Otis Capital Corp.
MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)
FOR THE YEAR ENDED JUNE 30, 2008

Background

This management discussion and analysis, (“MD&A”), prepared as at October 22, 2008 provides information that management believes is relevant to an assessment and understanding of the financial position of Otis Capital Corp. as at June 30, 2008 and the results of its operations and cash flows for the year then ended. The MD&A should be read in conjunction with the Company’s audited financial statements for the year ended June 30, 2008. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). Except as otherwise disclosed, all dollar figures included therein and the following management discussion and analysis are stated in Canadian dollars. The audit Committee of the Board of Directors of the Company has reviewed this document pursuant to its mandate and charter.

Nature of Business

Otis Capital Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on April 24, 2007. On November 27, 2007, the Company listed its common shares, as a capital pool company (“CPC”), on the TSX Venture Exchange (the “Exchange”) under the symbol OOO. As a CPC, 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 (as defined in Exchange Policy 2.4) subject, in certain cases, to shareholder approval and acceptance by the Exchange. On April 15, 2008, the Company entered into a transaction that it expected would constitute its Qualifying Transaction, and the transaction was approved by the Exchange on July 15, 2008.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Description of Business and Summary of Recent Activities

Since incorporation on April 24, 2007, the Company had been working towards having its shares listed on the Exchange, and this was completed on November 28, 2007. The Company has done two rounds of financing before its Qualify Transaction - an initial public offering of 1,000,000 common shares at $0.20 for gross cash proceeds of $200,000 which closed on November 22, 2007, and a private placement of 2,200,000 common shares at $0.25 for gross cash proceeds of $550,000 which closed on February 12, 2008. On April 15, 2008, the Company entered into a transaction that it expected would constitute its Qualifying Transaction, and on April 22, 2008, the Company announced that it was arranging a non-brokered private placement of 4,000,000 units at $0.50 for gross proceeds of $2,000,000. The Qualifying Transaction and the non-brokered private placement were both approved on July 15, 2008, subsequent to the fiscal year end.

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Unproven Mineral Interests

Blue Hill Creek. On April 15, 2008, the Company entered into an agreement in principal to acquire a 100% interest in the Blue Hill Creek Gold Deposit (the "Property") located in Cassia County, Idaho. The transaction was submitted to the TSX Venture Exchange (the "Exchange") for approval as the Company's Qualifying Transaction and this was approved by the Exchange on July 15, 2008.

The Company had a NI 43-101 Technical Report prepared on the Property, and this confirmed the presence of an open-ended Inferred Resource totalling 14,438,800 tons having an average gold grade of 0.0163 ounces per ton, for a total of 235,000 ounces of gold. Additionally, the Report recommends an immediate US$600,000 exploration program.

A refundable deposit of US$40,000 was paid to the vendors at the time of the agreement, an additional payment of US$40,000 was paid and 1,500,000 shares of the Company were issued upon Exchange approval of the definitive agreement; this acquired an undivided 10% interest in the Property. Additional payments to the vendors will be required as follows:

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

The Property 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 the Property.

A 2.5% net smelter royalty ("NSR") will be paid to the vendors on production of gold from the Property. 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. 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 that Hai and Gold Bug properties are covered by 16 federal lode mining claims. The Company can earn an initial 50% as follows:

a) A payment of US $100,000 was made and 500,000 shares were issued at the time of Exchange approval of the QT ("Approval");

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

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 ("JV 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.

A 2.0% net smelter royalty ("NSR") will be paid to the JV Partner on production of gold from the Kilgore property. At any time, the Company will have the right to purchase up to 1.5% of the NSR by the payment of US $500,000 for each 0.5% NSR.

Overall Performance

Financial results for the 5 quarters since incorporation are:

	Q4/07	Q1/08	Q2/08	Q3/08	Q4/
Net Sales	$ 0	$ 0	$ 0	$ 0	$
Net Income (Loss)	(5,641)	(14,179)	(31,448)	(21,035)	(71,1
Net Income (Loss) per share	$(0.06)	$(0.01)	$(0.07)	$(0.01)	$(0.(
Total assets	$ 210,549	$ 197,102	$ 320,247	$ 858,605	$ 2,526,5
Total liabilities	6,100	6,922	7,241	29,986	121,2

Analysis of the year ended June 30, 2008

During the year ending June 30, 2008, the Company incurred expenses of $148,760; the majority of these costs were legal and professional fees ($75,602) and regulatory costs ($28,447) in connection with the submission of its Qualifying Transaction. The Company earned interest of $10,908 on its cash balances, resulting in a net loss for the year of $137,852 or $0.10 per share. In the period ended June 30, 2007, the Company was operating for less than three months and incurred expenses of $5,641, or a loss of $0.06 per share.

At June 30, 2008, the Company had no unproven mineral interest as they were subject to the approval of the Exchange. Cash on hand at the year end was $2,404,920 and working capital was $2,371,449.

Comparison of the three months ended June 30, 2008 to the three months ended June 30, 2007

The Company incurred expenses of $75,792 during the three months ending June 30, 2008; the majority of these expenses were legal and professional costs of $56,953 and $13,943 for administration costs. The Company earned interest of $4,602 on its cash balances, resulting in a net loss for the three months of $71,190 or $0.02 per share. In the period ended June 30, 2007, the Company was operating for less than three months and incurred expenses of $5,641, or a loss of $0.06 per share.

Financing Transactions

The Company completed a private placement financing of 2,100,000 common shares on June 30, 2007 which are held in an Escrow Agreement (the "Escrow Shares"); an initial 10% of the Escrow Shares was released on final TSXV approval of the Qualifying Transaction and an additional 15% will be released every six months thereafter. If the Company is able to meet the Exchange's Tier 1 minimum listing requirements at any time, the release will be accelerated.

On November 22, 2007, the Company completed an initial public offering of 1,000,000 common shares at $0.20 for gross cash proceeds of $200,000. The Company paid the agent a commission of $20,000, a corporate finance fee of $10,000, costs of $10,500, and granted a share purchase warrant to acquire 100,000 common shares, exercisable at $0.20 per share until November 21, 2009 (valued at their fair value of $6,430).

On February 29, 2008, the Company completed a private placement of 2,200,000 common shares at $0.25 per share for gross cash proceeds of $550,000.

On July 15, 2008, 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 consists 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 totalling $89,425 have been paid on the financing.

Liquidity

The Company had working capital of $2,371,449 as at June 30, 2008. As at October 22, 2008, the Company had cash and short term balances of $1,905,726 of which $1,696,000 is invested in Canadian bank guaranteed investment certificates maturing in less than one year. Funds that are considered excess to current operating needs are invested in Canadian bank interest bearing short term investments that are highly liquid with maturities of up to one year; the investments are cashable at any time without penalty. The Company is in a strong position to meet its work requirements on its unproven mineral properties.

Share Capital

As at October 22, 2008, the Company had a total of 11,079,000 common shares issued and outstanding; 1,500,000 shares were issued as part of the acquisition of the Blue Hill Creek property and 500,000 shares were issued under the terms of the joint venture on the Kilgore property.

There are 1,100,000 share purchase options outstanding, 310,000 exercisable at a price of $0.20 per share up to November 21, 2012, and 790,000 exercisable at a price of $0.50 per share up to September 15, 2013. There are 3,851,000 share purchase warrants outstanding, 86,000 exercisable at a price of $0.20 per share up to November 21, 2009, and 3,765,000 exercisable at $0.70 up to July 15, 2009 and at $0.90 up to July 15, 2010.

Transactions with Related Parties

During the year ended June 30, 2008, the Company paid $ 6,000 for rent and administration services provided by a corporation controlled by a director.

Risk Factors

The reader is cautioned that the following description of risks and uncertainties is not all-inclusive as it pertains to conditions currently known to management. There can be no guarantee or assurance that other factors will or will not adversely affect the Company.

Risks Inherent in the Mining and Metals Business

The business of exploring for minerals is inherently risky. Few properties that are explored are ultimately developed into producing mines. Mineral properties are often non-productive for reasons that cannot be anticipated in advance. Title claims can impact the exploration, development, operation and sale of any natural resource project. Even after the commencement of mining operations, such operations may be subject to risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected geological formations, ground control problems and flooding. The occurrence of any of the foregoing could result in damage to or destruction of mineral properties and production facilities, personal injuries, environmental damage, delays or interruption of production, increases in production costs, monetary losses, legal liability and adverse governmental action. The Company's property, business interruption and liability insurance may not provide sufficient coverage for losses related to these or other hazards. Insurance against certain risks, including certain liabilities for environmental pollution, may not be available to the Company or to other companies within the industry. In addition, insurance coverage may not continue to be available at economically feasible premiums, or at all. Any such event could have a material adverse effect on the Company.

Mineral Resources and Recovery Estimates

Disclosed resource estimates should not be interpreted as assurances of mine life or of the profitability of current or future operations. The Company estimates its mineral resources in accordance with the requirements of applicable Canadian securities regulatory authorities and established mining standards. Mineral resources are concentrations or Occurrences of minerals that are judged to have reasonable prospects for economic extraction, but for which the economics of extraction cannot be assessed, whether because of insufficiency of geological information or lack of feasibility analyis, or for which economic extraction cannot be justified at the time of reporting. Consequently, mineral resources are of a higher risk are less likely to be accurately estimated or recovered than mineral reserves. The mineral reserve and resource figures are estimates based on the interpretation of limited sampling and subjective judgements regarding the grade and existence of mineralization, as well as the application of economic assumptions, including assumptions as to operating costs, foreign exchange rates and future metal prices. The sampling, interpretations or assumptions underlying any reserve or resource figure may be incorrect, and the impact on mineral resources may be material. In addition, short term operating factors relating to mineral resources, such as the need for orderly development of ore bodies or the processing of new or different ores, may cause mineral resource estimates to be modified or operations to be unprofitable in any particular fiscal period. There can be no assurance that the indicated amount of minerals will be recovered or that they will be recovered at the prices assumed for purposes of estimating resources.

Financing

The Company does not currently have any operations generating cash to fund projected levels of exploration and development activity and associated overhead costs. The Company is therefore dependent upon debt and equity financing to carry out its exploration and development plans. There can be no assurance that such financing will be available to the Company or at all.

Environment

Environmental legislation affects nearly all aspects of the Company's operations. Compliance with environmental legislation can require significant expenditures and failure to comply with environmental legislation may result in the imposition of fines and penalties, clean up costs arising out of contaminated properties, damages and the loss of important permits. Exposure to these liabilities arises not only from existing operations, but from operations that have been closed or sold to third parties. There can be no assurances that the Company will be at all times in compliance with all environmental regulations or that steps to achieve compliance would not materially adversely affect the Company. Environmental laws and regulations are evolving in all jurisdictions where the Company has activities. The Company is not able to determine the specific impact that future changes in environmental laws and regulations may have on the Company's operations and activities, and its resulting financial position; however, the Company anticipates that capital expenditures and operating expenses will increase in the future as a result of the implementation of new and increasingly strident environmental regulation. Further changes in environmental laws, new information on existing environmental conditions or other events, including legal proceedings based upon such conditions or an inability to obtain necessary permits, could require increased financial resources or compliance expenditures or otherwise have a material adverse effect on the Company. Changes in environmental legislation could also have a material adverse effect on product demand, product quality and methods of production and distribution.

Legal proceedings

The nature of the Company's business may subject it to numerous regulatory investigations, claims, lawsuits, and other proceedings. The result of these legal proceedings cannot be predicted with certainty. There can be no assurances that these matters will not have a material adverse effect on the Company.

Foreign currency

The Company maintains its accounts in Canadian dollars. Following the approval of the Qualifying Transaction, the Company commenced operations in the USA which make it subject to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results. The Company's operating results and cash flows will be affected by changes in the Canadian Dollar exchange rate vis-à-vis the US Dollar.

As at June 30, 2008, the Company had no cash balances in US dollars and no US dollar short term investments. The Company will generally only purchase US dollars as the need arises in order to fund its exploration and development activities. Corporate expenditures are incurred mainly in Canadian dollars.

Credit

The Company is exposed to credit risk on its short term investment portfolio. The Company's investments are all rated R-1 high, the highest rating for money market investments.

Interest rate

The Company's bank accounts earn interest based on the prime rate. The Company's short term investments are discount notes that earn a fixed rate over a period of up to one year. The fair value of its short term investment portfolio is relatively unaffected by changes in short term interest rates. The Company's future interest income is exposed to changes in short term rates.

Accounting Principles

The Company's financial statements are prepared in accordance with Canadian GAAP. The acquisition, exploration, development and administration costs relating to unproven mineral interests are capitalized until the interest to which they relate is placed into production, sold or abandoned. Capitalized costs will be amortized over the useful life of the orebody following commencement of production or written off if the interest is sold or abandoned. General administration costs are expensed as incurred.

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 will adopt 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.

Investor Relations Activities

The Company does not have any investor relations agreements.

Additional Information

Additional information relating to the Company may be found on SEDAR at www.sedar.com.