



Sulliden Mining Capital Inc.
(a Newly Incorporated Business)

FINANCIAL STATEMENTS

For the period from incorporation (June 10, 2014) to July 31, 2014
(expressed in Canadian dollars)



October 28, 2014

**Independent Auditor's Report
To the Directors of
Sulliden Mining Capital Inc.**

We have audited the accompanying financial statements of Sulliden Mining Capital Inc., which comprise the statement of financial position as at July 31, 2014 and June 10, 2014 and the statement of cash flows for the periods ended June 11, 2014 to July 31, 2014 and June 10, 2014 to June 10, 2014 and changes in equity for the periods June 11, 2014 to July 31, 2014 and June 10, 2014 to June 10, 2014, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sulliden Mining Capital Inc. as at July 31, 2014 and June 10, 2014 and its financial performance and cash flows for the periods ended June 11, 2014 to July 31, 2014 and June 10, 2014 to June 10, 2014 in accordance with IFRS.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

PricewaterhouseCoopers LLP

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Sulliden Mining Capital Inc.

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Statement of Financial Position

(Expressed in Canadian dollars)

As at:

July 31, 2014 June 10, 2014

ASSETS

Cash	\$	1	1
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SHAREHOLDER'S EQUITY

Share capital (note 3)	\$	1	1
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Subsequent event (Note 4)

Approved by the Board of Directors:

Signed "Peter Tagliamonte", Director

Signed "Justin Reid", Director

The accompanying notes are an integral part of these financial statements

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Statement of Cash Flows

(Expressed in Canadian dollars)

	From June 11, 2014 to July 31, 2014	Day of incorporation June 10, 2014
Cash provided by Financing Activities		
Issue of share at incorporation	\$ -	1
Net increase in cash	-	1
Cash, beginning of period	1	-
Cash, end of period	\$ 1	1

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Statement of Changes in Equity

(Expressed in Canadian dollars)

	Share Capital	
	Number of Common Shares	Amount
Upon incorporation on June 10, 2014 and July 31, 2014	1	\$ 1

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Sulliden Mining Capital Inc.

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Notes to the Financial Statements

Period from incorporation on June 10, 2014 to July 31, 2014

(Expressed in Canadian dollars unless otherwise noted)

1. NATURE OF OPERATIONS

Sulliden Mining Capital Inc. ("SMC" or the "Company") was incorporated under the Business Corporations Act (Ontario) on June 10, 2014 and was a wholly-owned subsidiary of Sulliden Gold Corporation Ltd. ("Sulliden"). The head office of the Company is located at 65 Queen Street West, Suite 800, Toronto, Ontario, M5H 2M5 and the registered office of the Company is located at the same address.

Subsequent to July 31, 2014, Sulliden completed an arrangement as described in Note 4 that resulted in SMC obtaining title to an exploration property located in Quebec and receiving \$24.76 million in cash. These financial statements reflect the financial position, changes in equity and cash flows of the Company as at July 31, 2014 and for the period from incorporation on June 10, 2014. SMC has no operating activities for the year ending July 31, 2014.

2. BASIS OF PRESENTATION

The financial statements of the Company have been prepared by management in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on October 28, 2014.

3. SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of common shares without par value. Upon incorporation on June 10, 2014, the Company issued one common share at a price of \$1.

4. SUBSEQUENT EVENTS

- (i) On August 5, 2014, Rio Alto Mining Limited ("Rio Alto") and Sulliden completed a previously announced plan of arrangement (the "Arrangement"), pursuant to the arrangement, Rio Alto acquired each outstanding common share of Sulliden for 0.525 of a Rio Alto common share. In addition, shareholders of Sulliden will receive 0.10 of a common share of the Company for each common share of Sulliden held. As part of the arrangement, the Company assumed Sulliden's interests in the East Sullivan property near the town of Val D'Or in Québec and was capitalized with \$24,760,514 in cash net of transaction costs of \$239,486.

Upon completion of the arrangement, the Company issued 1,887,640 warrants and 31,590,892 common shares to the shareholders of Sulliden and 2,094,430 options to the employees and consultants of Sulliden. Common shares of the Company commenced trading on the Toronto Stock Exchange on August 11, 2014 under the ticker symbol "SMC". The fair value of issued options and warrants is calculated using black-sholes model.

- (ii) In September 2014, the Company made an investment in two mining companies by purchasing shares in the amount of \$1,063,651, of which \$271,640 relates to shares of a related party entity by virtue of common directors.
- (iii) On September 17, 2014, the Company granted share purchase options to employees and consultants of the Company to acquire 1,005,000 of the Company's shares at \$0.46 per share until September 17, 2019. These options vest immediately.
- (iv) In September, 2014. The Company granted and issued an aggregate of 3,000,000 restricted share units ("RSU") to employees and consultants of the Company. Each RSU entitles the holder to receive one common share of the Company. The 3,000,000 RSUs vest in three equal tranches, on each of January 1, 2015, January 1, 2016 and January 1, 2017.

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Period from incorporation on June 10, 2014 to July 31, 2014

(Expressed in Canadian dollars unless otherwise noted)

4. SUBSEQUENT EVENTS (continues)

The Company recognizes compensation expense equal to the market value of the common shares of the Company at the date of grant based on the number of RSUs expected to vest, recognized over the term of the vesting period using the graded vesting method, with a corresponding credit to share-based payment reserve for equity settled RSUs. Compensation expense is adjusted for subsequent changes in management's estimate of the number of RSUs that are expected to vest. The effect of these changes is recognized in the period of change. A trustee acting on behalf of the RSU holders purchases shares of the Company from the open market to distribute to RSU holders as compensation. These shares are restricted and reserved in trust for issuances. Upon settlement of equity settled RSUs, any difference between the cost of the shares purchased on the open market and the amount credited to share-based payment reserve remains in share-based payment reserve.

- (v) In September, 2014, The Company granted and issued an aggregate of 750,000 deferred share units ("DSU") to the Company's non-executive directors. Each DSU entitles the holder to receive a cash payment equal to the market price of one common share of the Company. The 750,000 DSUs vest upon the director ceasing to be a director of the Company.

DSUs are granted to the Company's non-executive directors under the terms of the Company's DSU Incentive Plan. The initial fair value of the DSU compensation liability is calculated at the date of grant based on the Company's share price on grant date. Subsequently, at each reporting date and on settlement, the DSU compensation liability is remeasured, with any change in fair value recorded as compensation expense in the statement of loss and comprehensive loss in the period. The fair value of the DSUs is marked to the quoted market price of the Company's common shares at each reporting date. The DSUs are settled in cash.

- (vi) The Company entered into an agreement with Aguia Resources Ltd ("Aguia")(ASX: AGR) to acquire 40,000,000 Aguia ordinary shares, representing a 15.7% interest in Aguia. The Company has also acquired a 1% net smelter return royalty ("NSR") on the Rio Grande project held by Aguia. The aggregate purchase price for the shares and NSR royalty is AUD\$2 million. As part of the agreement, SMC will receive a board seat at Aguia, and has the right to participate in any future equity offerings by Aguia in order to maintain its proportionate equity interest. Furthermore, Aguia has the option to buy-back the NSR royalty for AUD\$1 million at any time for up to three years after the closing of the transaction.