OTSO GOLD
MANAGED BY LIONSBRIDGE

OTSO GOLD CORP.

(TSX-V: OTSO)

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JANUARY 31, 2021

This management's discussion and analysis ("MD&A") reviews the activities, results of operations and financial condition of Otso Gold Corp., ("Otso", "Otso Gold", or the "Company") and its subsidiaries for the year ended January 31, 2021. The discussion below should be read in conjunction with the Company's audited consolidated financial statements for the year ended January 31, 2021, and the related notes thereto (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included in the following MD&A are quoted in Canadian dollars unless otherwise indicated. This MD&A has been prepared as of May 31, 2021, pursuant to the disclosure requirements under National Instrument ("NI") 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators.

Additional information related to the Company is available on SEDAR at www.sedar.com and on the Company's website at www.otsogold.com

1. BACKGROUND AND CORE BUSINESS

The Company was incorporated under the laws of the Province of Alberta on February 14,1992 under the name 510438 Alberta Ltd. The Company's name was subsequently changed to Firesteel Resources Inc. on April 22, 1992. The Company further changed its name to Nordic Gold Corp. on August 10, 2018, then to Nordic Gold Inc. on December 10, 2018 and, most recently, to Otso Gold Corp. on December 9, 2019.

The Company is incorporated and domiciled in Alberta and its common shares (the "**Common Shares**") trade on the TSX Venture Exchange ("TSX-V") under the symbol "OTSO". Additionally, the Company's Common Shares trade in the United States on the OTCQX under the symbol "FIEIF" and in Frankfurt under the symbol "FRA: 2FN".

The Company's administrative office is located at 181 Bay Street, Suite 1800, Toronto, Ontario, M5J 2T9.

The Company owns, indirectly through Swedish and Finnish subsidiaries, 100% of the Otso Gold Mine (, the 'Mine') a fully licensed and developed gold mine in Finland. The Company also owns 49% of a Copper Creek porphyry copper gold exploration project situated in the golden triangle in British Columbia, Canada.

The Company's core business is to unlock shareholder value by progressing the Mine to production. The expected revenue from the successful restart of operations at the Mine will be deployed to build a portfolio of high-quality mining assets in safe jurisdictions. Finland is consistently recognized as among the best places in the world for mining and has a highly educated and skilled workforce.

The Company is focused on creating value for shareholders in an environmentally conscious and socially responsible manner. We invest in jurisdictions that share these values and ensure this is central to the Company's actions. We rely heavily on renewable energy, maintain the highest level of environmental standards and operate in a high wage environment with protective labour policies.

The Mine is located approximately 20 minutes by mostly sealed roads from the port town of Raahe in central west Finland and one hour south of the country's 3 largest town of Oulu with access to an international airport.

The Mine consists of a fully built 2 million tonne per annum gold processing facility with all of the associated infrastructure in place. The facilities and infrastructure are production ready. In addition, the Mine has two open pits, the North Pit and South Pit, mined to ~50 metres and ~25 metres respectively and two additional pits with the overburden cleared. All the operations are fully permitted and licensed. Additionally, the Company holds a significant mining and exploration lease area.

2. OVERVIEW

The Company completed the Equity Financing (as defined herein) on February 8, 2021, which has allowed the Company to focus on the required preparatory work and drilling to proceed to production during the third fiscal quarter ending October 31, 2021 ("Q3 2022"). Additionally, the Equity Financing provided for the nomination of four new members to the board of directors of the Company (the "**Board**") adding further depth and strategic guidance.

The Company is now expediting its return to production with the preparatory work and drilling campaign well advanced. John T. Boyd ("**Boyd**") expects to publish an updated technical report that complies with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") and incorporates the drilling completed to date. Concurrently, Boyd will develop a mine plan for the first phase of production in Q3 2022. The Company anticipates that the publishing of the NI 43-101 technical report will allow it to complete additional financing with Brunswick Gold Ltd., pursuant to its strategic partnership described below. The feasibility study is expected to be completed by Boyd in August 2021 and will include a mine plan and an updated resource and reserve report.

The Company has built a highly experienced team on site with the majority of senior management positions filled, the key responsibilities of which are to develop a strong culture on site and build out the team required to operate the Mine, in addition to ensuring the Mine is ready for production. The Company has retained Brunel Energy Inc. ("**Brunel**") to support the Company in recruiting operational staff. Brunel has significant experience in the placement of mining personnel throughout the world. Brunel will be completing psychometric testing on all staff to ensure the on-site complement is both highly skilled and cohesive. Otso expects to have 200 people working on the Mine.

The Company believes it is on track and looks forward to unlocking significant shareholder value through the return to production in Q3 2022.

3. FINANCING EFFORTS AND PARTNERSHIP WITH BRUNSWICK

During March 2020, the Company closed a non-brokered private placement of convertible debentures for net proceeds of $2,132,750. These unsecured debentures bear interest at 10% per annum and are convertible into common shares of the Company at a price equal to the greater of $0.10 per share and the conversion date closing market price less a 20% discount. These debentures are due on March 26, 2023.

During May 2020, the Company concluded a facility with Alumina Partners (Ontario) Ltd. ("**Alumina**") pursuant to which, upon mutual acceptance on pricing terms, the Company can draw down funds to ensure its continued financial liquidity up to a total of $8,000,000. To date, $600,000 has been drawn down by means of private placements.

During the year ended January 31, 2021, the Company issued a further $170,000 from unit private placements. A total of 3,066,667 units were issued with each unit comprising a common share and a common share purchase warrant to acquire an additional common share of the Company.

On December 11, 2020, Brunswick Gold Ltd. (the "**Investor**" or "**Brunswick**"), entered into a subscription agreement pursuant to which it agreed to subscribe for 284,944,440 units ("**Units**") of the Company, at $0.05 per Unit, for the aggregate subscription price of US$11,000,000 (the "**Equity Financing**"). Each Unit consists of one Common Share and one Common Share purchase warrant (each a "**Warrant**"). The Warrants entitle the Investor, for a period of five (5) years, to subscribe for up to 284,944,440 additional Common Shares at $0.05 per Common Share. The Company completed the Equity Financing on February 8, 2021.

25,904,020 of such Units were also issued and were used to settle the principal on the US$1 million unsecured loan (the "**Loan**") owed to Brunswick. The net proceeds from the Equity Financing after repayment of the Loan will fund the Company to enable it to restart its detailed directional diamond drilling program to inform a robust geological model, updated technical report, detailed mine plan as well as upgrades on site to underpin the return to production.

Upon completion of the Equity Financing, the Board was reconstituted to include seven directors – namely Brian Wesson, Clyde Wesson, Yvette Harrison and four new Brunswick nominees, including Vladimir Lelekov, Nicolas Pascault, Victor Koshkin and Martin Smith. Additionally, Mr. Lelekov was appointed as Chairperson of the Board. To facilitate the incoming Board members, Christopher Towsey resigned as a director of the Company and agreed to remain as a consultant to Otso.

On completion of the Equity Financing, B&A Wesson Pty Ltd ("**B&A**") and C&C Wesson Pty Ltd ("**C&C**") were issued an aggregate of 32,380,050 finders fee "top-up" Common Shares and PFL Raahe Holdings LP ("**PFL**") was issued 31,909,280 "top-up" Common Shares. Accordingly, as a result of the Equity Financing, on a non-diluted basis, Brunswick owned 46.03% of the Common Shares; PFL owned 12.79% of the Common Shares and each of B&A and C&C owned 6.69% of the Common Shares.

In connection with the 31,909,280 Common Shares issued to PFL on closing, such issuance fully settled the Company's outstanding debt to PFL in the amount of US$1,231,826.

The Company's intention is to do the preparatory work, continue its partnership with Brunswick and secure an additional US$11,000,000 to fund the Company through to production in the third quarter of fiscal 2022.

4. PROGRESS AND BUSINESS STRATEGY

The Company provides regular shareholder letters and updates to keep the shareholders informed of the Company's progress towards production and strategy, supplemented by announcements as these milestones are met. Shareholder letters were released on October 10, 2019, September 9, 2020 and April 7,2021. Key points, are summarised below:

1. The Company closed convertible notes for a total subscription of $3,737,000 to fund Preparatory Works and the drilling program;
2. the appointment of Andrey Maruta of Chief Financial Officer of Otso effective as of June 2021.
3. the Company confirming an expected return to production in Q3 2022;
4. all senior management of the Company arriving in Finland, with at least two members expected to be on site at all times on bimonthly rotations to avoid delays as a result of COVID-19 travel restrictions;
5. the arrival of drill rigs to site and the initiation of the Phase Two Drilling Program with a focus on expediting the program and ensuring sufficient data is collected to provide confidence in the resource/reserve base with a target of approximately 600,000 ounces and looking to increase beyond a million ounces with further drilling the mineralisation remains open at depth with the deepest intersection 250 m below surface and open in all four directions. The resources have been studied and confirmed by CSA Global UK, SRK, Boyd and TetraTech;
6. the retention of Boyd has expertise in the field and intimate knowledge of the resources. Boyd is expected to complete a NI 43-101 compliant technical report to form the basis of the decision to return to production, with a feasibility to be completed thereafter to support the planned refinancing of the Company's remaining debts; and
7. the retention of Knight Piesold Consulting UK ('KP') and Geobotnia Oy to design, advise on the upgrading of the existing infrastructure and engage with key contractors to ensure the necessary infrastructure and capabilities are in place for production. This engagement requires working closely with the Department of Economy and Environment ("**ELY**") and dam authorities in Finland.

5. DRILLING PROGRAM

The Company has completed 5,700 metres of the planned 10,000 metre drill program since 2019, including 3,600 of the 4,500 metres under the phase two drill program. The drill program includes infill drilling and additional drilling at on average 100m deep from surface and targets are within 500 metres of the existing pits with a view to expanding the pit footprint and upgrading and increasing the Company's resources and reserves. The balance of the drilling, sampling and assaying is expected to be completed during the next month. The Company has had between three and four drilling rigs on site over the last few weeks. To manage the drilling program and prepare for the return to production, the Company has built a team of six geologists on site including highly experienced staff and supported by Warren Pratt and Boyd geologists.

Figure 1 below is a map of the progress of the drilling campaign to date.

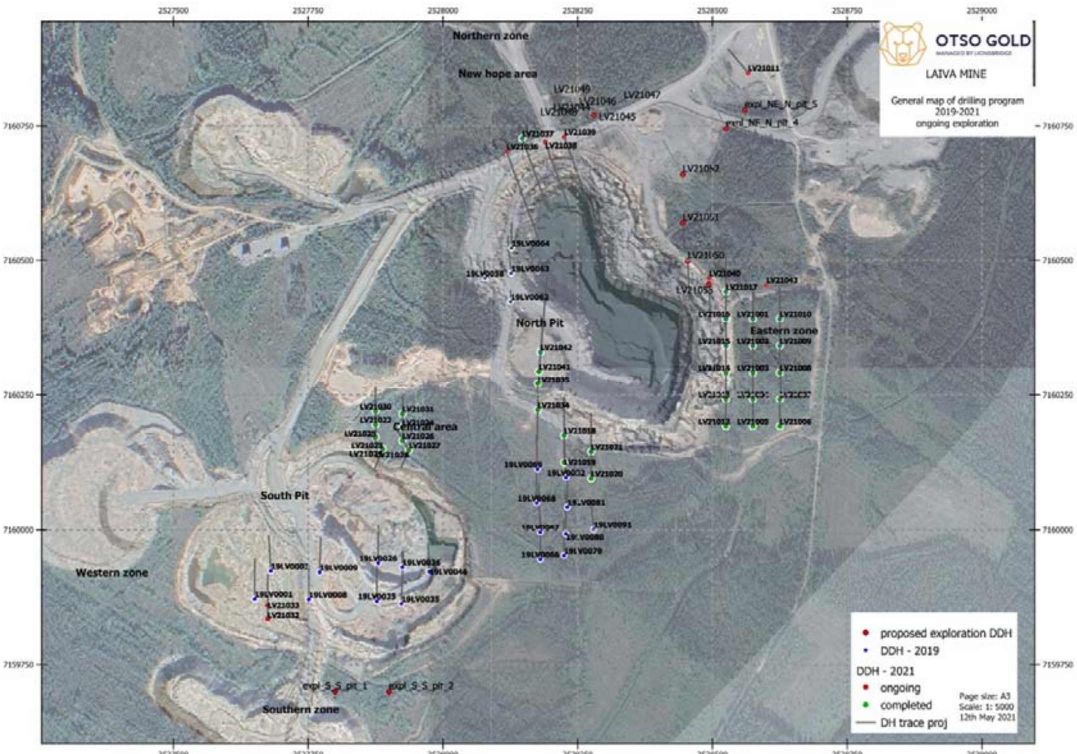


Figure 1

The ore bodies at the Mine have been subject to extensive review, modelling and due diligence processes by distinguished independent consultants. The consensus of the economic reports is that the Company is economic with the technical reports confirming the resources, however, all of the reports recommend a drilling campaign to infill drill the resources step out and develop the understanding of the ore body. The drilling campaign being carried out by the Company is in line with these findings.

There are currently two pits that have been mined covering 200,000 square metres and a further two that have the overburden removed ready for mining. The plan is to expand the footprint to 980,000 square metres and create a mining pit that will encompass the two existing pits. The drilling program to date has been focused on identifying close to surface targets expanding 500 metres from the existing pits profile to inform the initial mine plan expected to expand the total footprint by up to four times. An initial mine plan for the first ~18 months of production, from near surface extensions within 500m of the pit is expected to be delivered in June 2021. The initial mine plan will be followed by the feasibility study including a long-term detailed mining plan.

6. PROCESS PLANT AND INFRASTRUCTURE

The process plant was built between 2009-2011 by Metso Minerals in conjunction with Outotec and commissioned. All permits are in place to restart the operations apart from the standard safety, environment and plans to be submitted for restart approval to the authorities. However, the main focus for the restart is the geology and mine plan to deliver the name plate 6,000 tonnes per day (two million tonnes processed per annum) to the process plant from Q3 2022 at 1.51 g/t. The process plant consists of a single stage crushing circuit, grinding mills 3 Mw installed power mills, flash flotation, gravity and regrind, high grade and low grade CIL plants, carbon stripping and gold room. Spent mud is sent to two facilities - one high grade and the other low grade. The low-grade dam is approximately 7.5 kilometres from the process plant where it is processed through a thickener.

As of May 31 2021, the Company finalised designs, retained contractors and commenced the refurbishment of the process water dam. The Company is finalising preparations for the four metre lift of the north wall of the tailings dam with the contractor retained and the drawings being finalised prior to an all hands meeting with the regulators in mid-June 2021 for approval. Additionally, work has begun on the extension of the waste pile with the area cleared in preparation for lining. The Company is crushing rock on site to ensure sufficient material is available for these works, additionally the required moraine to line the tailings dam has been identified and certified for use.

With all the primary infrastructure in place and ready for production, the Company is ensuring the upgrades and improvements detailed above do not delay the restart and are on schedule to deliver them well in advance of production.

7. COVID 19

During the Fiscal Year ended January 31, 2021 the Company, like the rest of the world, was affected by the COVID-19 pandemic.

The Company's first focus is on the Health and Safety of our staff, their families and the community. We are glad to report that there have been no outbreaks or transmissions onsite, with only one staff member contracting COVID-19 off site who did not spread it to anyone else. The Company has implemented the recommendations of the Finnish government in relation to COVID-19 including the wearing of masks, installation of hygiene stations and a system of mandatory testing and quarantine for those who travel to site from outside of Finland.

The primary effect on the Company was the delay in refinancing which delayed the Mine's return to production and increased the care and maintenance costs because of a longer period in care and maintenance. Additionally, the inability of senior staff to travel to site freely delayed the Company's progress including installing new systems and controls on site and planning for the return to production.

Subsequent to Fiscal Year End, the Company finalised a financing solution with Brunswick enabling the return to production to be expedited resulting in a relatively short delay to the Company's plans. Shortly after completion of the financing all senior staff spent significant time on site to ensure any further delays were minimised. The Mine will, at all times for the foreseeable future, have a member of the Board of Directors and senior staff on site to ensure there are no delays as a result of the pandemic. However, the Company has not had material issues with mobilising foreign staff to site, having been successful in placing the majority of department heads on site during the pandemic as well as geological staff. The Company is thankful that the Government of Finland has taken appropriate steps during the pandemic to minimise the effect on the country and in particular the region in which we operate, further the Government have allowed the important work of restarting the mine to proceed with appropriate border controls.

8. SELECTED FINANCIAL INFORMATION

8.1. Selected Annual Information

The following table sets out selected annual financial information of the Company and is derived from the Company's audited consolidated financial statements for the years ended January 31, 2021, 2020 and 2019.

	2021 $	2020 $	2019 $
Revenues	Nil	Nil	Nil
Income (loss) for the year	(15,377,423)	14,248,746	(28,653,982)
Earnings (loss) per share (basic and diluted)	(0.07)	0.07	(0.18)
Total assets	60,751,175	61,018,083	64,411,986
Total non-current liabilities	26,693,134	41,233,095	59,769,041
Dividends declared	Nil	Nil	Nil

8.2 Summary of Quarterly Results

The following table sets out selected unaudited quarterly financial information of the Company and is derived from the unaudited condensed interim consolidated financial statements prepared by management. The Company's interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards applicable to interim financial reporting and are expressed in Canadian dollars.

For the quarter ended	January 31 2021	October 31 2020	July 31 2020	April 30 2020
	$	$	$	$
Net loss	(4,120,584)	(1,337,940)	(4,505,925)	(5,412,974)
Basic loss per common share	(0.02)	(0.01)	(0.02)	(0.02)
Diluted loss per common share	(0.02)	(0.01)	(0.02)	(0.02)
Cash and cash equivalents	95,531	832,455	512,884	841,243
Property, plant and equipment	52,651,492	54,838,466	56,512,129	54,324,094
Working capital	(41,063,569)	(40,404,154)	(25,562,511)	(22,867,633)

For the quarter ended	January 31 2020	October 31 2019	July 31 2019	April 31 2019
	$	$	$	$
Net income/(loss)	(9,562,578)	36,231,652	(8,602,163)	(3,818,165)
Basic income/(loss) per common share	(0.05)	0.18	(0.04)	(0.02)
Diluted income/(loss) per common share	(0.05)	0.18	(0.04)	(0.02)
Cash and cash equivalents	239,064	1,127,945	1,625,990	1,915,540
Property, plant and equipment	52,414,488	49,457,224	53.817,427	52,270,779
Working capital	(14,992,072)	(7,334,585)	(73,853,554)	(13,080,179)

Effective April 1, 2019, the Mine was put on care and maintenance. The Company's results of operations since that date therefore reflect maintenance costs to ensure that the Mine stays in a safe and stable condition. The Company has continued its definitive drilling program as described above during the period since March 1, 2021, to support the return to production of the during Q3 2022.

During the third quarter of fiscal 2020, the Company restructured its arrangement with PFL renegotiating the previous gold forward purchase agreement with a straight loan (US$23 million) and a 2.5% net smelter return royalty on production from the Mine. The restructuring of the debt resulted in a gain of $54 million and overall net income during the third quarter of fiscal 2020.

8.3. Results of Operations

Year ended January 31, 2021 compared to the year ended January 31, 2020

During the year ended January 31, 2021, the Company incurred net loss of $15,377,423, compared to net income of $14,248,746 during the year ended January 31, 2020. As noted above, the income during the year ended January 31, 2020 was due to the PFL debt restructuring gain of $54,436,036. This was offset by a loss on valuation of gold forward sale derivative liability of $22,139,413. During the year ended January 31, 2020, the Company recognized an impairment charge of $1,691,020 (fiscal 2021 - $Nil) on its exploration and evaluation assets.

During the year ended January 31, 2021, operating expenses were $7,588,068 compared to $10,294,140 during the year ended January 31, 2020. The overall decrease was primarily due to a reduction in care and maintenance costs as the Company was operating at a lower activity level.

Three months ended January 31, 2021 compared to three months ended January 31, 2020

During the three months ended January 31, 2021, the Company incurred net loss of $4,120,584, compared to $9,562,578 during the three months ended January 31, 2020. The higher loss during the three months ended January 31, 2020 was a result of the revaluation of the royalty provision to PFL, which resulted in a loss on the derivative of $3,663,493 compared to a gain of $764,675 during the three months ended January 31, 2021. The royalty provision to PFL is calculated every reporting period using parameters such as forward price of gold, the timing of payment of royalties, discount factor to recognize the present value of the obligation, as well as the US dollar to Canadian dollar exchange rate at the end of the reporting periods. Changes in these inputs have a material impact on the valuation of the derivative on the royalty provision. Also, as noted above, the Company recognized an impairment charge of $1,691,020 on its exploration and evaluation assets during the three months ended January 31, 2020.

During the three months ended January 31, 2021, operating expenses were $2,041,699 compared to $2,714,088 during the three months ended January 31, 2020. The overall decrease was primarily due to a reduction in care and maintenance costs as the Company was operating at a lower activity level with focused efforts on raising funds to restart the Mine.

8.4. Liquidity and Capital Resources

The Financial Statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. The Company has incurred operating losses since inception and currently is incurring negative cash flows from operating and investing activities. In order to continue as a going concern, the Company must generate sufficient operating cash flows, secure additional capital or otherwise pursue a strategic restructuring, refinancing or other transactions to provide it with additional liquidity.

Several adverse conditions and material uncertainties cast significant doubt upon the going concern assumption. During the year ended January 31, 2021, the Company incurred net cash outflows from operating activities of $4,192,139 (2020 - $3,078,483). As at January 31, 2021, the Company had cash and cash equivalents of $95,531 (January 31, 2020 - $239,064) and a working capital deficiency of $41,063,569 (January 31, 2020 - $14,992,072).

Since the Mine was put on care and maintenance, the Company has continued to progress on its efforts to raise financing to restart production. During the year ended January 31, 2020, the Company restructured its debt with PFL from a complex forward gold agreement to straight loan and royalty agreement to capitalize on the future potential of the Mine. During that year, the Company raised an additional $7.6 million from PFL. During the year ended January 31, 2021, the Company raised approximately $4.2 million in a combination of debt and equity financing. During the fiscal 2022, so far, the Company has continued its efforts to pay down on its debt and generate additional funding from strategic partners, as evident from the Company's partnership with Brunswick described above. The Company's intention is to continue its partnership with Brunswick and secure an additional USD$11,000,000 which is expected in the second quarter of fiscal 2022.

Although the Company has been successful in its efforts so far, given the significant working capital deficiency, there can be no assurances that sufficient funding will be available to maintain the Mine and to cover general and administrative expenses necessary for the maintenance of a public company for at least the next twelve months. The Company is highly dependent on funding from Brunswick and there can be no guarantee that it will be able to continue to secure additional financing in order to continue operations for the foreseeable future, if it doesn't receive adequate support from Brunswick. If financing is received, it may not be on terms that are favourable.

8.5. Outstanding Share Data

As of May 31, 2021, the Company had 618,975,528 Common Shares on issue. The Company also had 4,200,000 stock options outstanding, exercisable at a weighted average exercise price of $0.07 per share, and 301,650,851 share purchase warrants outstanding, exercisable at a weighted average of $0.05 per share.

8.6. Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company. The Company has determined that key management personnel consist of members of the Board and the Company's Chief Executive Officer and Chief Financial Officer.

The remuneration to key management personnel during the years ended January 31, 2021 and 2020 is as follows:

	January 31, 2021 $	January 31, 2020 $
Short-term benefits (i)	**1,642,250**	1,106,151
Share based payments	**40,886**	77,347
	1,683,136	1,183,498

(i) Includes consulting fees, director fees, management fees and other employment benefits, pursuant to service agreements.

During the year ended January 31, 2020, B&A Wesson Pty Ltd and C&C Wesson Pty Ltd, associated entities of Brian Wesson and Clyde Wesson, received a total of 26,612,000 Common Shares of the Company, valued at $1,330,600, as payment for the successful restructure of the PFL debt. Brian Wesson and Clyde Wesson are both directors of the Company.

During March 2020, the Company issued convertible debentures with face value of $2,715,375 to Pandion for proceeds of $2,100,750. On November 17, 2020, the Company issued 8,496,320 common shares to Pandion as partial settlement of common shares to be issued upon the Company reaching certain financing milestones.

On December 7, 2020, the Company also issued 23,802,697 common shares to B&A Wesson Pty Ltd. and C&C Wesson Pty Ltd. as follows:

- 17,735,693 common shares issued in connection with the restructuring of the Company's debt with Pandion. These amounted to $709,428 and were recorded as debt restructuring expense.
- 4,671,250 common shares issued in connection with the convertible debentures issued during the year ended January 31, 2021 where the Company raised net proceeds of $2.1 million. These amounted to $186,850 and were recorded as accretion expense.
- 1,395,754 common shares issued in connection with various private placement financings during the year ended January 31, 2021. These amounted to $55,830 and were treated as share issuance cost.

During the year ended January 31, 2021, 5,666,667 warrants were issued to C&C Wesson Pty Ltd. in connection with the financing with Alumina. There were included within the calculated value of the warrants in conjunction with the related unit private placements.

As at January 31, 2021, an amount of $1,067,090 (2020 - $269,332) was included in accounts payable and accrued liabilities, representing amounts owing to directors and officers of the Company. Any amounts owing at any time to key management personnel are unsecured, non-interest bearing, and due to demand.

9. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

9.1. Achievement of Commercial Production Phase

Once a mine reaches the operating levels intended by management, depreciation of capitalized costs begins. Significant judgment is required to determine when certain assets of the Company reach this level. Management considers several factors including, completion of a reasonable period of commissioning and if consistent operating results are being achieved at a predetermined level of design capacity.

9.2. Impairment

Judgment is involved in assessing whether there is any indication that an asset or cash generating unit may be impaired. This assessment is made based on the analysis of, amongst other factors, changes in the market or business environment, events that have transpired that have impacted the asset or cash generating unit, and information from internal reporting.

9.3. Income, Value Added, Withholding and Other Taxes

The Company and its subsidiaries are subject to income, value added, withholding and other taxes. Significant judgment is required in determining the provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

9.4. Share-Based Payments

Management assesses the fair value of stock options granted using the Black-Scholes option pricing model, which was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's stock options have characteristics significantly different from those of traded options, and changes in the highly subjective input assumptions can materially affect the calculated values. The fair value of stock options granted using the Black-Scholes option pricing model do not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

9.5. Rehabilitation and Restoration Provision

The Company has obligations for the future restoration of its mining tenements. In most instances, removal of assets and restoration of the surrounding area occurs at the end of mine life. This requires judgmental assumptions regarding removal date, the extent of reclamation activities required, the engineering methodology for estimating cost, future removal technologies in determining removal cost, and asset specific discount rates to determine the present value of these cash flows.

9.6. Property, Plant and Equipment

The net carrying value of each mineral property is reviewed regularly for conditions that suggest impairment. This review requires significant judgment. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future. Gold and silver prices are volatile and affected by many factors beyond the Company's control, including prevailing interest rates and returns on other asset classes, expectations regarding inflation, speculation, currency values, governmental decisions regarding precious metals stockpiles, global and regional demand and production, political and economic conditions and other factors may affect the key assumptions used in the Company's impairment testing. Various factors could impact our ability to achieve forecasted production levels from proven and probable reserves. Additionally, production, capital and reclamation costs could differ from the assumptions used in the cash flow models used to assess impairment. Actual results may vary from the Company's estimates and result in additional impairment charges.

Achievement of the production phase occurs once a mine reaches the operating levels intended by management. At this point depreciation and depletion of capitalized costs begins. Significant judgment is required to determine when certain assets of the Company reach this level. Management considers several factors including, completion of a reasonable period of commissioning and that consistent operating results are being achieved at a predetermined level of design capacity. The Company has determined that this has not yet occurred.

9.7. Fair Value of Derivatives

The fair values of financial instruments that are not traded in an active market are determined using valuation techniques. Management uses its judgment to select a method of valuation and makes estimates of specific model inputs that are based on conditions existing at the end of each reporting period. Refer to Note 12 and 13 of the Financial Statements for further details on the methods and assumptions associated with the measurement of the royalty provision, including the related accounting for the restructuring of the forward gold purchase agreement and the embedded derivative within the convertible debentures, respectively.

9.8. Changes in Accounting Policies

The accounting policies in the Note 3 of the Financial Statements for the year ended January 31, 2021, have been consistently applied to all periods presented in the Financial Statements.

10. FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

10.1. Financial instrument classification and measurement

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value of hierarchy has the following levels:

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in the markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

10.2. Fair values of financial assets and liabilities

The Company's financial instruments include cash, reclamation bond, accounts payable and accrued liabilities, convertible debentures, royalty provision, and the loans from external parties. The fair value of accounts payable and accrued liabilities may be less than their carrying value due to the liquidity risk. The fair values of the derivative component of the convertible debentures and royalty provision are determined using inputs at level 3 of the fair value hierarchy.

10.3. Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents and reclamation bonds. Cash and cash equivalents consist of cash held at a Canadian bank. A substantial portion of the Company's amounts receivable is Input Tax Credit. The carrying amount of cash and cash equivalents, reclamation bonds and amounts receivable represents the maximum credit exposure.

Management monitors the exposure to credit risk on an ongoing basis and does not consider such risk significant at this time.

10.4. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses. As at January 31, 2021, the Company had a cash balance of $95,531 (2020 - $239,064) to settle current liabilities of $44,068,723 (2020 - $18,789,435).

10.5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, and interest rates will affect the Company's operations, net earnings or the value of financial instruments.

10.5.1. Foreign currency risk

Foreign exchange risk is the risk that variations in exchange rates between foreign currencies will affect the Company's operating and financial results. The Company is exposed to foreign currency risk as a 5% shift in foreign exchange rates would result in an impact of approximately $30,000.

10.5.2. Interest rate risk

Interest rate risk is the risk that interest rate fluctuations will affect the Company's operating and financial results. Management does not believe that the Company is exposed to significant interest rate risk as its debt incurs interest at a fixed rate.

10.5.3. Commodity price risk

The nature of the Company's operations results in exposure to fluctuations in commodity prices. Commodity prices are impacted by global economic events that dictate the levels of supply and demand. Otso's management continuously monitors commodity prices and may consider instruments to manage exposure to these risks when it deems appropriate.

The Company is exposed to commodity price risk with respect to the price of gold. Commodity price risk is defined as the potential impact on earnings and economic value due to price movements. The Company closely monitors prices of gold to determine the appropriate course of action to be taken by the Company. Price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the market price of gold.

11. FORWARD LOOKING STATEMENTS

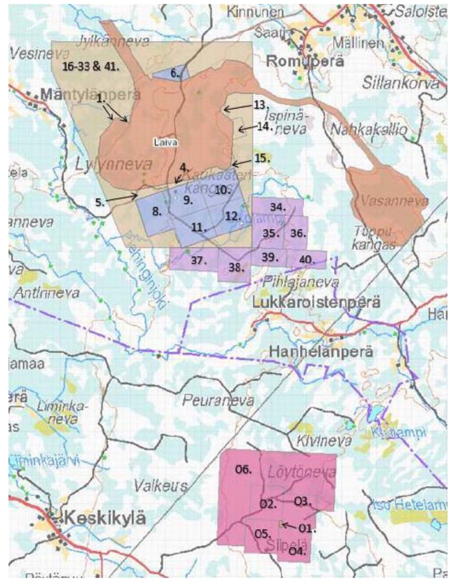
This Management's Discussion and Analysis of Financial Condition and Results of Operations contain certain forward- looking statements. Forward-looking statements include but are not limited to the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward- looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, the actual results of current exploration activities, conclusions or economic evaluations, changes in project parameters as plans continue to be refined, possible variations in grade and or recovery rates, failure of plant, equipment or processes to operate as anticipated, accidents, labour disputes or other risks of the mining industry, delays in obtaining government approvals or financing or incompletion of development or construction activities, risks relating to the integration of acquisitions, to international operations, and to the prices of gold and other metals. While the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by law.

12. ADDITIONAL INFORMATION

SCHEDULE "A"
OTSO GOLD CORP TENEMENT LISTING

Otso Gold Corp Leases

Licence	RegNo	Licence type	Area ha
Laiva Mining lease help area	7803/1a	Mining concession	1551.93
Laiva Mining lease	7803/1b	Mining concession help area	142.30
Laiva 1, 4-5	ML2013:0054	Exploration permit, mining law 621/2011	40.42
Laiva 6, 8-12	ML2019:0035	Exploration permit, mining law 621/2011	465.65
Laiva 13-15	ML2013:0055	Exploration permit, mining law 621/2011	43.51
Laiva 16-33, 41	ML2014:0035	Exploration permit, mining law 621/2011	1258.85
Laiva 34-40	ML2017:0129	Exploration permit, mining law 621/2011	565.30
Oltava 1	ML2012:0155	Exploration permit, mining law 621/2011	2.00
Oltava 2-5	ML2013:0102	Exploration permit, mining law 621/2011	400.00
Oltava 6	ML2012:0069	Exploration permit, mining law 621/2011	566.99
Tormua 1-7	ML2013:0043	Exploration permit, mining law 621/2011	689.00



13. Disclosure Controls and Procedures

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the Financial Statements for the year ended January 31, 2021 and this accompanying MD&A (together, the "Annual Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at www.sedar.com.

The Audit Committee of the Company has approved the disclosure contained in this MD&A.