

**Otis Capital Corp.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2008**  
Report Prepared: May 28, 2008

**Background**

This management discussion and analysis, (“MD&A”), prepared as at May 28, 2008 provides information that management believes is relevant to an assessment and understanding of the financial position of Otis Capital Corp. as at March 31, 2008 and the results of its operations and cash flows for the nine month period then ended. The MD&A should be read in conjunction with the Company’s audited financial statements for the period from incorporation on April 24, 2007 to June 30, 2007. 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, 2008, 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 is 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.

**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 - 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 expects will 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. Each unit will consist of one common share and one-half a transferable common share purchase warrant. Each whole warrant may be exercised at \$0.65 in the first year and at \$0.85 in the second year.

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**Unproven Mineral Interests**

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 has been submitted to the TSX Venture Exchange (the "Exchange") for approval as the Company's Qualifying Transaction.

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 14,438,600 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 and this will be refunded in the event that a definitive agreement is not executed by June 1, 2008. An additional payment of US\$40,000 will be made upon execution of the definitive agreement and 1,500,000 shares of the Company will be issued upon Exchange approval of the definitive agreement; this will acquire 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).

**Analysis of the nine months ended March 31, 2008**

During the nine months ending March 31, 2008, the Company incurred expenses of \$72,968; the majority of these costs were stock based compensation costs of \$22,723 for options granted, regulatory and filing fees of \$25,210 in connection with having the Company's shares listed on the Exchange, and \$18,777 of office costs, most of which is related to legal costs. The Company earned interest of \$6,306 on its cash balances, resulting in a net loss for the nine months of \$66,662 or \$0.03 per share.

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**Analysis of the three months ended March 31, 2008**

The Company incurred expenses of \$24,211 during the three months ending March 31, 2008; the majority of these expenses were legal costs of \$16,649 and TSX Venture Exchange fees. The Company earned interest of \$3,176 on its cash balances, resulting in a net loss for the three months of \$21,035 or \$0.01 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 will be released on final TSXV approval of a 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 an option to acquire 100,000 common shares, exercisable at \$0.20 per share for 2 years (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 April 22, 2008, the Company announced that it was arranging a non-brokered private placement of up to 4,000,000 units at \$0.50 for gross proceeds of up to \$2,000,000. Each unit will consist of one common share and one-half a transferable common share purchase warrant. Each whole warrant may be exercised at \$0.65 in the first year and at \$0.85 in the second year.

**Liquidity**

The Company had working capital of \$825,483 as at March 31, 2008. With the additional \$2,000,000 being raised under the private placement announced on April 22, 2008, the Company will be in a strong position to meet its work requirements on the Blue Hill Creek Gold Deposit.

**Share Capital**

As at May 28, 2008, the Company had a total of 5,300,000 common shares issued and outstanding. There were 100,000 share purchase options outstanding, exercisable at a price of \$0.20 per share up to November 22, 2012, and 310,000 share purchase options outstanding, exercisable at a price of \$0.20 per share up to November 28, 2012.

**Accounting Principles**

The Company's financial statements are prepared in accordance with Canadian GAAP.

**Investor Relations Activities**

The Company does not have any relations agreements.

**Additional Information**

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com).