



CORPORATE UPDATE February 14, 2018

OTIS GOLD CORP.
(V-000) \$0.235

RATING: BUY
(unchanged)

TARGET: \$0.60
(unchanged)

Kilgore's Got Legs

- ▶ **EVENT:** Otis Gold Corp. announced drill results for the remaining nine core holes of its 25-hole, 8,000-metre drill program at the Kilgore Project in Idaho.
- ▶ **IMPACT: Positive.** These holes were successful in extending mineralization at depth and in-filling areas between zones of previously known mineralization in the Aspen Formation, which underlie the main resource area. In our view, results released to date support potential for a larger global resource at a higher grade than the currently estimated NI 43-101 resource of 820,000 ozs grading 0.54 g/t Au. We model ~1Moz grading 0.82g/t in our DCF model. An updated resource estimate at Kilgore is expected for early Q218.

Select Assay Results from 2017 Kilgore Drill Program

Hole ID	Width (m)	Au (g/t)
17-OKC-366	86.8	1.05
17-OKC-374	137.2	0.91
17-OKC-376	71.6	0.74
17-OKC-377	118.9	0.74

True widths are estimated at ~80-100%

- ▶ **DISCUSSION:** Figure 2 shows the significance of holes OKC-366, OKC-376 and OKC-377 which not only extend the strike of the mineralization laterally to the northeast by ~50 m and vertically at depth by ~100 m but support potential for an expanded resource footprint.
- ▶ While, recent drilling has been constrained by permitting, Otis proposes a 140 hole exploration program aimed at following up on open ended mineralized zones to the NE, SE and N. Previous drilling (Nov. 20/17 release) to the SE intersected an interval in hole 17-OKC-362 110.6 m of 0.90 g/t Au and hole 10-OKC-210 (2010 drilling) to the north intersected an interval of 30.4 m of 2.53 g/t Au. Follow-up drilling at Kilgore is expected to commence in Q318.
- ▶ Upcoming news flow will consist of geophysical and soil survey results from Kilgore, and surface sampling results from the Oakley project conducted in 2017. The Oakley project is located ~300km to the south of Kilgore and has an inferred resource of 163Kozs at 0.51 g/t (2016). Drilling at Oakley is expected to commence in Q218.
- ▶ **VALUATION/RECOMMENDATION: We are maintaining our BUY rating and target price of C\$0.60 based on our 8% DCF for Kilgore.** We see an appreciation of Kilgore as a low capital heap leach project growing with exploration success. This appeal is supported by Kilgore's location in Idaho and recent M&A activity in the sector (Exeter, Integra, IAMGOLD's Cote project).

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Company Statistics

Potential Return	155%
Risk	SPECULATIVE
52-week High/Low (C\$/sh)	\$0.39/\$0.17
Shares o/s (M)	164
Shares o/s (fd) (M)	170
Market Cap (basic) (C\$M)	\$38
3-month Avg Trading Volume	109,466
Working Capital (C\$M)	\$2.4
Long Term Debt (C\$M)	NIL
EV/oz (C\$/oz)	\$88
NAVPS (C\$/sh)	\$0.58
P/NAV (x)	0.41
CEO	Craig Lindsay

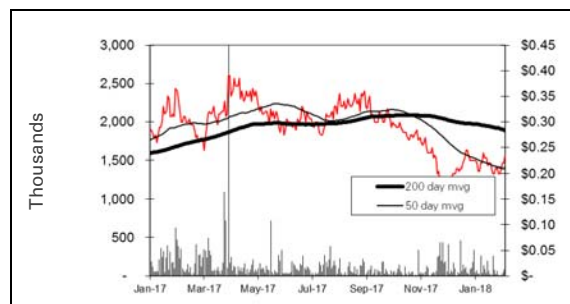
Top Shareholders

Christopher Lee-Barber	11.1%
Agnico Eagle	10.0%
Roger Norwich	10.2%
Craig Lindsay	4.7%

Source: (Thomson Reuters Eikon)

Key Catalysts & Performance

- ▶ Kilgore geophysics and soils results – Q118
- ▶ Oakley: surface sampling results – Q118
- ▶ Updated Kilgore resource estimate – early Q218
- ▶ Drill program commencing at Oakley – Q218
- ▶ Resource expansion drill program at Kilgore – Q318



Corporate Information

Otis Gold Corp. is a Canadian based junior exploration company. The company's projects include the Kilgore and Oakley projects which are 100% owned and all located in Idaho. Both projects also have a NI 43-101 compliant resource estimate.

A Disclosure fact sheet is available on Pages 5-6 of this report.

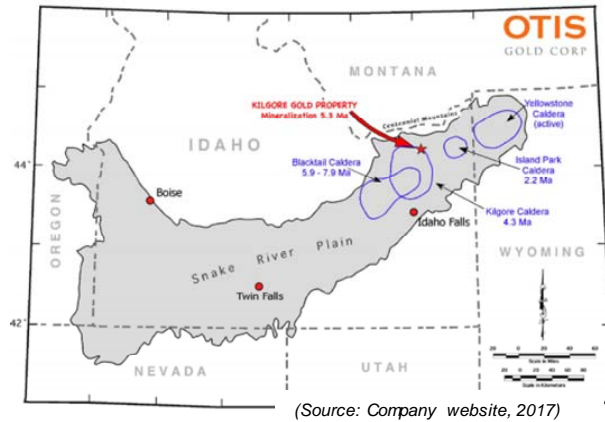
Company Snapshot

OTIS GOLD CORP. TSX:000.V: \$0.24 RATING: BUY TARGET: \$0.60

FINANCIAL SNAPSHOT

V-000 (C\$)	\$0.24
Target Price (C\$)	\$0.60
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KILGORE PROJECT LOCATION MAP, IDAHO



KILGORE RESOURCE ESTIMATE (2012)

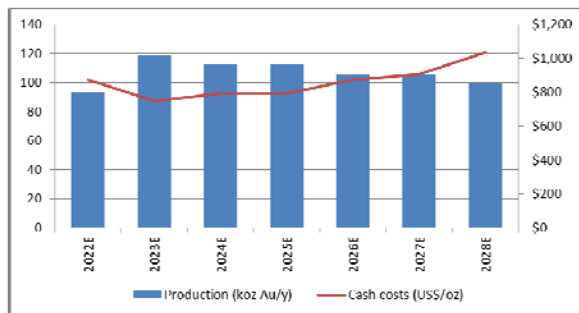
Resource Category	Tonnes (Mt)	Grade (Au (gpt))	Contained (Ounces Au)
Indicated	27.3	0.59	520,000
Inferred	20.2	0.46	300,000
Total	47.5	0.54	820,000

Top Shareholders

Christopher Lee-Barber	11.1%
Agnico Eagle	10.0%
Roger Norwich	10.2%
Craig Lindsay	4.7%
Tim Miller	2.1%

(Source: Thomson Reuters Eikon)

OTIS PRODUCTION FORECAST



PROJECT PARAMETERS

Initial capex (US\$m)	120
Average Production (koz Au/yr)	107
Total cash costs (US\$/oz)	861
Sustaining Capex (C\$/oz)	32
Mine life (years)	7
Throughput (tpd)	14,800
Average recovery (%)	75
Strip ratio	1.8
Opex per tonne (US\$/t)	16.9
Model grade (g/t Au)	0.82
Contained ounces (moz Au)	1.00

PI ESTIMATE

(Source: PI Financial)

000 Valuation

	US\$m	US\$/share
164m shares out		
Kilgore DCF (8% DR)	\$52	\$0.32
Exploration	\$20	\$0.12
Other projects	\$10	\$0.06
G&A Burn	-\$4	-\$0.03
Exploration Burn	-\$7	-\$0.04
Working Capital	\$2	\$0.01
Total (US\$)	\$72	\$0.44
Total (C\$)	\$94	\$0.58

KEY CATALYSTS

- ▶ Kilgore regional geophysics and soils results - Q118
- ▶ Oakley: surface sampling results - Q118
- ▶ Updated Kilgore resource estimate - Early Q218
- ▶ Commence drill program at Oakley - Q218
- ▶ Resource expansion drill program at Kilgore - Q318

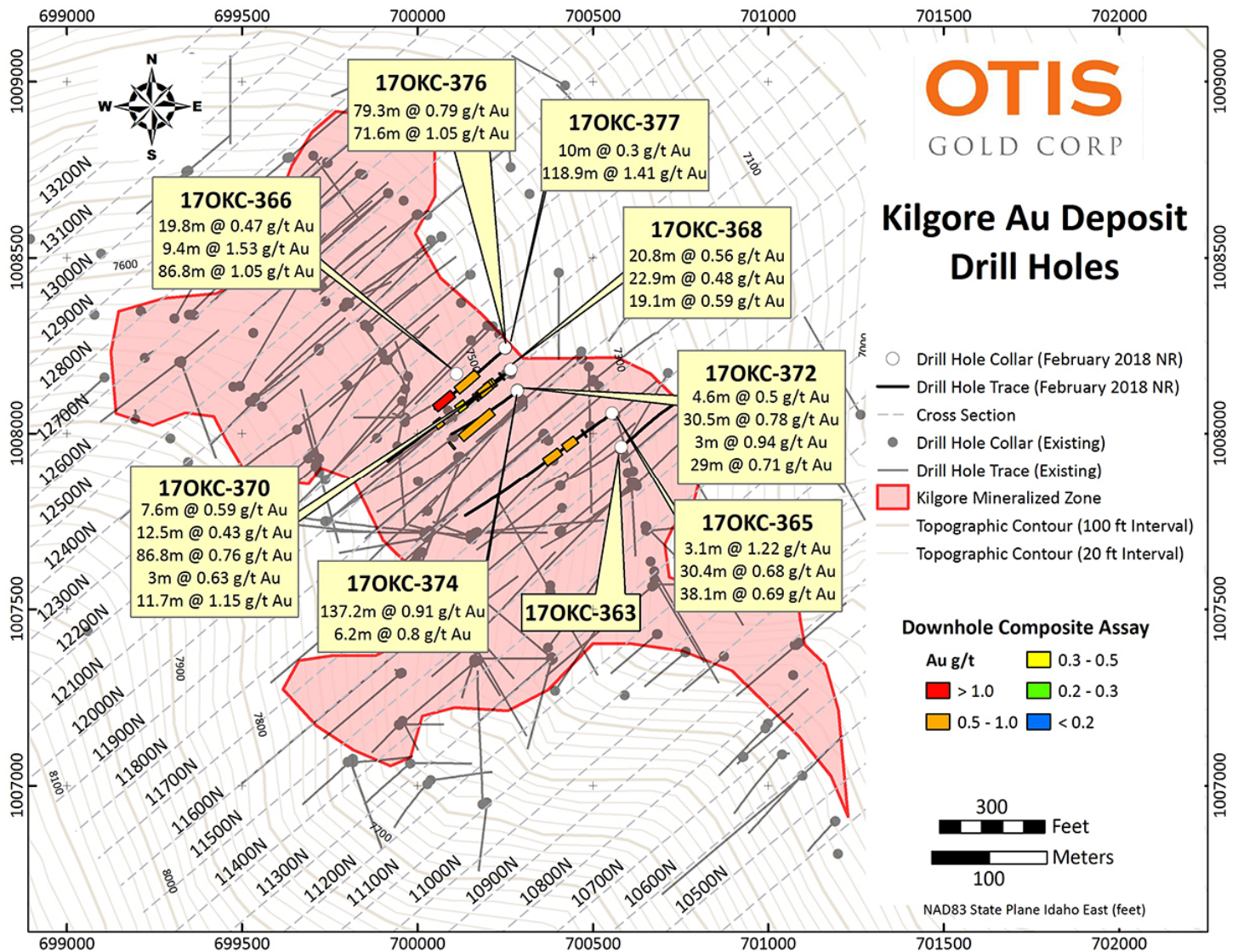
INVESTMENT THESIS

The Kilgore project is at an inflection point. Recent drilling success, including positive results in the Aspen Formation, we feel are set to increase the project's resource base materially with the upcoming resource update (Q118). Over the next year, we expect that Kilgore will transition towards being viewed by investors as a low capital heap leach project. Given the project's location in Idaho and recent M&A activity in the sector (Exeter, Integra, IAMGold's Cote project), we expect this advancement of Kilgore to result in positive share price performance for Otis.

DISCLOSURE

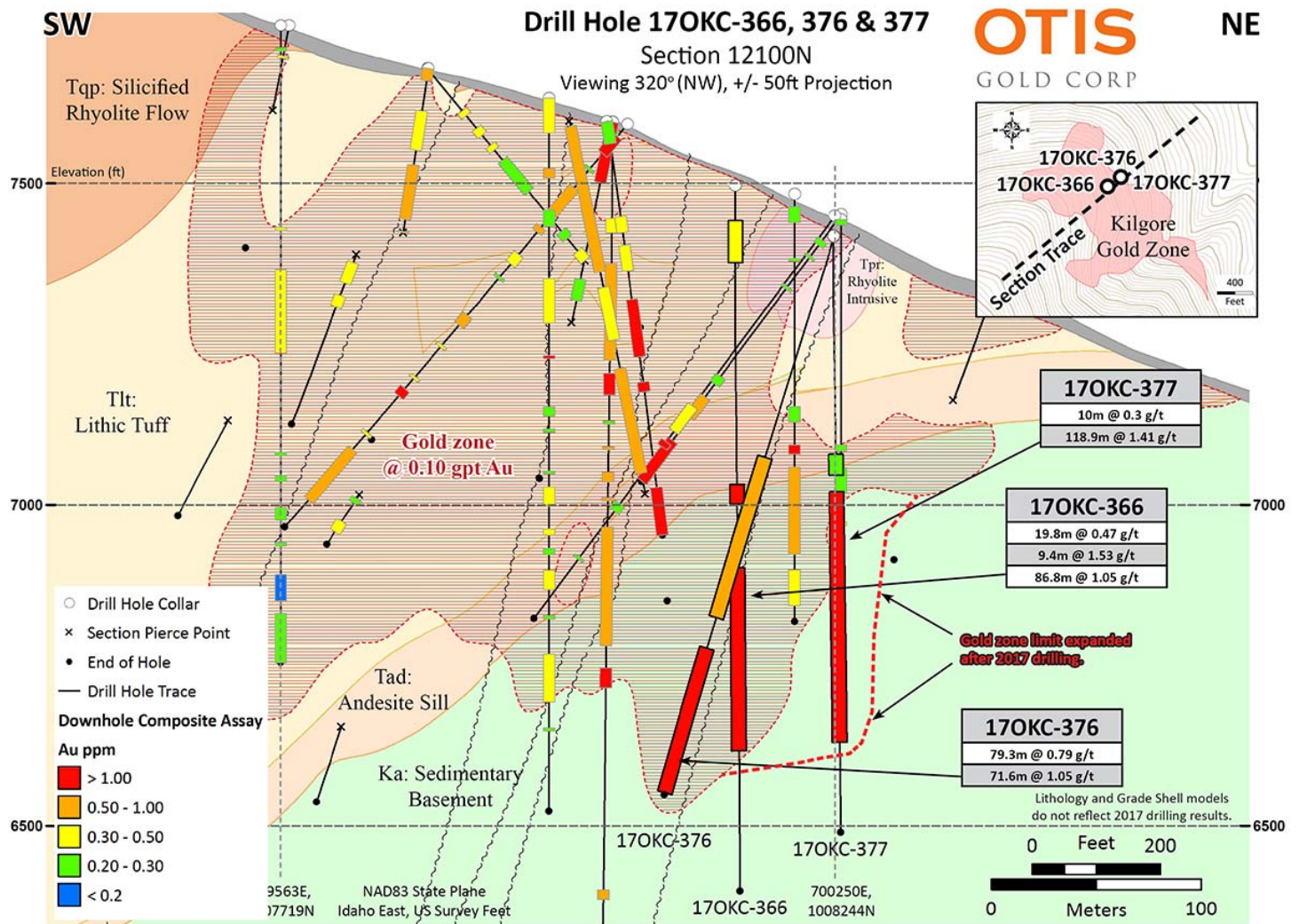
With the exception of current pricing, this is an excerpt from the full research report on this issuer published on February 14, 2018. For full details, please refer to that research report.

Figure 1: Kilgore Project 2017 Drill Hole Location Plan Map



Source: Otis Gold Corp

Figure 2: Kilgore Project 2017 Cross Section 12100N



Source: Otis Gold Corp.

Disclosure Fact Sheet

Ratings

BUY : recommendation: stock is expected to appreciate from its current price level at least 10-20% in the next 12 months.

NEUTRAL : recommendation: stock is expected to trade in a narrow range from its current price level in the next 12 months.

SELL : recommendation: stock is expected to decline from its current price level at least 10-20% in the next 12 months.

U/R : Under Review

N/R : No Rating

TENDER: Investors are guided to tender to the terms of the takeover offer.

Analyst recommendations and targets are based on the stock's expected return over a 12-month period or may be based on the company achieving specific fundamental results. Under certain circumstances, and at the discretion of the analyst, a recommendation may be applied for a shorter time period. The basis for the variability in the expected percentage change for a recommendation, relates to the differences in the risk ratings applied to individual stocks. For instance stocks that are rated Speculative must be expected to appreciate at the high end of the range of 10-20% over a 12-month period.

Price Volatility / Risk

SPECULATIVE : The Company has no established operating revenue, and/or balance sheet or cash flow concerns exist. Typically low public float or lack of liquidity exists. Rated for risk tolerant investors only.

ABOVE AVERAGE : Revenue and earnings predictability may not be established. Balance sheet or cash flow concerns may exist. Stock may exhibit low liquidity.

AVERAGE : Average revenue and earnings predictability has been established; no significant cash flow/balance sheet concerns are foreseeable over the next 12 months. Reasonable liquidity exists. Price Volatility/Risk analysis while broad based includes the risks associated with a company's balance sheet, variability of revenue or earnings, industry or sector risks, and liquidity risk.

Analyst Certification

I, Gary Sidhu, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly related to the specific recommendations or views expressed in this report. I am the research analyst primarily responsible for preparing this report.

Research Disclosures

	Applicability
1) PI Financial Corp. and its affiliates' holdings in the subject company's securities, in aggregate exceeds 1% of each company's issued and outstanding securities.	1) No
2) The analyst(s) responsible for the report or recommendation on the subject company, a member of the research analyst's household, and associate of the research analyst, or any individual directly involved in the preparation of this report, have a financial interest in, or exercises investment discretion or control over, securities issued by the following companies.	2) No
3) PI Financial Corp. and/or its affiliates have received compensation for investment banking services for the subject company over the preceding 12-month period.	3) No
4) PI Financial Corp. and/or its affiliates expect to receive or intend to seek compensation for investment banking services from the subject company.	4) Yes
5) PI Financial Corp. and/or its affiliates have managed or co-managed a public offering of securities for the subject company in the past 12 months.	5) No
6) The following director(s), officer(s) or employee(s) of PI Financial Corp. is a director of the subject company in which PI provides research coverage.	6) No
7) A member of the research analyst's household serves as an officer, director or advisory board member of the subject company.	7) No
8) PI Financial Corp. and/or its affiliates make a market in the securities of the subject company.	8) No
9) Company has partially funded previous analyst visits to its projects.	9) Yes
10) Additional disclosure:	10) No

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The attached summarizes PI’s analyst’s review of the material operations of the attached company(s).

Analyst	Company	Type of Review	Operations / Project	Date
Gary Sidhu	Otis Gold Corp.	Corporate Update	Vancouver, BC	08/17
Gary Sidhu	Otis Gold Corp.	Corporate Update	Vancouver, BC	01/18
Gary Sidhu	Otis Gold Corp.	Corporate Update	Vancouver, BC	02/18

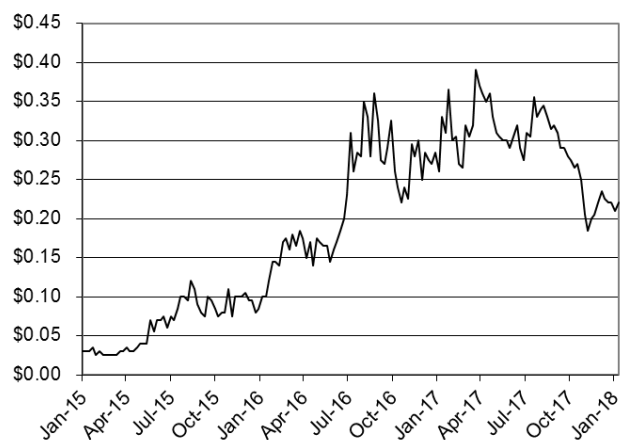
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Recommendations	Number of Recommendations	Percentage
BUY	63	88.73%
NEUTRAL	6	8.45%
SELL	0	0000%
TENDER	2	2.82%
U/R	0	0.00%
N/R	0	0.00%
TOTAL	71	

Stock Rating and Target Changes

For reports that cover more than six subject companies, the reader is referred to our corporate web site for information regarding stock ratings and target changes. www.pifinancial.com (Research: Research and Conflict Disclosure).



Otis Gold Corp. (Initiated Coverage: June 16/17)

Date	Rating Change	Target Change	Share Price
Jun 15/17	Buy	\$0.60	\$0.29

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