OTSO GOLD CORP.

(TSX-V: OTSO)

MANAGEMENT'S DISCUSSION AND ANALYSIS

July 31, 2021

This management's discussion and analysis ("MD&A") reviews the activities, results of operations and financial condition of Otso Gold Corp., ("Otso" or the "Company") and its subsidiaries for the period ended July 31, 2021. The discussion below should be read in conjunction with the Company's condensed interim consolidated financial statements for the period ended July 31, 2021, and the related notes thereto (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements. All dollar figures included in the following MD&A are quoted in Canadian dollars unless otherwise indicated. This MD&A has been prepared as of September 29, 2021, pursuant to the disclosure requirements under National Instrument ("NI") 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators.

Additional information related to the Company is available on SEDAR at www.sedar.com and on 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's common shares (the "Common Shares") trade on the TSX Venture Exchange ("TSX-V") under the symbol "OTSO". Additionally, the Common Shares trade in the United States on the OTCQX under the symbol "FIEIF" and in Frankfurt under the symbol "FRA: 2FN".

The Company's administrative office is located at 181 Bay Street, Suite 1800, Toronto, Ontario, M5J 2T9.

The Company owns, indirectly through Swedish and Finnish subsidiaries, 100% of the Otso Gold Mine (the "Mine") a fully licensed gold mine in Finland. The Company also owns 49% of a Copper Creek porphyry copper gold exploration project situated in the golden triangle in British Columbia, Canada.

The Company's core business is to unlock shareholder value by progressing the Mine to production. Once working capital is appropriately funded, the expected net profit from the successful restart of operations at the Mine will be deployed to build a portfolio of high-quality mining assets in safe jurisdictions. Finland is consistently recognized as among the best places in the world for mining and has a highly educated and skilled workforce.

The Company is focused on creating value for shareholders in an environmentally conscious and socially responsible manner. We invest in jurisdictions that share these values and ensure this is central to the Company's actions. We rely heavily on renewable energy, maintain the highest level of environmental standards and operate in a fair wage environment with protective labour policies.

The Mine is located approximately 20 minutes by mostly sealed roads from the port town of Raahe in central west Finland and one hour south of the country's 3rd largest town of Oulu with access to an international airport.

The Mine consists of a fully built 2 million tonne per annum gold processing facility with all of the associated infrastructure in place. In addition, the Mine has two open pits, the North Pit and South Pit, mined to ~50 metres and ~25 metres respectively and is currently opening an area that will expand the mining area by over 200 percent. All the operations are fully permitted and licensed. Additionally, the Company holds a significant mining and exploration lease area. The Company is currently focussed on commissioning the Mine with initial preproduction anticipated in October 2021.

2. OVERVIEW

The Company completed the Equity Financing (as defined herein) on February 8, 2021, and completed the required preparatory work - which consisted of diamond drilling and upgrading infrastructure - to proceed to pre-production during the third fiscal quarter ending October 31, 2021 ("Q3 2022"). Additionally, the Equity Financing provided for the nomination of four new members to the board of directors of the Company (the "Board") adding further depth and strategic guidance.

On September 28, 2021, the Company announced that it had restarted its process plant and began ramping-up production at the Mine on September 20, 2021. Accordingly, it is expected that the first production of gold will occur in October, 2021. John T. Boyd Company ("Boyd") was appointed to update the technical report that complies with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") and incorporates the drilling completed to date. This was completed and released to the market on the 19th August, 2021. Boyd is now completing a bench-by-bench mine plan for the beginning of production in October, 2021. Additionally, Boyd is completing a feasibility study which is expected to be completed shortly with the summary of the report released to market in October 2021 and the full report within 45 days thereafter. The feasibility will comply with the NI 43-101 reporting standards and include financial models, a mine plan and reserve statement. The feasibility study is being completed with a view to assist in mine planning and further increase the Company's confidence in the longer term resources, as well as to underpin a lower cost debt financing to refinance the balance sheet and provide exploration, development and working capital.

The Company has built a highly experienced team on site to ensure a successful return to production including ~135 staff and 20 contractors. The Lionsbridge/Westech senior management team were brought in early to define key responsibilities and an efficient organisational structure to develop a strong culture on site and build out the team operation dynamics of the Mine. Lionsbridge/Westech has extensive experience and a deep skill base in the operation, ownership and management of resource companies. This well experienced team reduces the risk of recommissioning, pre-production and commercial production. The Company has retained Brunel Energy Inc. ("Brunel") to support the Company in recruiting operational staff. Brunel has significant experience in the placement of mining personnel throughout the world. Brunel will be completing psychometric testing on all staff to ensure the on-site complement is both highly skilled and cohesive.

Other major initiatives include moving to a paperless fully automated mine. To this end, we have a VALMET DCS operating the mine site, Pronto ERP managing supply, finance and maintenance and Delta Bit and Mepco managing human resources. These are in final stage of commissioning and will be completed in Q3

3. COVID – 19

Since March 2020, the Company, like the rest of the world, was affected by the COVID-19 pandemic.

The Company's first focus is on the Health and Safety of our staff, their families and the community. We are pleased to report that there have been no outbreaks or transmissions onsite, with only one staff member contracting COVID-19 off site who did not spread it to anyone else. The Company has implemented the recommendations of the Finnish government in relation to COVID-19 including the wearing of masks, installation of hygiene stations and a system of mandatory testing and quarantine for those who travel to site from outside of Finland.

The primary effect on the Company was the delay in refinancing which delayed the Mine's return to pre-production and increased the care and maintenance costs because of a longer period in care and maintenance. Additionally, the inability of senior staff to travel to site delayed the Company's progress including installing new systems and controls on site and planning for the return to production.

The Company finalised a financing solution with Brunswick enabling the return to production to be expedited, resulting in a relatively short delay to the Company's plans. Shortly after completion of the Equity Financing all senior staff spent significant time on site to ensure any further delays were minimised. The Mine will, at all times for the foreseeable future, have a member of the Board of Directors and senior staff on site to ensure there are no further delays as a result of the pandemic. However, the Company has not had material issues with mobilising foreign staff to site, having been successful in placing the majority of department heads on site during the pandemic as well as geological staff. The Company is thankful that the Government of Finland has taken appropriate steps during the pandemic to minimise the effect on the country and in particular the region in which we operate, further the Government has allowed the important work of restarting the mine to proceed with appropriate border controls.

The cases in Finland are low compared to the world; however, during the summer, the case numbers increased across the country. Notwithstanding this, the region in which the Mine operates has had a relatively low incidence of cases. As of 31 July 2021, total COVID-19 cases in Finland since the beginning of the pandemic are 107,798 and as of 31 July 2021, the total doses given per 100 people was 101.34.

4. Environmental, Social & Governance Matters (ESG)

The Company's return to production and all stages leading up to it are completed with a strong focus on ensuring the minimum impact to the environment in line with our responsibilities to our stakeholders. Consequently, we are ensuring our carbon footprint is as low as possible including in our energy mix and the fuel we deploy to site. The Company has concluded an agreement for the supply of electricity with Vattenfall, a Swedish based electricity provider, who will supply 11Mw of power to site from carbon neutral and non-hydrocarbon sources. A contract for fuel is also being finalised which will provide the Company with renewable diesel across its operations. The Company continues work on initiatives to further reduce our carbon footprint across the life cycle of the Mine. Additionally, the Company's operational ethos prioritises the management of our impact on the environment, to this end we have installed sophisticated monitoring and management systems to ensure a minimum impact thereon.

Otso is pleased to operate in Finland where labour policies ensure all employees are fairly compensated and operate in a safe environment. The Company's most fundamental duty is the health and safety of its employees and contractors. The Company has an experienced team on site focused solely on ensuring policies and operations are conducted with this in mind. The Company also contributes 28 percent of each employees' salary to their pension.

The management team believe in ensuring it works with its stakeholders at all stages of a mine's operations, consequently we have undertaken engagement and communication with all stakeholders in the ramp up to pre-production and are further expanding initiatives in this area.

5. FINANCING EFFORTS AND PARTNERSHIP WITH BRUNSWICK

In addition to and in support of, the preparatory works and ramp-up to production noted above, the Company has completed various financing activities.

During March 2020, the Company closed a non-brokered private placement of convertible debentures for net proceeds of $2,132,750. These unsecured debentures bear interest at 10% per annum and are convertible into common shares of the Company at a price equal to the greater of $0.10 per share and the conversion date closing market price less a 20% discount. These debentures are due on March 26, 2023.

During May 2020, the Company concluded a facility with Alumina Partners (Ontario) Ltd. ("Alumina") pursuant to which, upon mutual acceptance on pricing terms, the Company can draw down funds to ensure its continued financial liquidity up to a total of $8,000,000. To date, $600,000 has been drawn down by means of private placements.

During the year ended January 31, 2021, the Company issued a further $170,000 from unit private placements. A total of 3,066,667 units were issued with each unit comprising a common share and a common share purchase warrant to acquire an additional common share of the Company.

On December 11, 2020, Brunswick Gold Ltd. ("Brunswick") entered into a subscription agreement pursuant to which it agreed to subscribe for 284,944,440 units ("Units") of the Company, at $0.05 per Unit, for the aggregate subscription price of $14,028,300 (US$11,000,000) (herein, the "Equity Financing") . Each Unit consisted of one Common Share and one Common Share purchase warrant (each a "Warrant"). The Warrants entitled Brunswick, for a period of five years, to subscribe for up to 284,944,440 additional common shares of the Company at $0.05 per Common Share. The Company completed the Equity Financing on February 8, 2021. Brunswick subsequently exercised its 284,994,440 Warrants for an additional $14,043,084 on July 21, 2021.

The net proceeds from the Equity Financing (including proceeds from the exercise of Brunswick's Warrants) after repayment of the Loan (described below) has and continues to fund the Company's return to production including the preparatory works consisting of, among other things, a detailed directional diamond drilling program to inform a robust geological model, updated technical report, detailed mine plan as well as upgrades on site to underpin the return to production.

Upon completion of the Equity Financing, the Board was reconstituted to include seven directors – namely Brian Wesson, Clyde Wesson, Yvette Harrison and four new Brunswick nominees, including Vladimir Lelekov, Nicolas Pascault, Victor Koshkin and Martin Smith. Additionally, Mr. Lelekov was appointed as Chairperson of the Board. To facilitate the incoming Board members, Christopher Towsey resigned as a director of the Company and agreed to remain as a consultant to Otso.

On completion of the Equity Financing, B&A Wesson Pty Ltd ("B&A") and C&C Wesson Pty Ltd ("C&C"), both related parties and affiliated with Brian Wesson and Clyde Wesson, respectively, were issued an aggregate of 32,380,050 Common Shares and PFL Raahe Holdings LP ("PFL") were issued 31,909,280 Common Shares. Accordingly, as a result of the Equity Financing, on a non-diluted basis, Brunswick then owned 63.05% of the Common Shares; PFL owned 8.76% while each of B&A and C&C owned 4.58% of the Common Shares.

In connection with the 31,909,280 Common Shares issued to PFL on closing, such issuance fully settled the Company's outstanding debt to PFL in the amount of US$1,231,826.

The Company is currently assessing options to fund a US$5 million working capital facility to ensure that the Company has enough working capital in its return to commercial production. As a backstop, Brunswick has agreed to provide the working capital for by way of an equity financing. In addition, the Company has engaged with a number of commercial banks regarding refinancing of borrowings including the Company's secured debt owed to PFL due December 2021.

6. PROGRESS AND BUSINESS STRATEGY

The Company provides regular shareholder letters and updates to keep the shareholders informed of the Company's progress towards production and strategy, supplemented by announcements as these milestones are met. Shareholder letters were released on October 10, 2019, September 9, 2020 and April 7, 2021. Key points, are summarised below:

1. The Company closed convertible notes for a total subscription of $3,737,000 to fund preparatory works and the drilling program;
2. the appointment of Andrey Maruta of Chief Financial Officer of Otso effective as of June 2021.
3. the Company confirming an expected return to production in Q3 2022;
4. all senior management of the Company arriving in Finland, with at least two members expected to be on site at all times on bimonthly rotations to avoid delays as a result of COVID-19 travel restrictions;
5. the arrival of drill rigs to site and the initiation of the Phase Two drilling program with a focus on expediting the program and ensuring sufficient data is collected to provide confidence in the resource/reserve base with further drilling. The mineralization remains open at depth with the deepest

intersection 250 m below surface and open in all four directions. The resources have been studied and confirmed by CSA Global UK, SRK, Boyd and TetraTech;

6. the retention of Boyd, who has expertise in the field and intimate knowledge of the Company's resources. Boyd is expected to complete a NI 43-101 technical report to form the basis of the decision to return to production, with a feasibility to be completed thereafter to support the planned refinancing of the Company's remaining debts;
7. the retention of Knight Piesold Consulting UK ("KP") and Geobotnia Oy to design and advise on the upgrading of the existing infrastructure and engage with key contractors to ensure that necessary infrastructure and capabilities are in place for production. This engagement requires working closely with the Department of Economy and Environment ("ELY") and dam authorities in Finland; and
8. E. Hartikainen OY ("Hartikainen") – mining contractor, was engaged to upgrade the process water dam and other infrastructure projects required for production.

7. DRILLING PROGRAM

The Company has completed 10,000 metres since 2019, concluding 2,200 metres in 2019, and the remaining 7,800 metres since February 2021. The drill program was focused on infill and some step out drilling in the immediate vicinity of the two open pits. The program was mostly NQ orientated and down hold surveyed. The key to mining the shear hosted deposits is to understand where exactly the gold is and then mine waste and ore separately. The core was logged on site and assayed in the local Oulu CRS lab with check samples going to North America for check and ICP analysis.

When closing off to model the resources that were put into market by way of a Technical Report completed by Boyd there were ~4,000 metres of core either be assayed or logged and therefore not included in the resources. The Company has now completed this and the assays have all been fed into the database for Boyd to develop the feasibility and further updated resource statement due in October 2021.

The geology is complex; however, the shear hosted veins have been found to extend on strike east west and found at depth 250 metres below surface. Further vein sets extend north and south making it a very exciting, mineralized area over the 1,500 hectare mining lease. The key to success is our people and we have built up a large cross section of geologists with specialised expertise to develop the geological model.

As the Company goes back to pre-production, grade control is critical, knowing exactly where the veins are situated in the blocks, to this end we have deployed two reverse circulation drills to close the strike distance to 6 metres and drill an 8x6 metre grid over the areas. The grade control is already showing huge success in understanding the mineralisation and structural controls. Figure 1 below is a map of the progress of the drilling campaign to date.

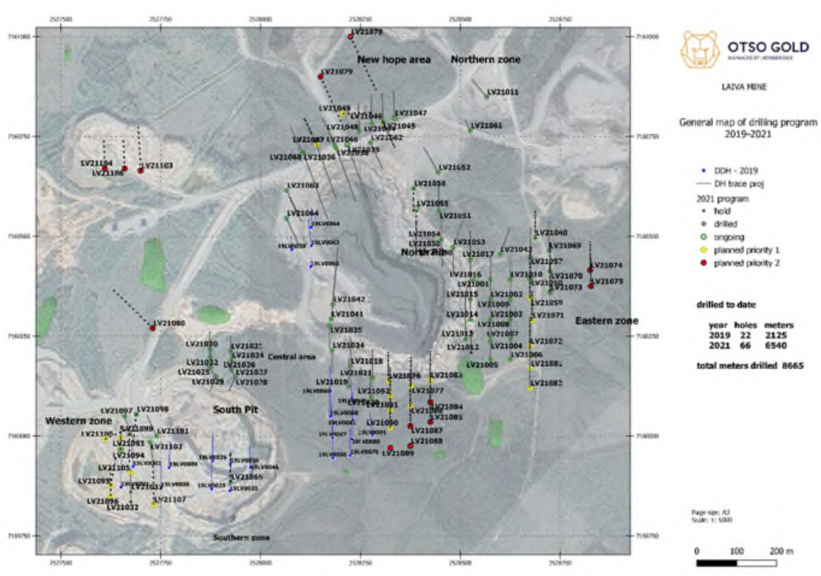


Figure 1

The ore bodies at the Mine have been subject to extensive review, modelling and due diligence processes by independent consultants. The consensus of the economic reports is that the mine is economic with the technical reports confirming the resources, however, the reports recommend a drilling campaign to infill drill the resources step out and develop the understanding of the ore body. The drilling campaign being carried out by the Company is in line with these findings. This drilling campaign has delivered exciting results, including:

Highlights of the recent assay results are summarised as follows:

1. Hole LV21002- 1.00 m @ 2.04 g/t Au starting at 38.00 m
2. Hole LV21004 - 0.86 m @ 2.59 g/t Au starting at 51.84 m
3. Hole LV21010 - 1.37 m @ 4.81 g/t Au starting at 38.93 m
4. Hole LV21013- 0.66 m @ 13.37 g/t Au starting at 26.04 m
5. Hole LV21016 - 0.91 m @ 4.91 g/t Au starting at 44.38 m
6. Hole LV21043 - 0.89 m @ 8.50 g/t Au starting at 44.69 m
7. Hole LV21050 - 0.88 m @ 2.89 g/t Au starting at 17.72 m
8. Hole LV21050 - 0.86 m @ 2.92 g/t Au starting at 22.04 m
9. Hole LV21053 - 0.80 m @ 3.89 g/t Au starting at 11.20 m
10. Hole LV21053 - 0.90 m @ 3.41 g/t Au starting at 61.20 m
11. Hole LV21053 - 1.15 m @ 4.83 g/t Au starting at 63.15 m
12. Hole LV21053 - 0.99 m @ 4.56 g/t Au starting at 67.91 m
13. Hole LV21054 - 0.41 m @ 10.09 g/t Au starting at 37.87 m

There are currently two pits that have been mined covering ~200,000 square metres and a further two that have the overburden removed ready for mining. The expanded footprint of 980,000 square metres that has been developed will create a single mining pit encompassing the two existing pits. The drilling program, to date, has been focused on identifying close to surface targets expanding 500 metres from the existing pits profile to inform the initial Mine plan expected to expand the total footprint by up to four times. An initial Mine plan for the first ~18 months of production, from near surface extensions within 500 metres of the pit will be delivered by Boyd. The initial mine plan will allow the Company to move forward to production to be followed by the feasibility study including a long-term detailed mining plan in October 2021.

8. PROCESS PLANT AND INFRASTRUCTURE

The process plant was built between 2009-2011 by Metso Minerals in conjunction with Outotec and commissioned. All permits are in place to restart the operations apart from the standard safety and environmental permissions pursuant to our licenses which require the lodgement of the Company's plans. However, the main focus for the restart is the geology and Mine plan to deliver the name plate 6,000 tonnes per day (two million tonnes processed per annum) to the process plant from Q3 2022 at 1.51 g/t. The process plant consists of a single stage crushing circuit, grinding mills, a 3 Mw installed power mill, flash flotation, gravity and regrind circuits, high grade and low grade carbon-in-leach plants, carbon stripping and a gold room. Spent mud is sent to two facilities - one high grade and the other low grade. The low-grade dam is approximately 7.5 kilometres from the process plant where it is processed through a thickener. The process plant upgrade and recommissioning is well advanced for the October restart of pre-production.

As of July 31, 2021, the Company has refurbished and recommissioned the process water dam. This repair and relicense has allowed intensive dewatering to start in the mining pits that were flooded during care and maintenance. Hartikainen, the Company's Mine contractor, has been appointed to expand the tailings dam to its full design footprint. As the wall needs to be built all around the new dam area, a quarry was started in the southwest of the dam that already existed to allow sufficient rock to be available for wall construction. In addition, moraine is being burrowed to be placed on the wet face of the walls to seal the structures.

A third project underway is expanding the potential acid forming pad to accommodate the semi waste rock less than 0.6 grams which is part of the mineralized area.

With all the primary infrastructure in place and ready for production, the Company is ensuring the upgrades and improvements detailed above do not delay the restart and are on schedule to deliver them well in advance of production.

As discussed last quarter, 500kg of ore representing four domains was shipped to Denver USA for proof of flow sheet. The metallurgical test work is designed to study the process operating parameters and allow the process control Distributed Control System ("DCS") to be set up at specific operating criteria. The testing is from SAG mill Comminution Control ("SMC") test through to flotation and cyanide amenability. These tests and coarse grind bottle rolls are all focused on the treating of the low grade ore (below 0.6 g/t). Currently, there are significant low grade stockpiles on surface that can be treated as well as the material surrounding the high grade ore. Initial tests are very encouraging and this will be moved to a definite design stage.

9. SELECTED FINANCIAL INFORMATION

9.1 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 applicable to interim financial reporting and are expressed in Canadian dollars.

For the quarter ended	July 31 2021	April 30 2021	January 31 2021	October 31 2020
	$	$	$	$
Net loss	(7,266,949)	(3,836,082)	(4,120,584)	(1,337,940)
Basic loss per common share	(0.01)	(0.01)	(0.02)	(0.01)
Diluted loss per common share	(0.01)	(0.01)	(0.02)	(0.01)
Cash and cash equivalents	12,503,088	5,030,957	95,531	832,455
Property, plant and equipment	55,853,164	51,541,431	52,651,492	54,838,466
Working capital	(27,520,801)	(31,636,849)	(41,063,569)	(40,404,154)

For the quarter ended	July 31 2020	April 30 2020	January 31 2020	October 31 2019
	$	$	$	$
Net income/(loss)	(4,505,925)	(5,412,974)	(9,562,578)	36,231,652
Basic income/(loss) per common share	(0.02)	(0.02)	(0.05)	0.18
Diluted income/(loss) per common share	(0.02)	(0.02)	(0.05)	0.18
Cash and cash equivalents	512,884	841,243	239,064	1,127,945
Property, plant and equipment	56,512,129	54,324,094	52,414,488	49,457,224
Working capital	(25,562,511)	(22,867,633)	(14,992,072)	(7,334,585)

From April 1, 2019 to February 8, 2021, the Mine was put on care and maintenance. The Company's results of operations during this period therefore reflect maintenance costs to ensure that the Mine stayed in a safe and stable condition. The Company has continued its definitive drilling program as described above during the period since March 1, 2021, to support the return to production in Q3 2022.

During the third quarter of fiscal 2020, the Company restructured its arrangement with PFL renegotiating the previous gold forward purchase agreement with a straight loan (US$23 million) and a 2.5% net smelter return royalty on production from the Mine. The restructuring of the debt resulted in a gain of $54 million and overall net income during the third quarter of fiscal 2020.

9.2. Results of Operations

Three months ended July 31, 2021 compared to three months ended July 31, 2020

During the three months ended July 31, 2021, the Company incurred a net loss of $7,266,949, compared to $4,505,925 during the three months ended July 31, 2020.

During the three months ended July 31, 2021, the operating expenses were $584,344 compared to $1,825,550 during the three months ended July 31, 2020. The overall decrease was primarily due to the Company capitalizing its expenditures on the Mine since February 8, 2021, upon capitalization criteria being reached. The Mine was under care and maintenance during the entire three month period ended July 31, 2020.

The Company's non-operating expenses include the change in the fair value of the derivatives related to its loan and royalty agreement with PFL as well as convertible debentures issued to other holders. Total such non-cash costs incurred during the three months ended July 31, 2021, were $5,624,529 compared to $3,548,703 during the three months ended July 31, 2020. The Company also recognized a foreign exchange loss during the three months ended July 31, 2021, of $763,617 compared to a foreign exchange gain of $869,960 during the three months July 31, 2020, a change of $1,633,577. The foreign exchange impact in the profit or loss for the Company during these periods was a result of the change in the value of the Canadian dollar relative to the US dollar, primarily due to translation of the US$23 million loan from PFL into Canadian dollars. Otso does not yet hedge its exposure to foreign currencies.

Six months ended July 31, 2021, compared to six months ended July 31, 2020

During the six months ended July 31, 2021, the Company incurred a net loss of $11,103,031, compared to $9,918,899 during the six months ended July 31, 2020.

During the six months ended July 31, 2021, the operating expenses were $1,603,106 compared to $4,290,492 during the six months ended July 31, 2020. The overall decrease was primarily due to the Company capitalizing its expenditures on the Mine since February 8, 2021, as noted above.

The Company's non-operating expenses include the non-cash derivatives described above of $9,218,950 compared to $5,440,105 during the six months ended July 31, 2020. These non-cash costs incurred during the six months ended July 31, 2021 included $1,722,306 as cost of restructuring the Company's loan with PFL as well as issuance to PFL of Common Shares in conjunction with its previous agreement.

9.3. Liquidity and Capital Resources

The 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 six months ended July 31, 2021, the Company incurred net cash outflows from operating activities of $5,452,519 (2020 - $2,575,389) and from investing activities of $7,846,906 (2020 - $nil). As at July 31, 2021, the Company had a working capital deficiency of $27,520,801 consisting mainly of the deferred PFL debt and former contractor costs from the past, due in December 2021.

Since the Mine was put on care and maintenance, the Company continued to progress on its efforts to raise financing to restart pre-production. During the year ended January 31, 2020, the Company restructured its debt with PFL from a complex forward gold agreement to straight loan and royalty agreement to capitalize on the future potential of the Mine. During that year, the Company raised an additional $7.6 million from PFL. During the year ended January 31, 2021, the Company raised approximately $4.2 million in a combination of debt and equity financing. During fiscal 2022, so far, the Company has continued its efforts to pay down on its debt and generate additional funding from strategic partners, as evident from the Company's partnership with Brunswick described above.

Although the Company has been successful in its efforts so far, given the significant working capital deficiency, there can be no assurances that sufficient funding will be available to maintain the Mine and to cover general and administrative expenses necessary for the maintenance of a public company for at least the next twelve months. The Company is highly dependent on funding from Brunswick and there can be no guarantee that it will be able to continue to secure additional financing in order to continue operations for the foreseeable future, if it doesn't receive adequate support from Brunswick. If financing is received, it may not be on terms that are favourable.

9.4. Outstanding Share Data

As of September 29, 2021, the Company had 903,918,968 Common Shares on issue. The Company also had 4,200,000 stock options outstanding, exercisable at a weighted average exercise price of $0.07 per share, and 14,483,334 share purchase warrants outstanding, exercisable at a weighted average of $0.08 per share.

9.5. Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company. The Company has determined that key management personnel consist of members of the Board and the Company's Chief Executive Officer and Chief Financial Officer.

Consulting fees, director fees, management fees, and other employment benefits, pursuant to service agreements with key management personnel for the three and six months ended July 31, 2021 were $380,795 and $770,453, respectively (2020 – $422,417 and $836,172, respectively), of this amount, $487,470 was capitalized to Mineral properties and machinery equipment and the balance of $282,983 was included in operating expenses. As at July 31, 2021, an amount of $654,523 (January 31, 2020 - $1,067,090) was included in accounts payable and accrued liabilities, representing amounts owing to directors and officers of the Company. Any amounts owing at any time to key management personnel are unsecured, non-interest bearing, and due to demand.

On February 8, 2021, the Company raised $14 million (US$11 million) from Brunswick through issuance of 285 million Units, as well as issued a combined 32 million Common Shares to B&A and C&C as a finders' fee for such Equity Financing. An additional 32 million Common Shares were issued to PFL to settle the Company's previous commitment to them pursuant to the loan agreement with PFL. Both Brunswick and PFL are related parties to the Company due to their significant Common Share ownership in Otso.

The Company also received an additional $14 million (US$11 million) during the six months ended July 31, 2021, from the share purchase warrants exercised by Brunswick, originally issued on February 8, 2021.

During the six months ended July 31, 2021, the Company also amended the payment terms of the US$23 million loan from PFL whereby instead of the US$11.5 million repayment each in March and September 2021, the Company would repay the entire US$23 million in December 2021. Pursuant to the amended agreement, US$23 million would accrue interest at 15% per annum from February 8, 2021 to the date of the repayment.

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.

10.2. Fair values of financial assets and liabilities

The Company's financial instruments include cash, reclamation bond, accounts payable and accrued liabilities, convertible debentures, royalty provision, and the loans from external parties. The fair value of accounts payable and accrued liabilities approximates their carrying value however, may be less than the carrying value due to the liquidity risk described above. The fair values of the derivative component of the convertible debentures and royalty provision are determined using inputs at level 3 of the fair value hierarchy as highlighted in Notes 8 and Note 7, respectively, in the Company's consolidated financial statements as at July 31, 2021.

10.3. Credit risk

Credit risk arises from the potential that a counterparty 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 credits. The carrying amount of cash and cash equivalents, reclamation bonds and 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 July 31, 2021, the Company had a cash balance of $12,503,088 (January 31, 2021 - $95,531) to settle current liabilities of $42,558,875 (January 31, 2021 - $44,068,723).

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.

10.5.1. 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 is exposed to foreign currency risk as it engages in transaction and holds assets and liabilities in currencies other than the Canadian dollar and the Euro, the functional currency of the entities within the group. Such currencies include the Australian dollar, US dollar, Euro, Swedish Krona, and the Mexican Peso. Otso does not hedge its exposure for foreign currencies.

10.5.2. 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 as its debt incurs interest at a fixed rate.

10.5.3. 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, which impacts the fair value of the royalty provision recognized by the Company. 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. FORWARD LOOKING STATEMENTS

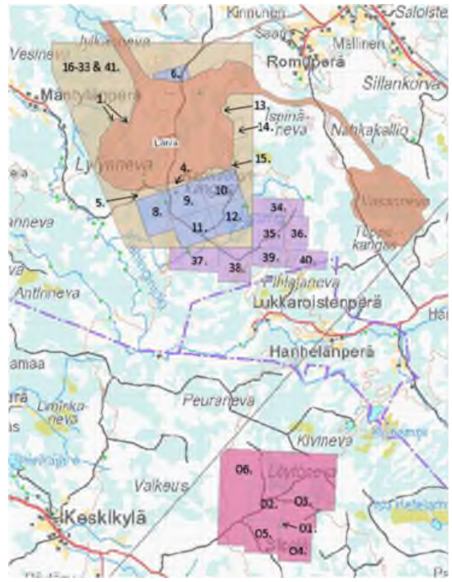
This Management's Discussion and Analysis of Financial Condition and Results of Operations contain certain forward- looking statements. Forward-looking statements include but are not limited to the timing and amount of estimated future production, costs of production, capital expenditures, costs and 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.

12. 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



In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the Financial Statements for the period ended July 31, 2021 and this accompanying MD&A (together, the "Annual Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at www.sedar.com.

The Audit Committee of the Company has approved the disclosure contained in this MD&A.