Otis Capital Corp.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008

Background

This management discussion and analysis, ("MD&A"), prepared as at November 25, 2008 provides information that management believes is relevant to an assessment and understanding of the financial position of Otis Capital Corp. as at September 30, 2008 and the results of its operations and cash flows for the three months ended September 30, 2008. The MD&A should be read in conjunction with the Company's audited financial statements for the year ended June 30, 2008 and the interim unaudited financial statements for the three months ended September 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. 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.

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. On July 15, 2008, the Company completed its Qualifying Transaction with 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. The Company is currently exploring for minerals on these properties and other properties that it may acquire.

Unproven Mineral Interests

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 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.

Kilgore is a volcanic-hosted epithermal gold system situated on the northern margin of the eastern Snake River Plain. Mineralization is hosted within Miocene age lithic and crystal tuff on the margin of a caldera setting. Mineralization is analogous to that characterizing the Round Mountain, Nevada and McDonald Meadows, Montana multi-million ounce volcanic-hosted disseminated gold deposits. Between 1983 and 1996, Placer Dome, Echo Bay and others drilled 122,257 feet in 191 holes outlining a 700,000 ounce bulk-minable resource. In 2008, Otis submitted a 20 hole Plan of Operation that was accepted by the Caribou-Challis National Forest. Starting in November, 2008, Otis plans on outlining a sizeable high-grade vein breccia located within the main deposit area that can be mined by underground methods.

The Company has paid US $100,000 and issued 500,000 common shares (recorded at their fair value of $ 200,000) 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.

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.

Blue Hill Creek Project (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.

The Blue Hill Creek precious metal system, containing 235,000 ounces of low-grade gold mineralization, is part of a larger, north-trending, 5-mile-long by 1-mile-wide belt of scattered gold anomalies along a north-trending, Basin-and-Range mountain block, which serves as the westernmost extension of the Albion metamorphic core complex. The geology of the property is dominated by the lower member of the Tertiary Salt Lake Formation where auriferous chalcedonic sinter, and thick section of mineralized epiclastic and tuffaceous volcanic rock host the precious metal mineralization. A recently completed CSAMT geophysical survey suggests the presence of faults cutting the Paleozoic basement rock underlying the mineralized Tertiary section and may have acted as high-grade feeders of the gold mineralization These feeders and adjacent to mineralized rock may constitute drill targets. A NI 43-101 qualifying report on the property has been filed with the Exchange.

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).

Cold Creek Gold Project

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.

The Cold Creek precious metal system lies on the western margin of the Albion metamorphic core complex. Alteration and gold mineralization are hosted within a conglomeratic sandstone. The Cold Creek zone consists of a northwest-trending, fault bounded graben, filled by more than 450 feet of Tertiary sedimentary rocks which unconformably overlie Paleozoic sedimentary rocks. Pervasive silicification with locally strong stockwork chalcedonic quartz veins are the primary alteration types. Fine-grained pyrite is ubiquitous in the pervasively silicified and oxidized rock. Surface dimensions of these altered measure at least 1,000' x 3,000 feet. Surface gold values to 0.06 opt are present. A total 38 reverse circulation holes was completed by both Meridian and WestGold in the Cold Creek Area. A historically reported, open-ended 50,000 ounce gold resource exists which is in need of step-out drilling. Although considered relevant, the reader is cautioned that this resource estimate does not comply with the guidelines of National Instrument 43-101 and Otis is not treating it as such.

Other Projects

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

Overall Performance

Financial results for the 6 quarters since incorporation are:

	Q4/07	Q1/08	Q2/08	Q3/08	Q4/08	Q1/09
Net Sales	$0	$0	$0	$0	$0	$0
Net Income (Loss)	$(5,641)	$(14,179)	$(31,448)	$(21,035)	$(71,190)	$(194,110)
Net Income (Loss) per share	$(0.06)	$(0.01)	$(0.07)	$(0.01)	$(0.02)	$(0.04)
Total assets	$210,549	$197,102	$320,247	$858,605	$2,526,523	$ 3,256,570
Total liabilities	$6,100	$6,922	$7,241	$29,986	$121,294	$67,419

Comparison of the three months ended Sept. 30, 2008 to the three months ended Sept. 30, 2007

The Company incurred expenses of $202,333 during the three months ending June 30, 2008; the major expenses were stock-based compensation of $78,706 resulting from the grant of 765,000 options in July, $35,762 for investor relations, and $25,586 for management fees. The Company earned interest of $8,223 on its cash and short term investments, resulting in a net loss for the three months of $194,110 or $0.04 per share. In the three months to September 30, 2007, the Company was preparing for the listing of its shares on the TSX Venture Exchange and the total expenses were $15,686, most of which were regulatory costs. Interest of $1,507 was earned to reduce the loss to $14,179, or $0.00 per share.

Share Capital

As at November 19, 2008, the Company had 9,189,000 common shares issued and 1,890,000 common shares held in escrow; 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 1,075,000 share purchase options outstanding, 310,000 exercisable at a price of $0.20 per share up to November 21, 2012, and 765,000 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.

Liquidity

The Company had working capital of $1,939,101 as at September 30, 2008. The Company has invested $1,696,000 of its cash balances 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 has sufficient resources to meet the basic work requirements on its unproven mineral properties.

Financing Transactions

The Company completed a private placement financing of 2,100,000 common shares on June 30, 2007. These shares are held in an Escrow Agreement with an initial release of 210,000 shares in July 2008 and 315,000 will be released every six months with the next release scheduled for January 2009.

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.

Transactions with 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.

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 analysis, 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 September 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 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.

Additional Information

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