 20th century.

Early exploration 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 m) was established. Exploration wells in the alluvium were completed, using two machines 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. Diamond drilling results were used to complete a historical mineral resource estimate for which preliminary pit designs were produced.

In 2004, the Corporation optioned the property 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, Mineralization and Deposit Types***

The Volta Grande Gold Project is situated along the northern boundary of the Carajás-Iricoumé Block of the Eastern Amazonian Craton which contains the west-northwest–trending Três Palmeiras Greenstone Belt. The greenstone belt is 3 km to 10 km wide and extends approximately 120 km along strike. It

comprises Upper Proterozoic metavolcanic and metasedimentary rocks with granodioritic to dioritic intrusions.

The volcanic, sedimentary and syntectonic rocks of the Volta Grande Gold Project have been affected by wide spread hydrothermal alteration events. Surficial alteration is present in an extensive layer of red saprolite, which covers the entire property, including topographic highs and lows.

The Volta Grande Gold Project contains two target areas consisting of the North and South Blocks; the former contains four large mineralized areas: (1) the Ouro Verde area in the north western part of the North Block, (2) the Grota Seca area to the south-east, (3) the Junction area that connects Grota Seca and Ouro Verde, and (4) the Greia area north of Grota Seca. 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.

Primary gold mineralization is associated with altered diorite within a 300 m wide alteration zone, which straddles the contact zone between the intrusive and the metasedimentary rocks. Gold occurs in a stack of mineralized zones ranging in size from strike lengths over 1 km long, depths from surface to approximately 400 m with true thicknesses up to 50 m. The dip of the mineralized zones is generally moderate to steep (50° to 85°) to the south.

Mineralization in the Ouro Verde area extends for approximately 2,200 m along an approximate north-west to south-east strike and extends to a vertical depth of 540 m below surface.

Mineralization in the Grota Seca area extends for approximately 2,900 m along a west to north-westerly trend and extends to a vertical depth of 400 m below surface.

Lateritic and saprolitic gold deposits are typically situated in tropical environments, such as the northern part of South America. In these environments, gold is mechanically transported and distributed in a volume of lateritic material overlying the mineralized structures in bedrock.

### **Exploration**

Recent exploration activities carried out by the Corporation include the following:

- Reinterpretation of Airborne Geophysical Survey from March to September 2010;
- IP Survey between October and November 2010;
- Photogeological and Landsat Lithostructural Interpretation in July 2011;
- LIDAR and Aerophotographic Survey in August 2011;
- Structural Study in early 2012;
- Airborne Geophysical Survey in August 2012;
- Detailed Structural Studies of Ouro Verde and Grota Seca deposits in 2015 and 2016;
- Detailed Structural Study of South Block deposits in 2017;
- Re-interpretation of South Block geology; and
- Appraisal of the economic potential of the Tres Palmeiras Greenstone Belt in 2017.

In 2018 the Corporation plans to complete essential surface exploration to maintain exploration claims in good standing.

### **Drilling**

The table below provides a summary of the exploration drilling performed to date on the North and South Blocks of the Volta Grande Gold Project.

Company	Period	Type	Target Area	No. of Boreholes	Total Length m
Volta Grande Mineracao Ltda. (TVX)	1995	Core	South Block	2	245
	1996	Core	South Block	4	450
		Core	Grota Seca	24	3,533

Gold Inc.)	1997	Core	Grota Seca	41	7,003
		RC	Grota Seca	11	1,696
		Core	Ouro Verde	5	852
	1998	Core	Grota Seca	34	6,041
		Core	Ouro Verde	10	2,175
Verena Minerals Corp.	2006	Core	Grota Seca	23	5,000
	2007	Core	South Block	16	2,675
		Core	Grota Seca	6	1,240
		Core	Ouro Verde	5	1,351
	2008	Core	Grota Seca	1	217
		Core	Ouro Verde	26	4,083
Belo Sun Mining Corp.	2010	Core	Grota Seca	23	5,617
		Core	Ouro Verde	36	9,123
	2011	Core	South Block	21	5,575
		Core	Grota Seca	142	37,330
		RC	Grota Seca	42	8,328
	2012	Core	Ouro Verde	82	23,287
		Core	South Block	30	8,552
		Core	Grota Seca	173	47,827
		Core	Ouro Verde	128	39,099
	2013	RC	Grota Seca	6	1,201
		Core	South Block	35	6,413
		Core	Grota Seca	7	1,799
	2014	Core	Ouro Verde	22	5,340
		Core	Grota Seca	14	1,438
		Core	Ouro Verde	3	261
Total			972	237,751	

### ***Sampling, Analysis and Data Verification***

Approximately 85% of the samples in the projects database were generated under Belo Sun management.

In all cases, core intervals were split and sent for assay. In general, sample lengths were 1 m. 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 for gold by the fire assay method.

The reverse circulation (RC) sample preparation included drying, splitting using a Jones Splitter and pulverizing.

#### *Historic Sampling*

##### Pre-2004 gold assays

The Corporation understands that sample preparation was done at a sample preparation laboratory at the site. Samples were sent to NOMOS, a laboratory owned by Rio Tinto Mining in Brazil (“**NOMOS**”).

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.

Procedures for sample preparation of RC samples included the following:

- 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

#### Gold Assays 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.

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 gold assays (2010 to Present)*

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

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 1,000-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.

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).

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.

Replicate pulp assays (duplicates) were analyzed by Acme Laboratory in Santiago, Chile, and check assays were analyzed by ALS Chemex in Lima, Peru.

SRK analyzed the analytical quality control data accumulated by Belo Sun for the Volta Grande Gold Project. In general, the analytical quality control data reviewed by SRK attested that the assay results delivered by the primary laboratory used by Belo Sun are sufficiently reliable for the purpose of resources estimation.

#### *Specific Gravity Data*

Belo Sun measured specific gravity using the standard weight in air and weight in water procedure from complete sample intervals. Split core was used for the measurements. A total of 826, 1,269, and 124 specific gravity measurements were taken from unweathered material at Ouro Verde and Grota Seca, and South Block, respectively and yielded 2.75 for Grota Seca and Ouro Verde, and 2.77 for South Block.

Only 48 specific gravity measurements were conducted in saprolitic material. The data yields an average of 1.36.

### ***Data Verification***

Quality control measures were set in place by the Corporation and included independent verifications of assaying that involve external quality control measures on all sampling. Assaying protocols involved replicating assays (pulp duplicates), inserting certified quality control samples (blanks and standards) and check assaying.

### ***Mineral Processing and Metallurgical Testing***

The process design criteria are based on test work conducted from 2011 through to 2014. The test work has been consistent across the various campaigns and laboratories and showed that gold is readily recovered using conventional cyanide leaching with a leaching time of 32 hours. Utilizing a P<sub>80</sub> 75 µm grind size, gold recoveries between 91% and 95% are expected over the life of the mine.

The Ouro Verde and Grota Seca ore bodies are very homogeneous in terms of comminution characteristics and test work confirms that the ore is very competent. The average JK Tech Pty Ltd A\*b value, a measure of resistance to impact breakage with a lower number representing a more resistant material is f 30.2. However; the Feasibility Study design criteria used an A\*b value of 26.2 representing ore in the 85th percentile of the OMC database. The test work average Bond Ball Mill Work Index, BW<sub>i</sub>, is 15.7 kWh/t. However; the Feasibility Study used a BW<sub>i</sub> of 16.5 kWh/t representing ore in the 85th percentile for grinding amenability.

Leaching reagent consumptions are relatively low ranging from 0.11 to 0.21 kg/t NaCN and 0.32 to 0.58 kg/t Ca(OH)<sub>2</sub>.

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

SRK indicated that the mineral resource and mineral reserve estimate reported in the Technical Report is a reasonable representation of the global gold mineral resources found in the Volta Grande Gold Project at the current level of sampling. The mineral resources have been estimated in conformity with the CIM Estimation of Mineral Resource and Mineral Reserves Best Practices Guidelines and have been reported in accordance with NI43-101. Mineral resources are not mineral reserves and do not demonstrate economic viability. There is no certainty that all or any part of the mineral resource will be converted into mineral reserve. The mineral resources may also be affected by subsequent assessments of mining, environmental, processing, permitting, taxation, socioeconomic, and other factors.

The Volta Grande Gold Project is subdivided in two areas - North Block and South Block. The mineral resource model for the South Block was prepared by the Corporation and was audited by SRK in September 2013. There has been no change to the mineral resource model for South Block. For the North Block, a new mineral resource model was prepared by SRK during the first quarter of 2015 to account for new drilling information based on a revision of the geological interpretation. This section is subdivided in two parts. The first part documents the methodology and the key assumptions considered by SRK to prepare the new mineral resource model for the North Block. The second part summarizes the key assumptions used by the Corporation to prepare the mineral resource model for the South Block and results of the SRK audit.

GEOVIA GEMS™ software (version 6.5) was used by SRK and Belo Sun to construct the geological solids. SRK used a combination of GEMS, Leapfrog™, Gocad, and GSLib™ software to prepare assay data for geostatistical analysis, construct the block model, estimate gold grades, and tabulate mineral resources. SRK considers that the gold mineralization found in the Volta Grande Gold Project is primarily amenable to open pit extraction. SRK used a pit optimizer to assist with determining which portions of the gold deposits show “reasonable prospect for eventual economic extraction” from an open pit and to assist with selecting reporting assumptions. The optimization assumptions are summarized below:

### Conceptual Open Pit Optimization Assumptions

Parameter	North Block	South Block
Pit Berm Height	20 m	20 m
Pit Bench Height	10 m	10 m
Overall Slope Angle (saprolite/unweathered rock)	31° / 51°	31° / 51°
Processing and G & A Costs (US\$/t mined)	\$9.11	\$14.87
Gold Recovery (saprolite and unweathered rock)	94%	94%
Gold Price (\$/oz)	\$1,400	\$1,400

After review of optimization results and through discussions with Belo Sun, SRK considers that it is reasonable to report as open pit mineral resources those classified blocks located within the conceptual pit shells above a cut-off grade of 0.4 g/t Au for the North Block. No underground mineral resource is reported.

The mineral resources may be affected by further infill and exploration drilling that may result in increases or decreases in subsequent mineral resource estimates. The mineral resources may also be affected by subsequent assessments of mining, environmental, processing, permitting, taxation, socioeconomic, and other factors.

### Resource Statement\*, North Block Volta Grande Gold Project, Pará State, Brazil, SRK Consulting (Canada) Inc., with an effective date of March 16, 2015

Deposit	Category	Quantity Kt	Gold Grade g/t Au	Contained Gold K oz
Ouro Verde Open Pit				
Saprolite	Measured	750	0.96	23
	Indicated	709	0.78	18
	Inferred	216	0.67	5
Unweathered	Measured	18,532	1.16	693
	Indicated	52,647	1.06	1,796
	Inferred	22,576	0.89	643
Grota Seca Open Pit				
Saprolite	Measured	249	0.96	8
	Indicated	1,386	0.74	33
	Inferred	832	0.61	16
Unweathered	Measured	24,270	1.00	782
	Indicated	54,611	0.87	1,519
	Inferred	12,557	0.82	332
Junction Open Pit				
Saprolite	Measured	2	1.53	0
	Indicated	215	0.78	5
	Inferred	82	0.66	2
Unweathered	Measured	271	0.71	6
	Indicated	2,950	0.77	73
	Inferred	1,491	0.75	36
Greia Open Pit				
Saprolite	Inferred	512	1.06	17
Unweathered	Inferred	1,503	2.04	98
Total Open Pit				
	Measured	44,075	1.07	1,512

	Indicated	112,518	0.95	3,444
	Measured + Indicated	156,593	0.98	4,956
	Inferred	39,767	0.90	1,151

\*Mineral resources are not mineral reserves and do not have 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 0.4 g/t Au. The cut-off grades are based on a gold price of US\$1,400/oz and metallurgical recoveries of 94% for saprolite and 94% for unweathered material.

\*\* The Mineral resource reported for the North Block is based on a fully diluted block model.

Dr. Oy Leuangthong, PEng (PEO#90563867) and Dr. Jean-Francois Couture, PGeo (APGO#0196). Drs. Leuangthong and Couture are independent qualified persons as this term is defined in National Instrument 43-101.

**Audited Mineral Resource Statement\*, South Block of Volta Grande Gold, Project, Pará State, Brazil, SRK Consulting (Canada) Inc., with an effective date of October 1, 2013**

Domain	Category	Quantity Kt	Gold Grade g/t Au	Contained Gold Koz
<b>South Block Open Pit</b>				
Saprolite	Inferred	169	1.68	9
Unweathered	Indicated	2,503	3.06	246
	Inferred	2,752	4.08	361
<b>South Block Underground</b>				
Unweathered	Indicated	24	4.24	3
	Inferred	193	4.05	25
<b>Total Open Pit</b>				
	Indicated	2,503	3.06	246
	Inferred	2,921	3.94	370
<b>Total Underground</b>				
	Indicated	24	4.24	3
	Inferred	193	4.05	25
<b>Total South Block</b>				
	Indicated	2,527	3.07	249
	Inferred	3,114	3.95	395

\*Mineral resources are not mineral reserves and do not have 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 g/t Au. Underground mineral resources are reported at a cut-off grade of 2.0 g/t Au. The cut-off grades are based on a gold price of US\$1,400/oz and metallurgical recoveries of 94% for saprolite and unweathered material.

\*\* The Mineral resource for the South Block is based on a non-diluted block model.

The estimated mineral reserves for the Volta Grande Gold Project are based on the conversion of the measured and indicated resources within the current Technical Report mine plan. Measured resources are converted directly to proven reserves and indicated resources to probable reserves. The mineral reserve estimates of the Volta Grande Gold Project have been prepared by AGP.

**Proven and Probable Reserves**

Classification	Reserves Kt	Grade g/t Au	Contained Gold Koz
Proven	41,757	1.07	1,442
Probable	74,212	0.98	2,346
Proven + Probable*	115,969	1.02	3,788

\*The South Block is not considered in the Technical Report and the resources associated with South Block are not converted or discussed further. Tonnages for underground potential are part of the March 16 2015 resource but are also not discussed further or converted.

Mr. Gordon Zurowski, P. Eng. Ontario, Principal Mining Engineer, AGP Mining Consultants Inc. is the independent qualified person as this term is defined in National Instrument 43-101.

## ***Mining***

The following disclosure describes the planned mining operation. Note the Corporation has not yet started development activities for above mining operation. See "Forward-looking Information".

### Mining Operations

The open pit mine includes two separate pits - Ouro Verde and Grota Seca. They are designed to be mined with proven technology and equipment commonly used in mining operations of equivalent size.

The saprolite overlain on the deposits requires no drilling and blasting. Mining of this material will be with the front end loaders initially. As the shovels are erected, they will be tasked with mining the lower portion of the saprolite near the weathered contact where underfoot conditions will be more stable.

Suspended dump bodies have been included in the specification and costing of the haulage trucks. The suspended dump bodies are designed to reduce carry back of the saprolite material and also increased life from increased abrasion resistance with their rubber beds hauling the rock, both waste and ore.

The rock beneath the saprolite will be drilled with 200 mm down the hole (DTH) drills with a 10 m bench. Benches will be prepared with the track dozers and rubber tired dozer. The drill will then drill on the pattern size as specified by engineering for either waste or ore. That determination will be made based on the results of the grade control drilling completed with the RC drills. The grade control drilling will be ahead of the bench mining to allow up to 18 months of advance information on the contacts. The study mine schedule is based on the mining of 4 phases in Ouro Verde and 6 phases in Grota Seca. A quarry is opened initially in Ouro Verde that is within the footprint of the third phase of Ouro Verde.

The mine schedule consists of eight months of pre-production stripping and 13 years of mining. Processing will continue until early into year 18 to complete the removal of the low grade stockpile. Over the LOM, 117.9 Mt of ore grading 1.01 g/t Au will be delivered to the process plant. Waste moved totals 504 Mt for a LOM strip ratio of 4.3:1. Ouro Verde delivers 55.2 Mt of ore grading 1.08 g/t Au with a waste total of 248.2 Mt. The strip ratio for Ouro Verde is 4.5:1 LOM. Grota Seca delivers 62.7 Mt of ore grading 0.94 g/t Au with a waste total of 255.6 Mt. The strip ratio for Grota Seca is 4.07:1 LOM. The Study mine schedule is a staged sequence, providing 3.5 Mt/a initially, then ramping in year 2 and maintaining 7 Mt/a for the remainder of the mine life starting in year three.

### Processing and Recovery Operations

The process plant is designed with a Phase 1 capacity of 3.5 Mt/a and a Phase 2 expansion capacity to 7 Mt/a in year three. The process plant will recover gold with a conventional and robust flow sheet utilizing crushing, grinding, gravity recovery with intensive leach, cyanidation of slurry in carbon, AARL recovery, electrowinning, carbon regeneration and cyanide detoxification. An overall expected gold recovery of 91% during Phase 1 and 93% during Phase 2 has been established (for an overall LOM gold recovery of 93%) and is well supported by the test work.

The main process design characteristics of the plant are:

- Phase 1 throughput: 3.5 Mt/a;
- Phase 2 throughput: 7 Mt/a;
- ROM P80 size ore to primary crusher: 495mm in Phase 1 and 252 mm in Phase 2;
- Grinding product size P80: 75 µm;
- Phase 1 gold head grade: 1.56 g/t Au;
- Phase 2 gold head grade: 0.97 g /t Au;
- LOM gold head grade: 1.02 g/t Au;
- Mill operating hours per year: 8,000;
- LOM gold production: 205,155 oz/a.

Recovery of gold in the processing plant is dependent on a number of factors including but not limited to head grade, grind size, gravity concentrator recovery, mineralogical variations in the feed, particle short circuiting in the leach train, solution losses in CIP tails and fine carbon losses to tails. The test work

gravity recoveries are 55.3% for Ouro Verde (OV) and 50.9% for Grota Seca (GS) at grind sizes in the 75 µm to 106 µm range. A gravity circuit plant scale-up factor of 0.66 has been selected based on the design of the circuit. Applying the scale-up factor results in predicted gravity concentrator recoveries of 36.5% for Ouro Verde and 33.6% for Grota Seca. Applying the intensive leach recoveries (97.7% for OV and 91.9% for GS) directly to the predicted concentrator recoveries, results in “in plant gravity circuit” recoveries of 35.7% for OV and 30.9% for GS.

#### Infrastructure, Permitting and Compliance Activities

The Volta Grande Gold Project will comprise the following infrastructure and logistic requirements:

- Open pits;
- Waste management facilities;
- Mine haul roads;
- Site roads;
- Primary crusher;
- Crushed ore stockpile;
- Process Facilities – milling, gravity circuit, thickener, leach / CIP, cyanide destruct, elution and carbon regeneration facilities, electrowinning and gold room, reagent buildings;
- Ancillary buildings (administration complex, workshops, warehouse, mine services);
- Main electrical substation and distribution substations;
- Power distribution system;
- Tailings management facility;
- Tailings pipelines including reclaim water return line;
- Water storage and distribution systems; and
- Fire water system.

In addition there are various off-site facilities which include:

- 230 kV power line; and
- Access road.

Under the Broad Application System, mineral exploitation is licenced in three consecutive phases (Preliminary Licence (LP); Installation Licence (LI); Operating Licence (LO)) under the requirements stipulated in CONAMA Resolution No. 237/1997 and Federal Law LC n. 140/2011, governed by the Brazilian Institute of Environment and Renewable Natural Resources - IBAMA, the State Environmental Agencies or the Municipality Authorities, according to the distribution of competences established by Law. The licencing process for the Volta Grande Gold Project has been under the jurisdiction of the Pará State Environmental Agency, SEMA.

The Volta Grande Gold Project has been subject to environmental and social studies covering different aspects relevant to the Volta Grande Gold Project, including the completion of an Environmental Impact Assessment (EIA) prepared in accordance with Brazilian regulatory requirements. ERM was retained to review the work completed to date since Belo Sun took over the concession and summarize the relevant environmental, social and regulatory factors related to the proposed Project.

The Volta Grande Gold Project area is located approximately 65 km from Altamira, in the Senador José Porfírio municipality. In 2013 there were five distinct communities within the Volta Grande Gold Project's Direct Area of Influence (DAI), as defined by the EIA, namely Vila Ressaca, Galo de Ouro and Ouro Verde and two communities within the Indirect Area of Influence (IAI), namely Itata, and Ilha da Fazenda. The DAI is the area where the principal effects of the Volta Grande Gold Project are expected to occur.

With limited transportation infrastructure, the potentially affected communities are relatively isolated. There are less than 1,000 inhabitants combined in these five communities; 46% of this local population was located in Vila Ressaca. Household surveys undertaken by consultants on behalf of the Corporation (Integratio) indicate that in August 2012, 182 inhabitants of those five communities were artisanal miners, many of whom relocated from other areas of Brazil. The large majority of the households (93%) also practice some form of subsistence farming.

## Environmental Studies, Permitting and Social or Community Impact

An Environmental Impact Assessment (EIA) was prepared for the Project and submitted to the state environmental regulatory authority (SEMA). Following approval received in December 2013, the Project received its Preliminary License (LP) in February 2014. The LP established conditions for achieving the next major permitting requirement, the Installation License (LI) and Belo Sun was given 1,095 days to address the conditions of the LP. These conditions included a number of studies, management plans and environmental and social programs designed to mitigate impacts and risks associated with the Volta Grande Gold Project.

In February 2015 the LI application was submitted to SEMA. The LI application presented details on the design of the Project and the environmental and social protection measures that will be implemented. The LI application provided an update on the ongoing environmental and social studies required as part of the LP conditions. The technical analysis of the Volta Grande Gold Project underwent changes since the completion of the EIA and the issuance of the LP. The LI application updated the evaluation of potential environmental and social impacts based on the updated Project footprint. In 2017 the Corporation was issued the LI. Subsequently, an order was issued from the Agrarian Court of Altamira issuing a temporary 180 day injunction halting certain work related to the construction license. In June 2017, the judge of the Agrarian Court of Altamira lifted the temporary injunction related to the Corporation's construction license for the Volta Grande Project. In April 2017, an interim order was issued by a judge from the Brazilian Federal Regional Court suspending the Corporation's construction license until an indigenous study has been approved by Funai. In December 2017, the Federal Court of Appeals in Brasilia ruled to uphold the suspension order of the Corporation's construction license. The Corporation continues its efforts to complete an indigenous study in compliance with the guidelines of Funai.

### Capital and Operating Costs

The capital cost estimate (Estimate) includes all the direct and in-direct costs along with the appropriate project estimating contingencies for all the facilities required to bring the Volta Grande Gold Project into production. All equipment and material are assumed to be new. The labour rate build up is based on the statutory laws governing benefits to workers in effect in Brazil at the time of the estimate. Brazilian import tariffs have been applied.

Cost items obtained from local sources are converted via the a USD:BRL = 1:3.1 exchange rate, as per the first quarter of 2015.

The estimate does not include any allowances for escalation, exchange rate fluctuations or project risks. The execution strategy is based on an engineering, procurement and construction management (EPCM) implementation approach and horizontal (discipline based) construction contract packaging. The capital cost estimate has a predicted accuracy of  $\pm 15\%$ . The total initial capital cost of the 3.5 Mt/a (Phase 1) plant is \$264 million dollars excluding duties and taxes. See "Forward-looking Information".

### Capital Cost Summary Excluding Working Capital - Major Area

Cost Category	Main Area Code	Cost Without Duties / Taxes US\$
Indirect Costs	000 Construction In-directs	25,001,506
	300 Infrastructure	1,039,997
	500 Management Costs	17,565,004
	600 Owners Project Costs	23,916,715
	700 Owners Operations Costs	34,585,877
Indirect Costs Total		102,109,099
Direct Costs	100 Process plant	65,056,340
	200 Reagents and Plant Services	17,872,863
	300 Infrastructure	34,562,542
	400 Mining	20,698,934
Direct Costs Total		138,190,679
Contingency	900 Contingency	23,437,816
Projected Total Capital 3.5 Mt/a Plant		263,737,595

The capital cost estimate reflects the joint efforts of Lycopodium, Belo Sun and specialist consultants retained by Belo Sun, including AGP, VOGBR, Transglobal and Dalben. Lycopodium was responsible for compiling the submitted data into the overall estimate but did not review or validate the inputs from Belo Sun or its other consultants.

The sustaining capital cost for the Project reflects additional capital expenditures after the Project is in operation to expand the process plant to 7 Mt/a throughput, procure new / replacement mining equipment, replacement of light vehicles / office equipment, increasing the storage capacity of the tailings management facility and mine closure / environmental rehabilitation costs. The total expansion and sustaining capital cost for the Project during the production years 1 to 18 is \$166 million dollars excluding closure costs, salvage value and duties / taxes.

The major expenditures in the sustaining capital include the expansion of the process plant, procure / replacement of the mine fleet, raising of the TMF dams and closure/environmental rehabilitation costs.

The life-of-mine overall operating cost for the Volta Grande Gold Project is projected to be \$18.72/t of ore processed based on an owner-operated mine fleet. As shown below, this average operating cost is a sum of the mine, process and general and administrative costs. The life of mine operating cost, in terms of cost per ounce of gold, is projected to be \$618.

	LOM	
	US\$/t ore	US\$/oz
Mining	10.62	350
Process Plant	7.26	240
G&A	0.84	28
<b>Total</b>	<b>18.72</b>	<b>618</b>

### Summary of Production Schedule Operating Cost Estimate

Item	Unit	Phase 1 3.5 Mt/a Year 1	Transition 6 Mt/a Year 2	Phase 2 7 Mt/a Yrs 3-18	Total Production
Process Plan Labour	\$/t	0.67	0.39	0.35	0.37
Operating Consumables	\$/t	4.57	4.30	4.46	4.46
Power	\$/t	2.14	2.09	2.12	2.12
Maintenance	\$/t	0.39	0.34	0.31	0.32
Total Plant Operating Cost	\$/t	7.79	7.11	7.25	7.26
G&A Operating Cost	\$/t	1.54	0.91	0.82	0.84
Total Operating Cost	\$/t	9.33	8.02	8.07	8.10

### Economic Analysis

At a gold price of US\$1,200/oz, the Volta Grande Gold Project is estimated to have:

### Financial Projection Summary (All US dollars)

Summary Criteria		
Phase 1 Throughput	3.5 Mt/a	
Phase 2 Throughput	7 Mt/a	
Average Annual Gold Production	205,155 oz/a	
Mine Life	17.2 years	
Discount Rate	5%	
Gold Price	\$1,200/oz	
Results	After Tax	Before Tax
Initial Capital Costs	\$298 M	\$264 M
Expansion Costs	\$63 M	\$55 M
Sustaining Costs	\$125 M	\$111 M
LOM Cash Cost	\$618 oz/a	\$618 oz/a
All-In-Sustaining Cost (AISC)	\$779 oz/a	
Net Present Value (NPV @ 5%)	\$665 M	\$942 M
Internal rate of Return (IRR)	26%	37%
Payback	3.9 years	2.9 years

**Note:** Sustaining costs do not include mine close cost or salvage value.

Belo Sun has included certain Non-IFRS performance measures within this AIF. These Non-GAAP measures are intended to provide additional information, do not have any standardized meaning prescribed by IFRS, should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS and may not be comparable to similar measures presented by other issuers.

**The results of the economic analysis represent forward-looking information and there can be no assurance that gold production forecasts, projected capital and operating costs, cash flows, or mine operating schedules will prove to be accurate, as actual results and future events could differ materially from those anticipated. Risks related to forecast mine operations include unexpected events and delays during construction; expansion and start-up; variations in metal grade and recovery rates; changes to government regulations; results of current exploration activities; changes in project parameters as plans continue to be refined; future metal prices; failure of equipment or processes to operate as anticipated; labour or community disputes and other risks of the mining industry. See “Risk Factors” and “Forward-looking Information”.**

## ***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, 2017 there were 465,589,915 Common Shares issued and outstanding and no Special Shares issued and outstanding. In addition to there are 19,869,333 Common Shares reserved for issuance upon exercise of options.

### **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. Agnico Eagle has the right to participate in certain future equity offerings by the Corporation in order to maintain its *pro rata* investment in the Corporation.

### **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

### 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, 2017.

Period	High (\$/Share)	Low (\$/Share)	Average Daily Volume
December 2017	0.46	0.30	531,653
November 2017	0.53	0.44	228,314
October 2017	0.58	0.50	177,352
September 2017	0.66	0.55	136,130
August 2017	0.66	0.56	138,455
July 2017	0.70	0.55	127,915
June 2017	0.69	0.57	139,332
May 2017	0.64	0.53	381,314
April 2017	0.85	0.65	378,353
March 2017	0.92	0.82	179,517
February 2017	1.12	0.89	756,268
January 2017	0.90	0.71	305,167

### Prior Sales

During the financial year ended December 31, 2017, the Corporation did not issue any securities.

### DIRECTORS AND OFFICERS

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
Mark Eaton (Ontario, Canada)	Executive Chairman; Director since February 2010	Executive Chairman of the Corporation	9,074,500	1.95%
Peter Tagliamonte (Ontario, Canada)	President and Chief Executive Officer; Director since February 2010	President and Chief Executive Officer of the Corporation	994,286	0.21%
Stan Bharti (Ontario, Canada)	Director since February 2010	Mining consultant	-	-
William Clarke <sup>(1) (2)</sup> (Ontario, Canada)	Director since May 2015	Corporate Director	161,300	<0.1%
Denis Arsenault <sup>(1) (2)</sup> (Quebec, Canada)	Director since May 2015	Corporate Director	100,000	<0.1%
Carol Fries <sup>(1) (2)</sup> (Minnesota, USA)	Director since May 2015	Corporate Director	20,000	<0.1%
Bruce Humphrey <sup>(1) (2)</sup> (Ontario, Canada)	Director since May 2017	Corporate Director	-	-

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
Ryan Ptolemy (Ontario, Canada)	Chief Financial Officer	Financial Consultant	40,000	<0.1%
Ian Pritchard (Ontario, Canada)	Chief Operating Officer	Chief Operating Officer of the Corporation	344,325	<0.1%
Joe Milbourne (British Columbia, Canada)	Vice President, Technical Services	Vice President, Technical Services of the Corporation	238,096	<0.1%
Stephane Amireault (Quebec, Canada)	VP Exploration	VP Exploration of the Corporation	320,000	<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, 11,282,507 Common Shares, representing approximately 2.4% 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.*

*Mark Eaton, Executive Chairman.* 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. He served as President and Chief Executive Officer for Belo Sun from February 2010 to April 2014. 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.

*Peter Tagliamonte, President and Chief Executive Officer.* 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 Sulliden Gold Corporation Ltd. from April 2009 to September 2013. Previous to that position President and Chief Executive Officer of Central Sun Mining from August 2006 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. He also currently serves as a director and executive officer of Sulliden Mining Capital Inc. 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.

*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.

*Carol Fries, Director.* Ms. Fries has over 30 years of experience in the natural resources sector and has over 20 years of senior level experience in the mining sector managing the preparation and completion of environmental and social impact assessments, EHS (Environmental, Health and Safety) management systems, community relations and resettlement programs and other programs central to the mining permitting and community development process. Ms. Fries was instrumental in helping Norsemont obtain its Environmental Social Impact Assessment for the Peruvian "Constancia" copper project in 2007 (now owned by Hudbay Minerals Inc.) and with Sulliden Gold Corporation Ltd.'s Shahuindo Project in Cajamarca, Peru and has extensive experience working for major, mid-tier and junior mining companies including, Compania Minera Antamina, Falconbridge, Marcobre (Chariot Resources) and Rio Tinto. She provides consulting services to the mining sector and has been involved in projects in Eastern Europe

and in Brazil. Ms. Fries has managed mine project development and operations budgets and has been involved in numerous due diligence and financial audits.

*Denis Arsenault, Director.* Mr. Arsenault is a Chartered Professional Accountant with more than 30 years of professional experience who has held senior financial positions in various sectors including the mining industry. Mr. Arsenault has extensive experience with mining companies developing mining projects, negotiating with financial institutions for funding requirements and with managing all aspects and financial reporting for companies with operating mines. Mr. Arsenault is currently (since December 2017) the Chief Financial Officer & Senior Vice-President, Québec of Troilus Gold Corp. and was previously the Chief Financial Officer of Sulliden Gold Corporation Ltd., which was acquired by Rio Alto Mining Inc. in August 2014. Prior to working with Sulliden he was the Chief Financial Officer of Central Sun Mining Inc. which was acquired by B2Gold Corp. in March 2009.

*William Clarke, Director.* Mr. Clarke served as Special Advisor to the Board for Desert Sun Mining Corp. from 2000 to 2004. From 2000 to 2004 he held the position of President and CEO of the Canadian Nuclear Association. Mr. Clarke served in Canada's Foreign Service for 34 years with assignments including Canadian Ambassador to Brazil, Sweden and the Baltic Republics. He retired from the public service in 2000 as Canada's Chief Trade Commissioner. Mr. Clarke currently provides consulting services and special interactions for mining companies and senior governmental officials.

*Bruce Humphrey, Director.* Mr. Humphrey is a mining engineer with over 35 years' experience. He served as the President and Chief Executive Officer of Desert Sun Mining Corp. from October 2004 to April 2006. From May 1998 to May 2004, Mr. Humphrey served as Senior Vice President and Chief Operating Officer of Goldcorp Inc. He is a member of the Professional Engineers of Ontario. He also serves as a director of several public companies in the resources sector.

*Ian Pritchard, Chief Operating Officer.* Mr. Pritchard is a professional with over 25 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.

*Joe Milbourne, Vice President, Technical Services.* Mr. Milbourne is a metallurgist with over 40 years experience in Central and South America. He has a BS in Metallurgical Engineering from New Mexico Institute of Mining and Technology and a MS in Metallurgy from the University of Utah. He was Technical Director AMEC Mining and Metals where he oversaw process engineering and has international experience with BHP, Eldorado and Cominco. Mr. Milbourne is a Fellow of the Australasian Institute of Mining and Metallurgy and a Registered Member of SME.

*Ryan Ptolemy, Chief Financial Officer.* Mr. Ptolemy is Chartered Professional Accountant, 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 Routemaster Capital Inc. (formerly Rodinia Lithium Inc.) as the Chief Financial Officer in 2010. In addition to Belo Sun, he is currently the Chief Financial Officer of Routemaster Capital Inc., Fura Gems Inc, Valencia Ventures Inc. African Gold Group, Inc. and Aberdeen International Inc.

*Stéphane Amireault, Vice President Exploration.* Mr. Amireault holds a master's degree in geochemistry from École Polytechnique of the University of Montréal and has more than 20 years of experience in mining exploration with extensive experience in Central and South America. Mr. Amireault is a member of the Ordre des Ingénieurs du Québec.

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

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.

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 mining companies or have significant shareholdings in other mining companies. To the extent that such other companies may participate in ventures in which the Corporation may participate, or seek to compete with the Corporation to acquire mineral properties, certain directors or officers of the Corporation may have a conflict of interest in such matters. 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 disclose such conflict and generally step out of the room during discussions and abstain from voting for or against the approval of such matters. 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 52-110F1.

### *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 William Clarke, Carol Fries, Bruce Humphrey and Denis Arsenault (Chair). 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**

The following is a brief summary of the education and experience of each member of the Audit Committee that is relevant to the performance of his or her responsibilities as a member of the Audit Committee.

*Denis Arsenault, Director.* Mr. Arsenault is a Chartered Professional Accountant with more than 30 years of professional experience who has held senior financial positions in various sectors including the mining industry. Mr. Arsenault has extensive experience with mining companies developing mining projects, negotiating with financial institutions for funding requirements and with managing all aspects and financial reporting for companies with operating mines. Mr. Arsenault is currently (since December 2017) the Chief Financial Officer & Senior Vice-President, Québec of Troilus Gold Corp. and was previously the Chief Financial Officer of Sulliden Gold Corporation Ltd., which was acquired by Rio Alto Mining Inc. in August 2014. Prior to working with Sulliden he was the Chief Financial Officer of Central Sun Mining Inc. which was acquired by B2Gold Corp. in March 2009.

*William Clarke, Director.* Mr. Clarke served as Special Advisor to the Board for Desert Sun Mining from 2000 to 2004. From 2000 to 2004 he held the position of President and CEO of the Canadian Nuclear Association. Mr. Clarke served in Canada's Foreign Service for 34 years with assignments including Canadian Ambassador to Brazil, Sweden and the Baltic Republics. He retired from the public service in 2000 as Canada's Chief Trade Commissioner. Mr. Clark currently provides consulting services and special interactions for mining companies and senior governmental officials.

*Carol Fries, Director.* Ms. Fries has over 30 years of experience in the natural resources sector and has over 20 years of senior level experience in the mining sector managing the preparation and completion of environmental and social impact assessments, EHS (Environmental, Health and Safety) management systems, community relations and resettlement programs and other programs central to the mining permitting and community development process. Ms. Fries was instrumental in helping Norsemont obtain its Environmental Social Impact Assessment for the Peruvian “Constancia” copper project in 2007 (now owned by Hudbay Minerals Inc.) and with Sulliden Gold Corporation Ltd.’s Shahuindo Project in Cajamarca, Peru and has extensive experience working for major, mid-tier and junior mining companies including, Compania Minera Antamina, Falconbridge, Marcobre (Chariot Resources) and Rio Tinto. She provides consulting services to the mining sector and has been involved in projects in Eastern Europe and in Brazil. Ms. Fries has managed mine project development and operations budgets and has been involved in numerous due diligence and financial audits.

*Bruce Humphrey, Director.* Mr. Humphrey is a mining engineer with over 35 years’ experience. He served as the President and Chief Executive Officer of Desert Sun Mining Corp. from October 2004 to April 2006. From May 1998 to May 2004, Mr. Humphrey served as Senior Vice President and Chief

Operating Officer of Goldcorp Inc. He is a member of the Professional Engineers of Ontario. He also serves as a director of several public companies in the resources sector.

### **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, independence, financial literacy 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. In accordance with its charter, all non-audit services are pre-approved by the Audit Committee.

### **External Auditor Service Fees**

#### Audit Fees

The Corporation's external auditors, RSM Canada LLP (previously named Collins Barrow Toronto LLP), Licensed Public Accountants, billed the Corporation \$49,000 in the financial year ended December 31, 2017 and \$47,500 in the financial year ended December 31, 2016, for audit fees.

#### Audit-Related Fees

The Corporation's external auditors, RSM Canada LLP, Licensed Public Accountants, billed the Corporation \$Nil in the financial year ending December 31, 2017 and \$19,640 in the financial year ended December 31, 2016 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, RSM Canada LLP, Licensed Public Accountants, billed the Corporation \$5,000 in the financial year ending December 31, 2017 and \$5,200 in the financial year ended December 31, 2016 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, 2017 and December 31, 2016.

## ***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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Other than as set out herein and in the Company's public disclosure including financial statements and MD&A available at [www.sedar.com](http://www.sedar.com), there are no current material legal proceedings and there were no

material legal proceedings during the year ended December 31, 2017 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 material 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, 2017, 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, 2017.

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

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None of the directors or executive officers of the Corporation or a person or company who beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of any class or series of the voting securities 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, other than the participation by Agnico Eagle and Sun Valley in private placement financings in 2016. Agnico Eagle also participated in the July 2016 bought deal financing.

## ***TRANSFER AGENTS AND REGISTRARS***

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The Corporation's transfer agent and registrar is TMX Equity Transfer Services, 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, including the Investor Rights Agreement, no contracts entered into by the Corporation during the financial year ended December 31, 2017, or which remain in effect, can reasonably be regarded as presently material.

## ***INTERESTS OF EXPERTS***

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Mr. Stefan Gueorguiev, P. Eng., Mr. Aron Clough, P. Eng., Dr. Oy Leuangthong, PhD., P.Eng., Dr. Jean-François Couture, PhD, P.Geo, Dr. Lars Weiershäuser, PhD, P.Geo, George H Wahl, P. Geo., Mr. Gordon Zurowski, P.Eng., Mr. Alexandre Luz, AusIMM, Mr. Paulo Franca, Principal Consultant, AusIMM and Mr. Derek Chubb., P. Eng., are the "Qualified Persons" who authored the Technical Report. To the knowledge of the Corporation, none of the authors nor the firms they work with 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.

Mr. Stéphane Amireault, MScA, P. Eng, and Mr. Joseph Milbourne FAusIMM, have compiled, reviewed and approved the technical information disclosed in this AIF. Mr. Amireault and Mr. Milbourne are both qualified persons as defined by NI 43-101 and neither is independent of Belo Sun. They are consultants of Belo Sun whose holdings of securities of the Corporation as of the date hereof do not exceed 1% of the issued and outstanding securities of the Corporation.

RSM Canada 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, 2017. RSM Canada 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 May 1, 2017.

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, 2017. 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).

**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) provide oversight of the Corporation's financial reporting process;
- 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 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 or external consultant, 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 Part 4 of National Instrument 51-102 *Continuous Disclosure Obligations*, 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. A majority of the Members shall constitute a quorum.
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. If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such

meeting shall stand adjourned to the same hour on the second business day following the date of such meeting, at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.

4. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
5. The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by, the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours' notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
6. Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
7. The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
8. The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as it may see fit, from time to time, to attend at meetings of the Committee.
9. Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose; actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. The Committee shall report its determinations to the Board at the next scheduled meeting of the Board, or earlier as the Committee deems necessary. All decisions or recommendations of the Committee shall require the approval of the Board prior to implementation.
10. The Committee members will be elected annually at the first meeting of the Board following the annual general meeting of shareholders.
11. The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.

## **Part 7**

### **7.1 Chair of the Committee**

The Chair of the Committee:

- a. provides leadership to the Committee with respect to its functions as described in this Charter and as otherwise may be appropriate, including overseeing the logistics of the operations of the Committee;
- b. chairs meetings of the Committee, unless not present, including in camera sessions, and reports to the Board following each meeting of the Committee on the findings, activities and any recommendations of the Committee;
- c. ensures that the Committee meets on a regular basis and at least quarterly;
- d. in consultation with the Chair of the Board and the Committee members, establishes a calendar for holding meetings of the Committee;
- e. establishes the agenda for each meeting of the Committee, with input from other Committee members, the Chair of the Board, and any other parties as applicable;
- f. acts as liaison and maintains communication with the Chair of the Board and the Board to optimize and co-ordinate input from Board members, and to optimize the effectiveness of the Committee. This includes reporting to the full Board on all proceedings and deliberations of the Committee at the first meeting of the

Board after each Committee meeting and at such other times and in such manner as the Committee considers advisable;

g. reports annually to the Board on the role of the Committee and the effectiveness of the Committee's role in contributing to the objectives and responsibilities of the Board as a whole;

h. ensures that the members of the Committee understand and discharge their duties and obligations;

i. fosters ethical and responsible decision making by the Committee and its individual members;

j. together with the Corporate Governance Committee, oversees the structure, composition, membership and activities delegated to the Committee from time to time;

k. ensures that resources and expertise are available to the Committee so that it may conduct its work effectively and efficiently and pre-approves work to be done for the Committee by consultants;

l. facilitates effective communication between members of the Committee and management; and

m. performs such other duties and responsibilities as may be delegated to the Chair of the Committee by the Board from time to time.