OTIS

GOLD CORP

(an Exploration Stage Company)

Interim Condensed Financial Statements

For the nine months ended March 31, 2012

(Unaudited - Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

The accompanying unaudited interim condensed financial statements of Otis Gold Corp. for the nine months ended March 31, 2012 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

Under National Instruments 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited interim condensed financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Otis Gold Corp.

Condensed Interim Statements of Financial Position
(Unaudited - Prepared by Management)

	March 31, 2012	June 30, 2011 (Note 13)	July 1, 2010 (Note 13)
ASSETS			
CURRENT ASSETS			
Cash	$ 1,962,240	$ 4,596,565	$ 3,458,450
Amounts receivable (Note 5)	25,793	37,803	7,878
Prepaid expenses and deposits (Note 6)	65,268	65,659	48,504
	2,053,301	4,700,027	3,514,832
RECLAMATION DEPOSITS	19,219	19,219	9,119
EQUIPMENT (Note 7)	41,487	47,978	16,849
UNPROVEN MINERAL INTERESTS (Note 8 and Schedule)	15,289,271	12,020,083	5,054,708
	$ 17,403,278	$ 16,787,307	$ 8,595,508
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	$ 67,574	$ 194,120	$ 206,015
SHAREHOLDERS' EQUITY			
COMMON SHARES (Note 9)	20,037,416	18,724,504	9,533,962
SHARE-BASED PAYMENT RESERVE	616,860	454,440	-
DEFICIT	(3,318,572)	(2,585,757)	(1,144,469)
	17,335,704	16,593,187	8,389,493
	$ 17,403,278	$ 16,787,307	$ 8,595,508

OPERATIONS (Note 1)

SUBSEQUENT EVENT (Note 12)

These condensed interim financial statements were approved for issue by the Board of Directors on May 25, 2012 and are signed on its behalf by:

/s/Craig T. Lindsay
Craig T. Lindsay, Director

/s/Sean Mitchell
Sean Mitchell, Director

The accompanying notes and schedule are an integral part of these condensed interim financial statements

Otis Gold Corp.

Condensed Interim Statements of Comprehensive Loss
Nine months ended March 31
(Unaudited - Prepared by Management)

	Nine months to Mar. 2012	Nine months to Mar. 2011	Three months to Mar. 2012	Three months to Mar. 2011
EXPENSES				
Investor relations	$ 95,439	$ 215,412	$ 24,209	$ 75,176
Stock-based compensation	152,010	459,751	-	376,701
Management fees	129,421	130,956	45,264	50,162
Office expenses	136,448	114,527	44,053	39,976
Foreign exchange loss (gain)	46,204	8,189	2,856	(63,365)
Professional fees	81,700	77,484	13,976	13,723
Travel	64,873	64,270	11,136	22,814
Regulatory costs	23,953	36,609	10,939	16,557
Amortization	8,896	3,978	3,095	1,909
Bank charges	1,976	2,148	844	870
Property investigations	9,194	2,038	-	1,060
TOTAL EXPENSES	750,114	1,115,362	156,372	535,583
LOSS	(750,114)	(1,115,362)	(156,372)	(535,583)
OTHER ITEM				
Unproven mineral interests written off	-	(121,274)	-	-
Gain on sale of assets	170	-	-	-
Interest income	17,129	16,495	1,214	6,729
NET LOSS FOR THE PERIOD	$ (732,815)	$ (1,220,141)	$ (155,158)	$ (528,854)
DEFICIT, beginning of period	(2,585,757)	(1,144,469)	(3,163,414)	(1,835,756)
DEFICIT, end of period	$ (3,318,572)	$ (2,364,610)	$ (3,318,572)	$ (2,364,610)
NET INCOME (LOSS) PER SHARE, basic and diluted (Note 9)	$ (0.02)	$ (0.04)	$ (0.01)	$ (0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	43,192,373	31,490,345	43,710,183	37,347,041

The accompanying notes and schedule are an integral part of these condensed interim financial statements

Otis Gold Corp.

Condensed Interim Statements of Shareholders' Equity
(Unaudited – Prepared by Management)

	Common shares								
	Number of Shares		Amount		Share-based payment reserve		Deficit		Total Equity
Balance at July 1, 2010	27,175,439	$	9,553,962	$	-	$	(1,144,469)	$	8,389,493
Common shares issued for:									
Cash	10,769,843		6,790,389		-		-		6,790,389
Unproven mineral interests	4,000,000		2,368,500		-		-		2,368,500
Exercise of stock options	241,000		176,554		-		-		176,554
Less: Share issue costs	-		(466,106)		-		-		(466,106)
Share-based compensation	–		–		459,751		–		459,751
Comprehensive loss for the period	–		–		–		(1,220,141)		(1,220,141)
Balance at March 31, 2011	42,186,282	$	18,423,299	$	459,751	$	(2,364,610)	$	16,398,440
Balance at July 1, 2011	42,936,282	$	18,724,504	$	454,440	$	(2,585,757)	$	16,593,187
Common shares issued for:									
Cash	7,042,500		1,408,500		-		-		1,408,500
Less: Share issue costs	-		(95,589)		-		-		(95,589)
Share-based compensation	–		–		162,420		–		162,420
Comprehensive loss for the period	–		–		–		(732,815)		(732,815)
Balance at March 31, 2012	49,978,782	$	20,037,416	$	616,860	$	(3,318,572)	$	17,335,704

The accompanying notes and schedule are an integral part of these condensed interim financial statements

Otis Gold Corp.

Condensed Interim Statements of Cash Flows
Nine months ended March 31
(Unaudited - Prepared by Management)

	Nine months to Mar. 2012	Nine months to Mar. 2011	Three months to Mar. 2012	Three months to Mar. 2011
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES				
Net income (loss) for the period	$ (732,815)	$ (1,220,141)	$ (155,158)	$ (528,854)
Adjustments to reconcile net cash provided by operating activities				
Share-based compensation	152,010	459,751	-	376,701
Amortization	8,896	3,978	3,095	1,909
Unproven mineral interests written off	-	121,274	-	
Decrease (increase) in				
Amounts receivable	12,010	(44,025)	45,281	39
Share subscription receivables	-	-	-	-
Prepaid expenses	391	15,677	(444)	25,165
Increase (decrease) in				
Accounts payable and accrued liabilities	(126,545)	(141,551)	(110,015)	(122,474)
	(686,053)	(805,037)	(217,241)	(247,514)
CASH FLOW FROM INVESTING ACTIVITIES				
Expenditures on unproven mineral interests	(3,269,187)	(3,319,040)	(274,579)	(1,058,930)
Reclamation deposits	-	(2,806)	-	-
Acquisition (disposal) of property & equipment	(2,406)	(17,637)	(1,733)	(8,684)
	(3,271,593)	(3,339,483)	(276,312)	(1,067,614)
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES				
Issue of common shares for cash	1,408,500	6,900,840	1,408,500	4,363,471
Share subscriptions received	-	-	-	(231,000)
Share issue costs paid	(85,179)	(430,447)	(85,179)	(260,675)
	1,323,321	6,470,393	1,323,321	3,871,796
INCREASE (DECREASE) IN CASH DURING THE PERIOD	(2,634,325)	2,325,873	829,768	2,556,668
CASH, beginning of period	4,596,565	3,458,450	1,132,472	3,227,655
CASH, end of period	$ 1,962,240	$ 5,784,323	$ 1,962,240	$ 5,784,323

The accompanying notes and schedule are an integral part of these condensed interim financial statements.

Otis Gold Corp.

Condensed Interim Schedules of Unproven Mineral Interests
(Unaudited – Prepared by Management)

	Oakley Idaho	Kilgore Idaho	Buckhorn Idaho	Total
BALANCE, June 30, 2011	$ 3,136,714	$ 8,557,933	$ 325,437	$ 12,020,084
ACQUISITION COSTS	-	291,310	12,500	303,810
EXPLORATION COSTS				
Drilling and assays	-	1,896,418	-	1,896,418
Geologists and contractors	937	606,069	224	607,230
Travel	-	135,396	-	135,396
Maintenance fees	4,875	34,127	6,001	45,004
Technical reports	-	165,621	-	165,621
Mapping and surveying	-	29,185	-	29,185
Site office and field supplies	-	86,523	-	86,523
	5,813	2,953,339	6,225	2,965,377
BALANCE, March 31, 2012	$ 3,142,527	$ 11,739,671	$ 344,162	$ 15,289,272

	Oakley Idaho	Kilgore Idaho	Buckhorn Idaho	Red Nevada	Total
BALANCE, June 30, 2010	$ 1,872,616	$ 2,983,008	$ 93,110	$ 105,974	$ 5,054,708
ACQUISITION COSTS	851,760	2,222,000	93,652	-	3,167,412
EXPLORATION COSTS					
Drilling and assays	-	1,561,957	81,729	0	1,643,686
Geologists & subcontractors	12,161	530,404	49,413	546	592,524
Travel	1,595	110,620	7,384	-	119,599
Mapping and surveying	-	9,592	-	–	9,592
Annual maintenance fees	5,138	26,581	-	14,754	46,473
Environmental studies	-	53,269	-	-	53,269
Site office and field supplies	101	54,847	37	0	54,986
	18,996	2,347,270	138,563	15,300	2,520,129
Amounts written off	-	-	-	(121,274)	(121,274)
BALANCE, Mar. 31, 2011	$ 2,743,372	$ 7,489,366	$ 325,325	$ -	$ 10,620,975

1. **OPERATIONS**

Otis Gold Corp. (hereafter referred to as the "Company") is incorporated under the laws of the Province of British Columbia and was established as a legal entity on August 28, 1998.

The Company's principal business activities are the acquisition of rights to explore for minerals and the exploration of acquired rights. All of the Company's unproven mineral interests are located in Canada.

The Company's common shares are listed on the TSX Venture Exchange under the trading symbol "OOO:V". The Company's share options and share purchase warrants are not listed.

The Company's principal office is located at:

880 – 609 Granville Street
Vancouver, British Columbia V6C 1G5
Canada

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of presentation
These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. These condensed interim financial statements represent the Company's initial presentation of its results and financial position under IFRS. These interim financial statements for the nine months ended March 31, 2012 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and IFRS 1 *First-time Adoption of IFRS* along with the accounting policies the Company expects to adopt in its June 30, 2012 financial statements. Those accounting policies are based on the IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations that the Company expects to be applicable at that time. The policies set out below were consistently applied to all periods presented unless noted below.

As these are the Company's first condensed interim financial statements prepared in accordance with IFRS, the Company's disclosures exceed the minimum requirements under IAS 34. The Company has elected to exceed the minimum requirements in order to present the Company's accounting policies in accordance with IFRS and the additional disclosures required under IFRS, which also highlight the changes from the Company's 2011 annual consolidated financial statements prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). In 2012 and beyond, the Company may not provide the same amount of disclosure in the Company's condensed interim financial statements under IFRS as the reader will be able to refer to the annual financial statements which will be prepared in accordance with IFRS.

The Company's financial statements were previously prepared in accordance with Canadian GAAP. Canadian GAAP differs in some respects from IFRS. In preparing these condensed interim financial statements, management has amended certain accounting and valuation methods previously applied in the Canadian GAAP financial statements to comply with IFRS. The comparative figures for 2011 were restated to reflect these adjustments. Note 13 presents reconciliations and descriptions of the effects of the transition from Canadian GAAP and IFRS on the statement of financial position and statement of comprehensive loss as at July 1, 2010 and as at, and for the year ended, June 30, 2011 and as at, and for the nine months ended, March 31, 2011.

These interim financial statements are prepared on a going concern basis.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

The preparation of financial statements in accordance with IAS 34 requires the use of estimates and the exercise of judgement in applying the Company's accounting policies.

Foreign currency translation
Functional and presentation currency
The Company's functional currency, being the currency of the primary economic environment in which the Company operates, is the Canadian dollar. These interim financial statements are presented in Canadian dollars.

Foreign currency transactions
Foreign currency transactions are translated into the functional currency using the exchange rates published by the Bank of Canada and prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities dominated in foreign currencies are recognized in comprehensive loss.

Equipment
Equipment is recorded at historical cost less depreciation and, where necessary, write-downs for impairment. Depreciation is calculated using the declining-balance method at the following annual rates:

Computer and electronic equipment	– 30% declining balance
Office and field equipment	– 20% declining balance

Income taxes
Income tax expense is comprised of current and deferred income taxes. Current and deferred income taxes are recognized in profit and loss, except for income taxes relating to items recognized directly in equity or other comprehensive income.

Current income taxes, if any, is the expected amount payable or receivable on the taxable income or loss for the year, calculated in accordance with applicable taxation laws and regulations, using income tax rates enacted or substantively enacted at the end of the reporting period, and any adjustments to amounts payable or receivable relating to previous years.

Deferred income taxes are provided using the liability method based on temporary differences arising between the income tax bases of assets and liabilities and their carrying amounts in the condensed interim financial statements. Deferred income taxes are determined using income tax rates and income tax laws that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized.

Share-based payments
The fair value, at the grant date, of equity-settled share-based awards is charged to comprehensive loss over the period for which the benefits of employee and others providing similar services are expected to be received using the graded vesting method. The corresponding accrued entitlement is recorded in the share award reserve. The fair value of awards is calculated using an option pricing model which considers the following factors:

- Exercise price
- Expected volatility
- Risk-free interest rate
- Expected life of the award
- Current market price of the underlying shares
- Expected forfeitures

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

The amount recognized as an expense is adjusted to reflect the actual number of share options for which the related service and vesting conditions are met. Consideration received on the exercise of share options is recorded as share capital and the related share-based payment reserve is transferred to share capital. For those options that expire after vesting, the amount previously recorded in share-based payment reserve is transferred to deficit.

Share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the non-employee provides the goods or the services.

Financial instruments

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss.

Financial assets classified as fair value through profit or loss are measured at fair value with unrealized gains and losses recognized through comprehensive loss. Cash is classified as fair value through profit and loss.

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. Amounts receivable are classified as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. At March 31, 2012 the Company has not classified any financial assets as available for sale.

Transaction costs associated with financial assets at fair value through profit or loss are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carry amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as fair value through profit or loss or other financial liabilities.

Financial liabilities classified as other financial liabilities are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities.

Financial liabilities classified as fair value through profit or loss are measured at fair value with unrealized gains and losses recognized through comprehensive loss. At March 31, 2012 the Company has not classified any financial liabilities as fair value through profit or loss.

Share capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

Revenue and expense recognition
Interest income is recognized as earned, provided that collection is assessed as being reasonably assured.

Expenses include exploration costs not eligible for capitalization in the period. Exploration costs not eligible for capitalization include due diligence investigations of interests in which the Company did not acquire a right to explore.

Related parties
Related parties are parties that have the ability to control or exercise significant influence over the Company.

Critical accounting estimates and assumptions
The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions are continuously assessed by management. The estimates and assumptions are based on historical experience and other factors, including realistic assessment of future developments. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next fiscal year are discussed below:

- The recoverability of amounts capitalized to unproven mineral interests;
- The realizable value of deferred income tax assets;
- The assumptions used in determining the fair value of non-cash share-based compensation.

Unproven mineral interests
The Company capitalizes all costs, net of any recoveries, of acquiring, exploring and evaluating an unproven mineral interest. These costs are depleted over the useful life, using the unit-of-production method, of the interest upon commencement of commercial production, or written off if the interest is sold or abandoned. The carrying amount, net of accumulated impairment charges, of unproven mineral interests represents costs incurred to date and does not reflect present or future values.

Option agreements
As is common practice in the mineral exploration industry, the Company may acquire or dispose of all, or a portion of, an unproven mineral interest under an option agreement. Option agreements typically call for the payment of cash, issue of shares and/or incurrence of exploration and evaluation costs over a period time, often several years, entirely at the discretion of the optionee. The Company recognizes amounts receivable under an option agreement only when the optionee has irrevocably committed to the transfer of economic resources to the Company, which often occurs only when the amount is received. The Company recognizes amounts payable under an option agreement when the amount is due and when the Company has not exercised its contractual rights to avoid making the payment.

Amounts received under option agreements reduce the capitalized cost of the optioned unproven mineral interest to nil, and are then recognized as income.

Uncertainty of legal title
There may be material uncertainties associated with the Company's ownership of its unproven mineral interests. As is common practice in the mineral exploration industry, the Company does not ordinarily take steps to verify its ownership until such time as the costs of doing so are outweighed by the anticipated future benefits. Legal ownership may be subject to unregistered prior agreements or transfers or other undetected defects.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

Impairment of non-current assets
Impairment tests for non-current assets are performed when there is an indication of impairment. At each reporting date, an assessment is made to determine whether there are any indications of impairment. If any indication of impairment exists, an estimate of the non-current asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less direct costs to sell and the asset's value in use. If the carrying value of a non-current asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to profit and loss so as to reduce the carrying amount of the non-current asset to its recoverable amount.

Provisions for site restoration
Obligations to retire a non-current asset, including dismantling, restoration and similar activities, are provided for at the time they are incurred or an event occurs that gives rise to such an obligation. The Company is subject to laws and regulations relating to environmental matters, including land reclamation and discharge of hazardous materials, in all jurisdictions in which it operates. The Company may be found to be responsible for damage caused by prior owners and operators of its unproven mineral interests and in relation to interests previously held by the Company. The Company believes it has conducted its exploration and evaluation activities in compliance with applicable environmental laws and regulations.

On initial recognition, the estimated fair value of a provision is recorded as a liability and a corresponding amount is recorded to the capitalized cost of the related non-current asset. The liability is increased over time through periodic charges to profit and loss. The provision is evaluated at the end of each reporting period for changes in the estimated amount or timing of settlement of the obligation. The Company is not presently aware of any such obligations.

Flow-through shares
Under Canadian income tax law, the Company may from time to time issue "flow-through shares" to investors. Flow-through shares allow the Company to renounce, for income tax purposes, certain expenditures made in respect of acquisition and exploration of unproven mineral interests to investors. Qualifying expenditures must meet criteria set out in the Income Tax Act (Canada) and are subject to audit by the Canadian taxation authorities.

The proceeds received on issue of flow-through shares are accounted for as share capital. When expenditure renunciation documents are filed with the Canadian taxation authorities, the related deferred income taxes are charged to share capital as a form of share issue cost, provided there is reasonable assurance the underlying expenditures will be incurred within the time period stipulated by law, or otherwise where the expenditures were incurred after issue of the flow-through shares and before the end of the fiscal year in which the flow-through shares were sold.

Loss per share
Basic and diluted loss per share is determined by dividing the loss attributable to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is not separately presented, as the effect of securities exercisable into common shares would reduce the amount presented as loss per share.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

New standards and interpretations not yet adopted
The following new standard and amendment to a standard have been issued but are not effective for the financial year beginning on January 1, 2011 and have not been early adopted:

– In October 2010, the IASB issued IFRS 9 - Financial Instruments. This standard partially replaces IAS 39 – *Financial Instruments: Recognition and Measurement*. IFRS 9 measures financial assets, after initial recognition, at either amortized cost or fair value. Existing IAS 39 classifies financial assets into four measurement categories. The standard is effective for annual periods beginning on or after January 1, 2013. The standard, which may be early adopted. Must be applied retrospectively. The adoption of this standard is not expected to have significant impact on amounts relating to financial assets. Certain disclosures relating to financial assets will change to conform to the new categories.

3. **CAPITAL RISK MANAGEMENT**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to explore its unproven mineral interests. The Company manages the components of shareholders' equity and its cash as capital, and makes adjustments to these components in response to the Company's business objectives and the economic climate. To maintain or adjust its capital structure, the Company may attempt to issue new common shares from treasury, issue debt instruments or borrow money or acquire or dispose of other assets. The Company does not anticipate the payment of dividends in the foreseeable future.

The Company's investment policy is to hold excess cash in highly liquid, short-term instruments, such as guaranteed investment certificates issued by major Canadian chartered banks, with initial maturity terms of less than three months from the original date of acquisition, selected with regards to the Company's anticipated liquidity requirements.

The Company's common shares are listed on the TSX Venture Exchange ("TSX-V"). The TSX-V policies impose certain minimum capital requirements upon the Company. Management believes that the Company is in compliance with these externally imposed restrictions.

4. **FINANCIAL INSTRUMENTS**

Fair value
The fair value of the Company's financial instruments is approximated by their carrying value as at March 31, 2012, June 30, 2011, and July 1, 2010 due to their short term nature.

Fair value hierarchy
IFRS 7 establishes a fair value hierarchy, for financial instruments measured at fair value, that reflects the significance of inputs in making fair value measurement as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and
Level 3 – inputs for the asset or liability that are not based upon observable market date

The fair value of cash is based on Level 1 inputs for the fair value hierarchy.

Financial risk management objectives and policies
The Company's financial instruments include cash, amounts receivable, and accounts payable and accrued liabilities. The risk associated with these financial instruments and the policies regarding their management are discussed below. Management monitors these risk exposures to ensure appropriate measures are implemented in a timely and effective manner.

4. **FINANCIAL INSTRUMENTS** - continued

Foreign currency risk
Most of the Company's exploration expenditures are denominated in United States dollars and operating expenses are denominated in both Canadian and United States dollars. The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian dollar and the United States dollar.

The Company has not entered into any derivative instruments to manage foreign exchange fluctuations.

At March 31, 2012, June 30, 2011, and July 1, 2010 the Company held foreign currency denominated financial assets and liabilities as follows:

	As at:		
Financial Assets	March 31, 2012	June 30, 2011	July 1, 2010
Canadian dollars	$ 1,889,561	$ 4,589,025	$ 3,494,414
United States dollars	72,679	96,632	19,416
	$ 1,962,240	$ 4,685,657	$ 3,513,830
	2012		

	As at:		
Financial Liabilities	March 31, 2012	June 30, 2011	July 1, 2010
Canadian dollars	$ 11,100	$ 30,016	$ 23,684
United States dollars	56,616	118,458	172,924
	$ 67,716	$ 148,474	$ 196,608

The following table discusses the Company's sensitivity to a 10% increase or decrease in the Canadian dollar (CDN) against the United States dollar denominated financial assets and financial liabilities above. The sensitivity analysis measures the effect from recalculation of these items as at the balance sheet date by using adjusted foreign exchange rates.

June 30, 2011	CDN appreciation by 10%	CDN depreciation by 10%
Comprehensive loss		
Financial assets	$ (8,755)	$ 7,914
Financial liabilities	10,732	(9,702)
March 31, 2012		
Comprehensive loss		
Financial assets	$ (6,591)	$ 8,055
Financial liabilities	5,314	(6,275)

Interest rate risk

The Company is not exposed to significant interest rate risk.

Credit risk

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations. The credit risk associated with cash is believed to be minimal as cash is on deposit with Canadian banks that are believed to be creditworthy. Amounts receivable is comprised primarily of amounts due from the Government of Canada. The Company does not believe it is exposed to significant credit risk.

4. **FINANCIAL INSTRUMENTS** - continued

Liquidity risk
Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. The contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities are all within three months at March 31, 2012.

5. **AMOUNTS RECEIVABLE**

		March 31, 2012		June 30, 2011		July 1, 2010
Canadian Harmonized Sales Tax	$	20,953	$	16,207	$	4,751
Accrued interest on GIC's		4,583		21,596		3,127
Miscellaneous receivables		257		-		-
	$	25,793	$	37,803	$	7,878

6. **PREPAID EXPENSES AND DEPOSITS**

		March 31, 2012		June 30, 2011		July 1, 2010
Consulting	$	12,500	$	12,500	$	11,550
investor relations		33,250		37,256		27,290
Insurance		11,099		3,772		4,779
Other		8,419		12,131		4,885
	$	65,268	$	65,659	$	48,504

7. **EQUIPMENT**

			2011			
		Computer equipment		Office and field equipment		Total
Costs						
Balance, July 1, 2011	$	29,678	$	29,853	$	59,531
Additions		1,733		1,473		3,206
Disposals		-		(800)		(800)
Balance, March 31, 2012		31,411		30,526		61,937
Depreciation and cumulative impairment losses						
Balance July 1, 2011		5,788		5,765		11,553
Depreciation		5,502		3,395		8,897
Balance, March 31, 2012		11,290		9,160		20,450
Carrying amount at March 31, 2012	$	20,121	$	21,366	$	41,487

7. **EQUIPMENT** - continued

	2011		
	Computer equipment	Office and field equipment	Total
Costs			
Balance July 1, 2010	4,211	15,821	20,032
Additions	25,467	14,032	39,499
Balance, June 30, 2011	29,678	29,853	59,531
Depreciation and cumulative impairment losses			
Balance July 1, 2010	1,326	1,857	3,183
Depreciation	4,462	3,908	8,370
Balance, June 30, 2011	5,788	5,765	11,553
Carrying amount at June 30, 2011	$ 23,890	$ 24,088	$ 47,978

8. **UNPROVEN MINERAL INTERESTS**

Kilgore Gold Project

In July 2008, the Company entered into a joint venture whereby it could 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 Kilgore property is covered by 162 federal lode mining claims and the Hai and Gold Bug properties are covered by 19 federal lode mining claims. During the year ended June 30, 2011, the Company issued 400,000 common shares and incurred US $ 2,570,247 of exploration expenditures.

Up to December 2010 and under the joint venture, the Company had paid a total of US $200,000, issued 1,300,000 common shares and completed over US $3,000,000 in exploration expenditures. In December 2010, the Company entered into an option agreement to acquire a 100% interest in the Kilgore Gold Project, replacing all future requirements of the joint venture and eliminating a 2% NSR in favour of the vendor. The Company issued 2 million shares (accounted for at their estimated fair value of $1,320,000), paid US $750,000 in January 2011, US $750,000 in April 2011, and US $250,000 in November 2011 to complete the acquisition.

Oakley Project – The Oakley Project consists of 2 properties – Blue Hill Creek and Cold Creek Gold, which are adjacent to each other.

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

On June 11, 2008, the Company entered into an option agreement to acquire a 100% interest in the Blue Hill Creek property located in Cassia County, Idaho; the property consists of 18 unpatented federal lode mining claims and an adjacent 80 acre Idaho State lease.

During the year ended June 30, 2011, the Company paid a total of US$ 88,000, issued 2,250,000 common shares, and incurred US$ 20,574 of exploration costs. Up to June 30, 2011, the Company has paid a total of US$ 218,000 and has issued 6,000,000 common shares to acquire an undivided 70% interest in BHC. In order to acquire an undivided 100% interest, the Company shall do the following:

a) On or before July 15, 2012, pay US$ 80,000 to acquire an aggregate 85% interest in BHC; and

8. **UNPROVEN MINERAL INTERESTS** - continued

a) **Blue Hill Creek ("Blue Hill Creek" or "BHC")** (continued)

b) On or before July 15, 2013, pay US$ 100,000 to acquire an aggregate 100% interest in BHC.

The BHC option 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.

The 2,250,000 common shares issued during the year ended June 30, 2009 were accounted for at their estimated fair value of $742,500, the 1,500,000 common shares issued during the year ended June 30, 2010 were accounted for at their estimated fair value of $ 652,500, and the 2,250,000 common shares issued during the year ended June 30, 2011 were accounted for at their estimated fair value of $ 1,155,000.

A 2.5% net smelter returns 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).

b) **Cold Creek Gold**

The Cold Creek property, located in Cassia County, Idaho, consists of 53 unpatented federal lode mining claims. The Company acquired the claims in exchange for payment of the costs associated with staking the property.

Buckhorn Property

The Buckhorn property, located in Lemhi County, Idaho, consists of 20 unpatented lode mining claims.

Under the agreement with the owner, the Company may earn a 100% interest by paying US $36,000 (paid), issuing 100,000 shares (issued and valued at $64,000), and incurring US $110,000 of exploration expenditures by July 31, 2011 (incurred). In addition, the Company must pay the owner an Advanced Minimum Royalty ("AMR") of US $25,000 in 2011, US $30,000 per year thereafter, and a 3.5% Net Smelter Royalty if the property goes into production. During the year ended June 30, 2011, the Company paid US $25,000, issued 100,000 common shares, and incurred US $137,320 of exploration expenditures on the Buckhorn property.

In August, 2011, the Company amended its agreement with respect to the Buckhorn property. Under the amended agreement, in addition to amounts already paid and shares already issued, the Company paid US $ 12,500 (a payment of US $ 25,000 was previously required by July 17, 2011) and must incur an aggregate of US $ 160,000 in exploration and development work by August 31, 2012. The Company is required to drill 3 holes by July 1, 2012; upon receipt of assay results satisfactory to the Company, the Company will pay US $ 12,500 with interest at 5% from July 17, 2011; if the assay results are not satisfactory to the Company, the agreement will terminate.

9. **COMMON SHARES**

At March 31, 2012, the Company's authorized share capital consisted of an unlimited number of voting common shares without par value.

In November 2010, the Company completed the first tranche of a non-brokered private placement of 4,530,000 units at $0.55 for gross proceeds of $2,491,500. Each unit consists of one common share and one share purchase warrant exercisable at $0.80 for 18 months. In March 2011, the Company completed the second tranche of $253,000 for an additional 460,000 units on the same terms. Finders' fees of $148,296 were paid on the private placement.

In February 2011, the Company completed a non-brokered private placement of 5,779,843 units at $0.70 for gross proceeds of $4,045,890. Each unit consists of one common share and one-half a share purchase warrant exercisable at $1.10 for 18 months. Finder's fees of $209,985 were paid and 131,186 finder's warrants were issued, exercisable at $1.10 for 18 months.

In March 2012, the Company completed the first tranche of a non-brokered private placement of 7,042,500 units at $0.20 for gross proceeds of $1,408,500. Each unit consists of one common share and one-half a share purchase warrant exercisable at $0.30 for 18 months. Finder's fees of $64,575 were paid and 322,875 finder's warrants were issued, exercisable at $0.30 for 18 months.

See Note 12.

Details of share purchase warrant transactions during the nine months ended March 31, 2012 and the year ended June 30, 2011:

	Nine months ended March 31, 2012	Year ended June 30, 2011
Outstanding, beginning of period	9,883,378	5,647,270
Issued	3,844,125	8,011,108
Expired	–	(3,775,000)
Outstanding, end of period	13,727,503	9,883,378

As at March 31, 2012, the Company has outstanding share purchase warrants as follows:

Number	Exercise price	Expiry date
4,990,000	$ 0.80	April 2012
3,021,108	$ 1.10	August 2012
3,884,125	$ 0.30	September 2013
13,727,503		

10. **SHARE-BASED COMPENSATION**

The Company has an incentive stock option plan (the "plan"). Under the plan, the Company may issue options to purchase common shares, at prices determined by the Board of Directors on the date of award, for periods of not more than five years. Stock options awarded under the plan vest immediately upon issue. The total number of common shares that may be reserved for issue under the stock option plan is limited to 10% of the number of issued common shares.

10. **SHARE-BASED COMPENSATION** - continued

The Company has an incentive share option plan (the "plan"). Under the plan, the Company may issue options to directors, officers, employees and consultants up to 20% of the issued shares to purchase common shares at a price to be determined by the Board of Directors on the date of award for a period of not more than five years. Share options awarded under the plan vest 25% on the date of award and 12.5% per quarter thereafter.

Share options transactions during the year ended June 30, 2011 and the six months ended March 31, 2012 are as follows:

	Options Outstanding		Weighted average exercise price
Outstanding, June 30, 2010	2,375,000	$	0.43
Awarded	1,250,000		0.63
Exercised	(241,000)		0.46
Expired	(49,000)		0.45
Outstanding, June 30, 2011	3,335,000		0.58
		$	
Awarded	800,000		0.30
Expired	(100,000)		0.48
Outstanding, March 31, 2012	4,035,000		0.47

The following is a summary of stock options outstanding at March 31, 2012:

	Exercise price	Stock options outstanding	stock options exercisable	Expiry dates
$	0.20	260,000	260,000	November 2012
$	0.50	635,000	635,000	September 2013
$	0.40	310,000	310,000	August 2014
$	0.45	680,000	680,000	March 2015
$	0.50	100,000	100,000	March 2015
$	0.50	25,000	25,000	August 2015
$	0.52	200,000	200,000	September 2012
$	0.50	150,000	150,000	September 2012
$	0.52	25,000	25,000	December 2015
$	0.70	800,000	800,000	February 2016
$	0.50	50,000	50,000	June 2016
$	0.30	800,000	800,000	November 2016
		4,035,000	4,035,000	

The fair value of stock options awarded during 2011 and the nine months ended March 31, 2012 was estimated on the dates of award using the Black-Scholes option pricing model with the following assumptions:

	Nine months ended March 31, 2012	Year ended June 30, 2011
Risk-free interest rate:	1.26%	2.07%
Expected volatility:	75%	79%
Expected lives:	5.0 years	4.2 years
Estimated Forfeiture rate:	-	-

The average fair value of stock options awarded during the nine months ended March 31, 2012 was $0.18 (year ended June 30, 2011 - $ 0.40).

10. **SHARE-BASED COMPENSATION** - continued

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

11. **RELATED PARTY TRANSACTIONS & BALANCES**

Key management positions are filled by consultants of the Company. The terms of conditions of the transactions with key management personnel were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions with non-related entities on an arm's length basis. The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

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

During the nine months ended March 31, 2012, the Company incurred management fees of $112,500 (2011: $99,000) to a corporation controlled by a director and consulting fees of $29,145 (2011: $25,875) for accounting services to an officer. At March 31, 2012, $2,688 (2011: $Nil) of these fees remained outstanding and are included in accounts payable and accrued liabilities, and $12,500 (2011: $24,500) were prepaid and are included in prepaid expenses.

12. **SUBSEQUENT EVENTS**

Subsequent to March 31, 2012:

a) the Company closed the second tranche of a non-brokered private placement of 250,000 units at $0.20 for gross proceeds of $50,000. Each unit consists of one common share and one-half a share purchase warrant exercisable at $0.30 for 18 months. Finder's fees of $3,500 were paid and 17,500 finder's warrants were issued, exercisable at $0.30 for 18 months; and

b) 4,990,000 warrants expired unexercised.

13. **TRANSITION TO IFRS**

The Company's financial statements for the year ending June 30, 2012 will be the first annual financial statements that comply with IFRS and these interim financial statements were prepared as described in note 2, including the application of IFRS 1. IFRS 1 requires an entity to adopt IFRS in its first annual financial statements prepared under IFRS by making an explicit and unreserved statement, in those financial statements, of compliance with IFRS. The Company will make this statement when it issues its 2012 annual financial statements.

IFRS 1 also requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was July 1, 2010 (the "transition date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be June 30, 2012. However, it also provides for certain optional exemptions and certain mandatory exceptions for the first time IFRS adoption.

Initial elections upon IFRS adoption

Set forth below are the IFRS 1 applicable exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS.

<u>IFRS Exemption options</u>

1. Share-based payments – IFRS 2 *Share-based payments* encourages application of its provisions to equity instruments granted on or before November 7, 2002, but permits the application only to equity instruments granted after November 7, 2002 that had not vested by the transition date. The Company has chosen to apply the exemption under IFRS 1 and applied IFRS 2 for all equity instruments granted after November 7, 2002 that had not vested by the transition date.

<u>IFRS Mandatory exceptions</u>

Hindsight is not used to create or revise estimates. The estimates previously made by the Company under Canadian GAAP were not revised for application of IFRS except where necessary to reflect any differences in accounting policies.

Reconciliation of Canadian GAAP to IFRS

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The Company's first time adoption of IFRS did not have an effect on the total operating, investing and financing cash flows. The following represents the reconciliations from Canadian GAAP to IFRS for the respective periods noted for equity and comprehensive income.

Otis Gold Corp.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
Nine months ended March 31, 2012
(Unaudited – Prepared by Management)

13. **TRANSITION TO IFRS** – continued

RECONCILIATION OF ASSETS, LIABILITIES AND EQUITY

	Note	As at July 1, 2010			As at March 31, 2011			As at June 30, 2011		
		Canadian GAAP	Effect of Transition to IFRS	IFRS	Canadian GAAP	Effect of Transition to IFRS	IFRS	Canadian GAAP	Effect of Transition to IFRS	IFRS
ASSETS										
Current assets										
Cash		$3,458,450		$3,458,450	$ 5,784,323		$ 5,784,323	$ 4,596,565		$ 4,596,565
Amounts receivable		7,878		7,878	51,903		51,903	37,803		37,803
Prepaid expenses		48,504		48,504	32,828		32,828	65,659		65,659
		3,514,832		3,514,832	5,869,054		5,869,054	4,700,027		4,700,027
Reclamation deposits		9,119		9,119	11,925		11,925	19,219		19,219
Property and equipment		16,849		16,849	30,507		30,507	47,978		47,978
Unproven mineral interests		5,054,708		5,054,708	10,620,974		10,620,974	12,020,083		12,020,083
		$ 8,595,508		$ 8,595,508	$ 16,532,460		$16,532,460	$ 16,787,307		$ 16,787,307
LIABILITIES										
Current liabilities										
Accounts payable and accrued liabilities		$206,015		$206,015	$ 64,463		$ 64,463	$194,120		$194,120
SHAREHOLDERS' EQUITY										
Common shares		9,533,962		9,533,962	18,405,820		18,405,820	18,724,504		18,724,504
Share-based payment reserve		577,453	(577,453)	-	1,016,540	(556,789)	459,751	1,028,941	(574,501)	454,440
Deficit		(1,721,922)	577,453	(1,144,469)	(2,954,363)	556,789	(2,397,574)	(3,160,258)	574,501	(2,585,757)
		8,389,493		8,389,493	16,467,997		16,467,997	16,593,187		16,593,187
		$8,595,508		$8,595,508	$ 16,532,460		$16,532,460	$ 16,787,307		$ 16,787,307

13. **TRANSITION TO IFRS -** continued

RECONCILIATION OF COMPREHENSIVE LOSS

		Nine months ended March 31, 2011			Year ended June 30, 2011		
	Note	Canadian GAAP	Effect of Transition To IFRS	IFRS	Canadian GAAP	Effect of Transition To IFRS	IFRS
		$	$	$	$	$	$
Share-based compensation	a)	454,575	5,176	459,751	481,932	2,952	484,884
Professional fees		77,484		77,484	92,365		92,365
Consultants		130,956		130,956	175,607		175,607
Travel and entertainment		64,270		64,270	88,337		88,337
Regulatory costs		36,609		36,609	46,613		46,613
Investor relations		215,412		215,412	288,424		288,424
Office expenses		114,527		114,527	155,176		155,176
Property investigations		2,038		2,038	9,942		9,942
Amortization		3,978		3,978	8,462		8,462
Impairment of unproven mineral interests		121,274		121,274	121,274		121,274
Loss from operations		(1,223,271)	5,176	(1,228,447)	(1,468,132)		(1,471,084)
Exchange loss		(8,189)		(8,189)	-		-
Interest income		16,495		16,495	29,796		29,796
Loss and Comprehensive loss		$ (1,214,965)	$ 5,176	$ (1,220,141)	$ (1,438,336)	$ 2,952	$ (1,441,288)

Changes in accounting policies

Previously, under Canadian GAAP, the Company used the straight-line method of expensing vested share options and the share-based compensation arising therefrom. Under this method, the fair value of share-based awards with graded vesting was calculated as a single grant and the resulting fair value was recognised on a straight-line basis over the vesting period.

However, IFRS requires that each tranche of an award with different vesting dates be considered a separate grant for the calculation of fair value, and the resulting fair value is recognised over the vesting period of the respective tranche using the graded vesting method.