



Management Discussion and Analysis

For the six months ended December 31, 2018

Otis Gold Corp.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

Background

This management discussion and analysis, ("MD&A"), prepared as at February 22, 2019, provides information that management believes is relevant to an assessment and understanding of the financial position of Otis Gold Corp. (the "Company" or "Otis") as at December 31, 2018. The MD&A should be read in conjunction with the audited consolidated financial statements of Otis for the year ended June 30, 2018 and the interim consolidated financial statements for the six months ended December 31, 2018 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and the following MD&A are presented in Canadian dollars. The Audit Committee of the Board of Directors of the Company has approved this document pursuant to its mandate and charter.

Nature of Business

Otis Gold Corp. was incorporated under the *Business Corporations Act* (British Columbia) on April 24, 2007 as Otis Capital Corp. and changed its name to Otis Gold Corp. on January 14, 2009. The Company's common shares are listed on the TSX Venture Exchange (the "Exchange") under the trading symbol OOO, and on the OTC Market ("OTC") under the trading symbol OGLDF. The Company is in the business of acquiring and exploring unproven mineral interests.

Forward Looking Statements

All statements made in this MD&A, other than statements of historical fact, are forward looking statements. The Company's actual results may differ significantly from those anticipated in the forward looking statements and readers are cautioned not to place undue reliance on these forward looking statements. Except as required by securities regulations, the Company undertakes no obligation to publicly release the results of any revisions to forward looking statements that may be made to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of unanticipated events.

Forward looking statements include, but are not limited to, statements with respect to the future price of gold, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. Such factors include, among others, risks related to the integration of acquisitions; risks related to international operations; actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking statements.

Otis Gold Corp.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

Exploration and Evaluation Assets

Kilgore Project

Kilgore is a volcanic and sediment-hosted epithermal gold system situated on the northern margin of the eastern Snake River Plain. The majority of current known mineralization is primarily hosted within Miocene age lithic tuff intruded by felsic dikes on the margin of an ancient caldera setting. Additionally, mineralization is hosted in an underlying sedimentary unit known as the Aspen Formation. Mineralization is analogous to that characterizing the Round Mountain, Nevada and McDonald Meadows, Montana, both which are multi-million ounce volcanic-hosted disseminated gold deposits.

The Kilgore Project currently comprises 614 unpatented federal lode mining claims located on US Forest Service land covering approximately 12,280 acres. The project is 100% owned by Otis and is subject to no underlying royalty or other burdens. The Kilgore Project hosts an NI 43-101 Resource Estimate, which has an effective date of August 14, 2018, comprising:

- An Indicated resource of 825,000 ounces of gold at an average grade of 0.58 g/t Au in 44.6 million tonnes; and
- An Inferred resource of 136,000 ounces of gold at an average grade of 0.45 g/t Au in 9.4 million tonnes.

The resource estimate was calculated using a cut-off grade of 0.21 g/t Au and a gold price of US\$1,300.

In terms of historical development activities, Kilgore was mined on a small scale in the 1930s using underground mining techniques by the Blue Ledge Mining Company. No production records exist, but evidence of historic mining includes the presence of several collapsed adits, and the remains of a tramline and the foundation of what is believed to be an ore sorting facility. Between 1983 and 2017, a total seven companies, including Bear Creek, Placer Dome, Echo Bay Mines and Otis, have explored Kilgore with drilling comprising 152 RC holes and 229 core holes totaling 306,541 feet (93,434 metres) with a majority of this drilling being conducted by Otis between 2008 and 2017.

In addition to drilling, Otis has conducted a variety of additional fieldwork at Kilgore including a 2,500 soil, rock chip and stream sediment sampling program and a 464-line kilometre ground magnetic survey (2017) and an additional 1,700 soils being collected in the vicinity of what is known as Gold Knob and a program of updated geological mapping (2018). All drilling and ground-based exploration results from 2017 exploration have been released. Based on a review and assessment of this work, Otis staked an additional 150 federal lode mining claims in late 2017 in an emerging target area known as Gold Knob, increasing its total of claim package to its current level of 614. Just as importantly, in 2018 the US Forest Service approved a new Plan of Operations that was permitted under an Environmental Assessment. The new Plan of Operation provides for drilling on up to 140 sites at Mine Ridge, Gold Ridge, Prospect Ridge and Dog Bone Ridge and creates significantly flexibility to both grow the existing gold resource and begin drill testing emerging targets.

Hai and Goldbug Projects

On June 30, 2017, the Company sold its Hai and Goldbug projects to Strata Minerals Inc. ("Strata") for 2,750,000 common shares of Strata, valued at their closing price of \$0.35 on June 30, 2017, and \$100,000 in cash. As additional consideration, the Company retained a net smelter returns royalty ("NSR") of 1.0% on production of gold from the properties. Subsequently, Strata was renamed Revival Gold Inc. ("Revival"). The NSR may be bought back by Revival at any time upon payment of US \$ 2,000,000. The Company has subsequently sold its underlying interest in Revival in a series of private sale transactions.

Otis Gold Corp.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

Oakley Project

The project consists of 3 primary targets – Blue Hill Creek, Matrix Creek and Cold Creek. The Oakley Project and consists of 198 federal lode mining claims and several Utah State leases (comprising approx. 5,120 acres) located in Cassia County, Idaho, approximately 15 miles south of the town of Oakley and just north of the Utah/Nevada border.

1. Blue Hill Creek (or “BHC”): Blue Hill Creek consists of 44 unpatented federal lode mining claims totaling approximately 880 acres and an adjacent 80 acre Idaho State Mineral Lease. A 2.0% NSR is payable to the original vendors on production of gold.

Blue Hill Creek occurs within a north-trending, five-mile-long by one-mile-wide zone of low-sulfidation, hot spring-type gold occurrences along the western margin of the Albion Range metamorphic core complex. The BHC sinters and related gold-silver mineralization were discovered in 1985 during regional exploration by Meridian Minerals. The related epithermal mineralization is hosted in Tertiary volcanic and sedimentary rocks of the Tertiary Salt Lake formation. As identified in a NI 43-101 Technical Report having an effective date of August 6, 2016, Blue Hill Creek has an Inferred resource of 163,000 ounces of gold at an average grade of 0.51 g/t Au in 9.97 million tonnes at a cut-off grade of 0.31 g/t Au. Mineralization at Blue Hill Creek is open in multiple directions.

2. Matrix Creek: The property is contiguous to Blue Hill Creek and consists of 61 unpatented federal lode mining claims totaling approximately 1,220 acres and a 320 acre Idaho State Mineral Lease. A 2.0% NSR is payable to the original vendors on production of gold.

Matrix Creek (“MC”) is distinctive from Blue Hill Creek in terms of mineralization, host lithology and structure. MC is located southeast and south of BHC and is named because it is characterized by a distinctive carapace of breccia up to 12 meters thick which consists of quartzite fragments separated by black to dark grey aphanitic matrix material consisting of extremely fine-grained quartz and pyrite. The breccias are strongly anomalous for both gold and silver (surface grab samples collected by Otis show values up to 1.61 ppm Au and 306 ppm Ag). While little work has been completed by Otis on MC, it seems likely that the breccias formed along a detachment fault associated with the exhumation of the metamorphic core complex that forms the core of the Albion Range immediately to the east. The relationship between the mineralization at MC and BHC is ambiguous. The breccias cut through both properties and may be much thicker in the subsurface at BHC than is suggested by surface outcrop. The high-angle faults associated with the BHC graben cut and displace the low angle MC detachment structure. The high-angle faults therefore post-date the MC detachment system. Because these faults appear to cut through the mineralized detachment at MC, the detachment may have served as a source for the gold for the BHC hydrothermal system.

In 2017, Otis completed a range of ground-based exploration at Matrix Creek including:

1. A total of 1,334 soil samples were analyzed for gold and silver. The results define a coherent 2-km-long gold- and silver-in-soil anomaly that is coincident with a detachment structure and associated mineralized BMB body. The anomalies extend from Matrix Creek northwest toward the Blue Hill Creek deposit along what is now known as “Discovery Ridge”. The anomalous zone is defined by gold values up to 0.988 g/t Au and silver values up to 5.4 g/t Ag.
2. 58 rock-chip samples of BMB collected on Discovery Ridge along the brecciated detachment zone contained up to 3.0 g/t Au and up to 306 g/t Ag along 350-metres (or “m”) of outcrop; this target that has not been drill-tested ([Regional Sampling Au Results](#) and [Regional Sampling Ag Results](#) maps).
3. 49 stream-sediment samples collected along 3 km of the Matrix Creek drainage, and into the area of its headwaters, exhibit Ag values ranging from 0.2 to 2.3 g/t and increase toward Discovery Ridge.
4. 34 one and half metre chip-channel rock samples of BMB collected in, and along, the Discovery Ridge target area contained intervals that include 18.0 m averaging 0.34 g/t Au and 97.7 g/t Ag, 7.9 m averaging 0.30 g/t Au and 83.3 g/t Ag, 6.7 m averaging 0.34 g/t Au and 61.4 g/t Ag, and 2.1 m averaging 1.37 g/t Au and 132 g/t Ag. These values indicate the potential for additional gold-silver targets where the detachment extends down-dip below the surface.

Otis Gold Corp.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

3. Cold Creek: Cold Creek comprises 53 unpatented federal lode mining claims totaling approximately 1,060 acres located approximately 5 miles north of the BHC.

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 feet x 3,000 feet. Surface gold values to 0.06 opt are present. A total 38 reverse circulation holes were completed by both Meridian and WestGold in the Cold Creek Area. A historically reported, non-NI 43-101 compliant open-ended gold resource exists which requires 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.

In May 2018, Otis initiated fieldwork consisting of a systematic program of geologic mapping and sampling of the entire project area. Phase 1 of the program focused on Cold Creek, which historically has received very little exploration by Otis. Future phases will target the Blue Hill Creek and Matrix Creek target areas. Results will be released as they become available.

In 2018, Otis also increased its land position at Oakley via staking an additional 48 federal lode mining claims and making an application for additional Idaho State Leases totaling approximately 960 acres. The Company also owns 32 additional unpatented federal lode mining claims at Oakley totaling approximately 640 acres known as the Spring and Emery claims blocks.

Selected Financial Data

The table below presents selected financial information for the Company's most recently completed quarters.

	<u>Oct.-Dec.</u> <u>Q2/19</u>	<u>July – Sept.</u> <u>Q1/19</u>	<u>Apr – June</u> <u>Q4/18</u>	<u>Jan – Mar.</u> <u>Q3/18</u>	<u>Oct. – Dec.</u> <u>Q2/18</u>	<u>July - Sept.</u> <u>Q1/18</u>	<u>Apr – June</u> <u>Q4/17</u>	<u>Jan – Mar.</u> <u>Q3/17</u>
Net Income (Loss)	\$ (509,121)	\$ (361,477)	\$ (302,445)	\$ (646,509)	\$ (354,686)	\$ (318,782)	\$ 257,665	\$ (274,429)
Net Income (Loss) per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Total assets	\$24,484,410	\$29,063,307	\$29,489,248	\$29,167,343	\$29,711,186	\$30,499,754	\$29,199,041	\$26,483,954
Total liabilities	\$71,400	\$138,667	\$203,130	\$150,094	\$369,765	\$735,797	\$308,565	\$125,119

Analysis of the six months ended Dec. 31, 2018 versus the six months ended Dec. 31, 2017

In the six months ended December 31, 2018, the Company incurred expenses of \$427,707 compared to \$559,161 in the same period of 2017, a decrease of \$131,454. The major items were a \$51,663 decrease in stock-based compensation due to 1,900,000 stock options awarded in July 2017, a decrease of \$25,103 in travel costs, and a decrease of \$15,366 in investor relations costs. During the second quarter of fiscal 2019, the Company earned interest income of \$1,128, incurred foreign exchange losses of \$9,493, incurred losses of \$434,435 on the sale of shares of Revival Gold Inc, and unrealized losses of \$2,600 on investments, resulting in a net loss in the six months ended December 31, 2018 of \$873,107 or \$0.00 per share. During the six months of fiscal 2018, the Company earned interest income of \$11,813 and incurred foreign exchange losses of \$126,120, resulting in a net loss in the six months ended December 31, 2017 of \$673,468 or \$0.00 per share.

Analysis of the three months ended Dec. 31, 2018 versus the three months ended Dec. 31, 2017

In the three months ended December 31, 2018, the Company incurred expenses of \$243,064 compared to \$283,775 in the same period of 2017, a decrease of \$40,711. The major items were a decrease of \$18,785 in investor relations costs and a decrease of \$14,048 in professional fees. During the second quarter of fiscal 2019, the Company earned interest income of \$865, incurred foreign exchange losses of \$17,658, incurred losses of \$430,044 on the sale of shares of Revival Gold Inc, and unrealized losses of \$1,350 on investments,

Otis Gold Corp.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

resulting in a net loss in the three months ended December 31, 2018 of \$691,161 or \$0.00 per share. During the second quarter of fiscal 2018, the Company earned interest income of \$11,226 and incurred foreign exchange losses of \$82,137, resulting in a net loss in the three months ended December 31, 2017 of \$465,286 or \$0.00 per share.

Share Capital

As at December 31, 2018, the Company had 161,830,407 common shares issued and outstanding. There were no share purchase warrants outstanding and 9,930,000 stock options were outstanding at prices ranging from \$0.05 to \$0.35 and expiry dates ranging from March 2019 to April 2023.

Financial Condition/Capital Resources

The Company had working capital of \$1,215,142 as at December 31, 2018. 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. During the six months ended December 31, 2018, the Company spent \$756,057 on its Kilgore Gold property and \$325,640 on its Oakley property.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Examples of significant estimates made by management include the determination of recoverability of amounts capitalized to exploration and evaluation assets, property, plant and equipment lives, estimating the fair values of financial instruments, impairment of long-lived assets, decommissioning provisions, valuation allowances for deferred income tax assets and assumptions used for share-based compensation. Actual results may differ from those estimates

A detailed summary of all the Company's significant accounting policies is included in Note 3 to the June 30, 2018 audited consolidated financial statements.

Financial Transactions

During fiscal 2018, the Company issued 740,000 common shares upon the exercise of options.

In the six months to December 31, 2018, the Company sold all of its investment in Revival Gold Inc. (2,750,000 common shares) for net proceeds of \$1,848,065, incurring a loss on the sales of \$434,435. These shares were originally received on June 30, 2017 in partial consideration for the sale of the Company's Hai and Goldbug properties.

Transactions with Related Parties

The management of the Company are Craig Lindsay, President and CEO, Bob Nowell, Chief Financial Officer, and Alan Roberts, VP Exploration. Management, or their related parties, who also hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

- (a) Key management personnel compensation

During the six months ended December 31, 2018 and 2017 the following amounts were incurred with respect to the Company's President, Chief Financial Officer, and VP, Exploration:

Otis Gold Corp.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

Six months ended December 31,	<u>2018</u>	<u>2017</u>
Management fees	\$ 227,514	\$ 125,000
Professional fees	<u>24,000</u>	<u>22,000</u>
	<u>\$ 251,514</u>	<u>\$ 147,000</u>

As at December 31, 2018, \$ 23,601 remained unpaid and has been included in accounts payable and accrued liabilities. As at December 31, 2017, \$ 20,833 were prepaid and are included in prepaid expenses and deposits.

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 orebodies 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.

Otis Gold Corp.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

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 stringent 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 risk

The Company has operations in Canada and the United States subject to foreign currency fluctuations. The Company's operating expenses are incurred in Canadian and the United States dollars, and the fluctuation of the Canadian dollar in relation to United States dollars will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity.

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

As at December 31, 2018, the Company had cash of \$68,623 in US dollars, US \$53,437 of reclamation deposits, and US \$33,551 in accounts payable and accrued expenses. The Company will purchase US dollars as the need arises in order to fund its exploration and development activities in the USA. Corporate expenditures are incurred primarily in Canadian dollars.

Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by depositing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest bearing assets in relation to cash at banks and GICs carried at floating interest rates with reference to the market. The Company's operating cash flows are substantially independent of changes in market interest rates. The Company has not used any financial instrument to hedge potential fluctuations in interest rates.

The exposure to interest rates for the Company is considered minimal. The Company has no interest bearing borrowings.

Accounting Standards and Interpretations Issued but Not Yet Adopted

As at the date of these financial statements, the following standards have not been applied in these financial statements:

Otis Gold Corp.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

- (i) IFRS 16 *Leases*. In January 2016, the IASB issued IFRS 16 which replaces IAS 17 - Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS.

Management is currently assessing the impact of this new standard on the Company's accounting policies and financial statement presentation.