OTSO GOLD CORP.
Formerly Nordic Gold Inc.
(TSX-V: OTSO)

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JANUARY 31, 2020

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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 year ended January 31, 2020. The discussion below should be read in conjunction with the Company's audited consolidated financial statements for the year ended January 31, 2020. 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's Discussion and Analysis ("MD&A") are quoted in Canadian dollars unless otherwise indicated. This MD&A has been prepared as at August 24 2020.

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 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 the symbol "FIEIF" and in Frankfurt under the symbol "FRA: 2FN".

The Company's administrative office is located at 300 – 1055 West Hastings Street, Vancouver, BC V6E 2E9.

The Company owns, indirectly through Swedish and Finnish subsidiaries, 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 situated in the golden triangle 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's major asset and sole focus of current management is the Otso Gold Mine which is located some 20 minutes' drive from the port town of Raahe in central west Finland and one-hour south from the country's 3rd largest town of Oulu which has an International Airport. Finland is the headquarters of leading global mining equipment manufacturers such as Metso Outotec Minerals ("Metso"). Metso, in concert with Outotec, designed and constructed Otso Gold's circ EUR 300 million mine with a two million tonne per annum processing plant.

Outokumpu mining first discovered the Laiva Gold Project in the 1980's and secured a substantial gold land package in Finland and in the late nineties became Outotec to focus on mineral processing equipment and sold off mining assets world wide of which one was the Laiva mining deposit. The leases changed hands and ended up in 2014 in a Swedish company that listed the exploration project on NASDAQ with the company Nordic AB. The Laiva Gold Project (now called the Otso Gold Mine) development decision was made in 2009 on the back of the CSA Global feasibility under the JORC code. The process plant was built and commissioned over 2 years and began production in late 2011. However, increased pressure to satisfy the debt burden of the overspend during construction, compounded by fluctuating gold prices, led to Nordic AB management of the Mine forgoing detailed geology in favour of bulk mining. With no grade control, poor information and substantial debt, the gold market turned and production was suspended after 23 months.

Over the following two years, Nordic AB negotiated with certain debt providers and concluded an agreement with the Company (then Firesteel Canada, now Otso Gold Corp) that resulted in the Company acquiring, in 2017, 60% of the Otso Gold Mine's parent company, Nordic Mines Marknad AB ("Nordic Marknad"), and the remaining 40% of Nordic Marknad was bought in 2018. The initial purchase of 60% of Nordic Marknad cost US$18 million while the final 40% interest in Nordic Marknad was acquired by issuing to Nordic Mines AB (the vendor) 58,417,182 common shares of the Company. The Nordic Mines AB equity position in Otso Gold Corp 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 Mines 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 environments in the world.
- Finland has existing mining infrastructure including a skilled workforce and leading research and development in the sector.
- The Company holds significant mining and exploration tenor for future expansion and new projects.
- The Mine is fully developed with some of the most sophisticated technology available on the market.
- The Otso Gold Mine is fully licensed.

- Approximately EUR300 million has been invested in the project to date. Previous funds were raised, inter alia, by Nordic Mines AB based on a comprehensive CSA Global (UK) pre-feasibility study and feasibility study (2009).
- The Mine has five pits designed with 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 jewelry.

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 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.

The Agreement with Pandion replaces the above liability with:

- A balance 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 raise money to restart the Mine and service the debt from cash flow 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 April, 2021 restart (delayed from July 2020 as a result of Covid-19 restrictions). To this end, over the next year the Company will be focused on:

1. recapitalizing the Company;

2. completing confirmatory technical work by January 2021 (delayed to April 2021), including,
   i. infill drilling.
   ii. producing a second upgraded National Instrument 43-101 Technical Report.
   iii. finalizing an optimised mine plan.
   iv. Training
   v. Completion of Feasibility Study for restart

3. Returning to production in April 2021. To this end, The Company is;
   i. working with Caterpillar and other suppliers to secure a mining fleet by April, 2021.
   ii. upgrading the tailings, waste facilities and water dam on site.

iii. Fundraising to move the Company forward through feasibility and into production, dilution is always a concern but given the Company's current value the completion of the works will have a significant impact on the value going forward.

2.3. Updated Technical Report

Prior to entering into negotiations to join the Company, Lionsbridge conducted in-depth due diligence regarding the asset and its history. The mineralization 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 (filed on the Sedar.com website) outlining a new block model and resource statement. The suggested block model grades reflect a two-metre cross-section of the mineralization 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 centers to 25 metres to meet requirements for reserves.

The drill program comprises 10,000 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 was started in November and was monitored in real time by Tetra Tech to allow the program to be modified if needed as the assay data becomes available. 1,900 metres have been drilled to date, all core logged, cut and PAL assays carried out on half the samples. The full batch will be sent off shortly for fire gold assay and the samples multi scanned through Inductively Coupled Plasma mass spectrometry ("ICP-ES"). The ICP-ES will provide 35 elements and allow the mineralogical footprints of trace elements to be modelled and allow the various lodes to be identified and modelled. The core was all drilled with orientation to allow 3D modelling for the mine plan and understanding of the structural geology, the drilled will further be used for fine tuning the metallurgical test work to feed into an upgrade of the process logic and control for the April restart.

2.5. Retrenchments

Over the past months we have reduced the site staff for care and maintenance to 8 staff and, as a result of Covid-19, we have outsourced some the administration as a result of the fact that the new Visma software system installed in January 2019 was not properly commissioned and was creating several issues in payroll and accounts. Visma is being reviewed against other systems to be installed and commissioned before the restart. Some of the head office and site staff have had to work from home during the pandemic.

3. FINANCING

The Company has, over the last 12 months, sought initiatives to keep dilution as low as possible notwithstanding that the restart of the Company in 2018 resulted in large losses which the Company had to overcome. The new management came in in July 2019 and has been working through the debts including the major debt which was to Pandion Mine Finance who had provided a gold loan with a mark to market value when we came in of USD$55 million. Pandion further funded the restart with a USD$7 million loan in mid-2018.

The first issue for the new management was to stabilize the Company, working closely with creditors whilst negotiating a secure debt restructure to provide the runway to move forward. The Gold loan was extinguished and all the debts were rolled into two payments of USD$11.5 million due in 2021 with no interest or covenants, 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; and a 2.5% net smelter return on gold production from the Otso Gold Mine. Further, Pandion had hit its internal covenants for funding and completed the first fund which prevented them following on with their investments and Pandion with Lionsbridge (New management) underwriting provided a further USD$1.5 million in a 3-year convertible note, subsequent to year end. At the time, some of the Company's outstanding creditors were moved to a 3-year convertible note, in total notes were issued for CAD$3.7 million. The note was structured to reduce dilution where it converts at a discount to share price at the time of conversion and does not put a drag on the Company's share price.

In April 2020 the Company secured a commitment from Alumina Partners to back the Company up to an amount of CAD$8 million that was structured to be drawn down in smaller amounts to reduce dilution and move the Company ahead. The price of each tranche is by negotiation and subject to regulatory approval. To date, CAD$400K has been drawn, a very modest amount to manage the various facets of the site and the market.

The Company set up a data room and, since the PDAC conference in March 2020, has had the data room open to desirable investors and have been working on funding the Company. Management has several companies and is very cognizant of getting the right funding in for long term value as we are looking to build a mining house over the coming years and are not promoters but mine operators. The gold price has been strengthening while we work on the funding and have had several parties in the data room and at site visits, given the current gold price and the market we expect to close funding within Q3 of fiscal 2021 and continue with our drilling program and the rework of the mine plan and feasibility which will unlock the significant unrealized value of the Company in the short term. Initial funding will be a portion of the CAD $10 million needed to complete the drilling, metallurgical test work and feasibility prior to December 31, 2020 and focus on production in April 2021.

The objective of the drilling is to close down the drill spacing and understand the four mineralized domains in 3D to allow accurate mining and grade control. The process plant has achieved 87.5% recovery and is designed for 6,000 tonnes a day at 2 g/t, with our target head grade on a diluted basis at 1.55 g/t.

4. PROCESS PLANT AND INFRASTRUCTURE

The process plant was built by Metso Minerals in conjunction with Outotec and all permits are in place. However, the main focus for the restart is the mine plan to deliver the name plate 6,000 tonnes per day to the process plant from April, 2021. The plant consists of crushing, two 3 Mw mills, scat circuit, gravity and regrind, high grade and low grade CIL carbon stripping and gold room and two tailings facilities.

Over the last few months, we have appointed a new safety manager and removed all hazardous chemicals from site to ensure the highest levels of safety are maintained. Covid protocols have been adopted and will be updated as needed. All the chemicals are available locally and will be brought back in March 2021 for the restart. Further, we are reviewing the process controls and the gear boxes from the CIL plant that have been refurbished for the restart next year. We have also initiated safety protocols regarding Covid-19.

Once the larger funding becomes available, which is expected to occur in Q3 of fiscal 2020, we will complete the refurbishment of the process water dam, lift the north wall of the tailings dam for sufficient capacity and extend the waste pile all for the expected restart in April 2021. The civil works will be contracted to local contractors.

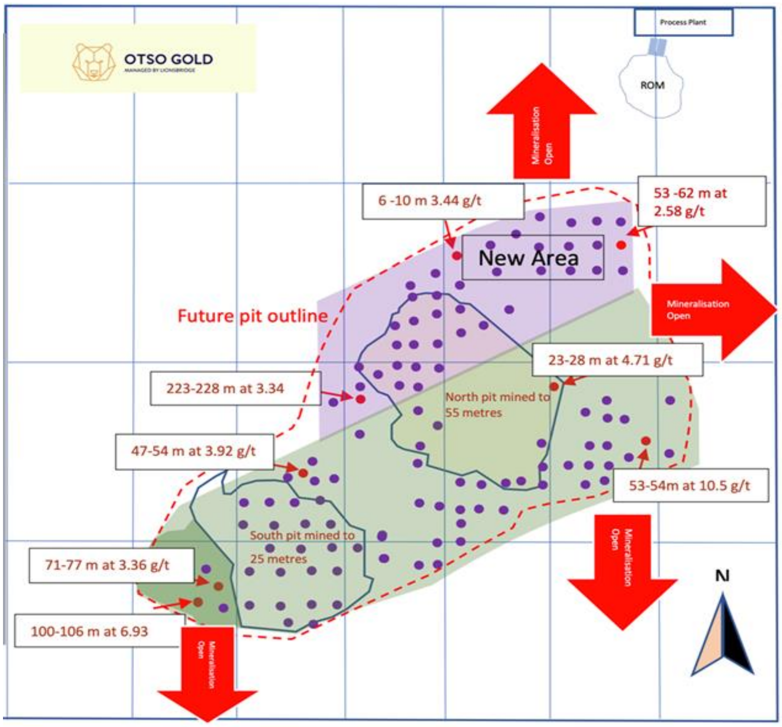
5. EXPLORATION AND EVALUATION ASSETS IN FINLAND

The ore bodies have been modelled by several distinguished companies and people over the years and withstood scrutiny from major banks. The Company was originally a Swedish entity and CSA Global out of the UK who specializes in the mining and control of grade of these types of ore bodies worked from 2005 to 2011 on the project producing 5 resource statements of which two were pre- and feasibility study in 2009 and the final report was a review during production. These reports were all done under JORC as were the reports by SRK who RC drilled the pit floor in 2014 and generated two resource statements and a restart plan to fill the mill.

Once the Company became a Canadian company in 2017, paying USD$18 million plus 40% of the issued stock, the reports had to be NI43-101 compliant. Boyd Consultants in Denver Colorado carried out a review for a quick restart and subsequently produced a PEA which indicated the project was economic at USD$1,300 gold and produced the following table (Page 223, 2018 PEA John,T Boyd 2018). The PEA reported that at USD$1,300 gold price per ounce the after tax NPV (5%) was USD$90.728 million at an IRR of 44.4% and at USD$1,700 gold the NPV (5%) $201.875 million and IRR of 71.6%. This limited mine life to 6 years and suggested a detailed drilling program to upgrade and bring further resources into the mine plan.

The resources were re-modelled by Tetra Tech UK in October 2019 who designed the drilling program to close the drill spacing to upgrade the resources and form the basis of a robust mine plan. Tetra tech were appointed for feasibility and once a further 4,100 metres is drilled, totaling the first 6,000 metres of the program, the resources will be updated in October and feasibility completed prior to calendar year-end.

There are currently two pits that have had some mining and a further two that have the overburden removed with further extensions and there are other pits yet to be developed. The drilling program closes spacing and over an area twice the size of the original pits.



-Plate 1 Shows the existing two pits and the area to be covered by the drilling program with projected pit out

Plate 1 above indicates the area of focus for the current drill program of which 1,900 metres was completed. The remaining drilling is to be completed over the next months and focus on achieving 25m spacing between all holes through the mineralization to underpin a robust mine plan to be able to accurately predict tonnes and grade delivered to the process plant on a daily basis. The area being drilled is part of the original JORC reported feasibility by CSA Global that underpinned the original development of the mine in 2009. An updated feasibility will be completed in conjunction with the drilling notwithstanding the licensed, built and commissioned processing facility and infrastructure.

6. OUTLOOK

The Company has gone through a period of clean-up since July 2019: restructuring, paying debts and doing a detailed audit of the Company. During this process, the staff has been reduced and the Company has moved ahead with the drilling program to define and optimize the mine plan. Given that we are drilling a significant number of metres and updating geology and mine plan, it is prudent to publish a feasibility as the process plant and infrastructure are built and fully licensed for production. 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.

The Company has raised significant funds to date with minimal dilution to clean the Company up and move ahead with the technical work and is currently preparing to move forward with drilling and the associated funding. Within four weeks of the expected funding for drilling, the Company will once again start releasing drill assays on a consistent basis over the next months and results of metallurgical test work and finally the feasibility study which we would expect to have in the market this calendar year.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 once the mine plan is finalised.

The feasibility will look to underpin the raising of debt for the restart and cleaning balance sheet as well as securing finance from equipment suppliers for the purchase of the new mine fleet.

Over the next months, subject to financing, the Company will complete the drilling, feasibility, lift the north wall of the tailings dam to give capacity for the April 2021 restart, extend the waste piles and upgrade the process water dam.

The Company will build procedures and operating manuals for the Company to ensure the highest standards of operational performance while keeping staff safe and protecting the environment. Once these documents are available in 2021, we will move to start leveling the open pit mining areas for mining while training staff as the mine will deploy new control systems to manage and monitor operations.

The big advantage is the availability of graduates in the area with the University of Oulu an hour from the mine site.

Production is scheduled for April 2021 once the Spring comes to Finland even though the weather in winter will not impede production. In the restart stage of the project, we will do significant grade control and reconciliation work in the pit and plant requiring extra geologists in the pit as spotters and attention in the process areas which is much easier in spring for access and control. Once operating and the workforce gets used to the operations by autumn in November 2021, the weather is not expected to impact production. The process plant is designed for 2 million tonnes a year and has significant equipment to be able to accommodate many different ores and grades which was one of the reasons for the original high cost of construction.

7. SELECTED FINANCIAL INFORMATION

7.1. Selected Annual Information

The following table sets out selected annual financial information of the Company and is derived from the Company's audited consolidated financial statements for the years ended January 31, 2020, 2019 and 2018.

	2020 $	2019 $	2018 $
Revenues	Nil	Nil	Nil
Income (loss) for the year	14,248,746	(28,653,982)	1,159,615
Earnings (loss) per share (basic and diluted)	0.07	(0.18)	0.02
Total assets	61,018,083	64,411,986	43,222,088
Total non-current financial liabilities	41,233,095	59,769,041	31,885,237
Dividends declared	Nil	Nil	Nil

7.2. 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	January 2020	October 2019	July 2019	April 2019
	$	$	$	$
Net income/(loss)	(9,562,578)	36,231,652	(8,602,163)	(3,818,165)
Basic income/(loss) per common share	(0.05)	0.18	(0.04)	(0.02)
Diluted income/(loss) per common share	(0.05)	0.18	(0.04)	(0.02)
Cash and cash equivalents	239,064	1,127,945	1,625,990	1,915,540
Property, plant and equipment	52,414,488	49,457,224	53.817,427	52,270,779
Net current assets/(liabilities)	(14,992,072)	(7,334,585)	(73,853,554)	(13,080,179)

For the quarter ended	January 2019	October 2018	July 2018	April 2018
	$	$	$	$
Net income/(loss)	(7,240,721)	(11,933,935)	(5,413,438)	(4,065,888)
Basic income/(loss) per common share	(0.04)	(0.08)	(0.04)	(0.02)
Diluted income/(loss) per common share	(0.04)	(0.08)	(0.04)	(0.02)
Cash and cash equivalents	1,528,767	4,107,112	11,919,951	14,526,872
Property, plant and equipment	49,977,667	38,156,662	22,621,414	19,617,418
Net current assets/(liabilities)	(10,348,523)	2,375,785	13,413,768	16,651,140

During the third quarter of fiscal 2020, 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 (received as of January 31, 2020) to the Company for assistance with working capital for maintenance expenditures of the Otso Gold Mine. As a result of the restructuring, 26,612,000 common shares 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.

Gold Forward Sale Derivative Liability	**October 7, 2019 $**
Balance, beginning of the period	**51,756,705**
Revaluation of the derivative	**22,139,413**
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	**213,399**
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	**(54,436,036)**
Balance, end of the period	**-**

The above gain on the restructure led to the Company having net income for the year ended January 31, 2020 of $14,248,746.

7.3. Liquidity and Capital Resources

The Company's consolidated 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 year ended January 31, 2020, the Company incurred net cash outflows from operating activities of $3,078,483 (2019: $5,208,903). As at January 31, 2020, the Company had cash and cash equivalents of $239,064 (2019: $1,528,767) and a working capital deficiency of $14,992,072 (2019: $10,348,523).

There can be no assurances that sufficient funding, including adequate financing, will be available to maintain the Otso Gold Mine and to cover general and administrative expenses necessary for the maintenance of a public company for at least twelve months. Subsequent to year end, the Company closed several financings (Note 21 but there can be no guarantee that the Company will be able to continue to secure additional financing in order to be able to continue operations for the foreseeable future, and if so, on terms that are favorable.

During the year ended January 31, 2020, the Company restructured its debt with Pandion Mine Finance (through their subsidiary PFL Raahe Holdings LP) ("Pandion"), for which the key commercial terms of the Consent and Agreement are included above and in Note 11 of the consolidated financial statements.

Realization values may be substantially different from carrying values as shown in these 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.

7.4. Outstanding Share Data

As of August 24, 2020 the Company had 231,742,741 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 20,356,411 share purchase warrants outstanding, exercisable at a weighted average of $0.11 per share.

7.5. Related Party Transactions

Brian Wesson and Clyde Wesson are both directors of Lionsbridge and senior officers and directors of the Company. During the year ended, January 31, 2020, 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.

The remuneration of key management personnel, including the Company's Board of Directors, Chief Executive Officer and Chief Financial Officer, during the years ended January 31, 2020 and 2019 was as follows:

	January 31, 2020	January 31, 2019
	$	$
Short-term benefits (i)	**1,106,151**	776,000
Share based payments	**77,347**	434,000
	1,183,498	1,210,000

(i) Includes consulting fees, director fees, management fees and other employment benefits, pursuant to service agreements.

As at January 31, 2020, an amount of $269,332 is included in accounts payable and accrued liabilities, representing amounts owing to former directors and officers of the Company.

8. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

8.1. Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the statement of loss during the period the new information becomes available.

Factors considered in the assessment of impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, and environmental or political factors that could affect the assets' value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the acquisition and development or cost of holding such assets; whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future on mineral properties; and whether the Company has the necessary funds to be able to maintain its interest in the mineral properties.

8.2. Functional Currency

There is judgement involved in determining functional currency of the Company. Management determined that the functional currency of the Company is the Canadian dollar. The individual financial records of the Company's subsidiaries are kept in the currency of the primary economic environment in which each entity operates (their "functional currency"). The functional currency of Del Fuego is the Mexican Peso. The functional currency of Nordic Mines Marknad AB is the US dollars and the functional currency of Nordic Gold OY is EUR.

8.3. Achievement of Commercial Production Phase

Once a mine reaches the operating levels intended by management, depreciation of capitalized costs begins. Significant judgment is required to determine when certain assets of the Company's reach this level. Management considers several factors including, completion of a reasonable period of commissioning and if consistent operating results are being achieved at a predetermined level of design capacity.

8.4. Impairment

Judgment is involved in assessing whether there is any indication that an asset or cash generating unit may be impaired. This assessment is made based on the analysis of, amongst other factors, changes in the market or business environment, events that have transpired that have impacted the asset or cash generating unit, and information from internal reporting.

8.5. Income, Value Added, Withholding and Other Taxes

The Company and its subsidiaries and are subject to income, value added, withholding and other taxes. Significant judgment is required in determining the provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

8.6. Share-Based Payments

Management assesses the fair value of stock options granted using the Black-Scholes option pricing model, which was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's stock options have characteristics significantly different from those of traded options, and changes in the highly subjective input assumptions can materially affect the calculated values. The fair value of stock options granted using the Black-Scholes option pricing model do not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

8.7. Rehabilitation and Restoration Provision

The Company has obligations for the future restoration of its mining tenements. In most instances, removal of assets and restoration of the surrounding area occurs at the end of mine life. This requires judgmental assumptions regarding removal date, the extent of reclamation activities required, the engineering methodology for estimating cost, future removal technologies in determining removal cost, and asset specific discount rates to determine the present value of these cash flows.

8.8. Property, Plant and Equipment

The net carrying value of each mineral property is reviewed regularly for conditions that suggest impairment. This review requires significant judgment. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future. Gold and silver prices are volatile and affected by many factors beyond the Company's control, including prevailing interest rates and returns on other asset classes, expectations regarding inflation, speculation, currency values, governmental decisions regarding precious metals stockpiles, global and regional demand and production, political and economic conditions and other factors may affect the key assumptions used in the Company's impairment testing. Various factors could impact our ability to achieve forecasted production levels from proven and probable reserves. Additionally, production, capital and reclamation costs could differ from the assumptions used in the cash flow models used to assess impairment. Actual results may vary from the Company's estimates and result in additional impairment charges.

Achievement of the production phase occurs once a mine reaches the operating levels intended by management. At this point depreciation and depletion of capitalized costs begins. Significant judgment is required to determine when certain assets of the Company's reach this level. Management considers several factors including, completion of a reasonable period of commissioning and that consistent operating results are being achieved at a pre-determined level of design capacity. The Company has determined that this has not yet occurred.

8.9. Fair Value of Derivatives

The fair values of financial instruments that are not traded in an active market are determined using valuation techniques. Management uses its judgment to select a method of valuation and makes estimates of specific model inputs that are based on conditions existing at the end of each reporting period. Refer to Note 11 and 12 of the consolidated financial statements for further details on the methods and assumptions associated with the measurement of the royalty provision, including the related accounting for the restructuring of the forward gold purchase agreement and the embedded derivative within the convertible debentures, respectively.

9. FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

9.1. 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.

9.2. Fair values of financial assets and liabilities

The Company's financial instruments include cash, equity instruments, reclamation bond, accounts payable and accrued liabilities, convertible debentures royalty provision, and the loan to Pandion. The fair value of accounts payable and accrued liabilities may be less than their carrying value due to the liquidity risk (see Note 1 of the consolidated financial statements). 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.

9.3. 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 Credit. 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.

9.4. 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 January 31, 2020, the Company had a cash balance of $239,064 (January 31, 2019: $1,528,767) to settle current liabilities of $18,789,435 (January 31, 2019: $18,104,447). See Note 1 in the financial report for further details.

9.5. 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.

9.6. 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 year ended January 31, 2020, 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 $96,500.

9.7. 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.

9.8. 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.

10. INTERNAL CONTROLS

Internal Controls over Financial Reporting

10.1.1. 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 annual and 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.

10.1.2. 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.

10.1.3. 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.

11. INFORMATION REGARDINGFORWARD 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