OTSO GOLD
MANAGED BY LIONSBRIDGE

OTSO GOLD CORP.
(TSX-V: OTSO)

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE PERIOD ENDED OCTOBER 31, 2019

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Set out below is a review of the activities, results of operations and financial condition of Otso Gold Corp., (formerly Nordic Gold Inc.) ("Otso", "Otso Gold", or the "Company") and its subsidiaries for the period ended October 31,

2019. The discussion below should be read in conjunction with the Company's audited consolidated financial statements for the year ended January 31, 2019. Those financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar figures included in the following Management Discussion and Analysis ("MD&A") are quoted in Canadian dollars unless otherwise indicated. This MD&A has been prepared as at December 30, 2019.

Additional information related to the Company is available on SEDAR at www.sedar.com and the Company's website at www.otsogold.com

1. BACKGROUND AND CORE BUSINESS

The Company was incorporated under the laws of the Province of Alberta on February 14,1992 under the name 510438 Alberta Ltd. The Company's name was subsequently changed to Firesteel Resources Inc. on April 22, 1992. The Company further changed its name to Nordic Gold Corp. on August 10, 2018, then to Nordic Gold Inc. on December 10, 2018 and, most recently, to Otso Gold Corp. on December 9, 2019.

The Company is incorporated and domiciled in Canada and its shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "OTSO". Additionally, the Company's shares trade in the United States on the OTCQX under "FIEIF" and in Frankfurt under "FRA: 2FN".

The Company's administrative office is located at Suite 1001 – 409 Granville Street, Vancouver, BC, V6C 1T2.

The Company owns, indirectly through Swedish and Finnish companies, 100% of a fully licensed and developed gold mine in Finland (the "Otso Gold Mine")(formerly known as the "Laiva Gold Mine"). The Company also owns 49% of a Copper Creek porphyry copper gold exploration project in British Columbia, Canada.

The Company's core business is focused on building shareholder value through the development of prime resource assets via acquisition and development. The Company seeks diverse and well understood commodities such as gold and copper in safe harbour jurisdictions. Trading and mining in countries with robust regulatory conditions ensures socially and environmentally responsible practices for workers and communities and provenance for buyers.

The Company' major asset and sole focus of current management is the Otso Gold Mine which is located some 20 minutes from the port town of Raahe in west central Finland and one-hour south from the Oulu International Airport. Finland is the headquarters of leading global mining equipment manufacturers such as Metso Outotec Minerals ("Metso"). Metso designed and constructed Otso Gold's EUR 300 million, two million tonne per annum processing plant.

A company called Outokumpu first discovered the Laiva Gold Project in the 1980's and listed the exploration project on NASDAQ First North Sweden. The Laiva Gold Project (now called the Otso Gold Project) was first developed in 2009 and began production in 2011. However, increased pressure to satisfy the debt burden of the overspend during construction - compounded by fluctuating gold prices led to former management of the Project forgoing detailed geology in favour of bulk mining. With no grade control, poor information and substantial debt, the market turned, and production was suspended after 23 months. Subsequently, in February 2014, the Project (then owned by Nordic Gold AB ("Nordic AB")), a Swedish public company, was suspended from trading due to non-compliance with regulatory filing obligations.

Over the following two years, the Company negotiated with certain debt providers to conclude a joint venture agreement with Nordic AB that resulted in the Company acquiring, in 2017, 60% of the Otso Gold Mine's ultimate parent company, Nordic Mines Marknad AB ("Nordic Marknad"), and the remaining 40% of Nordic Marknad in 2018. The intial purchase of 60% of Nordic Marknad cost US$18 million while the final 40% interst in Nordic Marknad was acquired by issuing to Nordic AB (the vendor) 58,417,182 common shares of the Company. The Nordic AB equity position is subject to a Voting Support and Standstill Agreement initially dated February 5, 2018 (subsequently amended and restated as of June 21, 2018) which requires the equity to be voted with the meeting chair and not sold or transferred until the earlier of (i) the date at which the equity is distributed to the Nordic AB shareholders on a pro rata basis, or (ii) April 2021.

In management's view, the Otso Gold Mine has significant intrinsic value because;

- the Mine is located in one of the best mining destinations in the world.
- Finland has existing mining infrastructure including a skilled workforce and leading research and development in the sector.
- The Mine is fully developed with some of the most sophisticated technology available on the market.
- The Otso Gold Project is fully licensed and ready for production.

- Approximately EUR300 million has been invested in the project to date. Previous funds were raised, inter alia, by Nordic AB based on a comprehensive CSA Global (UK) pre-feasibility study and feasibility study (2008).
- The Mine has two developed pits (North Pit and South Pit).
- The operation is socially and environmentally responsible. The Mine is powered using a mix of energy utilising a high percentage of renewable energy. The gold is produced in high wage conditions with protective labour policies. These practices align with changing community expectations and opens markets for ethical investments and jewellery.

2. COMPANY HIGHLIGHTS

2.1. Gold Loan and Debt Restructure

The purchase of the Otso Gold Project asset from Nordic AB was achieved through a pre-paid gold forward agreement with Pandion Mine Finance ('Pandion'). Pandion has invested approximately USD $30 million over a three year period – namely an initial USD $23 million with a further USD $7 million short term debt to clear the path to production. Again, the pressure of growing debt resulted in an accelerated restart of the Mine in November 2018 without a detailed mine plan or the skilled staff required. The Mine restarted in Finnish winter with snowfall and limited sunlight hours. Within 5 months, the Mine returned to "care and maintenance" effective April 1, 2019.

Unable to repay the debt and under increasing pressure from its creditors, Lionsbridge Capital Pty Ltd ("Lionsbridge") and Pandion restructured the debt and senior members of Lionsbridge, namely Brian Wesson and Clyde Wesson, joined the Company's Board on July 2, 2019 and were also appointed as new senior officers of the Company. Lionsbridge and Pandion subsequently reached an agreement (the "Agreement") to restructure the Company's debt on October 7, 2019.

The Agreement cancelled all gold deliveries that were due to Pandion, its upside participation and free carry right, pursuant to the original Pre-Paid Forward Gold Purchase Agreement ("PPF Agreement") . The market to market value of the gold loan at the date of the Agreement was $71.4 million. In addition to the gold loan being cancelled, Pandion advanced the Company $6.7 million to pay down creditors and a further US$900,000 for care and maintenance costs. These amounts are not repayable under the Agreement.

The Agreement with Pandion replaces the above liability with:

- A loan of USD $23 million to be repaid in two instalments in full settlement, bearing no interest. The first payment of USD $11.5 million is due on April 7, 2021 with the second USD $11.5 million six months thereafter (October 7, 2021);
- USD$1.56 million is payable in common shares of the Company upon the completion of up to $7 million equity raise or pro rata on each tranche thereof; and
- A 2.5% net smelter return on gold production from the Otso Gold Mine.

Management believes that restructuring the debt allows the Company a reasonable runway to restart the Mine and service the debt from cashflow from operations. However, the Company may repay the debt earlier and seek a release of the security held by Pandion for a new debt provider.

2.2. Letter to Shareholders Announcing New Plan

A letter to shareholders dated October 10, 2019 detailed Otso Gold's plan to return the mine to production. The key points are as outlined below.

2.2.1. Path Forward

The core priorities of Otso Gold are to complete detailed geology and develop a high-level mine plan to support a projected July, 2020 restart. To this end, over the next year the Company will be focussed on;

1. recapitalising the Company;

2. completing confirmatory technical work by January 2020, including,
    i. infill drilling.
    ii. producing a second upgraded National Instrument 43-101Technical Report.
    iii. finalizing an optimised mine plan.

3. Returning to production in July 2020. To this end, The Company is;
    i. working with Caterpillar and other suppliers to secure a mining fleet by April, 2020.
    ii. upgrading the tailings and water dam on site.

iii. fundraising non-dilutive capital in the form of a convertible note discussed in more detail below.

2.3. Updated Technical Report

Prior to entering negotiations to join the Company, Lionsbridge conducted in-depth due diligence regarding the asset and its history. The mineralisation was examined internally and Tetra Tech UK were contracted to review the geology and appraise the mine.

Tetra Tech released an updated NI 43-101 technical report on October 15, 2019 outlining a new block model and resource statement. The suggested block model grades reflect a two-metre cross-section of the mineralisation including internal dilution with a further 10% dilution at zero grade. The dilution was applied across inferred, measured and indicated resources.

2.4. Drilling Program

Tetra Tech UK and Otso Gold geologists have developed an infill drilling program redefining the space between holes from 50 metre centres to 25 metres to meet requirements for reserves.

The drill program comprises of 14,600 metres of diamond drilling oriented to allow the lode contacts to be fully understood. The holes are drilled at 50 degrees due North to intersect the 78-degree veins that strike East West and dip to the South.

The drilling program is underway and is been monitored in real time by Tetra Tech to allow the program to be modified if needed as the assay data becomes available. All samples will be fire assayed for the gold content and subsequently sent for multi scan sampling through Inductively Coupled Plasma mass spectrometry ("ICP-MS"). The ICP-MS will provide actrum of the minerals to allow the various lodes to be identified and modelled.

2.5. Retrenchments

Unfortunately, due to the mine being on care and maintenance and management's refocus on geology, five employees were retrenched as their roles were no longer required.

3. FINANCING

The Company has engaged with everal possible investors and are working towards securing funds. It was critical, however, to restructure the debt and update the technical report prior to opening discussions with new parties.

The challenge the Company faces in regard to financing is legacy issues associated with the previous failed restart that impacted the Company's share price and made investors apprehensive to issue debt.

Equity funding at current levels is extraordinarily dilutive, therefore the Company is seeking to raise a convertible note at a higher conversion price with a coupon to fund the technical work and improve the Company's bankability.

In the near term, approximately $5 – 7.5 million is required to complete the drilling, finalise payments to remaining creditors, commence work on the tailings dam for production, execute a mine plan and deliver a fesability report.

4. PROCESS PLANT AND INFRASTRUCTURE

The process plant is operational, and all permits are in place; however, the Mine requires preparation for production to restart in July, 2020.

Low Grade CIL (carbon in leach) detox gearboxes failed during the previous restart and were removed by crane and returned to the suppliers for repair, one under warranty and the other at the Company's expense.

The mill building is a large structure with 400mm insulation. Earlier this year, the heaters on the South West corner of the building were damaged during a storm and required repairs. The Company has begun repairs on the 20-metre high roof during the final quarter of calendar 2019, however the repairs have been delayed by storms.

The water storage dam was drained to be repaired and upgraded this quarter. The Company has consulted leading Finnish, civil dam builder, Geobotnia Oy to improve the standard of all dams on the property.

The design and schedule to lift the tailing dam's walls for production is underway.

Geotechnical analysis of the extension is complete. The extension will be designed and constructed in 2020.

A positive outcome from the attempted restart has been that the significant costs of first fills and maintenance was carried out by previous management, setting up the process plant for production.

4. EXPLORATION AND EVALUATION ASSETS IN FINLAND

The mineralisation has been remodelled by Tetra Tech UK to include sub blocks in the model, assuming two metre sections with a 10% dilution for inferred, measured and indicated resources. The purpose of the remodel is to define what grade is possible in the optimised mine plan. The findings of the updated technical report are as follows:

TETRA TECH/COFFEY UK

	Tonnes	Au g/t	Au oz
Measured	1,780,452	1.54	87,963
Indicated	5,810,777	1.56	291,515
Measured and Indicated	**7,591,229**	**1.55**	**379,478**
Inferred	24,677,098	1.52	1,209,438
Total	**32,268,327**	**1.53**	**1,588,916**

*The material remaining in the low-grade stockpile from previous production has been included in the measured category as it is ready to be fed to the mill at start-up. The sulphidic waste rock dump (potentially acid forming) is included in the inferred category of the estimate as it is considered to be above the planned cut-off grade of 0.3 g/t Au.
**See also NI 43-101 Technical Report with effective date 18 September, 2019 filed on www.sedar.com with the Company's profile.

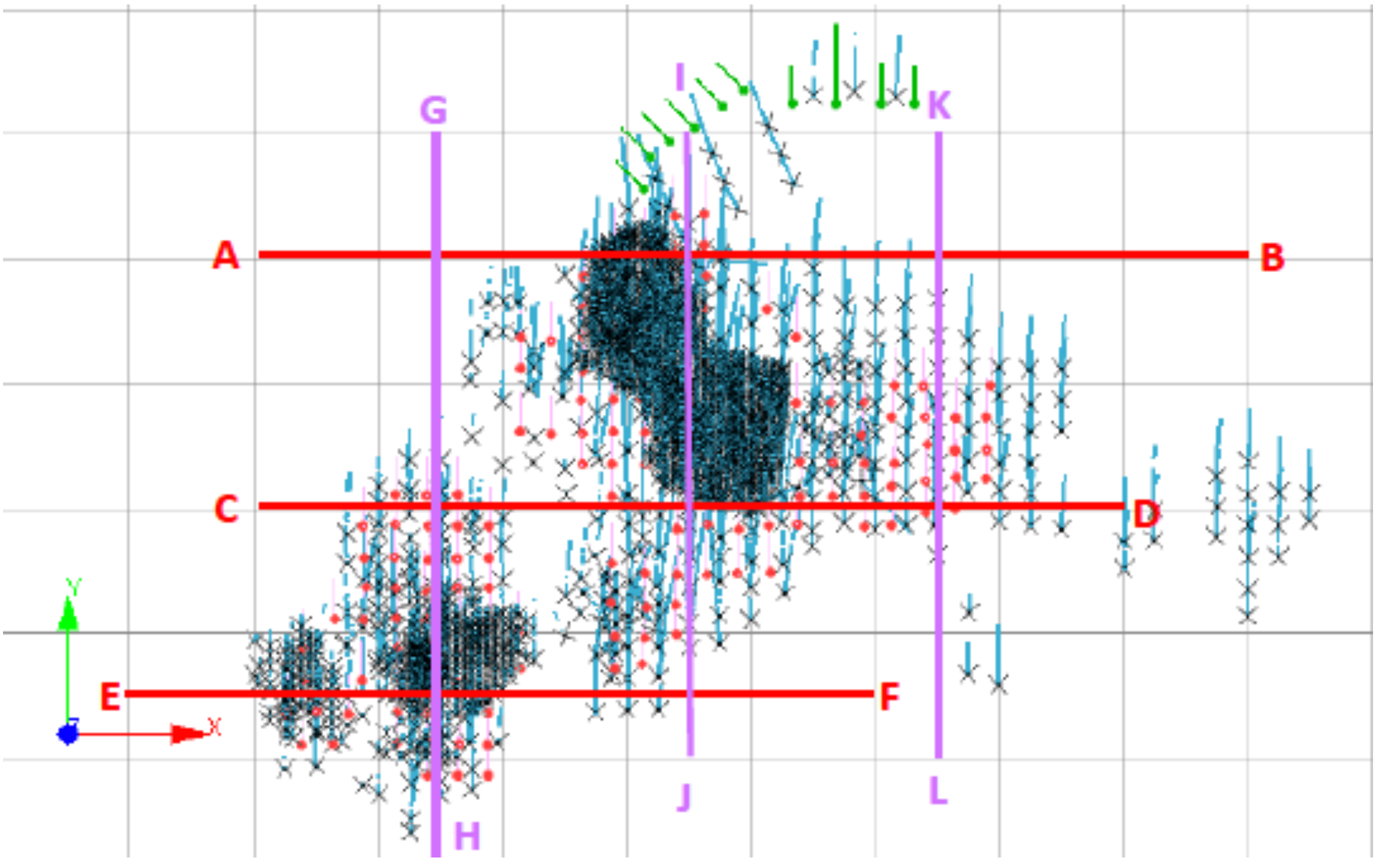
The updated technical report delivered a new interpretation and block model to advise the drill program. The drill will be spaced down to 25 metres to increase confidence in the indicated and measured resources and reserves.

Tetra Tech UK in conjunction with Otso Gold's geologists are infill drilling in close proximity to the pits to ease mining. The drilling is currently focused within the red squares shown by the white crosses. The yellow square indicates a new mineralised area that has a few significant drill hole intersections which will be drilled once the mine areas have been drilled for the restart of production in July 2020.

-Plate 1 Indicated the two developed pits and the red squares the current focus for drilling and initial mining.

Given the operation is built and licenced the only remaining issue to operations is defining the resources, upgrading them and developing a detailed mine plan, this is the focus of the new management. On December 3, 2019 the first diamond drill rig arrived onsite and drilling commenced. As at the end of December, 2019 some 2,000 metres have been drilled and logged but given the holidays the fire assay results are expected in the new year. Drilling stopped in second week of December, 2019 and is to resume on January 7, 2020.

The current focus is drilling in the area south of the North Pit, north of the South Pit and in the South Pit. A total of 156 holes are planned and depth varies depending on the veins being targeted, average depth 100m. Currently the holes are looking to upgrade resources for production in the short and medium term. However, the mineralisation is open at depth with holes 250 metres below the pit with grades between 5g/t and 32 g/t. Further, the mineralisation is open to the North, South and East but is interrupted in the West by a granite pluton.

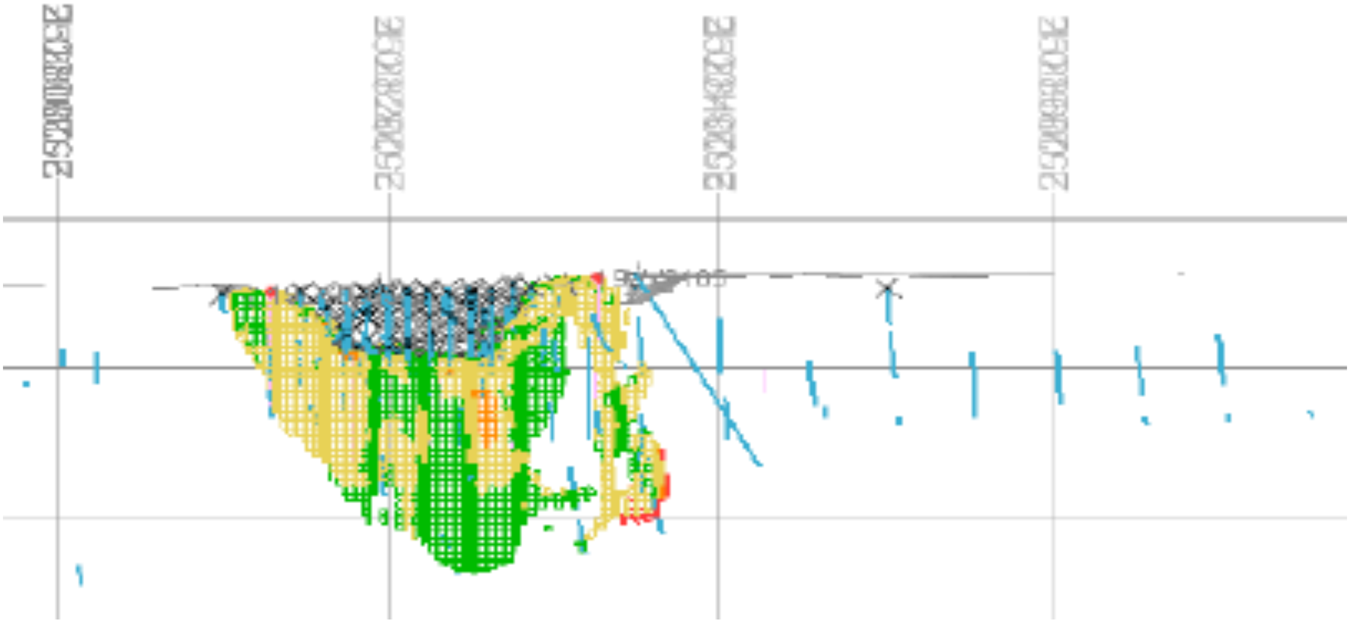


-Figure 1 Plan of pits at 200 metre grid

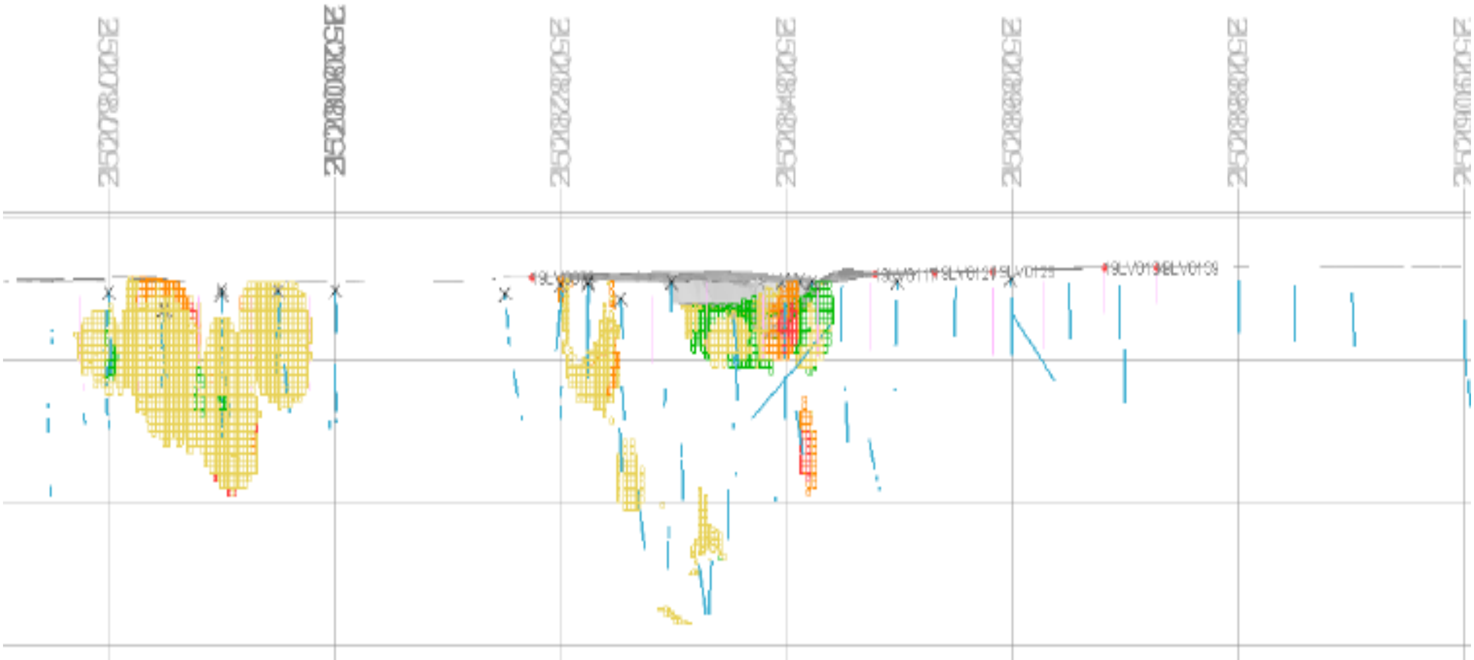
Figure 1 shows the two pits namely, North pit and South pits that were previously mined. The red lines and dots indicate the historic drill holes of which close on half were RC (reverse circulation) holes that did not attribute to understanding the mineralisation. The teal lines and crosses indicate the 14,600 metres planned to close drill spacing to 25m which is required to upgrade the Resource reserve statement. It can be seen in the above table in section 4 a considerable amount of mineralisation is classified as inferred mainly due to the lack of infill drilling to 25m centres. There is no guarantee that infilling will upgrade or increase the resources but the directional diamond drilling to confirm structures is very necessary for the detailed mine plan and to underpin the July restart.

The above figure 1 was produced by Tetratech after remodelling the mineralisation from scratch using sub blocks to follow the veins. It should be noted that the remodel and new technical report considers a 2 metre cross section over the mineralised sections with internal waste and then includes a further 10% dilution at zero grade. This was applied for all categories of mineralisation which should reduce the impact in quantum when upgrading from resources to reserves.

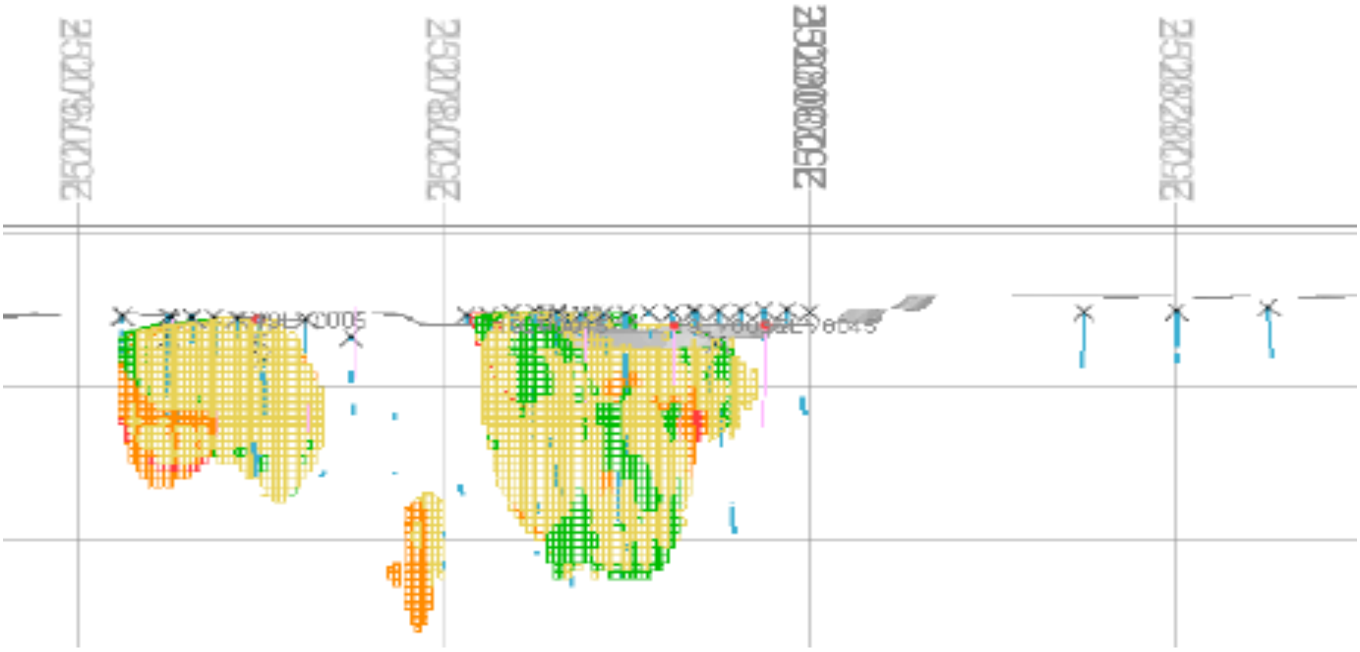
To fully appreciate the mineralisation and possible extensions on dip and strike TetraTech generated cross sections of the mineralisation sections AB, CD,EF looking north as shown by the red lines. Further cross sections looking east GH, IJ and KL indicated the current drilling program holes being drilled dew north.



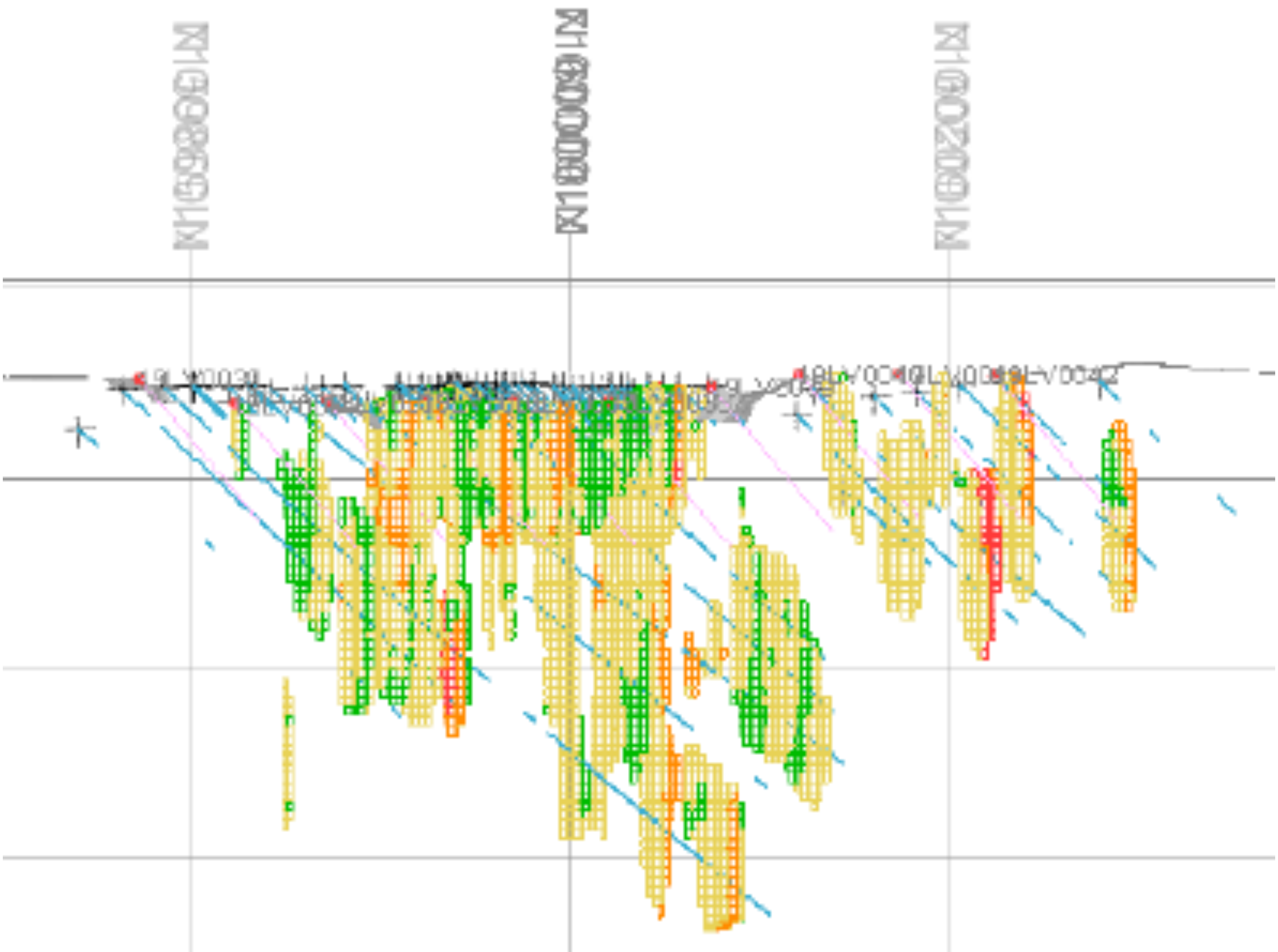
-Figure 2, Section AB above is a cross section of the North pit the yellow and red is the high grade ore the green is heap leachable.



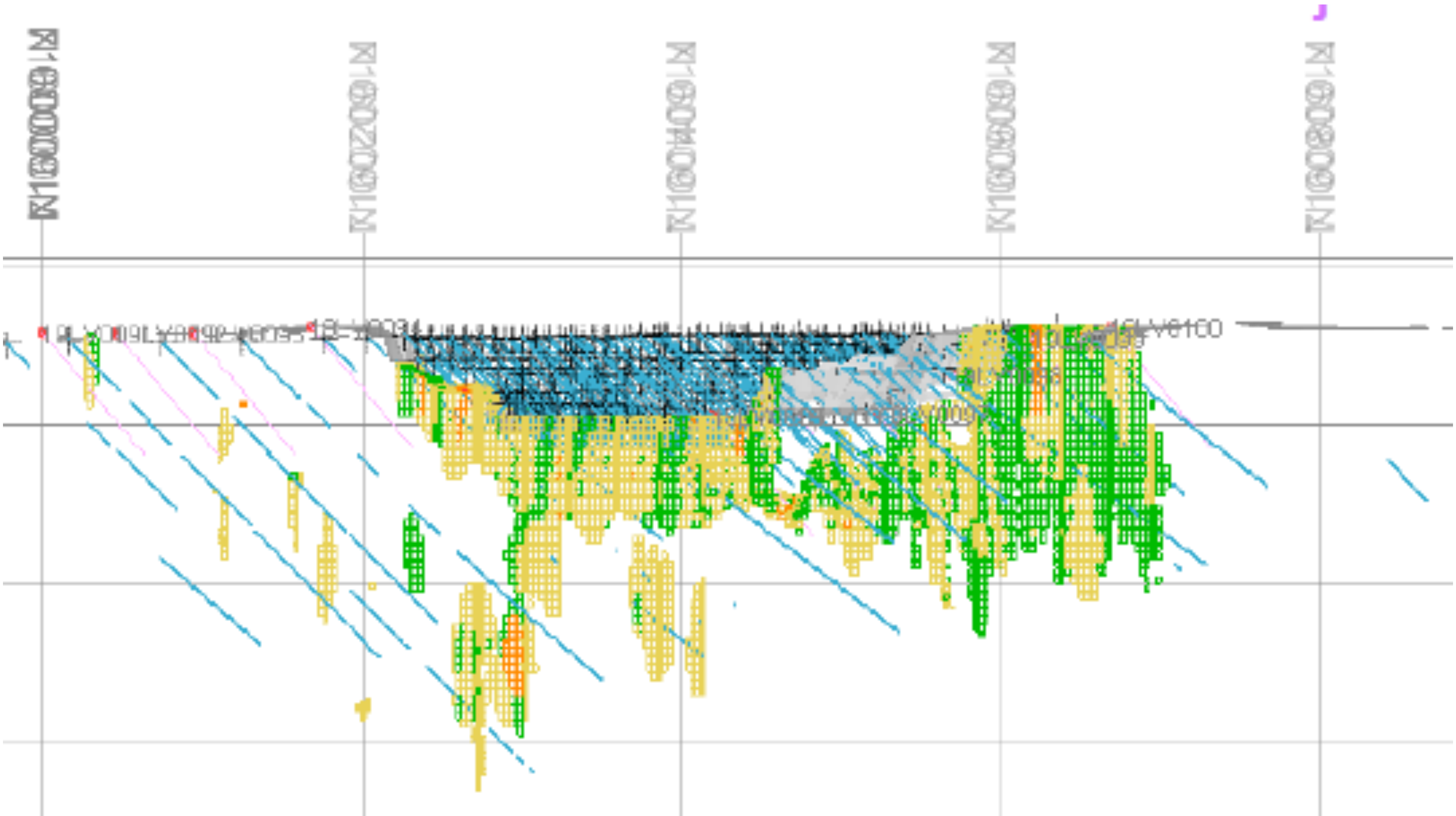
-Figure 3, Section CD shows the mineralisation to the north of the South pit and south of the North pit, little drilling has been carried out to the south of the North pit or to the east.



-Figure 4, Section EF shows the strong mineralisation to the south of the South pit and is the focus for the restart of operations once infill drilled.



-Figure 5, Section GH Blue is the current infill drill program. As shown in plate



-Figure 6, Section LK

The technical disclosure in this MD&A has been reviewed and approved by Andrew Carter BSc, CEng, MIMMM, MSAIMM, SME and a Qualified Person as defined in NI 43-101.

7. OUTLOOK

The Company is focussed on acquiring the necessary technical information and funding to build an optimised mine plan and commence production in July, 2020. Next quarter the infill drilling in and out of the pits will be completed to update and upgrade the mineral resource reserves.

Tetra Tech UK are working closely with Otso Gold's geologists, specialists and staff to open the pits. Tetra Tech UK spent two days on site (December 12 and 13, 2019) to develop a mining strategy and observe the drilling program quality assurance and support staff logging the core.

As stated previously, the Company plans on raising an approximate $5 million-dollar convertible note. Senior management are seeking to close fundraising with a view to complete the drilling program, finalise payments to previous creditors and start preparing the water and tailings dam for construction.

The Company is also in ongoing discussions with Caterpillar Finland to lease a fleet owner operator of 10 trucks, three excavators, 988 frontend loaders and a bulldozer for the restart. Westech International (a company related to Lionsbridge) will provide support to train staff and provide technical expertise in March, 2020 once the mine plan is finalised.

Further, the Company is negotiating the purchase of trucks and excavators with several other contractors.

8. SELECTED FINANCIAL INFORMATION

8.1. Summary of Quarterly Results

The following table sets out selected unaudited quarterly financial information of the Company and is derived from the unaudited condensed interim consolidated financial statements prepared by management. The Company's interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards and are expressed in Canadian dollars.

For the quarter ended	October 2019	July 2019	April 2019	January 2019
	$	$	$	$
Net income/(loss)	36,231,652	(8,602,163)	(3,818,165)	(7,240,721)
Basic income/(loss) per common share	0.18	(0.04)	(0.02)	(0.04)
Diluted income/(loss) per common share	0.17	(0.04)	(0.02)	(0.04)
Cash and cash equivalents	1,127,945	1,625,990	1,915,540	1,528,767
Property, plant and equipment	49,457,224	53.817,427	52,270,779	49,977,667
Net current assets/(liabilities)	(7,334,585)	(73,853,554)	(13,080,179)	(10,348,523)

For the quarter ended	October 2018	July 2018	April 2018	January 2018
	$	$	$	$
Net income/(loss)	(11,933,935)	(5,413,438)	(3,818,165)	(1,168,847)
Basic income/(loss) per common share	(0.08)	(0.04)	(0.02)	(0.01)
Diluted income/(loss) per common share	(0.08)	(0.04)	(0.02)	(0.01)
Cash and cash equivalents	4,107,112	11,919,951	14,526,872	17,120,211
Property, plant and equipment	38,156,662	22,621,414	19,617,418	17,351,337
Net current assets/(liabilities)	2,375,785	13,413,768	16,651,140	18,474,913

During the quarter to October 31, 2019, the Company restructured the PFP Agreement and the Maintenance Loan Agreement in place with Pandion. The key commercial terms of the restructured debt are as follows:

- Payments of:
  - USD$1.56 million payable in common shares of the Company upon the completion of up to $7 million equity raise or pro rata on each tranche thereof;
  - USD$11.5 million due 18 months from October 7, 2019; and
  - USD$11.5 million due 24 months from October 7, 2019.
- Cancellation of gold deliveries to Pandion, its upside participation and free carry right, pursuant to the PFP Agreement.
- After the payments outlined above have been made, Pandion will release their security package in full and have no entitlements from the Company, other than continuing to be entitled to 2.5% net smelter return ("Royalty Provision") on gold production from the Otso Gold Mine.

As part of the debt restructuring, Pandion agreed to also provide an additional US$900,000 to the Company for assistance with working capital for maintenance expenditures of the Otso Gold Mine. The Company received US$300,000 during the period ended October 31, 2019. As a result of the restructuring, 26,612,000 common shaes of the Company, valued at $1,330,600, were issued to entities controlled by Brian Wesson and Clyde Wesson. Brian and Clyde Wesson are each senior officers and directors of the Company and have been since their appointment on July 2, 2019.

As a result of the debt restructuring, a continuity of the Company's gold forward sale derivative liability, loan, and royalty provision was as follows:

Gold Forward Sale Derivative Liability	**October 31, 2019 $**
Balance, beginning of the period	**51,756,705**
Revaluation of the derivative	**19,672,626**
Fund received pursuant to the Maintenance Loan Agreement (EUR4,334,910)	**6,445,145**
Working capital assistance (US$900,000)	**1,170,000**
Additional working capital assistance received	**213,400**
Recognition of Loan	**(16,926,756)**
Recognition of Royalty Provision	**(9,031,270)**
Common shares issued for debt restructuring	**(1,330,600)**
Gain on restructuring	**(51,969,249)**
Balance, end of the period	**-**

The above gain on the restructure led to the Company have net income for the quarter of $36,231,652.

At July 31, 2019 the gold forward sale derivative liability was classed as a current liability due to being in default with Pandion, this liability at October 31, 2019 is zero. There is now a loan balance of $17.4 million and a royalty provision of $9.5 million, these changes have significantly improved the net current liability position of the Company from the prior quarter.

8.2. Liquidity and Capital Resources

These condensed consolidated interim financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. The Company has incurred operating losses since inception and currently is incurring negative cash flows from operating and investing activities. In order to continue as a going concern, the Company must generate sufficient operating cash flows, secure additional capital or otherwise pursue a strategic restructuring, refinancing or other transactions to provide it with additional liquidity.

Several adverse conditions and material uncertainties cast significant doubt upon the going concern assumption. During the period ended October 31, 2019, the Company incurred a net cash outflows from operating and investing activities of $6,824,461 (2018: $17,908,312). As at October 31, 2019, the Company had cash and cash equivalents of $1,127,945 (January 31, 2019: $1,582,767) and a working capital deficiency of $7,334,585 (January 31, 2019: $10,348,523).

There can be no assurances that sufficient funding, including adequate financing, will be available to maintain its property and to cover general and administrative expenses necessary for the maintenance of a public company. There is no guarantee that the Company will be able to continue to secure additional financing in the future, and if so, on terms that are favorable.

Realization values may be substantially different from carrying values as shown in these condensed interim consolidated financial statements. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

8.3. Outstanding Share Data

As of December 30, 2019, the Company had 222,292,740 common shares on issue.

8.4. Related Party Transactions

During the 9 months to October 31, 2019, USD$388,000 were paid to Lionsbridge Capital Pty Ltd ("Lionsbridge") under the terms of a Service Agreement dated July 2, 2019. Brian Wesson and Clyde Wesson are both directors of Lionsbridge and senior officers and directors of the Company. Also, during the period, B & A Wesson Pty Ltd and C & C Wesson Pty Ltd., associated entities of Brian Wesson and Clyde Wesson received a total of 26,612,000 common shares of the Company valued at $1,330,600 as a result of the successful restructure of the Pandion debt, in accordance with the terms of the Services Agreement.

9. CRITICAL ACCOUNTING ESTIMATES

9.1. Functional Currency

The Company's functional currency is Canadian dollars while Otso Gold Oy's functional currency is Euros.

9.2. Key Sources of Estimation and Uncertainty and Critical Accounting Judgements

The Company's key estimates and judgments are consistent with those applied in the audited consolidated financial statements of the Company for the year ended January 31, 2019, with the exception of additional estimates and judgment applied in the restructuring of its debt with Pandion, as described in Note 7 in the interim financial statements. Actual results may differ from these estimates.

10. FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

10.1. Financial instrument classification and measurement

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value of hierarchy has the following levels:

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in the markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's investments have been assessed on the fair value hierarchy described above and classified as Level 1. The valuation of the Company's royalty provision (Note 7 in the interim financial report) is classified as Level 3, as was the Company's gold forward sale derivative liability before being structured.

10.2. Fair values of financial assets and liabilities

The Company's financial instruments include cash, accounts receivables, equity instruments, reclamation bond, accounts payable and accrued liabilities, convertible debentures and Royalty provision. The fair value of accounts payable and accrued liabilities maybe less than their carrying value due to the liquidity risk (see Note 1 in the interim financial report).

10.3. Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents and reclamation bonds. Cash and cash equivalents consist of cash held at a Canadian bank. A substantial portion of the Company's amounts receivable is Input Tax Credit. The carrying amount of cash and cash equivalents, amounts receivable represents the maximum credit exposure.

Management monitors the exposure to credit risk on an ongoing basis and does not consider such risk significant at this time.

10.4. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses. As at October 31, 2019, the Company had a cash balance of $1,127,945 (January 31, 2019: $1,528,767) to settle current liabilities of $12,343,205 (January 31, 2019: $18,104,447). See Note 1 in the interim financial report for further details.

10.5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, and interest rates will affect the Company's operations, net earnings or the value of financial instruments.

10.6. Foreign currency risk

Foreign exchange risk is the risk that variations in exchange rates between foreign currencies will affect the Company's operating and financial results. The Company's Otso Gold Mine is located in Finland and as a consequence, as significant portion of its operations are conducted in Euros. During the period ended October 31, 2019, with all other variables being constant, a 5% change in the value of the Euros compared to the Canadian dollar, would increase/decrease the Company's comprehensive income/(loss) by approximately $1,880,000.

10.7. Interest rate risk

Interest rate risk is the risk that interest rate fluctuations will affect the Company's operating and financial results. Management does not believe that the Company is exposed to significant interest rate risk.

10.8. Commodity price risk

The nature of the Company's operations results in exposure to fluctuations in commodity prices. Commodity prices are impacted by global economic events that dictate the levels of supply and demand. Otso's management continuously monitors commodity prices and may consider instruments to manage exposure to these risks when it deems appropriate.

The Company is exposed to commodity price risk with respect to the price of gold. Commodity price risk is defined as the potential impact on earnings and economic value due to price movements. The Company closely monitors prices of gold to determine the appropriate course of action to be taken by the Company. Price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the market price of gold.

11. INTERNAL CONTROLS

Internal Controls over Financial Reporting

11.1.1. Disclosure Controls and Procedures ("DC&P")

The Company has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related consolidated financial statements was properly recorded, processed, summarized and reported to the Company's Board and Audit Committee. The Company's certifying officers conducted or caused to be conducted under their supervision an evaluation of the disclosure controls and procedures as required under Canadian Securities Administration regulations. Based on the evaluation, the Company's certifying officers concluded that the disclosure controls and procedures were effective to provide a reasonable level of assurance that information required to be disclosed by the Company in its interim filings and other reports that it files or submits under Canadian securities legislation is recorded, processed, summarized and reported within the time period specified and that such information is accumulated and communicated to the Company's management, including the certifying officers, as appropriate to allow for timely decisions regarding required disclosure.

It should be noted that while the Company's certifying officers believe that the Company's disclosure controls and procedures provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

11.1.2. Internal Control over Financial Reporting ("ICFR")

The Company's certifying officers acknowledge that they are responsible for designing internal controls over financial reporting, or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

11.1.3. Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

12. INFORMATION REGARDING FORWARD LOOKING STATEMENTS

This Management's Discussion and Analysis of Financial Condition and Results of Operations contain certain forward- looking statements. Forward-looking statements include but are not limited to 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, environmental risks, unanticipated reclamation expenses, title disputes or claims and 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 statements 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 risks and uncertainties include, among others, the actual results of current exploration activities, conclusions or economic evaluations, changes in project parameters as plans continue to be refined, possible variations in grade and or recovery rates, failure of plant, equipment or processes to operate as anticipated, accidents, labour disputes or other risks of the mining industry, delays in obtaining government approvals or financing or incompletion of development or construction activities, risks relating to the integration of acquisitions, to international operations, and to the prices of gold and other metals. While 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. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by law.

13. ADDITIONAL INFORMATION

SCHEDULE "A"
OTSO GOLD CORP TENEMENT LISTING

Otso Gold Corp Leases

Licence	RegNo	Licence type	Area ha
Laiva Mining lease help area	7803/1a	Mining concession	1551.93
Laiva Mining lease	7803/1b	Mining concession help area	142.30
Laiva 1, 4-5	ML2013:0054	Exploration permit, mining law 621/2011	40.42
Laiva 6, 8-12	ML2019:0035	Exploration permit, mining law 621/2011	465.65
Laiva 13-15	ML2013:0055	Exploration permit, mining law 621/2011	43.51
Laiva 16-33, 41	ML2014:0035	Exploration permit, mining law 621/2011	1258.85
Laiva 34-40	ML2017:0129	Exploration permit, mining law 621/2011	565.30
Oltava 1	ML2012:0155	Exploration permit, mining law 621/2011	2.00
Oltava 2-5	ML2013:0102	Exploration permit, mining law 621/2011	400.00
Oltava 6	ML2012:0069	Exploration permit, mining law 621/2011	566.99
Tormua 1-7	ML2013:0043	Exploration permit, mining law 621/2011	689.00