Financial Statements

Compañía Minera Zafranal S.A.C.

As at December 31, 2014 and 2013

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Independent Auditors' Report

To the venturers of
Compañía Minera ZafranalS.A.C.

1. *Introduction*
   We have audited the accompanying financial statements of **Compañía Minera Zafranal S.A.C.** (a joint venture between Minera AQM Copper Peru S.A.C., domiciled in Peru, and Teck Resources Limited, domiciled in Canada) which comprise the statement of financial position as at December 31, 2014 and the statement of income, changes in shareholders' equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

2. *Management's responsibility for the financial statements*
   Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards. Such responsibility includes designing, implementing and maintaining an internal control system necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and performing reasonable accounting estimations, as necessary.

3. *Auditor's responsibility*
   Our responsibility is to express an opinion on these financial statements based on our audit. Our audit has been performed pursuant to the International Standards on Auditing. Such standards require that we comply with ethical requirements and that we plan and conduct 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 auditors' 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 auditors consider internal control relevant to the company'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 company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

4. *Opinion*
In our opinion, these financial statements present fairly, in all material respects, the financial position of **Compañía Minera Zafranal S.A.C.** as at December 31, 2014, and the results of its operations and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards.

5. *Emphasis paragraph*
Without qualifying our opinion, we emphasize that, as described in Note 1 to the financial statements as at December 31, 2014, the Company is in a pre-operating stage, having invested US$74.2 million mainly in evaluation and exploration costs and taxes to be recovered related to the Zafranal Project, which, according to Management's estimations and projections, are expected to be recovered during its future ordinary course of business.

6. *Other Matters*
   . As part of an audit of the financial statements as at December 31, 2014, we have reviewed the adjustments of conversion to International Financial Reporting Standards which have been included in the financial statements as at December 31, 2013 and as at January 1, 2013, which are presented in the accompanying Note 3. In our opinion, such adjustments are appropriate and have been recognized accordingly.
   . The financial statements as at December 31, 2013, presented herein for comparative purposes, were not audited by Demichelli, Sarrio & Asociados S.C., but rather by other independent auditors in accordance with the accounting principles generally accepted in Peru, issuing an unqualified opinion on March 26, 2014.

Lima, Peru, March 20, 2015

Countersigned by:

José Luis SarrioAbad (Partner)
Certified Public Accountant
Registration No. 37729

Statement of financial position

As at December 31, 2014 and 2013 and as at January 1, 2013
(Expressed in United States Dollars)

	Notes	12.31.2014	12.31.2013	01.01.2013
Cash and cash equivalents	**6**	1,128,774	673,923	102,451
Accounts receivable from related parties	**7**	0	66,074	0
Other accounts receivable		178,505	12,243	0
Tax credits, current portion	**8**	2,906,470	0	0
Total current assets		**4,213,749**	**752,240**	**102,451**
Tax credits, non-current portion	**8**	4,399,078	6,826,366	6,390,016
Evaluation and exploration costs	**9**	69,714,538	61,811,313	55,421,417
Furniture and equipment, net		51,845	0	0
Total non-current assets		**74,165,461**	**68,637,679**	**61,811,433**
Total assets		**78,379,210**	**69,389,919**	**61,913,884**
Trade accounts payable	**10**	1,534,833	315,925	0
Accounts payable to related parties	**7**	409,930	67,417	1,412,774
Other accounts payable		151,303	75,555	25,251
Total liabilities		**2,096,066**	**458,897**	**1,438,025**
Share capital	**11**	69,473,002	60,363,552	60,363,552
Additional capital	**12**	8,280,313	9,109,450	0
Retained earnings	**13**	(1,470,171)	(541,980)	112,307
Total shareholders' equity		**76,283,144**	**68,931,022**	**60,475,859**
Total liabilities and shareholders' equity		**78,379,210**	**69,389,919**	**61,913,884**

The accompanying notes are an integral part of these financial statements.

Statement of income

For the years ended December 31, 2014, 2013 and 2012
(Expressed in United States Dollars)

	Notes	12.31.2014	12.31.2013	12.31.2012
Administrative expenses		(444,262)	(55,506)	(95,662)
Sundry, net		5,175	10	0
Pre-operating margin		**(439,087)**	**(55,496)**	**(95,662)**
Financial expenses		0	(2,666)	(5,439)
Exchange rate difference, net		(489,104)	(596,125)	265,421
(Loss) Profit before income tax		**(928,191)**	**(654,287)**	**164,320**
Income tax	**14**	0	0	0
Year's net (loss) profit		**(928,191)**	**(654,287)**	**164,320**

The accompanying notes are an integral part of these financial statements.

Statement of changes in shareholders' equity

For the years ended December 31, 2014, 2013 and 2012
(Expressed in United States Dollars)

	Share capital	Additional capital	Retained earnings	Total
Balances as at December 31, 2011	**21,344,070**	**21,512,920**	**(52,013)**	**42,804,977**
Cash contributions, venturer MAQM Copper Peru SAC	0	8,031,367	0	8,031,367
Cash contributions, venturer Teck Resources Ltd	0	7,356,498	0	7,356,498
Venturers' financial claim capitalization	0	2,118,697	0	2,118,697
Capitalization of contributions	39,019,482	(39,019,482)	0	0
Year's net profit	0	0	164,320	164,320
Balances as at December 31, 2012	**60,363,552**	**0**	**112,307**	**60,475,859**
Cash contributions, venturer MAQM Copper Peru SAC	0	1,183,038	0	1,183,038
Cash contributions, venturer Teck Resources Ltd	0	4,554,725	0	4,554,725
Venturers' financial claim capitalization	0	3,371,687	0	3,371,687
Year's net loss	0	0	(654,287)	(654,287)
Balances as at December 31, 2013	**60,363,552**	**9,109,450**	**(541,980)**	**68,931,022**
Cash contributions, venturer MAQM Copper Peru SAC	0	4,205,491	0	4,205,491
Cash contributions, venturer Teck Resources Ltd	0	4,074,822	0	4,074,822
Capitalization of contributions	9,109,450	(9,109,450)	0	0
Year's net loss	0	0	(928,191)	(928,191)
Balances as at December 31, 2014	**69,473,002**	**8,280,313**	**(1,470,171)**	**76,283,144**

The accompanying notes are an integral part of these financial statements.

Statement of cash flows

For the years ended December 31, 2014, 2013 and 2012
(Expressed in United States Dollars)

	12.31.2014	12.31.2013	12.31.2012
Pre-opearting activities			
Year's net loss (profit)	(928,191)	(654,287)	164,320
Other adjustments	382,142	0	73,052
Net variations of pre-operating assets and liabilities			
Accounts receivable from related parties	66,074	(66,074)	0
Other accounts receivable	(166,262)	36,983	0
Tax credits	(479,182)	(436,350)	(3,061,594)
Trade accounts payable	1,218,908	315,925	(18,565)
Accounts payable to related parties	342,513	3,364,041	4,345,969
Other accounts payable	113,694	50,304	(861)
Cash and cash equivalents provided by pre-operating activities	**549,696**	**2,610,542**	**1,502,321**
Investing activities			
Dibursements for acquisition of furniture and equipment	(57,817)	0	0
Dibursements related to evaluation and exploration	(8,317,341)	(6,439,122)	(15,925,858)
Cash and cash equivalent used in investing activities	**(8,375,158)**	**(6,439,122)**	**(15,925,858)**
Financing activities			
Net variation of loans from related parties	0	(1,337,711)	(870,510)
Venturer cash contributions	8,280,313	5,737,763	15,387,865
Cash and cash equivalents providd by financing activities	**8,280,313**	**4,400,052**	**14,517,355**
Net increase of cash and cash equivalents	454,851	571,472	93,818
Balance of cash and cash equivalents at yaer start	673,923	102,451	8,633
Balance of cash and cash equivalents at year end	**1,128,774**	**673,923**	**102,451**

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

As at December 31, 2014 and 2013 and as at January 1, 2013

1. Identification and economic activity

a. Background

Compañía Minera Zafranal S.A.C. (hereinafter, the Company) was organized in Lima, on December 24, 2010 under the name of Minera Coropuna S.A.C. In 2011, it changed its name to its current name. Its administrative offices are located at Calle Dante Alighieri B-1, Urbanización Los Pinos, Arequipa region.

The Company is currently a Joint Venture resulting from an agreement dated January 1, 2011, executed by Minera AQM Copper Peru S.A.C. and Teck Resources Limited (NYSE:TCK, TSX:TCK.A and TCK.B), resident in Canada, owning each 50% of the Joint Venture.

Based on an original agreement dated May 13, 2009 and the relevant addendum dated July 8, 2010, the Company received an equity block on December 24, 2010 as a contribution of Teck Peru SAC for S/.8,844,269 (equivalent to US$3,144,070), made up of 32 concessions related to the Project valued at S/.1,399,032 and investments made in the amount of S/.7,445,237.

Minera AQM Copper Peru S.A.C.'s disbursements in the Project from April 2011 to October 2013 were made based on a Mining Assignment Agreement dated April 13, 2009 and its addendum dated October 15, 2010. On June 1, 2011, the Company received an equity block from Minera AQM Copper SAC corresponding to the disbursements related to the Project in the amount of S/.51,434,147 (equivalent to US$18,200,000) in exchange for issuing 8,844,269 shares at a value of S/.1 each corresponding to 50 percent of the Company.

b. Economic activity

The Company may carry out any kind of mining activities in accordance with the General Mining Act of Peru.

The Company is currently in the pre-operating stage performing evaluation and exploration activities in the Zafranal Project in its own concessions located in the Arequipa region. As at December 31, 2014, the Company owns 43 mining concessions comprising 33,500 hectares (33 concessions as at December 31, 2013 comprising 25,950 hectares). Zafranal is a porphyry copper deposit operated by its venturer Minera AQM Copper Peru S.A.C. Production is expected to begin in 2020.

c. Approval of financial statements

The financial statements as at December 31, 2013 were approved by the General Shareholders' Meeting held on June 11, 2014. The 2014 financial statements have been approved by Management as at the date hereof and shall be submitted to the General Shareholders' Meeting for approval. In Management's opinion, this year's financial statements shall be approved by the General Shareholders' Meeting without changes.

2. Significant accounting policies

The Company's Management has prepared the accompanying financial statements in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), which include the IFRS, the IFRS interpretations, the International Accounting Standards and the IAS interpretations. The financial statements as at December 31, 2014 are the first to be prepared by the Company in agreement with the IFRS. Disclosures related to the adoption process are described in Note 3.

The main accounting policies adopted by the Company in the preparation and presentation of its financial statements are set forth below. They have been applied consistently for the years presented:

a. New standards, interpretations and amendments
The standards which came into effect on January 1, 2014 are set forth below and were adopted without a significant effect on the financial statements:
- IFRS 10: Consolidated Financial Statements
- IFRS 12: Disclosure of Interests in Other Entities
- IAS 27: Separate Financial Statements
- IAS 32: Financial Instruments: Presentation.
- IAS 36: Impairment of Assets
- IAS 39: Financial Instruments: Recognition and Measurement

b. Use of accounting estimates
The preparation of the financial statements requires Management to make estimates and assumptions to determine the balances of assets and liabilities, and the exposure to contingencies and recognition of revenues and expenses. If these estimates and assumptions, which are based on Management's best judgment, as at the date of the financial statements, were modified with regard to the premises on which they were based, the balances of the financial statements are corrected on the date on which the change in the estimates and assumptions occurs. Significant estimates related to the accompanying financial statements refer to estimate of the fair value of the financial assets and the useful life and recoverable value of the fixed assets.

c. Functional currency and foreign currency transactions
In order to express its financial statements, the Company has determined its functional currency based on the main economic environment in which it operates. The financial statements are presented in United States Dollars, which is the functional currency determined by the Company.

The assets and liabilities in foreign currency are recorded at the exchange rate prevailing on the transaction date; the balances of the statement of financial position are valued at the exchange rate prevailing at the end of the period. The income or losses accrued by the settlement exchange rate of settlement of the transactions or of the close of the statement of financial position, and the exchange rate at which the transactions were initially recorded are recognized in the statement of income in the period in which they are accrued and presented as "Exchange difference, net."

d. Financial instruments
Financial instruments are contracts which simultaneously result in a financial asset in a company and in a financial liability or an equity instrument in another. In the case of the Company, financial instruments refer to primary instruments such as cash and cash equivalents, accounts receivable and accounts payable. Financial instruments are measured at their fair value, plus the costs directly related to the transaction. If they are negotiated in an active market, the reference are the prices quoted in the market; if they are not negotiated in an active market, the fair value is determined by way of valuations, such as: comparison of

recent transactions, the value of another similar instrument and the analysis through fund flows, among others.

Classification, recognition and valuation of financial assets and liabilities
Financial assets are classified into four categories: at fair value through profit or loss, loans and accounts receivable, held-to-maturity financial assets, and available-for-sale financial assets. The Company maintains assets at fair value through profit or loss (which includes cash and cash equivalents) and loans and accounts receivable.

Financial liabilities are classified into: financial liabilities at fair value with changes in earnings, loans, and derivatives designated as hedge instruments, as applicable. The Company determines the classification of its financial liabilities at their initial recognition; all financial assets are initially recognized at their fair value plus the costs of transactions directly attributable. The subsequent measurement of financial liabilities depends on their classification. The Company's financial liabilities include trade accounts payable and other accounts payable.

Offset of financial assets and liabilities
Financial assets and liabilities are offset when one has the legal right to do so and Management intends to settle them on a net basis or to simultaneously realize the asset and settle the liability.

Derecognition of financial assets and liabilities
A financial asset is derecognized when the rights to receive cash flows from the assets have expired, the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay all of the cash flows received immediately to a third party under a transfer agreement and when the Company has materially transferred all the risks and rewards of the asset or, if it has not transferred or withheld substantially all the risks and rewards of the assets, when it has transferred its control.

A financial liability is derecognized when the payment obligation is discharged, cancelled or expires. When an existing financial asset is replaced by another from the same borrower under significantly different conditions, or the conditions are changed significantly, such replacement or modification is considered as a derecognition of the original liability, the new liability is recognized and the difference between both is reflected on the period's profit or loss.

Impairment of financial assets
The Company evaluates, as at the date of each statement of financial position, if there is any objective evidence that a financial asset or group of financial assets are impaired. This impairment results from one or more events following the initial recognition of the asset and when it has an impact on the estimated projected cash flows and may be reliably estimated.

The carrying amount of these assets is reduced through the use of an estimation account and the amount of the loss is recognized in the statement of comprehensive income. The accounts receivable together with the associated estimation are written off when there is no realistic prospect of recovery in the future.

e. Furniture and equipment, net
The furniture and equipment are presented at their cost of acquisition minus their cumulative depreciation and any cumulative loss for value impairment recognized. The initial cost comprises its acquisition price, including customs, non-refundable duties and taxes and any other cost directly attributable to bringing the asset into working condition for its intended use. The maintenance and minor repairs are recognized in the statement of comprehensive income for the period in which they are incurred. The depreciation is

recognized as an expense and calculated by following the straight-line method and by using the following estimated useful lives:

	Years
Furniture	10
Sundry equipment	Between 4 and 5

The estimation of the useful life and the depreciation method are reviewed from time to time to ensure that they are consistent with the expected pattern of economic benefits of the facilities, transport units and equipment items. The income or loss resulting from the sale or removal of assets is included under "Sundry, net" in the statement of income.

f. Evaluation and exploration costs

The Company has adopted IFRS 6 "Exploration for and Evaluation of Mineral Resources" for the recognition of its evaluation and exploration expenses. This standard requires mining entities to determine an accounting policy specifying which expenditures are recognized as evaluation and exploration assets and to apply that policy consistently.

The Company has maintained its accounting policy which consists in recognizing as assets the disbursements incurred in evaluation and exploration activities even when the recovery of these investments may not be viable. The evaluation and exploration expenses are recognized at cost. The assets incurred include the acquisition and extension of exploration rights, surveying, geological, geochemical and geophysical studies, diamond drilling studies, assays and those corresponding to activities involving the evaluation of the technical feasibility and economic viability of extracting mineral resources.

These investments are subject to assessments for impairment. IFRS 6 requires the mining company to assess the impairment of its assets recognized for evaluation and exploration only when the events and circumstances suggest that the carrying value of the assets may exceed their recoverable value. The main circumstances which, should they occur, force Management to carry out the impairment test are:

- The Company's exploration right in a project expires or is close to expiring and Management has no intention to extend its term.
- Management does not plan or has not budgeted additional substantial disbursements in the evaluation and exploration of mineral resources in the project.
- The evaluation and exploration of mineral resources has not resulted in the discovery of viable quantities of mineral resources and the Company decides to discontinue its activities in the project area.
- There is sufficient certainty that, although it is possible to develop a certain project, the evaluation and exploration investment required is of such magnitude that it is unlikely to be recovered fully as a result of its successful development or sale.

If any of these circumstances occur, the impairment test is made as set forth by IAS 36 "Impairment of Assets."

g. Restoration, rehabilitation and environmental obligations

The company has statutory and implicit obligations to incur restoration and rehabilitation costs and other environmental obligations which occur when there are environmental disturbances caused by the evaluation and exploration activities in mining properties. Such costs include the disassembly of assets used and the restoration of the sites where the projects are located.

The initial amount of the assets and liabilities recognized is the present value of the future disbursements estimated to perform such obligations. Subsequently, the liabilities are adjusted in each subsequent period to reflect the passing of time of the discounted value recognized initially; such increased liabilities are recognized as a financial expense and the asset is depreciated based on the estimated useful life of the projects.

h. Impairment of long-lived assets
When events or economic changes occur indicating that the value of a long-lived asset may not be recoverable, Management reviews the carrying amount of such assets. If this analysis shows that their carrying amount exceeds their recoverable value, an impairment loss is recognized in the statement of income, for an amount equal to the value in excess of the carrying amount. Recoverable amounts are estimated for each asset or, if this is not possible, for each cash-generating unit.

The recoverable value of a long-lived asset or cash-generating unit is the greater of an asset's fair value less its cost to sell and its value in use. Fair value less the cost to sell is the amount obtainable from the sale of such asset in an arm's-length transaction between knowledgeable parties, less the corresponding cost to sell. The value in use is the present value of future cash flows expected to arise from an asset or a cash-generating unit.

i. Income Tax
Current income tax is measured as the amount expected to be recovered or paid to the tax authorities, calculated on the basis of the financial information of the Company according to the tax regulations in force.

j. Provisions
Provisions will only be recognized when the Company has a present obligation (statutory or implied) as a result of a past event, it is probable that resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The provisions are measured in each year and are adjusted to reflect the best estimation obtained as at the date of the statement of financial position. When the effect of the time value of money is important, the amount of the provision is the present value of the expenses expected to be incurred to settle it.

k. Additional capital
The Company qualifies the contributions from its participants as additional capital, as it is the case of equity instruments. This is because such contributions do not incorporate contractual obligations to deliver cash or any other financial assets and considering, as well, that such instruments will be settled with equity instruments owned by the issuer, that is, through periodic capitalizations of contributions.

l. Recognition of expenses
The expenses are recognized to the extent that they are accrued, regardless of the time in which they are paid, and are recorded in the periods to which they relate.

m. Contingent assets and liabilities
The contingencies arise from past events, the existence of which shall be confirmed only if future events which are not entirely under the Company's control occur.

Contingent assets are not registered in the consolidated financial statements but they are rather disclosed in notes when their contingency degree is probable. Contingent liabilities are registered in the consolidated financial statements when it is considered that it is probable that they are confirmed over time and may be reasonably quantified; otherwise, they are only disclosed in the notes to the consolidated financial statements.

3. **IFRS 1:** First-time Adoption of International Financial Reporting Standards

The financial statements for the year ended December 31, 2014 are the first financial statements prepared by the Company in accordance with the International Financial Information Reporting Standards, for which the Company has applied IFRS 1 to the opening statement of financial position as at January 1, 2013, the date of transition to the IFRS. The accounting policies described in Note 2 have been applied in preparing the financial statements for the year ended December 31, 2014 and in the comparative information.

The adoption, in accordance with IFRS 1, implies that all the accounting policies be applied retrospectively on the date of transition, considering certain mandatory exceptions and optional exemptions defined by the standard. The Company has not used any optional exemption expressed in IFRS 1 in its process to adapt to IFRS. The estimates as at December 31, 2014 and 2013 and as at January 1, 2013 according to IFRS are consistent with those established as at the same previous dates in accordance with the accepted practices and Generally Accepted Accounting Principles in Peru (Peru GAAP).

In order to prepare the opening statement of financial position according to IFRS, the Company has recognized adjustments to the amounts of financial statements prepared under Peru GAAP previously reported. The tables and explanatory notes shown below provide a detailed description of the main differences between IFRS and Peru GAAP, as well as the impact on the shareholders' equity and net profit for these periods.

a. Reconciliation of the statement of financial position
The reconciliation between the statement of financial position under Peru GAAP and IFRS as at December 31, 2013 and January 31, 2013 is described below (expressed in United States Dollars):

	Balances at 12.31.13 Peru GAAP	Adjustments IFRS	Balances at 12.31.13 IFRS	Balances at 01.01.13 Peru GAAP	Adjustments IFRS	Balances at 01.01.13 IFRS
Current assets	7,578,606		7,578,606	6,492,467		6,492,467
Tax credits, non-credit position	0		0	0		0
Deferred income tax	48,943	(48,943)	0	5,591	(5,591)	0
Evaluation and exploraiton costs	61,811,313		61,811,313	55,421,417		55,421,417
Furniture and equipment, net	0			0		0
Total assets	**69,438,862**	**(48,943)**	**69,389,919**	**61,919,475**	**(5,591)**	**61,913,884**
Total liabilities	458,897		458,897	1,438,025		1,438,025
Share capital	60,363,552		60,363,552	60,363,552		60,363,552
Additional capital	9,109,450		9,109,450	0		0
Retained earnings	(493,037)	(48,943)	(541,980)	117,898	(5,591)	112,307
Total shareholders' equity	**68,979,965**	**(48,943)**	**68,931,022**	**60,481,450**	**(5,591)**	**60,475,859**
Total liabilities and shaerholders' equity	**69,438,862**	**(48,943)**	**69,389,919**	**61,919,475**	**(5,591)**	**61,913,884**

b. Reconciliation of Statement of Income
The reconciliation between the statement of income under Peru GAAP and IFRS for the years 2013 and 2012 is described below (expressed in United States Dollars):

	Contributions as at 12.31.13 Peru GAAP	Adjustments IFRS	Contributions as at 12.31.13 IFRS	Contributions as at 12.31.12 Peru GAAP	Adjustments IFRS	Contributions as at 12.31.12 IFRS
Administrative expenses	(55,506)	0	(55,506)	(95,662)	0	(95,662)
Sundry, net	10	0	10	0	0	0
Financial expenses	(2,666)	0	(2,666)	(5,439)	0	(5,439)
Exchange rate difference, net	(596,125)	0	(596,125)	265,421	0	265,421
(Loss) Profit before income tax	**(654,287)**	**0**	**(654,287)**	**164,320**	**0**	**164,320**
Incoeme tax	43,352	(43,352)	0	5,591	(5,591)	0
Year's net (loss) profit	**(610,935)**	**(43,352)**	**(654,287)**	**169,911**	**(5,591)**	**164,320**

c. Reconciliation of the statement of changes in shareholders' equity
The reconciliation between the statement of changes in shareholders' equity under Peru GAAP and IFRS as at December 31, 2013 and January 1, 2013 is described below (expressed in United States Dollars):

	Balances as at 12.31.13	Balances as at 01.01.13
Shareholders' equity Peru PCGA	**68,979,965**	**60,481,450**
Adjustments to the period's profit or loss:		
. Deferred income tax assets	(43,352)	(5,591)
Adjustments to retained earnings on the date of transition	(5,591)	0
Shareholders' equity NIIF	**68,931,022**	**60,475,859**

d. Reconciliation of the statement of cash flows
The adaptation to IFRS has no impact on the cash flows generated by the Company; however, some items show movements as a consequence of the adjustments, which are considered immaterial.

e. Notes to the reconciliation of the statement of financial position and the statement of income.
The adoption of IFRS has required adjustments to the existing balances in the consolidated financial statements under Peru GAAP, the most important being:

Functional currency
The Company has changed its functional currency from the Nuevo Sol to the United States Dollar based on the primary economic scenario where it operates considering the factors described in paragraphs 9 to 12 of IAS 21: The Effect of Changes in Foreign Exchange Rates. This is primarily because that is the currency that influences sales prices for services, as well as the currency in which funds from financing activities are generated. All the transactions are measured in the functional currency and, on the contrary, the foreign currency is any currency other than the functional currency.

Deferred income tax
As at December 31, 2013, the Company registered cumulative losses not used in the amount of S/. 302,517, which was considered by Management for the recognition of a deferred tax asset. The Company did not consider the criteria described in paragraph 36 of IAS 12: Income Taxes when assessing the probability that taxable profit will be available against which the unused tax losses or unused tax credits can be utilized.

Reclassifications
. Reclassification of contributions of venturer Minera AQM Copper Peru S.A.C. made in 2011 for evaluation and exploration costs to various sub-items within the same item in the amount of US$25,848,113 and US$25,441,171 as at December 31, 2013 and as at January 1, 2013, respectively.
. Reclassification of additional capital to capital in the amount of US$39,019,482 as at January 1, 2012.
. Reclassification of US$66,074 corresponding to accounts receivable from related parties of the Other accounts receivable item as at December 31, 2013.

4. Financial Instruments and Management of Financial Risks

Financial Asset and Liability Categories
Note 2d provides a description of the accounting policies for each of the categories of financial assets and liabilities. The carrying amounts of the financial instruments are described below(expressed in United States Dollars):

	12.31.2014	12.31.2013	01.01.2013
Financial Assets			
At fair value through profit or loss	1,128,774	673,923	102,451
Loans and accounts receivable at amortized cost	7,484,053	6,904,683	6,390,016
	8,612,827	7,578,606	6,492,467
Financial Liabilities			
Loans at amortized cost	(2,096,066)	(458,897)	(1,438,025)

Management of Financial Risks
The Company's activities expose it to a variety of financial risks which potential adverse effects are permanently assessed by Management in order to minimize them. Below, we present the financial risks to which the Company is exposed:

a. Exchange rate risk
The exposure to exchange rates results from the monetary balances in foreign currency of cash and cash equivalents, other accounts receivable, trade accounts payable, other accounts payable and accounts receivable from and payable to related parties. The statement of financial position presents these items at the end-of-period exchange rate.

In order to mitigate the exposure of the Company to the exchange rate risk, the cash flows in non-functional currency are reviewed continuously. In general, when the amounts payable in respect of purchases in Nuevos Soles exceed the amount available in this currency, a currency exchange transaction is carried out. The Company does not use derivative financial instruments to hedge the risk of its position in foreign currency, because it does not consider it necessary.

Foreign currency transactions are carried out at the exchange rate fixed by supply and demand in the National Financial System. As at December 31, 2014, the weighted average exchange rate published by the Superintendence of Banking, Insurance and AFP (SBS) for transactions in Nuevos Soles was US$0.33546 for buying and US$ 0.33456 for selling (US$0.35791 and US$0.35765 as at December 31, 2013, respectively). The balances in foreign currency as at December 31, 2013 and 2012 are summarized below (expressed in Nuevos Soles):

	12.31.2014	**12.31.2013**	**01.01.2013**
Monetary assets			
Cash and cash equivalents	386,974	191,344	124,037
Other accounts receivable	54,183	12,699	0
Tax credits	21,843,590	19,113,161	16,300,932
	22,284,747	**19,317,204**	**16,424,969**
Monetary liabilities			
Trade accounts payable	(861,029)	(317,181)	0
Accounts payable to related parties	0	(31,371)	(1,445,742)
Other accounts payable	(452,395)	(210,982)	0
	(1,313,424)	**(559,534)**	**(1,445,742)**
Asset position, net	**20,971,323**	**18,757,670**	**14,979,227**

b. Concentration and credit risk
The Company's assets which are potentially exposed to credit risk concentration are referred to bank deposits and accounts receivable from related parties. The Company reduces the probability of significant credit risk concentration by keeping its deposits in first-class financial institutions. With regard to the accounts receivable from related parties, the credit risk is minimal as a result of being guaranteed by its venturers.

c. Liquidity risk
Liquidity is controlled through the matching of the maturities of its assets and liabilities with maintaining a suitable number of financing sources which allow the Company to develop its activities regularly. The Company maintains suitable levels of cash resulting from financing through scheduled cash contributions from its venturers: Minera AQM Copper S.A.C. and Teck Resources Limited.

d. Capital risk management
The Company's objectives in managing capital are safeguarding its capacity to continue as a going concern with the purpose of generating a return to its venturers, benefits to other stakeholders and maintaining an optimal capital structure to reduce the cost of capital.

5. Transactions which did not represent cash movements

In 2014, the Company has capitalized the contributions classified as Additional capital in the amount of US$9,109,450. In 2013, it was agreed to capitalize venturers' financial claims in the amount of US$3,371,687.

6. Cash and cash equivalents

This item primarily includes current accounts in local banks in the amount of US$1,124,320 (US$673,415 and US$102,255 as at December 31, 2013 and January 1, 2013, respectively). The current accounts are held in domestic and foreign currency, are freely disposable and do not accrue interest.

7. Accounts receivable from and payable to related parties, net

The movement of accounts receivable from and payable to related parties in 2014 and 2013 is shown below (expressed in United States Dollars):

	Balance as at 12.31.2013	Additions	Deductions	Balance as at 12.31.2014
Accounts receivable				
MAQM Copper Peru SAC (Venturer)	4,760	11,257	(16,017)	0
Teck Resources Limited (Venturer)	61,314	0	(61,314)	0
	66,074			0
Accounts payable				
MAQM Copper Peru SAC (Venturer)	(67,417)	(481,540)	533,027	(15,930)
AQM Copper Inc (Related party)	0	(394,000)	0	(394,000)
	(67,417)			(409,930)
Total, net	**(1,343)**			**(409,930)**

	Balance as at 01.01.2013	Additions	Deductions	Balance as at 12.31.2013
Accounts receivable				
MAQM Copper Peru SAC (Venturer)	0	4,760	0	4,760
Teck Resources Limited (Venturer)	0	61,314	0	61,314
	0			66,074
Accounts payable				
MAQM Copper Peru SAC (Venturer)	(846,040)	(5,720,132)	6,498,755	(67,417)
Teck Resources Limited (Venturer)	(566,734)	0	566,734	0
	(1,412,774)			(67,417)
Total, net	**(1,412,774)**			**(1,343)**

The accounts payable to the venturer Minera AQM Copper Zafranal S.A.C. result from the provision of administration services related to the Zafranal project, based on the relevant agreement, as well as from the receipt of invoices for disbursements made by its venturer Minera AQM Copper S.A.C. until October 2013, related to the project based on the Mining Assignment Agreement dated April 13, 2009 and its relevant addendum dated October 15, 2010. The accounts payable to the related party AQM Copper Inc, resident in Canada, arise from the provision of sundry services based on an agreement effective from July 1, 2014 with an annual compensation of US$788,000.

In Management's opinion, transactions with its related parties have been performed under conditions similar to those carried out with non-related companies.

Key personnel are such personnel, other than Directors, that are vested with the authority and responsibility to plan, direct and control the Company and include the General Manager and the Administrator. The remunerations paid to the Company's key personnel amounted to US$438,259 in 2014 (US$281,942 and US$213,260 in 2013 and 2012, respectively)

8. Tax credits

It comprises the tax credit corresponding to the General Sales Tax – IGV paid for the acquisition of goods and services. Law No. 27623 dated January 2002 regulates the final refund to the mining activity owners of the IGV paid on their purchases of goods and services required to perform their activities during the exploration stage.

On April 1, 2014, the Company executed an Investment Contract with the Peruvian State as a requirement for the IGV refund effective until March 2015. As at December 31, 2014, the Company's Management expects to request the refund of the IGV in the amount of S/. 8,690,3462 (equivalent to US$ 2,906,470)during the second quarter of 2015; the Company expects to recover the remaining balance through settlements or offsets of the Credit Balance Subject-Matter of Benefit– SFMB once the mineral sale activates begin.

9. Evaluation and exploration costs

The structure per type of disbursement comprises the following (expressed in United States Dollars):

	12.31.2014	12.31.2013	01.01.2013
Diamond drilling	20,464,970	19,477,656	18,852,216
Consultancies	12,048,997	9,929,417	7,773,448
Operator service – related company MAQM SAC	6,297,791	5,499,443	5,332,046
Payrolls	6,207,749	5,054,613	4,035,701
License fees and penalties	4,509,946	4,243,849	3,793,394
Rental payments	4,486,550	3,869,395	3,605,302
Assays and analyses	3,343,376	3,243,882	3,220,350
Food and supplies	2,107,581	1,865,127	1,702,409
Fuel	2,050,706	1,867,728	1,770,829
Maintenance and repairs	1,939,108	1,724,768	1,457,990
Metallurgical tests	1,826,667	1,595,771	1,396,142
Project management	1,812,426	1,338,448	669,119
Transport and accommodation	1,271,177	1,081,580	913,972
Other minor disbursements	1,347,494	1,019,636	898,499
Total	**69,714,538**	**61,811,313**	**55,421,417**

The movement of evaluation and exploration costs during the periods from 2012 to 2014 is outlined below (expressed in United States Dollars):

	2014	2013	2012
Opening balances	61,811,313	55,421,417	41,936,041
Additions	8,381,130	6,439,122	15,925,858
Reversal of provisions from previous years	(37,946)	0	(2,367,430)
Transfer to period's income (loss)	(382,142)	0	(73,052)
Transfer to other assets accounts	(57,817)	(49,226)	0
Closing balances	**69,714,538**	**61,811,313**	**55,421,417**

As at December 31, 2014 and 2013 and as at January 1, 2013, the Company has not registered costs of restoration, rehabilitation and environmental obligations because Management considers that the environmental disturbances are minimal at such dates.

Based on the impairment test, of the investments in own and third-party projects managed by the Company as at December 31, 2014 and 2013, Management has not identified additional events or circumstances that suggest that the carrying value may exceed their recoverable value.

10. Trade accounts payable

As at December 31, 2014, the trade accounts payable mainly refer to obligations with mining contractors AK Drilling International S.A. and Explo Drilling Peru S.A.C. in the amounts of US$341,723 and US$148,961, respectively, for drilling services carried out during the last quarter of 2014, as well as to various consultants. The accounts payable as at December 31, 2014 and 2013 were paid off during the first quarter of the following years.

11. Share capital

As at December 31, 2013 and 2014, the share capital was represented by 164,946,222 shares at a nominal value of S/.1 each, authorized, issued and paid-in (equivalent to US$60,363,552). The shareholding structure was as follows: Minera AQM Copper Peru S.A.C. with 82,473,111 shares, Teck Resources Limited with 82,472,811 shares and Secrecorp Minerals Limited (subsidiary of Teck Resources Limited) with 300 shares.

As at December 31, 2014, 24,877,408 shares having a nominal value per share equal to S/.1 were in the process of being registered and issued. These shares have been authorized and paid in. With a total of 189,823,630 shares (equivalent to US$69,473,002), the shareholding structure is as follows: Minera AQM Copper Peru S.A.C. with 94,911,815 shares, Teck Resources Limited with 94,911,515 shares and Secrecorp Minerals Limited with 300 shares.

The shareholders' meeting held on April 28, 2014 resolved to carry out a capital increase based on the capitalization of additional capital in the amount of S/. 9,151,134 (US$3,371,687) and monetary contributions in the amount of S/.3,287,570 (US$1,183,038) made by venturer Minera AQM Copper Peru S.A.C., as well as monetary contributions in the amount of S/.12,438,704 (US$4,554,725) made by venturer Teck Resources Limited.

12. Additional capital

As at December 31, 2014, the additional capital results from the contributions of venturers Minera AQM Copper Peru S.A.C. and Teck Resources Limited in the amounts of US$4,205,491 and US$4,074,822, respectively, based on cash requirements for the period 2014 pending capitalization(US$4,554,725 for each venturer as at December 31, 2013).

13. Retained earnings

As established by Legislative Decree No. 945 dated December 23, 2003, which amended the Income Tax Act, resident legal entities that agree to the distribution of dividends or any other form of profit distribution, shall withhold a percentage of the amount to be distributed, except when the distribution is made in favor of resident legal entities. There are no restrictions on the remittance of dividends or capital repatriation to foreign investors.

14. Tax situation

a. As at December 31, 2014 and 2013, Management has determined the tax losses under the Income Tax general scheme in accordance with the tax regulations in force, which requires to add to and deduct from the result shown in the financial statements, those items which the above-mentioned regulations recognize as taxable and non-taxable. The tax losses have been determined as follows (expressed in Nuevos Soles):

	12.31.2014	**12.31.2013**	**12.31.2012**
Loss before income tax	(1,187,832)	(403,458)	(48,121)
Additions	221,482	114,542	47,743
Year's tax loss	(966,350)	(288,916)	(378)
Previous year's tax loss carryforward	(302,517)	(13,601)	(13,223)
Cumulative tax loss carryforward	**(1,268,867)**	**(302,517)**	**(13,601)**

The Income Tax rate applicable to companies is 30% for the year 2014. Said rate will gradually decrease to 28% in the years 2015 and 2016, to 27% in the years 2017 and 2018, and 26% from 2019 onward.

By applying the tax regulations in force, the Company selected system a) which allows to apply its tax loss carried forward against the net income obtained in the four periods immediately subsequent to its accrual for the offset of tax losses. Upon the selection, it is not possible to change the system until all losses have been fully exhausted.

The Company has not recorded the deferred income tax corresponding to the temporary difference arising from the tax loss carryforward. In this regard, Management has considered not to recognize said asset until there is any certainty that future economic benefits will be generated, which is related to the transfer of mining rights or royalties or the start of operations in future years.

b. The dividend distributions or any other form of profit distribution made on the retained earnings until December 31, 2014 will be applied a 4.1% rate on the distributed amount, a tax which is under the responsibility of the shareholders, insofar as they are individuals or legal entities not resident in Peru. Subsequently, the rate will be gradually increased to 6.8% in the years 2015 and 2016, 8% in the years 2017 and 2018, and 9.3% from 2019 onward.

   The 4.1% tax rate shall be payable by the Company for any sum or payment in kind which is third-bracket taxable income representing an indirect disposal of income not subject to subsequent tax control, including sums charged to undeclared expenses and income.

c. The tax authority has the power to review and, if applicable, correct the Income Tax and the General Sales Tax calculated by the Company during the four years subsequent to the filing of the tax return. The Income Tax and General Sales Tax returns for the years 2011 to 2014 are subject to review by the tax authority. Due to the possible interpretations by the tax authority of the statutory regulations in force, it is not possible to determine to this date whether the reviews to be conducted will result in liabilities for the Company. Therefore, any possible greater tax or surcharge which may result from fiscal reviews will be applied to the income/loss of the year in which it is determined.

   In the opinion of the Company's Management and its legal counsel, any possible additional tax settlement would not be material to the financial statements as at December 31, 2014, 2013 and 2012.

d. As from the year 2001, for the purposes of Income Tax and General Sales Tax, the transfer prices for transactions with economically related companies resident in territories of low or nil taxation should be substantiated with documentation and information on the valuation methods used and the criteria considered to determine them. The Company's Management considers that, for the purposes of the Income Tax and General Sales Tax, the provisions established by the tax regulations on transfer prices have been taken into account in the case of transactions between economically related companies resident in territories of nil or low taxation. Therefore, no relevant liabilities will arise as at December 31, 2014, 2013 and 2012.

e. As from the year 2005, the Temporary Net Asset Income Tax is in force. This tax is calculated on the value of the Company's net assets. The tax rate is 0.4%, applicable to an asset amount exceeding S/.1 million. The tax may be paid in cash in nine successive monthly installments. The amount actually paid may be used as credit against income tax prepayments for the year.

f. The Income Tax withholding rate applicable to technical assistance provided by non-resident entities has been set at 15%, regardless of the location where the service is rendered, provided that the requirements listed in the Income Tax Act are met.

15. Regulatory aspects

The Company's activities are regulated by the Single Uniform Text of the General Mining Act approved by Supreme Decree No. 014-92-EM, the General Environmental Act, Law No. 28611, the Environmental Protection Regulations for Mining Exploration Activities approved by Supreme Decree No. 020-2012-EM, as well as the Environmental Protection and Management Regulations for Exploitation, Beneficiation, General Working, Transport and Mining Storage, activities approved by Supreme Decree No. 040-2014-EM.

As at December 31, 2014 and 2013 and as at January 1, 2013, the Company's Management is not aware of any fines and sanctions imposed by regulatory bodies.

16. Contingencies

In the opinion of the Company's Management and legal counsel, there are no relevant proceedings or complaints pending resolution or other contingencies against the Company as at December 31, 2014 and 2013 and January 1, 2013.

17. Subsequent Events

The Company's Management has no knowledge of any material event occurred between the closing date of the financial statements and the date of this report, which may materially affect the financial statements as at December 31, 2014.