Otterburn Resources Corp.

(An Exploration Stage Company)

Condensed Interim Financial Statements

Three Months Ended November 30, 2014 and 2013

Unaudited – Expressed in Canadian Dollars

Otterburn Resources Corp.
(An Exploration Stage Company)
Statements of Financial Position
Unaudited – Prepared by Management
In Canadian Dollars

ASSETS

	Note	November 30, 2014	August 31, 2014
Current			
Cash		$ 4,370	$ 21,651
Accounts receivable		1,850	1,267
		6,220	22,918
Mineral Property Interest	4	15,000	15,000
		$ 21,220	$ 37,918
LIABILITIES			
Current			
Accounts payable and accrued liabilities		$ 58,208	$ 72,117
Loans payable	5	71,241	44,996
		$ 129,449	$ 117,113
SHAREHOLDERS' EQUITY (DEFICIT)			
Share Capital	6	707,188	707,188
Reserves	6	146,081	146,081
Deficit		(961,498)	(932,464)
		(108,229)	(79,195)
		$ 21,220	$ 37,918

Nature of Operations and Going Concern *(Note 1)*
Subsequent Event *(Note 12)*

Approved on behalf of the Board of Directors:

" Darryl Cardey" Director

" Darren Devine" Director

- See Accompanying Notes -

Otterburn Resources Corp.

(An Exploration Stage Company)

Interim Statements of Loss and Comprehensive Loss

For the Three Months Ended November 30, 2014 and 2013

Unaudited – Prepared by Management

In Canadian Dollars

	Note	2014	2013
Expenses			
Audit and accounting		$ 13,000	$ 13,050
Filing and transfer agent fees		6,146	2,504
Insurance		1,473	1,625
Interest on loans (Note 5)		1,245	-
Legal fees		336	-
Office and administration		3,834	3,031
Rent		3,000	3,000
Loss and Comprehensive Loss for the Period		$ 29,034	$ 23,210
Loss per share – basic and diluted		$ 0.00	$ 0.00
Weighted average number of common shares outstanding		13,219,334	13,219,334

– See Accompanying Notes –

Otterburn Resources Corp.
(An Exploration Stage Company)
Interim Statements of Cash Flows
For the Three Months Ended November 30, 2014 and 2013
Unaudited – Prepared by Management
In Canadian Dollars

Cash Provided By (Used In):		**2014**		**2013**
Operations:				
Loss for the period	$	(29,034)	$	(23,210)
Item not involving cash:				
Interest on loans		1,245		-
Change in non-cash working capital:				
Accounts receivable		(583)		241
Prepaid expenses		-		1,625
Accounts payable and accrued liabilities		(13,909)		11,189
		(42,281)		(10,155)
Financing:				
Loans received		25,000		-
Net decrease in cash		(17,281)		(10,155)
Cash – beginning of period		21,651		32,297
Cash – end of period	$	4,370	$	22,142
Cash paid for interest	$	-	$	-
Cash paid for income taxes	$	-	$	-

- See Accompanying Notes -

Otterburn Resources Corp.
(An Exploration Stage Company)
Interim Statements of Changes in Shareholders' Equity (Deficit)
Unaudited – Prepared by Management
In Canadian Dollars

	Share Capital					
	Shares	Amount $	Share Option Reserves $	Warrant And Other Reserves $	Deficit $	Total $
Balance, August 31, 2013	13,219,334	707,188	21,566	124,515	(832,442)	20,827
Loss for the period	-	-	-	-	(23,210)	(23,210)
Balance, November 30, 2013	13,219,334	707,188	21,566	124,515	(855,652)	(2,383)
Loss for the period	-	-	-	-	(76,812)	(76,812)
Balance, August 31, 2014	13,219,334	707,188	21,566	124,515	(932,464)	(79,195)
Loss for the period	-	-	-	-	(29,034)	(29,034)
Balance, November 30, 2014	13,219,334	707,188	21,566	124,515	(961,498)	(108,229)

– See Accompanying Notes –

1. NATURE OF OPERATIONS AND GOING CONCERN

Otterburn Resources Corp. ("the Company" or "Otterburn") was incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) on March 22, 2010. The Company is in the business of exploration, development and exploitation of mineral resources in Canada.

The Company's registered address is: Suite 800 – 789 West Pender Street, Vancouver, British Columbia, V6C 1H2. The Company's shares are publicly listed on the Toronto Stock Exchange's Venture Exchange.

These condensed interim financial statements were approved by the Board of Directors on January 29, 2015.

These condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year.

At November 30, 2014, the Company had not achieved profitable operations, had a working capital deficiency of $123,229 and had an accumulated deficit of $961,498 since inception. In addition, the Company currently has insufficient cash to fund $85,678 of exploration expenditures by June 30, 2015 to maintain its option to the Adams Plateau Property (note 4). These conditions are material uncertainties which cast significant doubt about the Company's ability to continue as a going concern. The Company plans to complete a private placement of up to $10,000,000 to complete and fund the proposed acquisition of K92 (note 10).

The Company's ability to continue as a going concern is dependent its ability to obtain the necessary financing to develop its mineral property interest and to meet its corporate overhead needs, keep its property in good standing and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Should the Company not be able to continue as a going concern, realization values may be substantially different from carrying values as recorded in these financial statements. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION

These condensed interim financial statements have been prepared on a historical cost basis except for financial instruments classified as held-for-trading, which are stated at their fair value.

Results for the period ended November 30, 2014, are not necessarily indicative of results that may be expected for the full year ending August 31, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), and its interpretations. Accordingly, these condensed interim financial statements do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete financial statements for year-end reporting purposes.

These condensed interim financial statements should be read together with the audited financial statements for the year ended August 31, 2014 which in Note 3 detail all significant accounting policies adopted by the Company.

The Company's accounting policies have been applied consistently to all periods presented in these condensed interim financial statements.

Critical Accounting Judgments and Estimates

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. The most significant accounts that require estimates as the basis for determining the stated amounts include: impairment of mineral property; inputs used in the valuation of share-based payments; and provision for deferred income tax, including the effects of flow-through shares.

3. SIGNIFICANT ACCOUNTING POLICIES - *Continued*

Critical Accounting Judgments and Estimates – *Continued*

Significant estimates that have the most significant effect on the amounts recognized in the financial statements are as follows:

Recoverability of capitalized mineral property costs

The Company capitalizes mining property acquisition costs that are to be amortized when production is attained or the balance thereof written off should the property be disproven through exploration or abandoned. The carrying value of the Company's capitalized mineral property costs is reviewed by management at least annually, or whenever events or circumstances indicate that its carrying value may not be recovered. If impairment is determined to exist, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is measured at the higher of fair value less costs of disposal and value in use.

Recent Accounting Pronouncements

Recent Accounting Pronouncements not yet applied:

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for future accounting periods. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

IFRS 9 – *Financial Instruments: Classification and Measurement* - IFRS 9 addresses classification and measurement of financial assets and liabilities, inducing impairment of financial assets, and hedge accounting. Under this standard, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The accounting model for financial liabilities is largely unchanged from IAS 39 except for the presentation of the impact of own credit risk on financial liabilities designated at fair value through profit or loss. The new general hedge accounting principles under IFRS 9 are aimed to align hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however it is expected to provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. IFRS 9 is mandatorily effective for annual periods beginning on or after January 1, 2018. The Company is in process of evaluating the impact of IFRS 9 on the Company's financial statements.

4. MINERAL PROPERTY INTEREST

The Company is actively investigating, evaluating and conducting exploration activities in Canada.

a) Acquisition Costs

Details of capitalized acquisition costs as at November 30 and August 31, 2014 are as follows:

Adams Plateau Property, BC, Canada	November 30, 2014	August 31, 2014
Acquisition costs	$ 15,000	$ 15,000

The Company did not incur any new acquisition costs during the three months ended November 30, 2014 and the year ended August 31, 2014.

b) Exploration and Evaluation Costs

Details of the cumulative exploration expenditures as of November 30, 2014 and 2013 and for the three months then ended are as follows:

Adams Plateau Property, BC, Canada	November 30, 2014	November 30, 2013
Opening cumulative expenditure	$ 195,305	$ 195,305
Exploration costs:		
Equipment rental	-	-
Geological	-	-
Total exploration costs	-	-
Ending cumulative expenditure	$ 195,305	$ 195,305

c) Adams Plateau Property, BC, Canada

By option agreement dated April 1, 2010, and amended on June 8, 2010, June 1, 2012, October 31, 2013 and November 19, 2014, the Company has an option to acquire a 100% interest in several claim groups called the Adams Plateau Property located northeast of Kamloops in south central British Columbia by making cash payments, issuing common shares and incurring exploration costs as follows:

	Option Payments	Share Issuances	Exploration Expenditures*
On execution of the option agreement (paid)	$ 15,000	-	$ -
On or before December 31, 2010**	-	-	100,000
On or before June 30, 2015	-	-	200,000
On or before December 31, 2015	85,000	100,000	250,000
On or before December 31, 2016	100,000	150,000	350,000
Total	$ 200,000	250,000	$ 900,000

* Not cumulative
** Achieved

4. MINERAL PROPERTY INTEREST - *Continued*

c) Adams Plateau Property, BC, Canada

The Company is investigating, evaluating and conducting exploration activities in Canada. The Company has an option to acquire a 100% interest in several claim groups covering approximately 5,099 hectares called the Adams Plateau Property located approximately 75 kilometres northeast of Kamloops in south- central British Columbia.

In order to keep the Adams Plateau property option agreement in good standing, the Company needs to incur a minimum of $85,678 of additional exploration expenditures by June 30, 2015 (accumulated exploration costs of $195,305 are net of $19,017 of BC METC).

5. LOANS PAYABLE

During the year ended August 31, 2014, the Company entered into three loan agreements to borrow $14,500 from each lender. In addition, on September 22, 2014, the Company entered into a loan agreement to borrow $25,000 from one of the three lenders, a company partially owned by two directors of the Company. The loans are unsecured, bear interest of 8% per annum and are due and payable on March 31, 2015. Out of $68,500 of loan advances received, $39,500 was borrowed from a company partially owned and controlled by two directors of the Company. As at November 30, 2014, the total accrued interest payable to the three lenders is $2,741.

6. SHAREHOLDERS' EQUITY

The Company's authorized share capital consists of an unlimited number of common shares without par value.

a) Share Capital Transactions

The Company did not have any share capital transactions during the three months ended November 30, 2014 and the year ended August 31, 2014.

b) Reserves

The following is a summary of the reserves components relating to stock options and common share purchase warrants for as at November 30, 2014 and August 31, 2014:

		November 30, 2014		August 31, 2014
Options	$	21,566	$	21,566
Warrants		124,515		124,515
Total	$	146,081	$	146,081

6. SHAREHOLDERS' EQUITY - *Continued*

c) Warrants

Details of common share purchase warrants activity for the three months ended November 30, 2014 are as follows:

August 31, 2014	Issued	Exercised	November 30, 2014	Exercise Price	Expiry Date
2,870,000	-	-	2,870,000	$0.15	June 10, 2015
4,480,000	-	-	4,480,000	0.15	June 15, 2015
7,350,000	-	-	7,350,000	$0.15	

d) Options

On June 16, 2010, the Company adopted a rolling stock option plan, which authorizes the Board of Directors to grant stock options to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each stock option may not be less than market price of the Company's common shares calculated on the date of the grant less the applicable discount. The stock options can be granted for a maximum term of 10 years. The Company's stock option plan contains no vesting requirements, but permits the Board of Directors to specify a vesting schedule in its discretion.

Details of activity in stock options for the three months ended November 30, 2014 are as follows:

August 31, 2014	Issued	Forfeited	November 30, 2014	Exercise Price	Expiry Date
900,000	-	(100,000)	800,000	$0.15	June 16, 2015

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

7. SEGMENTED INFORMATION

The Company has only one reportable operating segment, being mineral property explorations in Canada.

8. RELATED PARTY TRANSACTIONS

The Company's related parties and key management personnel consist of companies owned by the executive officer and directors as follows:

	Relationship	Nature of Transactions
CDM Capital Corp.	Owned and controlled by two directors of the Company	Accounting, Office and Administration, Rent and Loans Payable
ArkOrion Enterprises Inc.	Owned and controlled by the CFO of the Company	Accounting

Total compensation paid to CDM Capital Corp. during the current period was $10,500 (2013 - $10,500) and to ArkOrion Enterprises Inc. was $Nil (2013 - $7,500). Details of related party transactions and compensation of key management personnel are as follows:

(a) During the three months ended November 30, 2014, the Company paid or accrued $4,500 (2013 - $4,500) for accounting fees to CDM Capital Corp.

(b) During the three months ended November 30, 2014, the Company paid or accrued $Nil (2013 - $7,500) for accounting and CFO services to ArkOrion Enterprises Inc.

(c) During the three months ended November 30, 2014, the Company paid or accrued $3,000 (2013 - $3,000) for office and administration fees to CDM Capital Corp.

(d) During the three months ended November 30, 2014, the Company paid or accrued $3,000 (2013 - $3,000) for office rent to CDM Capital Corp.

(e) On September 22, 2014, the Company received a $25,000 loan (2013 - $Nil) from CDM Capital Corp. The loan is unsecured, bears interest of 8% per annum and is due and payable on March 31, 2015. As at November 30, 2014, a total of $1,176 of interest is owing to CDM Capital Corp.

(f) As at November 30, 2014, there are $3,885 (August 31, 2014 - $17,783) of fees owing to the CDM Capital Corp. and $18,375 (August 31, 2014 - $18,375) of fees owing to ArkOrion Enterprises Inc., which are included in accounts payable and accrued liabilities. The amount owing is interest free, unsecured, current, and without fixed terms of repayment.

9. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and to bring its mineral properties to commercial production.

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of common shares and share purchase warrants. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets, being mineral properties. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, or sell assets to fund operations. Management reviews its capital management approach on regular basis. The Company is not subject to externally imposed capital requirements.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments, such as cash, with major financial institutions.

10. PROPOSED ACQUISITION

On August 25, 2014, the Company signed a Share Exchange Agreement ("SEA"), as amended on November 19, 2014 with K92 Holdings International Limited ("K92"), a company incorporated under the laws of the Territory of the British Virgin Islands, and the shareholders of K92, whereby the Company agreed to acquire all of the outstanding shares of K92 from the shareholders of K92 in exchange for issuing, to the K92 shareholders, common shares of the Company on the basis of one common share of the Company for each one K92 share being acquired. Assuming completion of this share exchange, K92 will become a wholly-owned subsidiary of the Company. The completion of the transaction is, amongst other matters, conditional upon the completion of the acquisition of all of the outstanding shares of Barrick (Kainantu) Limited ("BKL") by a wholly-owned subsidiary of K92, as further described below. BKL owns 100% of the rights and interests in and to certain mining leases and licenses in Papua New Guinea, including the Kainantu Gold-Copper mine currently owned by a subsidiary of Barrick Gold Corporation ("Barrick").

K92 owns all the outstanding shares of K92 Holdings (PNG) Limited ("K92PNG"). K92PNG is party to a Share Sale Agreement dated June 11, 2014 ("BKL Purchase Agreement") whereby K92PNG has agreed to acquire all the outstanding shares of BKL from Barrick. BKL is being purchased from Barrick by K92PNG for a purchase price of US $62 million, comprised of a US $2 million initial cash payment and up to US $60 million in contingent cash payments. These contingent payments are subject to a term of ten years and are based upon additional reserves booked to the Kainantu Mine.

10. PROPOSED ACQUISITION - *Continued*

The completion of the proposed acquisition of K92 is subject to the satisfaction of certain conditions prior to closing, including the following:

- Completion of the acquisition by K92PNG of BKL;
- Completion of a minimum $10,000,000 private placement, through the proposed issuance of 20,000,000 common shares of the Company a price of $0.50 per common share;
- Receipt of all necessary shareholder and regulatory approvals including TSX Venture Exchange acceptance;
- Completion of a satisfactory NI43-101 compliant independent technical report on the Kainantu Gold-Copper mine; and
- Receipt of acceptable corporate and title opinions on K92, K92PNG, BKL and BKL's assets in Papua New Guinea.

As at November 30, 2014, the acquisition of K92 by the Company has not been completed.

11. FINANCIAL INSTRUMENTS

The classification of the financial instruments as well as their carrying values is shown in the table below:

Loans and receivables	$	6,220
Other financial liabilities	$	129,449

a) Fair Value of Financial Instruments

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between willing parties.

The fair value of cash, accounts receivable, tax credit receivable, and accounts payables and accrued liabilities, and loans payable approximates their carrying value due to their short term maturity.

b) Management of Risks Arising From Financial Instruments

The Company is exposed to various types of market risks including credit risk and liquidity risk. This is not an exhaustive list of all risks, nor will the mitigation strategies eliminate all risks listed.

(i) Credit Risk – Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Company's credit risk consists primarily of cash and accounts receivable. The credit risk is minimized by placing cash with major Canadian financial institutions.

11. FINANCIAL INSTRUMENTS - *Continued*

b) Management of Risks Arising From Financial Instruments – *Continued*

(ii) Liquidity Risk – Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. In the past sufficient funds have been raised to meet its operating requirements, after taking into account existing cash and expected exercise of share purchase warrants. The Company's cash is held in business accounts which are available on demand for the Company's programs and are not invested in any asset-backed deposits or investments.

12. SUBSEQUENT EVENTS

On December 2, 2014, the Company and K92 signed a termsheet for a US$15,000,000 Senior Secured Gold Loan Facility (the "Facility") with Auramet International LLC ("Auramet").

Under the term sheet, the US$15,000,000 would be used to restart the Kainantu mine project in the Eastern Highland province of Papua New Guinea and will be repayable to Auramet by monthly delivery of gold from September 2015, through the maturity date in December 2016. There is no penalty for early repayment. The number of gold ounces to be delivered to Auramet to repay the facility will be set upon signing the final facility agreement and will be based on the spot price of gold, less an agreed discount. In addition, Auramet will receive one million share purchase warrants with a 65-cent strike price and a three-year term, as well as structuring and drawdown fees totaling 3 per cent of the facility amount.

On December 18, 2014, the Company issued 160,000 common shares as a bonus to a third party lender who loaned $400,000 to K92 to fund K92's on-going costs in relation to its acquisition of BKL and its subsequent acquisition by the Company.