Otis Capital Corp.

(an Exploration Stage Company)

Interim Consolidated Financial Statements

For the three months ended September 30, 2008

(Unaudited - Prepared by Management)

Notice: These interim consolidated financial statements have been prepared by management and they have not been reviewed by the Company's external auditors.

Otis Capital Corp.

(an Exploration Stage Company)

Interim Consolidated Balance Sheet
As at September 30, 2008 and June 30, 2008
(Unaudited - Prepared by Management)

	September 30, 2008	June 30, 2008
ASSETS		
CURRENT ASSETS		
Cash	$ 1,994,841	$ 2,404,920
Amounts receivable	11,679	8,689
Prepaid expenses and deposits	-	79,134
	2,006,520	2,492,743
UNPROVEN MINERAL INTERESTS	1,250,050	-
DEFERRED FINANCING COSTS	-	33,780
	$ 3,256,570	$ 2,526,523
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 67,419	$ 121,294
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 3)	3,419,795	875,469
COMMON SHARE SUBSCRIPTIONS	-	1,645,000
CONTRIBUTED SURPLUS (Note 7)	106,959	28,253
RETAINED EARNINGS (DEFICIT)	(337,603)	(143,493)
	3,189,151	2,371,449
	$ 3,256,570	$ 2,526,523

See accompanying summary of accounting policies and notes to the financial statements.

Approved by the Board *"Craig T. Lindsay"* **Director** *"Sean Mitchell"* **Director**

Otis Capital Corp.

(an Exploration Stage Company)

Interim Consolidated Statement of Earnings and Deficit
For the three months ended September 30th
(Unaudited - Prepared by Management)

	2008	2007
EXPENSES		
Stock-based compensation	$ 78,706	$ –
Investor relations	35,762	–
Management fees	25,586	–
Office expenses	21,157	875
Professional fees	18,837	–
Foreign exchange loss (gain)	6,540	–
Regulatory costs	5,524	14,743
Travel	5,410	–
Advertising	2,000	–
Bank charges	1,717	69
Property investigations	1,094	–
TOTAL EXPENSES	202,333	15,686
INCOME (LOSS)	(202,333)	(15,686)
OTHER ITEM		
Interest income	8,223	1,507
NET INCOME (LOSS) FOR THE PERIOD	(194,110)	(14,179)
RETAINED EARNINGS (DEFICIT), beginning of period	(143,493)	(5,641)
RETAINED EARNINGS (DEFICIT), end of period	$ (337,603)	$ (19,820)
NET INCOME (LOSS) PER SHARE, basic and diluted (Note 9)	$ (0.04)	$ (0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	8,614,750	2,100,000

See accompanying summary of accounting policies and notes to the financial statements.

Otis Capital Corp.

(an Exploration Stage Company)

Interim Consolidated Statements of Cash Flow
For the three months ended September 30th
(Unaudited - Prepared by Management)

	2008	2007
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES		
Net income (loss) for the period	$ (194,110)	$ (14,179)
Adjustments to reconcile net cash provided by operating activities		
Stock-based compensation	78,706	-
Decrease (increase) in		
Amounts receivable	(2,990)	19,457
Prepaid expense	79,134	–
Increase (decrease) in		
Accounts payable and accrued liabilities	(53,875)	822
	(93,135)	6,100
CASH FLOW FROM INVESTING ACTIVITIES		
Expenditures on unproven mineral interests	(450,050)	–
	(450,050)	–
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES		
Issue of common shares	242,500	–
Share issue costs paid	(104,394)	–
	138,106	–
INCREASE IN CASH DURING THE PERIOD	(405,079)	6,100
CASH, beginning of period	2,404,920	179,859
CASH, end of period	$ 1,994,841	$ 185,959

See accompanying summary of accounting policies and notes to financial statements.

1. OPERATIONS

Otis Capital Corp. (the “Company”) was incorporated under the *Business Corporations Act* (British Columbia) on April 24, 2007. The Company’s common shares are listed on the TSX Venture Exchange (the “Exchange”) under the trading symbol OOO. As a capital pool company, the Company’s business objective was to identify and evaluate assets or businesses with a view to potential acquisition or participation by completing a Qualifying Transaction (“QT”).

On July 15, 2008, the Company completed its QT and a secondary transaction. The QT consisted of the acquisition of an option to acquire a 100% interest in the Blue Hill Creek Project located in Cassia County, Idaho. The Company also acquired an option to earn up to a 75% interest in the Kilgore Gold Project, located in Clark County, Idaho, and the Hai and Gold Bug properties, located in Lemhi County, Idaho.

2. ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles which necessarily involves the use of estimates. The financial statements have, in management’s opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies summarized below.

Deferred financing costs

Costs relating to the issue of equity securities are deferred until the securities are issued, at which time the accumulated costs are offset against the proceeds from sale of the securities.

Revenue recognition

Interest income is recognized as earned and when collected is believed to be reasonably assured.

Earnings (loss) per share

Earnings (loss) per share is calculated using the weighted average number of common shares issued and outstanding during the period.

Stock-based compensation

Stock-based compensation is accounted for at fair value as determined by the Black-Sholes option pricing model using amounts that are believed to approximate the volatility of the trading price of the Company’s stock, the expected lives of awards of stock-based compensation, the fair value of the Company’s stock and the risk-free interest rate. The estimated fair value of awards of stock-based compensation are accounted for as awards vest, with offsetting amounts recognized as contributed surplus.

Income taxes

Income taxes are recorded using the asset and liability method under which future income tax assets and liabilities are recognized for the future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases. Future income tax assets and liabilities are measured using the substantively enacted income tax rates expected to apply when the asset is realized or the liability settled. To the extent that the Company does not consider it more likely than not that a future income tax asset will be recovered, it provides a valuation allowance against the excess.

2. **ACCOUNTING POLICIES** – continued

New accounting standards

The Accounting Standards Board ("AcSB") of the Canadian Institute of Chartered Accountants has issued new accounting standards that the Company is required to consider for adoption, as follows:

a) Effective on July 1, 2008, the Company adopted Section 3031 "Inventories". Section 3031 requires inventory to be carried at the lower of cost and net realizable value using, in certain cases, the specific identification method or either of the first-in, first-out or average cost methods. Write downs to net realizable value may be reversed, to the extent of the original write down, if there is clear evidence of an increase in value due to a change in circumstances. The adoption of Section 3031 is anticipated to have no effect on the Company's financial statements.

b) Effective on July 1, 2009, the Company will adopt Section 3064 "Goodwill and intangible assets". Section 3064 replaces Sections 3062 "Goodwill and other intangible assets" and Section 3450 "Research and development costs". Section 3064 establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets including internally developed intangible assets. The adoption of Section 3064 is anticipated to have no effect on the Company's financial statements.

c) Also, the AcSB has determined that Canadian accounting standards for publicly-listed companies will converge with International Financial Reporting Standards ("IFRS") effective for interim and annual periods beginning on and after January 1, 2011. The adoption of IFRS in 2011 will require restatement for comparative purposes of figures presented for the 2010 fiscal year. The Company understands there to be material differences between Canadian GAAP and IFRS, and is therefore monitoring this project with a view to understanding the possible future effects of the transition to IFRS, which cannot be reasonably estimated at this time.

3. **UNPROVEN MINERAL INTERESTS**

Blue Hill Creek Project ("Blue Hill Creek" or "BHC")

On April 15, 2008, the Company entered into an agreement in principal to acquire a 100% interest in the Blue Hill Creek Gold Project located in Cassia County, Idaho; the property consists of 18 unpatented federal lode mining claims and an adjacent 80 acre Idaho State lease. The transaction was approved by the TSX Venture Exchange as the Company's Qualifying Transaction on July 15, 2008.

3. UNPROVEN MINERAL INTERESTS - continued

The Company has paid a total of US$ 80,000 to the vendors and issued 1,500,000 shares (recorded at their fair value of $600,000) to acquire an undivided 10% interest in BHC. Additional payments to the vendors will be required as follows:

a) 750,000 shares will be issued on or before six months to acquire an aggregate 20% interest in BHC;
b) On or before the first anniversary US$ 50,000 will be paid and 750,000 shares will be issued, to acquire an aggregate 30% interest in BHC;
c) 750,000 shares will be issued on or before eighteen months to acquire an aggregate 40% interest in BHC;
d) On or before the second anniversary US$ 60,000 will be paid and 750,000 shares will be issued, to acquire an aggregate 50% interest in BHC;
e) 750,000 shares will be issued on or before thirty months to acquire an aggregate 60% interest in BHC;
f) On or before the third anniversary US$ 70,000 will be paid and 750,000 shares will be issued, to acquire an aggregate 70% interest in BHC;
g) On or before the fourth anniversary US$ 80,000 will be paid, to acquire an aggregate 85% interest in BHC; and
h) On or before the fifth anniversary US$ 100,000 will be paid, to acquire an aggregate 100% interest in BHC.

The BHC payments may be accelerated at any time at the option of the Company. In addition to the foregoing, the Company will be responsible for filing and paying all annual assessments and fees relating to BHC.

A 2.5% net smelter royalty ("NSR") will be paid to the vendors on production of gold from BHC. At any time, the Company may buy the NSR, or a portion thereof, for US$ 1,000,000 per percentage point (i.e. $ 2,500,000 for the entire NSR).

Kilgore Gold Project (or "Kilgore")
The Company entered into a joint venture on the Kilgore Gold Project located in Clark County, Idaho and the Hai and Gold Bug properties located in Lemhi County, Idaho. The Kilgore property is covered by 150 federal lode mining claims and the Hai and Gold Bug properties are covered by 16 federal lode mining claims. The Company can earn up to 75% joint venture interest in the Kilgore Gold Project and the Hai and Gold Bug properties

The Company has paid US $100,000 and issued 500,000 common shares (recorded at their fair value of $ 160,000) and can earn an initial 50% as follows:

a) Payment of US$ 100,000, issuance of 400,000 shares and incurring US$ 250,000 in exploration expenditures in year one;
b) Issuance of 400,000 shares and incurring US$ 350,000 in exploration expenditures in year two;
c) Issuance of 400,000 shares and incurring US$ 500,000 in exploration expenditures in year three;
d) Issuance of 400,000 shares and incurring US$ 900,000 in exploration expenditures in year four; and
e) Issuance of 400,000 shares and incurring US$ 1,000,000 in exploration expenditures in year five.

3. UNPROVEN MINERAL INTERESTS - continued

The Company can increase its interest to 75% by issuing an additional 1,000,000 shares and by completing a pre-feasibility study on the Kilgore Gold Project. In the event the Company does not exercise its right to earn the additional 25% interest, the joint venture partner may elect to earn back a 10% interest, reducing the Company's interest to 40%, by expending US$ 600,000 within the year following its election to exercise.

Cold Creek Gold Project (or "Cold Creek")
The Cold Creek Gold Project, located in Cassia County, Idaho, comprises 53 unpatented federal lode mining claims located approximately 6 miles north of the Company's Blue Hill Creek Gold Project. Otis acquired the claims in exchange for payment of the costs associated with staking the property.

Other projects
The Company has several other early stage exploration projects located in Idaho and Nevada.

Three months to September 30, 2008

	Blue Hill Creek Idaho	Kilgore Idaho	Cold Creek Idaho	Other	Total
ACQUISITION COSTS	683,325	304,156	-	37,314	1,024,795
OTHER COSTS:					
Drilling and assays	5,512	-	-	4,076	9,589
Geologists	49,332	33,735	5,193	7,783	96,042
Travel	26,367	11,258	2,116	3,134	42,875
Mapping and surveying	225	439	-	-	664
Annual maintenance fees	2,394	21,622	6,886	42,554	73,456
Site office and field supplies	1,602	976	-	51	2,629
TOTAL OTHER COSTS	85,432	68,030	14,194	57,598	225,255
BALANCE, September 30, 2008	$ 768,757	$ 372,186	$ 14,194	$ 94,912	$ 1,250,050

Title to unproven mineral interests involves certain inherent risks due to the difficulty in determining the validity of certain claims as well as the potential for disputes to arise from the frequently ambiguous conveyance history of many unproven mineral interests.

The Company has acquired an interest in each of its mineral interests noted above by way of direct staking of federal lode claims or the acquisition of certain mineral leases direct from federal, state or local authorities. The costs associated with the acquisition of these claims and leases primarily are comprised of expenses associated with land title checks and third party claim staking contracts.

4. **SHARE CAPITAL**

a) Authorized
Unlimited common shares without par value

	Periods ended			
	September 30, 2008		June 30, 2008	
	Shares	Amount	Shares	Amount
Issued				
Balance, beginning of period	5,314,000	$ 875,469	2,100,000	$ 210,000
Common shares issued for cash	3,765,000	1,882,500	3,200,000	750,000
Common shares issued for unproven mineral interests	2,000,000	800,000	–	–
Warrants exercised	–	–	14,000	3,700
	11,079,000	3,557,969	5,314,000	963,700
Less: Share issue costs paid	–	138,174	–	88,231
Balance, end of period	11,079,000	$ 3,419,795	5,314,000	$ 875,469

b) In conjunction with the Qualifying Transaction, the Company completed a non-brokered private placement of 3,765,000 units at $0.50 for gross proceeds of $ 1,882,500. Each unit consisted of one common share and one common share purchase warrant, exercisable at $ 0.70 in the first year and at $ 0.90 in the second year. Commissions or finder's fees totaling $ 89,425 were paid on the financing.

c) Pursuant to an escrow agreement, 1,890,000 common shares are being held in escrow and 315,000 will be released every six months with the next release scheduled for January 2009. The escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities.

c) The following is a summary of share purchase warrants outstanding at September 30, 2008:

Exercise Price	Number	Expiry Date
$ 0.20	86,000	November 2009
0.70	3,765,000	July 15, 2010
	3,851,000	

5. STOCK-BASED COMPENSATION

During the period ended September 30, 2008, the Company issued stock options to directors, officers and consultants.

The following is a summary of the stock option transactions during the periods ended September 30 30, 2008 and June 30, 2008:

	Options Outstanding		Weighted average exercise price
Balance, June 30, 2008	310,000	$	0.20
Awarded	765,000		0.50
Balance, September 30, 2008	1,075,000	$	0.42

The following is a summary of stock options outstanding at September 30, 2008:

	Exercise price	Number of stock options outstanding	Number of stock options exercisable	Expiry dates
$	0.20	310,000	310,000	November 2012
	0.50	765,000	765,000	September 2013
		1,075,000	1,075,000	

The fair value of stock-based compensation awarded was estimated using the Black-Scholes option pricing model with the following assumptions:

	3 months ended September 30, 2008	Year ended June 30, 2008
Risk-free interest rate:	3.08%	4.1%
Expected volatility	80%	75%
Expected life:	5 years	5 years

Stock-based compensation is charged to expense as the awarded equity instruments vest. The average fair value of stock options awarded during the period ended September 30, 2008 calculated using the Black-Scholes option pricing model, was $ 0.10 (year ended June 30/08 - $0.07).

The Black-Scholes option pricing model was developed for use in estimating the fair value of stock options that have no vesting provisions and are fully transferable. Also, option-pricing models require the use of estimates and assumptions including the expected volatility. The Company uses expected volatility rate that are based upon historical volatility rates. Changes in the underlying assumptions can materially affect the fair value estimates.

6. **FINANCIAL INSTRUMENTS**

Financial instruments consist of cash, amounts receivable and accounts payable and accrued liabilities.

Fair value
The fair value of the cash, amounts receivable and accounts payable and accrued liabilities are believed to equal their carrying amounts due to their short terms to maturity.

Credit risk
Cash and amounts receivable are exposed to credit risk due to the potential for counterparts to default on their contractual obligations. The maximum potential loss on all financial instruments is equal to the carrying amount of those items.

7. **RELATED PARTY TRANSACTIONS**

Unless otherwise states, related party transactions are measured at the exchange amount, being the amount of consideration established and agreed to by the related parties.

During the three months ended September 30, 2008, the Company incurred management fees of $17,500 to a company controlled by an officer and a director, consulting fees of $1,700 for accounting services to an officer, and fees of $ 15,975 for geological services to a director. At September 30, 2008, $6,358 of these fees remained outstanding and are included in accounts payable and accrued liabilities.

8. **CONTRIBUTED SURPLUS**

	September,2008	June, 2008
Balance, beginning of period	$ 28,253	$ –
Stock-based compensation	78,706	29,153
Reclassified on exercise of agents options	-	(900)
	$ 106,959	$ 28,253