Sulliden Mining Capital Inc.

(An Exploration Stage Mining Company)

CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months ended October 31, 2014 and 2013

(Unaudited, expressed in Canadian dollars)

SULLIDEN MINING CAPITAL INC.
Condensed Interim Statements of Financial Position
(Unaudited, Expressed in Canadian dollars)

As at	Notes		October 31, 2014		July 31, 2014
ASSETS					
Current assets					
Cash and cash equivalents		$	6,116,646	$	1
Fixed-income investments	6		14,735,340		-
Investments, at fair market value through profit and loss	7		953,787		-
Loan receivable	8		665,000		-
Amounts receivable and other			36,683		-
Prepaid expenses			22,600		-
Total current assets			22,530,056		1
Non-current assets					
Exploration and evaluation assets	5,9		133,538		133,538
TOTAL ASSETS		$	22,663,594	$	133,539
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable and accrued liabilities		$	332,979	$	-
Total current liabilities			332,979		-
SHAREHOLDERS' EQUITY					
Share capital	5,10		24,963,760		1
Contribution from Sulliden Gold Corporation			-		149,403
Share purchase warrant reserve	5,11		4,409		-
Share-based payment reserve	12		(1,053,244)		-
Deficit			(1,584,310)		(15,865)
Total shareholders' equity			22,330,615		133,539
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	22,663,594	$	133,539

Commitments and contingences (Note 17)
Subsequent event (Note 18)

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

SULLIDEN MINING CAPITAL INC.

Condensed Interim Statements of Operations and Comprehensive Loss
(Unaudited, Expressed in Canadian dollars)

		Three months ended October 31,	
		2014	2013
Expenses	Note		
Share-based payments	12	$ 973,385	$ 941
Professional, consulting and management fees		385,222	-
General and administrative expenses	13	167,125	1,091
		1,525,732	2,032
Other			
Interest income		(41,343)	-
Loan arrangement fees	8	(35,000)	-
Investment income		-	(84)
Unrealized (gain)/loss on investments	7	109,864	-
		1,559,253	1,948
		-	-
Net loss and comprehensive loss for the period		$ (1,559,253)	$ (1,948)
Net loss per share			
Basic and diluted		$ (0.05)	$ -
Weighted average common shares outstanding			
Basic and diluted		30,257,103	-

The accompanying notes are an integral part of these financial statements

SULLIDEN MINING CAPITAL INC.
Condensed Interim Statements of Cash Flows
(Unaudited, Expressed in Canadian dollars)

	Three months ended October 31, 2014	Three months ended October 31, 2013
CASH FLOWS FROM:		
Operating activities		
Net loss for the period	$ (1,559,253)	$ (1,948)
Items not involving cash		
Share-based compensation	973,385	941
Unrealized (gain)/loss on investment	109,865	-
	(476,003)	(1,007)
Net change in non-cash working capital items:		
Amounts receivable and other and prepaid expenses	(94,283)	-
Accounts payable and accrued liabilities	62,979	-
Payment for restricted share units	(1,756,629)	-
	(1,787,933)	-
Cash flows used in operating activities	(2,263,936)	(1,007)
Financing activities		
Contribution from Sulliden Gold Corporation Ltd.	24,773,514	19,269
Proceeds from exercise of warrants and options	36,058	-
Cash flows from financing activities	24,809,572	19,269
Investing activities		
Increase in fixed-income investments	(14,735,340)	-
Increase in investments	(1,063,651)	-
Increase in loan receivable	(630,000)	-
Increase in exploration and evaluation asset	-	(18,262)
Cash flows used in investing activities	(16,428,991)	(18,262)
Net change in cash and cash equivalents	6,116,645	-
Cash and cash equivalents, beginning of the period	1	-
Cash and cash equivalents, end of the period	$ 6,116,646	$ -
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash	$ 1,360,657	$ -
Cash equivalents	4,755,989	-
	$ 6,116,646	$ -
SUPPLEMENTARY INFORMATION		
Fixed income investments	$ 14,735,340	$ -

The accompanying notes are an integral part of these financial statements

SULLIDEN MINING CAPITAL INC.
Condensed Interim Statements of Changes in Shareholders' Equity
(Unaudited, Expressed in Canadian dollars)

	Number of Shares	Share Capital	Share purchase warrant reserve	Share-based payment reserve	Contribution from Sulliden Gold Corporation	Deficit	Total Shareholders' equity
Balance as at July 31, 2014	1	$ 1	$	$ -	$ 149,403	$ (15,865)	$ 133,539
Contribution from Sulliden Gold Corporation	31,590,892	24,927,700	4,409	-	(149,403)	(9,192)	24,773,514
Share issue expenses	-	-	-	-	-	-	-
Value of warrants issued	-	-	-	-	-	-	-
Shares issued on exercise of options	121,000	36,059	-	-	-	-	36,059
Value allocation on options exercised	-	-	-	-	-	-	-
Share-based compensation	-	-	-	(1,053,244)	-	-	(1,053,244)
Net loss for the period	-	-	-	-	-	(1,559,253)	(1,559,253)
Balance as at October 31, 2014	**31,711,893**	**$ 24,963,760**	**$ 4,409**	**$ (1,053,244)**	**$ -**	**$ (1,584,310)**	**$ 22,330,615**

The accompanying notes are an integral part of these financial statements

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.

On August 5, 2014, Sulliden completed an Arrangement as described in Note 5 that resulted in SMC obtaining title to an exploration property located in Quebec and receiving $24.76 million in cash. The Company's shares are listed on the Toronto Stock Exchange ("TSX") under the symbol "SMC". The registered office of the Company is located at 65 Queen Street West, Suite 800, Toronto, Ontario, M5H 2M5.

2. BASIS OF PRESENTATION

The condensed interim 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") applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended July 31, 2014, which have been prepared in accordance with IFRS as issued by the IASB.

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on December 11, 2014.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of measurement

The condensed interim financial statements have been prepared under the historical cost convention. These condensed interim financial statements are presented in Canadian Dollar, which is the Company's presentation currency.

a) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortized cost. Cash and cash equivalents consist of cash on deposit with banks and highly liquid short-term interest-bearing securities with maturities at the date of purchase of three months or less.

b) Fixed income investments

Fixed income investments, consisting of guaranteed investment certificates with maturities at the date of purchase of three months or more, are carried in the statement of financial position at amortized cost.

c) Amounts receivable and other

Amounts receivable and other receivables are amounts that are due from others in the normal course of business. If collection is expected in one year or less, they are classified as current assets; if not, they are presented as noncurrent assets and discounted accordingly. Accounts receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method less any provision for impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit and loss, loans and receivables, available-for-sale and other financial liabilities. The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of financial assets and liabilities at initial recognition. Where the Company expects to realize the asset or discharge the liability within twelve months, it is recorded as a current asset or liability; otherwise, it is recorded as a long-term asset or liability.

Financial assets and liabilities at fair value through profit and loss

Financial assets and liabilities at fair value through profit and loss are considered to be held for trading. A financial asset or liability is classified in this category is acquired principally for the purpose of selling or redeeming in the short-term. Derivatives are included in this category unless they are designated as hedges. Financial assets and liabilities carried at fair value through profit and loss are initially recognized at fair value and are subsequently remeasured to their fair value at the end of the reporting period. Realized and unrealized gains and losses arising from changes in the fair value of these financial assets or liabilities are included in the statement of operations in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non current assets based on their maturity date. The Company classifies its Accounts receivable, other assets and cash and cash equivalents in the statement of financial position, as loans and receivables. Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Other financial liabilities

Other financial liabilities are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received (net of transaction costs) and the redemption value is recognized in the statement of income over the period to maturity using the effective interest method.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm’s length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Impairment of financial assets

The Company assesses at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An evaluation is made as to whether a decline in fair value is significant or prolonged based on indicators such as significant adverse changes in the market, economic or legal environment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets and liabilities

Financial assets are derecognized when the investments mature or are sold and substantially all the risks and rewards of ownership have been transferred. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Gains and losses on derecognition are recognized within interest and other income and finance costs, respectively.

e) Exploration and Evaluation Assets

Exploration and evaluation include costs to establish an initial mineral resource and determine whether inferred mineral resources can be upgraded to measured and indicated mineral resources and whether measured and indicated mineral resources can be converted to proven and probable reserves. Costs incurred before the Company has obtained the legal right to explore an area are recognized in the statement of operations and comprehensive income (loss).

Exploration and evaluation relating to the acquisition of, exploration for and development of mineral properties are capitalized and include, but are not restricted to: drilling, trenching, sampling, surveying and gathering exploration data; calculation and definition of mineral resource; test work on geology, metallurgy, mining, geotechnical and geophysical; and conducting geological, geophysical, engineering, environmental, marketing and financial studies.

Capitalized costs, including general and administrative costs, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Exploration and evaluation activities involve the search for mineral resources/reserves, the assessment of technical and operational feasibility and the determination of an identified mineral reserve’s commercial viability. Once the legal right to explore has been acquired, exploration and evaluation expenditures less recoveries are capitalized by property.

Capitalized Exploration and evaluation assets for a project are classified as such until the project demonstrates technical feasibility and commercial viability. Upon demonstrating technical feasibility and commercial viability, and subject to an impairment analysis, capitalized exploration and evaluation assets are transferred to mine development costs. Technical feasibility and commercial viability generally coincides with the establishment of proven and probable reserves and/or a decision to commence construction of a mine; however, this determination may be impacted by management’s assessment of certain modifying factors including: legal, environmental, social and governmental factors. All subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized within mine development costs.

All capitalized Exploration and evaluation assets are monitored for indications of impairment. Indicators of impairment include, but are not limited to:

- the period for which the right to explore is less than one year;
- further exploration expenditures are not anticipated;
- a decision to discontinue activities in a specific area; and
- the existence of sufficient data indicating that the carrying amount of an exploration and evaluation asset is unlikely to be recovered from the development or sale of the asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Exploration and Evaluation Assets (Continued)

Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that mine development assets are not expected to be recovered, they are charged to operations.

f) Impairment of Property and equipment and Mine development assets

Property and equipment and Mine development assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying value may not be recoverable. At each reporting date, the Company conducts an internal review of asset values which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future metals prices, trends in production costs, and other market factors are also monitored to assess for indicators of impairment. If any indications of impairment exist, an estimate of the asset's recoverable amount is calculated, being the higher of fair value less costs to sell and the asset's value in use.

If the carrying amount of the asset exceeds its recoverable amount based on the Company's calculations, then an impairment charge is recorded to the statement of operations and the carrying amount of the asset on the statement of financial position is reduced to its recoverable amount.

Fair value less costs to sell is determined as the amount that would be recovered from the sale of an asset in an arm's length transaction between knowledgeable and willing parties. Fair value less costs to sell is generally determined as the present value of estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, and discounted by an appropriate post-tax discount rate to arrive at a net present value.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the Company's continued use and cannot take into account future development discounted by an appropriate pre-tax discount rate. As such, these assumptions differ from those used in calculating fair value less costs to sell.

In considering for indicators of impairment and performing impairment calculations, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units). Cash generating units are the smallest identifiable group of assets, liabilities and associated goodwill that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The estimates of future discounted cash flows are subject to risks and uncertainties, including proven and probable reserves and a portion of measured and indicated resources that are reasonably expected to be converted into proven and probable reserves, future metals prices, discount rates, estimated capital and operating costs and exchange rates.

A previously recognized impairment loss on property and equipment is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in impairment. This reversal is recognized in the statement of operations and is limited to the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized in prior years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share-based payment note (note 12).

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded-vesting basis over the period during which the employee becomes unconditionally entitled to equity instruments, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of operations and comprehensive loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Company obtains the goods or the counterparty renders the service. For those options that expire after vesting, the recorded value is transferred to retained earnings (deficit).

- Restricted Share Units ("RSU")

RSUs are granted to officers and employees under the terms of the Company's RSU Incentive Plan. 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. The RSUs vest in three equal tranches, on each of January 1, 2015, January 1, 2016 and January 1, 2017. 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 of credited to share-based payment reserve remains in share-based payment reserve.

- Deferred Share Units ("DSUs")

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. The DSUs vest upon the holder ceasing to be a director of the Company, except in the event of an earlier change of control, in which case, the DSUs will vest fully upon such change of control.

h) Loss per share

Earnings (loss) per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted earnings (loss) per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. No exercise or conversion is assumed during periods in which a net loss is incurred as the effect is anti-dilutive.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Investment income

Investment income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Investment income is on an accrual basis, by reference to the principal outstanding and at the effective interest rate applicable.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Valuation of Exploration and evaluation assets - The Company carries its mineral properties at cost less any impairment losses. The Company capitalizes exploration and evaluation costs, which are related to specific projects, until the commercial feasibility of the project is determinable or the project is determined to be impaired. Costs are charged to operations when a property is abandoned or when impairment in value has been determined. The Company reviews the carrying values of mining properties and related expenditures whenever indicators of impairment exist or changes in circumstances indicate that their carrying values may not be recoverable. In undertaking this review, management is required to make significant estimates which are subject to various risks and uncertainties. Estimates may include, but are not limited to estimates of future metal prices, capital and operating costs, the quantities of mineral reserves to be mined and expected recoveries of minerals contained in ore, the ability to convert resources into economically mineable reserves, discount rates and; in the case of fair value less costs to sell, the discounted future after-tax cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mineral properties and exploration and evaluation assets.

- Income taxes and recoverability of potential deferred tax assets - In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers relevant tax planning opportunities that are within the Company's control, are feasible and within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

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

(Unaudited, expressed in Canadian dollars unless otherwise noted)

5. Arrangement with Rio Alto Mining Limited

On August 5, 2014, Rio Alto Mining Limited (“Rio Alto”) and Sulliden Gold Corporation Ltd.(“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 received 0.10 of a common share of the Company for each common share of Sulliden held.

Pursuant to the close of the Arrangement, continuity of interest accounting was reflected in the financial statements as at July 31, 2014. The statement of financial position as at July 31, 2014 assumed East Sullivan property in the amount of $133,538, contribution from Sulliden in the amount of $149,403 and accumulated deficit from East Sullivan in the amount of $15,865.

Upon completion of the Arrangement, the Company assumed Sulliden’s interests in the East Sullivan property in the amount of $133,538 and was capitalized with $24,760,514 in cash and $13,000 in accounts receivable, net of transaction costs of $226,486. The transaction costs of $226,486 were incurred by the Company as part of the Rio Alto Arrangement and reorganization of the Company. As well, 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, directors and consultants of Sulliden.

On August 5, 2014, the Company received the following contributions:

Contributions from Sulliden Gold Corporation Ltd.		
Cash	$	24,760,514
Amount receivable		13,000
Exploration and evaluation assets		133,538
Retained earning		25,057
	$	24,932,109
Allocation of the contributions		
Common shares	$	24,927,700
Warrants		4,409
	$	24,932,109

6. FIXED INCOME INVESTMENTS

Fixed income investments of $14,735,340 (July 31, 2014 – $nil) represent guaranteed investment certificates with Schedule One Canadian chartered banks earning income at a rate of 1.35%.

7. INVESTMENTS

In September 2014, the Company made investments in certain public resource sector companies by purchasing shares in the amount of $1,063,651. These securities are classified as fair value through profit or loss (“FVTPL”). As of October 31, 2014, these securities have estimated fair value of $953,787 (see Note 16).

(Unaudited, expressed in Canadian dollars unless otherwise noted)

8. LOAN RECEIVABLE

On October 31, 2014, the Company entered a loan agreement in the amount of $700,000. The loan will be due and payable on the earlier of (i) January 31, 2015; (ii) the date upon which the borrower completes a business acquisition; (iii) the date upon which the borrower completes a financing for gross process of no less than $5,000,000 or; (iv) the date upon which the Company may declare the principal to be due and owing pursuant to an event of default. The Loan carries an interest rate of 20% per annum. The loan receivable amount as at October 31, 2014 (as at July 31, 2014 -$nil) includes deferred interest income of $35,000. The deferred interest income will be amortized over the period of the loan using the effective interest method. In addition, the Company received an arrangement fee of $35,000, therefore, the Company's cash outflow for the loan receivable on October 31, 2014 was $630,000. The arrangement fee was recorded as other income on the statement of loss and comprehensive loss. The deferred interest income of $35,000 was netted against the loan receivable balance in statement of Financial Position.

9. EXPLORATION AND EVALUATIONS ASSETS

The Company assumed Sulliden's interests in the East Sullivan property, East Sullivan property consists of 21 staked claim units referred to as the East Sullivan Property near Val D'Or Quebec. All claims are contiguous and 100% owned by the Company.

10. SHARE CAPITAL

a) Authorized

Unlimited number of voting common shares, without par value.

b) Issued

The change in issued share capital for the period presented was as follows:

	No. of Shares \#	Stated Value $
Balance as at July 31, 2014	1	1
Contribution from Sulliden Gold Corporation Ltd.	31,590,892	24,927,700
Shares issued on exercise of options	121,000	36,059
Balance as at October 31, 2014	31,711,893	24,963,760

11. SHARE PURCHASE WARRANT RESERVE

	Number of Warrants \#	Weighted Average Exercise Price	Value $
Balance as at July 31, 2014	-	-	-
Contribution from Sulliden Gold Corporation Ltd.	1,887,640	$0.05	4,409
Balance as at October 31, 2014	1,887,640	$0.05	4,409

(Unaudited, expressed in Canadian dollars unless otherwise noted)

12. SHARE-BASED PAYMENT RESERVE

	Share Purchase Options	Restricted Share Units	Total Reserve
Balance as at July 31, 2014	$ -	$ -	$ -
Share-based compensation allocated to:			
Expenses	384,444	318,941	703,385
Purchase 2,840,000 common share of the Company for issuance of RSU		(1,756,629)	(1,756,629)
Balance as at October 31, 2014	$ 384,444	$ (1,437,688)	$ (1,053,244)

Share-based payments	**Three months ended October 31, 2014**	**2013**
Share purchase options	$ 384,444	$ -
Restricted share units	318,941	-
Deferred share units	270,000	-
	$ 973,385	-

Share purchase options

The Company adopted a stock option plan ("Plan"), pursuant to which the Company may grant up to that number of stock options that equals 10% of the number of issued and outstanding common shares of the Company at the time of the stock option grant, from time to time. The Plan provides that the Company cannot grant stock options to any one person representing more than 5% of the outstanding common shares of the Company. The terms and conditions of each option granted under the Plan will be determined by the Board, upon the recommendations of the Compensation Committee. Options will be priced in the context of the market and in compliance with applicable securities laws and Exchange guidelines. Consequently, the exercise price for any stock option shall not be lower than the closing market price of the common shares on the Exchange on the last business day immediately preceding the date of grant. Vesting terms will be determined at the discretion of the Board. The Board shall also determine the term of stock options granted under the Plan, provided that no stock option shall be outstanding for a period greater than five years. Directors, officers, employees and certain consultants shall be eligible to receive stock options under the Plan. Upon the termination of an optionholder's engagement with the Company, the cancellation or early vesting of any stock option shall be at the discretion of the Board.

The change in share purchase options during the period presented was as follows:

	Number of options	Weighted average exercise price
Balance as at July 31, 2014	-	
Contribution from Sulliden Gold Corporation Ltd.	2,094,430	$0.46
Granted	1,005,000	$0.46
Exercised	(121,000)	$0.30
Balance as at October 31, 2014	2,978,430	$0.48

(Unaudited, expressed in Canadian dollars unless otherwise noted)

12. SHARE-BASED PAYMENT RESERVE (Continued)

The following table summarizes information on share purchase options outstanding as at October 31, 2014:

Exercise Price	Expiry Date	Number Outstanding	Number Exercisable	Weighted Average Remaining Contractual Life
$0.30	November 18, 2014	131,000	131,000	0.05
$0.31	November 20, 2014	20,000	20,000	0.05
$0.28	August 22, 2015	242,000	242,000	0.81
$0.57	November 7, 2015	10,000	10,000	1.02
$0.57	November 18, 2015	313,000	313,000	1.05
$0.88	January 17, 2016	8,000	8,000	1.21
$0.89	January 25, 2016	15,000	15,000	1.24
$0.71	July 20, 2016	349,000	349,000	1.72
$0.58	January 12, 2017	377,900	377,900	2.20
$0.54	September 14, 2017	2,000	2,000	2.87
$0.34	December 14, 2017	164,930	164,930	3.12
$0.36	February 5, 2018	100,000	100,000	3.27
$0.36	February 8, 2018	5,000	5,000	3.28
$0.39	September 12, 2018	235,600	235,600	3.87
$0.46	September 17, 2019	1,005,000	1,005,000	4.88
	Total	2,978,430	2,978,430	2.92

Fair value of share purchase options granted

The following table summarizes information on share purchase options issued for the period ended October 31, 2014, including the related fair value at grant date. The fair value of these options was estimated using the Black-Scholes option pricing model as at the date of grant assuming a 5 year term to maturity, expected dividend yield and forfeiture rate of 0%, with expected volatility and a risk free interest rate as noted below:

Date of Grant	Share Purchase Options Granted	Exercise Price	Expected Volatility	Risk Free Interest Rate	Fair value at grant date
September 17, 2014	1,005,000	$ 0.46	84%	1.72%	$ 384,444
Total	1,005,000				$ 384,444

On September 17, 2014, the Company granted 1,005,000 share purchase options to employees and consultants to acquire 1,005,000 of the Company's shares at $0.46 per share until September 17, 2019. These options vest immediately.

(Unaudited, expressed in Canadian dollars unless otherwise noted)

12. SHARE-BASED PAYMENT RESERVE (Continued)

Restricted Share Unit and Deferred Share Unit Incentive Plans

On September 17, 2014, the Company adopted a Restricted Share Unit ("RSU") Incentive Plan and a Deferred Share Unit ("DSU") Incentive Plan:

The Company granted and issued an aggregate of 3,000,000 RSUs to officers and employees. Each RSU entitles an officer or an employee of the Company to receive one common share of the Company to be purchased in the secondary market by an independent trustee upon the vesting of such RSU, subject to acceleration upon a change of control 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. The fair value of the RSUs has been determined to be $0.55 per unit.

The Company granted and issued an aggregate of 750,000 DSUs to the Company's independent directors. Each DSU entitles the holder to receive a cash payment equal to the market price of one common share of the Company. The DSUs vest upon the holder ceasing to be a director of the Company.

Details of RSUs and DSUs granted and outstanding are summarized in the table below and reflects the number of RSUs and DSUs that may vest based on conditions existing as at October 31, 2014:

	RSU Non-vested	DSU Non-vested
Balance as at July 31, 2014	-	-
Initial award issued	3,000,000	750,000
Balance as at October 31, 2014	3,000,000	750,000

Upon vesting, the Company is obligated to deliver to the holders of the RSUs 1,000,000 common shares of the Company on each of January 1, 2015, January 1, 2016 and January 1, 2017.

For the three months ended October 31, 2014, share-based compensation expense of $318,941 and $270,000 was recognized for the RSU and DSU incentive plan, respectively.

13. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended October 31, 2014	Three months ended October 31, 2013
	$	$
General and office	36,959	1,091
Shareholders' information	12,044	-
Travel and accommodation	61,912	-
Regulatory and filing fees	56,210	-
	$ 167,125	$ 1,091

(Unaudited, expressed in Canadian dollars unless otherwise noted)

14. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of share capital, warrants and share purchase options. The Company manages its capital structure and makes adjustments based on the funds available to support the acquisition, exploration and development of its mineral properties. The board of directors has not established quantitative return on capital criteria for management and relies on the expertise of management and the board of directors to sustain future development of the business.

The management and board of directors of the Company review its capital management approach on an ongoing basis and believe it reflects a reasonable approach given the relative size of the Company's assets. The Company and its subsidiaries are not subject to externally imposed capital requirements.

15. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities as October 31, 2014 and July 31, 2014 were as follows:

	Assets at fair value through profit or loss	Other financial liabilities	Total
As at October 31, 2014			
Cash and cash equivalents	$ 6,116,646	-	$ 6,116,646
Fixed-income investment	14,735,340	-	14,735,340
Investments	953,787	-	953,787
Loan receivable	665,000	-	665,000
Amounts receivable and other	36,683	-	36,683
Accounts payable and accrued liabilities	-	332,979	332,979

	Assets at fair value through profit or loss	Other financial liabilities	Total
As at July 31, 2014			
Cash and cash equivalents	$ 1	-	$ 1

Fair value hierarchy

The three levels of the fair value hierarchy with respect to required disclosures about the inputs to fair value measurements are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and,
- Level 3 – Inputs that are not based on observable market data.

15. FINANCIAL INSTRUMENTS (Continued)

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at October 31, 2014.

	Level 1	Level 2	Level 3
As at October 31, 2014			
Cash and cash equivalents	$ -	$ 6,116,646	$ -
Fixed-income investment	-	14,735,340	-
Investments	953,787	-	-
Loan receivable	-	665,000	-
Amounts receivable and other	-	36,683	-

The carrying value of cash and cash equivalents, loan receivable, amounts receivable and other, and accounts payable and accrued liabilities reflected in the condensed interim statement of financial position approximate fair value because of the relatively short-term maturities.

Interest rate risk

As at October 31, 2014, the Company held guaranteed investment certificates of $14,735,340 and interest saving accounts of $4,755,988, subject to early redemption rights, and earning income at an average rate of 1.35%, respectively. These investments bear interest at fixed rates subject to change for earlier maturities. As well, the loan receivable of $665,000 bears interest at fixed rates and the Company received the interest of $35,000 in advance. In addition, the Company has other interest cashable saving accounts of $1,357,272 earning an average rate of 0.25%. All other financial assets are non-interest bearing. A 1% increase in interest rates, based on the balance of cash, cash equivalents and fixed income investments at October 31, 2014, would result in an increase in annual interest income of approximately $208,000. All liabilities as at October 31, 2014 are non-interest bearing.

Foreign currency risk

The Company operates in Canada and its functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents, loan receivable and amounts receivable. The Company has no significant concentration of credit risk arising from operations. However, the statement of financial position as of October 31, 2014 included a loan receivable of $665,000, therefore the Company is exposed to the risk that third parties that owe it money will not perform their underlying obligations.

Cash and cash equivalents consist of cash held in financial institutions from which management believes the risk of loss to be remote. Financial instruments included in amounts receivable consisting primarily of goods and services tax and harmonized sales tax due from the Federal Government of Canada and advances.

(Unaudited, expressed in Canadian dollars unless otherwise noted)

15. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

As at October 31, 2014, the Company had net working capital of $22,197,077, which included cash and cash equivalents of $6,116,646, fixed income investments of $14,735,340, a loan receivable of $665,000, investments of $953,787 and amounts receivable and other of $59,283, offset by current liabilities of $332,979. The Company expects to rely on its existing net working capital to finance its ongoing planned activities.

Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, the level of interest rates, the rate of inflation, investment decisions by large holders of commodities including governmental reserves and stability of exchange rates can all cause significant fluctuations in commodities prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

16. RELATED PARTY DISCLOSURES

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

Related party balances

The Company shares office space, resources and certain services with other corporations that may have common directors and/or officers. The costs associated with these services are administered by 2227929 Ontario Inc. For the three months ended October 31, 2014, the Company was charged $35,399 for its proportionate share of these services.

Compensation of key management personnel of the Company

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

	Three months ended October 31, 2014	2013
Management salaries and fees	$ 190,611	$ -
Share-based payments	581,372	-
	$ 771,983	$ -

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the Board of Directors of the Company having regard to the performance of individuals and market trends.

In September 2014, the Company made investments in certain public resource sector companies by purchasing shares in the amount of $1,063,651 (Note 7), of which $271,640 relates to shares of a related party entity by virtue of common directors.

See subsequent events, Note 18(ii) and (iii).

17. COMMITMENTS AND CONTINGENCIES

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately $723,000 (as at July 31, 2014 - $nil) and additional contingent payments of approximately $2,550,000 (as at July 31, 2014 - $nil) upon the occurrence of a change of control. As the likelihood of a change of control is not determinable, the contingent payments have not been reflected in these condensed interim financial statements.

18. SUBSEQUENT EVENTS

(i) On October 20, 2014, The Company announced it acquired 40,000,000 ordinary shares of Aguia Resources Ltd (“Aguia”)(ASX: AGR), 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 ($1,970,000). 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.

(ii) On November 10, 2014, the Company closed a non-brokered private placement financing of 5,000,000 units at a price of $0.40 per unit for proceeds of $2,000,000. Each unit will be comprised of one common share and one-half of a share purchase warrant, with each whole warrant entitling the holder to acquire one common share at a price of $0.50 at any time within the five years following closing. Directors of the Company subscribed for approximately 42.39% of the private placement for an aggregate amount of $847,783.60.

(iii) In November 2014, the Company purchased 4,790,000 units of Aberdeen International Inc., (“Aberdeen”) at a price of $0.20 per unit for the amount of $958,000. Each unit consist of one common share of Aberdeen and one common share purchase warrant entitling the Company to acquire a common share of Aberdeen at a price of $0.30 until November 24, 2019. Aberdeen is related party entity of the Company by virtue of common directors.