

# **Otterburn Resources Corp.**

**(An Exploration Stage Company)**

## **Condensed Interim Financial Statements**

**Three and Nine Months Ended May 31, 2014 and 2013**

Unaudited – Expressed in Canadian Dollars

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements they must be accompanied by a notice indicating that these condensed interim financial statements have not been reviewed by the Company's auditors.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

<b>ASSETS</b>			<b>May 31, 2014</b>	<b>August 31, 2013</b>
	<b>Note</b>			
<b>Current</b>				
Cash			\$ 23,603	\$ 32,297
Accounts receivable			1,495	1,671
Tax credit receivable			2,714	2,714
Prepaid expenses			1,083	5,958
			<u>28,895</u>	<u>42,640</u>
<b>Mineral Property Interest</b>	<b>5</b>		<u>15,000</u>	<u>15,000</u>
			<u>\$ 43,895</u>	<u>\$ 57,640</u>
<b>LIABILITIES</b>				
<b>Current</b>				
Accounts payable and accrued liabilities			\$ 40,452	\$ 36,813
Interest payable	6		620	-
Loans payable	6		43,500	-
			<u>84,572</u>	<u>36,813</u>
<b>SHAREHOLDERS' EQUITY (DEFICIT)</b>				
<b>Share Capital</b>	<b>7</b>		707,188	707,188
<b>Reserves</b>	<b>7</b>		146,081	146,081
<b>Deficit</b>			<u>(893,946)</u>	<u>(832,442)</u>
			<u>(40,677)</u>	<u>20,827</u>
			<u>\$ 43,895</u>	<u>\$ 57,640</u>

**Nature of Operations and Going Concern (Note 1)**

"Darryl Cardey" Director

"Darren Devine" Director

Approved on behalf of the Board of Directors:

- See Accompanying Notes -

**Otterburn Resources Corp.***(An Exploration Stage Company)***Interim Statements of Loss and Comprehensive Loss****For the Three and Nine Months Ended May 31, 2014 and 2013***Unaudited – Prepared by Management**In Canadian Dollars*

	<b>Three Months Ended May 31, 2014</b>	<b>Three Months Ended May 31, 2013</b>	<b>Nine Months Ended May 31, 2014</b>	<b>Nine Months Ended May 31, 2013</b>
<b>Expenses</b>				
Audit and accounting	\$ 5,300	\$ 13,300	\$ 22,850	\$ 42,840
Exploration and evaluation costs (Note 5b)	-	-	-	9,047
Filing and transfer agent fees	2,157	1,546	11,692	20,399
Insurance	1,625	2,725	4,875	8,174
Interest on loans (Note 6)	620	-	620	-
Legal fees	2,744	374	2,617	2,127
Office and administration	3,417	3,000	9,850	9,687
Rent	3,000	3,000	9,000	9,000
<b>Loss and Comprehensive loss for the period</b>	<b>\$ 18,863</b>	<b>\$ 23,945</b>	<b>\$ 61,504</b>	<b>\$ 101,274</b>
<b>Loss per share – basic and diluted</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.01</b>
<b>Weighted average number of common shares outstanding</b>	<b>13,219,334</b>	<b>13,219,334</b>	<b>13,219,334</b>	<b>13,085,825</b>

– See Accompanying Notes –

**Otterburn Resources Corp.***(An Exploration Stage Company)***Interim Statements of Cash Flows****For the Nine Months Ended May 31, 2014 and 2013***Unaudited – Prepared by Management**In Canadian Dollars*

<b>Cash Provided By (Used In):</b>	<b>2014</b>	<b>2013</b>
<b>Operations:</b>		
Loss for the period	\$ (61,504)	\$ (101,274)
Change in non-cash working capital:		
Accounts receivable	176	5,257
Prepaid expenses	4,875	8,139
Accounts payable and accrued liabilities	3,639	(6,764)
Interest payable	620	-
	<u>(52,194)</u>	<u>(94,642)</u>
<b>Financing:</b>		
Exercise of IPO Agent's options	-	40,200
Loans received	43,500	-
	<u>43,500</u>	<u>40,200</u>
<b>Net decrease in cash</b>	<b>(8,694)</b>	<b>(54,442)</b>
<b>Cash – beginning of period</b>	<b>32,297</b>	<b>104,048</b>
<b>Cash – end of period</b>	<b>\$ 23,603</b>	<b>\$ 49,606</b>
<hr/>		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -
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<b>Supplemental non-cash financing information:</b>		
Fair value of Agent Options included in share capital	\$ -	\$ 22,855

- 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		Share Option Reserves \$	Warrant And Other Reserves \$	Deficit \$	Total \$
	Shares	Amount \$				
Balance, August 31, 2012	12,951,334	644,133	44,421	124,515	(695,202)	117,867
Exercise of Agent's options	268,000	40,200	-	-	-	40,200
Fair value of Agent's options exercised	-	22,855	(22,855)	-	-	-
Loss for the period	-	-	-	-	(101,274)	(101,274)
Balance, May 31, 2013	13,219,334	707,188	21,566	124,515	(796,476)	56,793
Loss for the period	-	-	-	-	(35,966)	(35,966)
Balance, August 31, 2013	13,219,334	707,188	21,566	124,515	(832,442)	20,827
Loss for the period	-	-	-	-	(61,504)	(61,504)
Balance, May 31, 2014	13,219,334	707,188	21,566	124,515	(893,946)	(40,677)

– See Accompanying Notes –

# Otterburn Resources Corp.

(An Exploration Stage Company)

## Notes to the Condensed Interim Financial Statements

For the Nine Months Ended May 31, 2014 and 2013

Unaudited – Prepared by Management

In Canadian Dollars

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### 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 July 30, 2014.

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 May 31, 2014, the Company had not achieved profitable operations, had an accumulated deficit of \$893,946 since inception and expects to incur further losses in the exploration of its mineral property interest. In addition, the Company currently has insufficient cash to meet its obligation to incur \$85,678 in exploration expenditures by December 31, 2014 in respect of its Adams Plateau mineral property interest (Note 5). These conditions are material uncertainties which cast significant doubt about the Company's ability to continue as a going concern.

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.

## **Otterburn Resources Corp.**

*(An Exploration Stage Company)*

### **Notes to the Condensed Interim Financial Statements**

**For the Nine Months Ended May 31, 2014 and 2013**

*Unaudited – Prepared by Management*

*In Canadian Dollars*

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#### **2. STATEMENT OF COMPLIANCE**

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.

#### **3. 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, and restoration, rehabilitation and environmental obligations, which is recorded at management's best estimate. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

In the preparation of these unaudited condensed interim financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates. Results for the period ended May 31, 2014, are not necessarily indicative of results that may be expected for the full year ending August 31, 2014.

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

These unaudited condensed interim financial statements do not include all of the significant accounting policies required by IFRS for complete financial statements for year-end reporting purposes. These financial statements should be read together with the audited financial statements for the year ended August 31, 2013 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 unaudited 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.

## Otterburn Resources Corp.

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### Notes to the Condensed Interim Financial Statements

For the Nine Months Ended May 31, 2014 and 2013

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#### 4. SIGNIFICANT ACCOUNTING POLICIES - *Continued*

##### **Critical Accounting Judgments and Estimates – *Continued***

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.

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 fair value less costs to sell.

##### Share-based payments

The Company uses the Black-Scholes Option Pricing Model to calculate the fair value stock options and of common share purchase warrants issued. The model requires 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 and common share purchase warrants. The assumptions and models used for estimating fair value of stock options and common share purchase warrants are disclosed in Note 7.

Critical judgments in applying the Company's accounting policies include the determination of the Company's ability to continue as a going concern.

##### **Changes in accounting policies**

The accounting policies followed in these condensed interim financial statements are consistent with those for the year ended August 31, 2013, except as described below. The Company has adopted the following new and revised standard effective September 1, 2013. The changes were made in accordance with the applicable transitional provisions. The adoption of these standards did not result in significant changes to the Company's financial statements.

## Otterburn Resources Corp.

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### Notes to the Condensed Interim Financial Statements

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#### 4. SIGNIFICANT ACCOUNTING POLICIES - *Continued*

##### Changes in accounting policies – *Continued*

IFRS 10 Consolidated Financial Statements (“IFRS 10”) provides a single model to be applied in the control analysis for all investees, including entities that currently are special purpose entities in the scope of SIC 12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 Consolidated and Separate Financial Statements.

IFRS 12 Disclosure of Interests in Other Entities (“IFRS 12”) sets out the disclosure requirements for entities reporting under IFRS 10 and IFRS 11, and replaces the disclosure requirements currently found in IAS 28 Investments in Associates (“IAS 28”). The objective of IFRS 12 is to require the disclosure of information that enables users of financial statements to evaluate: (a) the nature of, and risks associated with, its interests in other entities; and (b) the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13 Fair Value Measurement (“IFRS 13”) converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus is on an exit price.

IAS 1 Presentation of Financial Statements (“IAS 1”) was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged.

#### 5. MINERAL PROPERTY INTEREST

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

##### a) Acquisition Costs

Details of capitalized acquisition costs as at May 31, 2014 and August 31, 2013 are as follows:

	May 31, 2014	August 31, 2013
<b>Adams Plateau Property, BC, Canada</b>		
Acquisition costs	\$ 15,000	\$ 15,000

The Company did not incur any new acquisition costs during the nine months ended May 31, 2014 and the year ended August 31, 2013.

**Otterburn Resources Corp.***(An Exploration Stage Company)***Notes to the Condensed Interim Financial Statements****For the Nine Months Ended May 31, 2014 and 2013***Unaudited – Prepared by Management**In Canadian Dollars***5. MINERAL PROPERTY INTEREST - Continued****b) Exploration and Evaluation Costs**

Details of the cumulative exploration expenditures as of May 31, 2014 and 2013 and for the nine months then ended are as follows:

<b>Adams Plateau Property, BC, Canada</b>	<b>May 31, 2014</b>	<b>May 31, 2013</b>
Opening cumulative expenditure	\$ 195,305	\$ 187,814
Exploration costs:		
Equipment rental	-	2,502
Geological	-	6,545
Total exploration costs	-	9,047
Ending cumulative expenditure	\$ 195,305	\$ 196,861

**c) Adams Plateau Property, BC, Canada**

By option agreement dated April 1, 2010, and amended on June 8, 2010, June 1, 2012 and October 31, 2013, 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 kilometers 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 December 31, 2014	-	-	200,000
On or before December 31, 2015	85,000	100,000	250,000
On or before December 31, 2016	100,000	100,000	350,000
Total	\$ 200,000	200,000	\$ 900,000

\* Not cumulative

\*\* Achieved

The Adam's Plateau Property is subject to a 2% net smelter return royalty ("NSR royalty"). The Company can purchase one-half of the NSR royalty, being 1%, for \$1,000,000.

In order to keep the Adams Plateau property option agreement in good standing, the Company needs to incur \$85,678 of additional exploration expenditures by December 31, 2014 (accumulated exploration costs of \$195,305 are net of \$19,017 of BC METC).

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#### 6. LOANS PAYABLE

During the nine months ended May 31, 2014, the Company entered into three loan agreements to borrow \$14,500 from each lender. The loans are unsecured, bear interest of 8% per annum and are due and payable on March 31, 2015. Out of \$43,500 of loan advances received, \$14,500 was borrowed from a company partially owned and controlled by two directors of the Company. As at May 31, 2014, the total accrued interest payable to the three lenders is \$620.

#### 7. 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 nine months ended May 31, 2014.

During the year ended August 31, 2013, 268,000 Agent's options were exercised for 268,000 common shares at \$0.15 per share for total cash proceeds of \$40,200.

##### b) Reserves

The following is a summary of the reserves components relating to stock options and common share purchase warrants for as at May 31, 2014 and August 31, 2013:

	May 31, 2014	August 31, 2013
Options	\$ 21,566	\$ 21,566
Warrants	124,515	124,515
Total	\$ 146,081	\$ 146,081

##### c) Warrants

Details of common share purchase warrants activity for the nine months ended May 31, 2014 are as follows:

August 31, 2013	Issued	Exercised	May 31, 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	

## Otterburn Resources Corp.

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### Notes to the Condensed Interim Financial Statements

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#### 7. SHAREHOLDERS' EQUITY - *Continued*

##### 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 nine months ended May 31, 2014 are as follows:

August 31, 2013	Issued	Exercised	May 31, 2014	Exercise Price	Expiry Date
900,000	-	-	900,000	\$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.

##### e) Escrow Shares

Pursuant to an escrow agreement dated October 1, 2010, 3,850,001 common shares and 2,000,000 common share purchase warrants were placed in escrow. 10% of the escrowed common shares (385,000 common shares) and warrants (200,000 common share purchase warrants) were released from escrow upon completion of the IPO on January 5, 2011, and 15% of the common shares (577,500 common shares) and common share purchase warrants (300,000 common share purchase warrants) are released from escrow every 6 months thereafter. As at May 31, 2014, all the common shares and common share purchase warrants were released from escrow.

#### 8. SEGMENTED INFORMATION

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

**Otterburn Resources Corp.***(An Exploration Stage Company)***Notes to the Condensed Interim Financial Statements****For the Nine Months Ended May 31, 2014 and 2013***Unaudited – Prepared by Management**In Canadian Dollars*

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**9. 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, and Rent
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 \$31,500 (2013 - \$31,500) and to ArkOrion Enterprises Inc. was \$7,500 (2013 - \$22,500). Details of related party transactions and compensation of key management personnel are as follows:

- (a) During the nine months ended May 31, 2014, the Company paid/accrued \$13,500 (2013 - \$13,500) for accounting fees to CDM Capital Corp.
- (b) During the nine months ended May 31, 2014, the Company accrued \$7,500 (2013 - \$22,500) for accounting fees to ArkOrion Enterprises Inc.
- (c) During the nine months ended May 31, 2014, the Company paid/accrued \$9,000 (2013 - \$9,000) for office and administration fees to CDM Capital Corp.
- (d) During the nine months ended May 31, 2014, the Company paid/accrued \$9,000 (2013 - \$9,000) for office rent to CDM Capital Corp.
- (e) As of May 31, 2014, included in accounts payable and accrued liabilities is \$18,375 owing to ArkOrion Enterprises Inc. and \$7,508 owing to CDM Capital Corp. These liabilities are unsecured, non-interest bearing and are due on demand, and were incurred in the normal course of operations.

**10. 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.

## Otterburn Resources Corp.

(An Exploration Stage Company)

### Notes to the Condensed Interim Financial Statements

For the Nine Months Ended May 31, 2014 and 2013

Unaudited – Prepared by Management

In Canadian Dollars

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#### 10. CAPITAL MANAGEMENT - *Continued*

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of common shares, stock options 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.

#### 11. Financial Instruments

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

Loans and receivables	\$	27,812
Other financial liabilities	\$	84,572

##### 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, accounts payables and accrued liabilities, interest payable, 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, liquidity risk, interest rate risk and commodity price 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. The Company does not invest in asset-backed commercial paper.

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**Notes to the Condensed Interim Financial Statements**

**For the Nine Months Ended May 31, 2014 and 2013**

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**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. The Company ensures that sufficient funds are raised from private placements 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.

**(iii) Interest Rate Risk** – Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If interest rates decrease, the Company will generate smaller interest revenue. Presently the Company is not at risk of realizing a loss as a result of a decline in the fair value of its financial instruments because of the short-term nature of the investments.

**(iv) Commodity Price Risk** – The Company's future success is linked to the price of minerals, because the value of mineral resources and the Company's future revenues are tied to prices of minerals. Worldwide production levels also affect the prices. The prices of minerals are occasionally subject to rapid short-term changes due to speculative activities.