OTSO GOLD CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

APRIL 30, 2020

Expressed in Canadian Dollars

(Unaudited, Prepared by Management)

Reader's Note:

These unaudited condensed consolidated interim financial statements of Otso Gold Corp. have been prepared by management and have not been reviewed by the Company's auditor

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

	As at April 30, 2020	As at January 31, 2020
ASSETS	**$**	$
Current assets		
Cash and cash equivalents	**841,243**	239,064
Accounts receivable	**519,538**	931,789
Prepaid expenses	**49,576**	107,592
Inventory	**2,436,812**	2,518,918
	3,847,169	3,797,363
Non-current assets		
Property, plant and equipment *(Note 4)*	**54,324,094**	52,414,488
Reclamation bonds *(Note 5)*	**4,988,572**	4,806,231
Exploration and evaluation assets	**1**	1
	59,312,667	57,220,720
TOTAL ASSETS	**63,159,836**	61,018,083
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**14,871,631**	16,153,449
Convertible debentures *(Note 7)*	**431,041**	468,522
Loan *(Note 6)*	**8,009,819**	-
Royalty provision *(Note 6)*	**3,402,311**	2,167,464
	26,714,802	18,789,435
Non-current liabilities		
Convertible debentures *(Note 7)*	**4,372,380**	-
Loan *(Note 6)*	**13,458,270**	18,759,159
Royalty provision *(Note 6)*	**9,277,463**	11,012,337
Decommissioning and rehabilitation provision *(Note 8)*	**11,888,174**	11,461,599
	65,711,089	60,022,530
SHAREHOLDERS' EQUITY		
Share capital	**20,007,626**	20,007,626
Accumulated other comprehensive income	**331,136**	(1,535,032)
Contributed surplus	**2,783,315**	2,783,315
Deficit	**(25,673,330)**	(20,260,356)
	(2,551,253)	995,553
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**63,159,836**	61,018,083

Nature of Operations and Going Concern *(Note 1)*

Subsequent Events *(Note 15)*

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on September 3, 2020 and were signed on its behalf by:

"Brian Wesson"	*"Yvette Harrison"*
Brian Wesson, Director	Yvette Harrison, Director

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

	Three months ended April 30, 2020	Three months ended April 30, 2019
Expenses	**$**	$
Care and maintenance costs *(Note 10)*	**1,646,155**	-
Management and director fees *(Note 11)*	**413,755**	118,063
Professional fees	**226,069**	155,229
Shareholder information and transfer agent	**24,094**	3,392
Travel	**85,740**	64,136
Office and general	**69,129**	10,480
	2,464,942	351,300
Other (income) expenses		
Interest expense	**10,610**	9,195
Revaluation of royalty provision *(Note 6)*	**(500,027)**	-
Accretion of loan *(Note 6)*	**1,733,353**	-
Accretion interest *(Note 8)*	**88,197**	5,744
Foreign exchange	**1,046,155**	5,526
Gain on valuation of embedded derivative liability	**569,879**	(135,375)
Loss on valuation of gold forward sale derivative liability	**-**	3,574,812
Interest income	**(135)**	(2,037)
Loss on equity investments	**-**	9,000
	2,948,032	3,466,865
Net loss for the period	**5,412,974**	3,818,165
Other comprehensive income to be reclassified to profit and loss in subsequent periods		
Currency translation adjustment	**(1,866,168)**	(1,440)
Comprehensive loss for the period	**3,546,806**	3,816,725
Basic and diluted loss per common share	**(0.02)**	(0.02)
Weighted average number of shares outstanding – basic and diluted	**222,292,740**	195,667,257

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Common Shares	Share Capital	Contributed Surplus	AOCI	Deficit	Total Shareholders' Equity
	#	$	$	$	$	$
BALANCE AT FEBRUARY 1, 2019	195,380,740	18,648,026	2,719,968	(320,394)	(34,509,102)	(13,461,502)
Common shares issued	-	-	-	-	-	-
Share-based payments	300,000	15,000	-	-	-	15,000
Currency translation adjustment	-	-	-	1,440	-	1,440
Loss for the period	-	-	-	-	(3,818,165)	(3,818,165)
BALANCE AT APRIL 30, 2019	195,680,740	18,663,026	2,719,968	(318,954)	(38,327,267)	(17,263,227)
BALANCE AT FEBRUARY 1, 2020	222,292,740	20,007,626	2,783,315	(1,535,032)	(20,260,356)	995,553
Currency translation adjustment	-	-	-	1,866,168	-	1,866,168
Loss for the period	-	-	-	-	(5,412,974)	(5,412,974)
BALANCE AT APRIL 30, 2020	**222,292,740**	**20,007,626**	**2,783,315**	**331,136**	**(25,673,330)**	**(2,551,253)**

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

	Three months ended April 30, 2020	Three months ended April 30, 2019
Cash flows used in operating activities	**$**	$
Loss for the period	**(5,412,974)**	(3,818,165)
Items not affecting cash:		
Accretion expense	**88,197**	5,744
Depreciation of property and equipment	**92,862**	-
Revaluation of royalty provision	**(500,027)**	-
Accretion of loan	**1,733,353**	-
Loss on valuation of gold forward sale derivative liability	**-**	3,574,812
Unrealized foreign exchange	**975,577**	5,526
Loss (gain) on valuation of derivative liabilities	**569,879**	(135,375)
Interest expense	**9,428**	9,195
Loss on equity instruments	**-**	9,000
	(2,443,705)	(349,263)
Change in non-cash working capital items:		
Accounts receivable	**412,251**	1,554,295
Prepaid expenses	**58,016**	(224,523)
Inventory	**82,106**	-
Accounts payable and accrued liabilities	**171,454**	1,728,903
	723,827	3,058,675
Cash provided by (used in) operating activities	**(1,719,878)**	2,709,412
Cash flows used in investing activities		
Acquisition of property and equipment	**-**	(7,141,014)
Proceeds from gold sales	**-**	4,847,901
Reclamation bond	**(259)**	-
	(259)	(2,293,113)
Cash flows from financing activities		
Issuance of convertible debentures	**2,272,750**	-
Options exercise	**-**	15,000
	2,272,750	15,000
Effects of exchange rate changes on cash and cash equivalents	**49,566**	(44,526)
Net increase in cash and cash equivalents	**602,179**	386,773
Cash at the beginning of the period	**239,064**	1,528,767
Cash at the end of the period	**841,243**	1,915,540

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements

1) Nature of operations and going concern

Otso Gold Corp. (“Otso” or the "Company") is engaged in the development of the Otso Gold Mine in Finland. The Company’s common shares trade on the TSX Venture Exchange (“TSXV”) under the symbol “OTSO” and is incorporated and domiciled in Canada.

The Company announced on March 8, 2019 that the Otso Gold Mine was to be placed on care and maintenance from pre-commercial production due to operational issues and a lack of sufficient funds to continue production. The effective date of care and maintenance was April 1, 2019 and, because of this, the mining development expenses are no longer capitalized but are now expensed as care and maintenance (Note 10).

These unaudited condensed consolidated interim financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. The Company has incurred operating losses since inception and currently is incurring negative cash flows from operating 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 three months ended April 30, 2020, the Company incurred net cash outflows from operating activities of $1,719,878. As at April 30, 2020, the Company had cash and cash equivalents of $841,243 (January 31, 2020: $239,064) and a working capital deficiency of $22,867,633 (January 31, 2020: $14,992,072).

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 April 30, 2020, the Company closed several financings (Note 15) 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..

Realization values may be substantially different from carrying values as shown in these condensed consolidated interim financial statements. These condensed consolidated interim 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.

The novel coronavirus (“COVID-19”) has caused many countries to implement measures to reduce the spread of the virus. In Finland, on March 16, 2020, the Government issued a decree on implementing the Emergency Power Act that closed the country’s borders, limited transportation within the country, and required most people to work from their homes. As at the date of these condensed consolidated interim financial statements, the office closures and staff reductions are still in effect. The effect and duration of COVID-19 and government responses to it are unknown. Consequently, management anticipates, but cannot predict the effect of unknown adverse changes to its business plans, financial position, cash flows, and results of operations during 2020 and beyond.

2) Basis of preparation

Statement of compliance

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, and based on the principles of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended January 31, 2020, which include all of the Company's significant accounting policies, and have been prepared in accordance with the same methods of application.

These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors of the Company on September 3, 2020.

Basis of measurement

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for the derivative liabilities. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The condensed consolidated interim financial statements are presented in Canadian dollars, unless otherwise stated.

Significant accounting estimates and judgments

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in which the estimates are revised and in any future periods affected.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited consolidated financial statements for the year ended January 31, 2020 except for the additional estimates utilized in the valuation of convertible debentures issued during the three months ended April 30, 2020 (Note 7).

3) Financial instruments and risk management

a) Financial instrument classification and measurement

Financial instruments recognized and disclosed at fair value in the consolidated statements of financial position or are disclosed are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.
The fair value 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.

b) 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). The fair values of the derivative component of the convertible debentures (Note 7) and royalty provision (Note 6) are determined using inputs at level 3 of the fair value hierarchy.

c) 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.

d) 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 April 30, 2020, the Company had a cash balance of $841,243 (January 31, 2020 - $239,064) to settle current liabilities of $26,714,802 (January 31, 2020 - $18,789,435), see Note 1 for further details.

The contractual undiscounted future cash flows of the Company's significant financial liabilities are as follows:

April 30, 2020	**Less than 1 year**	**Thereafter**
Accounts payable and accrued liabilities	$ 14,871,631	$ -
Convertible debentures	468,522	4,671,250
Loan	15,996,500	15,996,500
Royalty provision	4,251,659	48,815,871
	$ 35,588,312	$ 69,483,621

January 31, 2020	**Less than 1 year**	**Thereafter**
Accounts payable and accrued liabilities	$ 16,153,449	$ -
Convertible debentures	468,522	-
Loan	-	30,488,151
Royalty provision	2,167,464	49,063,134
	$ 18,789,435	$ 79,551,285

e) 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.

f) 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 a 5% shift in foreign exchange rates would result in an impact of approximately $0.67 million. As at April 30, 2020, the Company held currencies totaling the following:

	US (Dollars)	**Euro (Dollars)**	**Krona (Dollars)**	**Mexican (Pesos)**
Cash and cash equivalents	359	41,203	793,251	42,126
Accounts receivable	-	304,294	20,761	50,000
Accounts payable and accrued liabilities	(103,600)	(8,785,932)	(3,392,766)	-
Net exposure	(103,241)	(8,440,435)	(2,578,754)	92,126
Canadian dollar equivalent	(143,608)	(12,817,644)	(366,699)	5,352

g) 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.

h) 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.

4) Property, Plant and equipment

	Land	Connection fees	Buildings	Mineral properties and machinery equipment	Total
Cost or Deemed Cost	$	$	$	$	$
Balance at January 31, 2019	2,677,221	2,315,183	7,491,782	37,493,481	49,977,667
Additions	-	-	-	10,864,727	10,864,727
Capitalized revenue	-	-	-	(5,780,758)	(5,780,758)
Depreciation	-	-	(929,491)	(91,046)	(1,020,537)
Currency translation adjustment	(82,381)	(71,241)	(201,929)	(1,271,060)	(1,626,611)
Balance at January 31, 2020	2,594,840	2,243,942	6,360,362	41,215,344	52,414,488
Depreciation	-	-	(78,695)	(14,167)	(92,862)
Currency translation adjustment	99,310	85,881	240,414	1,576,863	2,002,468
Balance at April 30, 2020	2,694,150	2,329,823	6,522,081	42,778,040	54,324,094

5) Reclamation bonds

The reclamation bonds represent cash of $4,951,072 (January 31, 2020 - $4,806,231) that has been placed in trust as security to the appropriate government entity relating to the Company's site closure obligations in Finland. The total reclamation deposits were for government reclamation bonds for the Otso Gold Mine project and a deposit held for the Finnish Safety and Chemical Agency. These security deposits were posted with a Finnish financial institution.

A security deposit of $37,500 (January 31, 2020 - $37,500) was made in favour of the BC Ministry of Energy and Mines prior to commencement of surface work on the Sheslay Project. A security deposit for this amount was posted with a Canadian financial institution.

6) Pandion Loan and Royalty Provision

In November 2017, and amended in October 2018, the Company entered into a Pre-Paid Forward Gold Purchase Agreement (the "PPF Agreement") with PFL Raahe Holdings LP ("PFL"), a subsidiary of Pandion. Under the PPF Agreement, PFL advanced to the Company an amount of $25,720,000 (USD$20,600,000) (the "Gold Prepayment Amount") in one tranche as partial consideration for the purchase of a total of 67,155 ounces of gold. PFL was entitled to purchase 67,155 ounces of the gold production from Otso at market prices, less a discount of USD$500 per ounce, from months 18 to 60 commencing on January 1, 2019. During FY2019, an additional $9,180,300 (USD$7,000,000) was advanced to the Company by PFL and was to be repaid as 22,315 additional ounces to the initial PPF Agreement under the same terms unless the funds advanced are repaid prior to June 30, 2019.

In addition, as part of the additional USD$7,000,000 financing, a clause in the original PPF Agreement whereby PFL had the right to exchange the delivery of up to 24,000 ounces of gold for up to 270 million common shares of the Company (in increments of 100 ounces for 1,125,000 common shares) was exchanged for the following consideration:

- Issuance of shares equal to 19.99% of the issued and outstanding shares of the Company with PFL having the right to maintain that interest up to the point that the Company raised $10,000,000 in equity. During the year ended January 31, 2019, the Company issued 38,754,785 shares for a total value of $4,257,064.
- 2.5% net smelter return on gold production from the Otso Gold Mine.
- The Company making a payment of USD$1,500,000 to PFL by April 15, 2019 (not paid).
- PFL is entitled to 50% of the revenue of gold sales generated from future gold ounces sold above USD$1,200 per ounce. (under the original PPF Agreement, it was USD$1,235 per ounce).

In April 2019, the Company announced that Pandion agreed to fund the Company's 100% owned Finnish subsidiary, Otso Gold Oy, the holding entity for the Otso Gold Mine, during care and maintenance of the mine (the "Maintenance Loan Agreement") subject to certain conditions as follows:

- Otso Gold OY may draw down in a principal amount of up to EUR350,000 per month.
- The loan bears interest at 12% per annum.
- Otso Gold OY is to repay the loan with all accrued and unpaid interest on the 5th business day following a written demand by the lender.

During the year ended January 31, 2020, the Company received $6,445,145 (EUR4,334,910) from Pandion under the Maintenance Loan Agreement.

On October 7, 2019, the Company restructured the PFP Agreement and the Maintenance Loan Agreements 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 in March 2021; and
  - USD$11.5 million due in September 2021.
- 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 a result of the restructuring, 26,612,000 common shares of the Company, valued at $1,330,600, were issued to entities controlled by directors and officers of the Company as an arrangement fee.

Upon restructuring, it was determined that the royalty is a derivative at fair value and the future payments are debt at amortized cost. On the date of the restructuring, the pre-existing gold forward sale derivative liability was updated to be at fair value prior to derecognition and the fair value of the royalty provision and debt was compared to that, with the resulting gain recorded in the Statements of Operations and Comprehensive Income/(Loss). The restructuring resulted in gain in the Company’s profit or loss of $54,436,036 and also the recognition of royalty provision of 9,031,270 (January 31, 2020 - $13,179,801) and loan to Pandion of $16,926,756 (January 31, 2020 - $18,759,159).

A continuity of the loan and the royalty provision was as follows:

Loan	**April 30, 2020**
	$
Balance, beginning of the period	**18,759,159**
Accretion	**1,733,353**
Foreign translation adjustment	**975,577**
Balance, end of the period	**21,468,089**
Less, current portion	**(8,009,819)**
Non-current portion	**13,458,270**

Royalty provision	**April 30, 2020**
	$
Balance, beginning of the period	**13,179,801**
Change in fair value	**(500,027)**
Balance, end of the period	**12,679,774**
Less, current portion	**(3,402,311)**
Non-current portion	**9,277,463**

As at April 30, 2020, significant inputs used in the valuation of the royalty provision were as follows:

Average monthly ounces of gold	7,225
Total months of gold production	126
Average gold price in USD	$1,655
Average exchange rate USD/CAD	1.41
Discount rate	33%

7) Convertible debentures

During 2017, the Company issued in total $419,000 of convertible debentures. The debentures are unsecured, bear interest at 9% per annum, were due on June 30, 2020 (subsequently extended to December 30, 2020 - see Note 15(e)) and can be converted into common shares of the Company at $0.10 per share. The conversion feature of the convertible debenture is accounted for as an embedded derivative.

During March 2020, the Company closed a non-brokered private placement of convertible debentures with face value of $4,671,250, discounted 20%, for total proceeds of $3,665,450. 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.

As at April 30, 2020, the total value of convertible debentures recognized was $4,803,421, comprising of the value of the conversion option derivative of $1,848,840 and the debentures of $2,954,581. A continuity of the debentures and the conversion option derivative was as follows:

	Debentures	**Conversion Option Derivative**	**Total**
	$	**$**	**$**
Balance, beginning of the period	406,780	61,742	468,522
Additions	3,120,026	1,551,224	4,671,250
Discount on face value	(671,795)	(334,005)	(1,005,800)
Accretion	99,570	-	99,570
Adjustment to fair value	-	569,879	569,879
Balance, end of the period	**2,954,581**	**1,848,840**	**4,803,421**
Less, current portion	**(414,289)**	**(16,752)**	**(431,041)**
Non-current portion	**2,540,292**	**1,832,088**	**4,372,380**

Of the total convertible debentures issued during March 2020, $1,532,700 (EUR1 million) was issued as payment towards an existing payable.

The fair value of the conversion option derivatives was determined using the Black-Scholes option pricing model with the following assumptions:

Risk free interest rate	0.29%
Expected dividend yield	0.00%
Conversion price	$0.07
Expected stock price volatility (calculated monthly)	105%
Expected option life	Based on remaining term

8) Decommissioning and rehabilitation provision

	April 30, 2020	January 31, 2020
	$	$
Balance, beginning of period	**11,461,599**	11,276,045
New estimate	**-**	369,072
Foreign exchange	**437,948**	(321,072)
Accretion expense	**(11,373)**	137,554
Balance, end of period	**11,888,174**	11,461,599

The decommissioning and rehabilitation provision is comprised of costs expected to be incurred in connection with future remediation and closure activities at the end of the life of the Otso Gold mine in Finland. These activities include water treatment (cleaning of the mine waters for the sulfidic waste rock and tailings area), land rehabilitation, ongoing care and maintenance on water pumps and pipes, and other reclamation and closure related requirements, which are expected to be incurred over the course of the next 11 years and upon closure.

9) Share capital

a) Authorized:

Unlimited common shares without par value

b) Issued or allotted and fully paid:

As at April 30, 2020, the Company had 222,292,740 (January 31, 2020 – 222,292,740) common shares outstanding.

Fiscal 2020:

During July 2019, the Company issued 300,000 common shares upon the exercise of options with a strike price of $0.05 per option.

On 7 October 2019, the Company issued 26,612,000 common shares valued at $1,330,600 (Note 11)).

c) Stock options

Under the Company's stock option plan, the Company may grant stock options to its directors, officers, consultants, and employees. Options granted under this plan may expire up to ten years from the date of grant.

As at April 30, 2020, the Company had 11,625,000 (January 31, 2020 – 11,625,000) stock options outstanding.

Details of stock options outstanding as at as at April 30, 2020 are as follows:

Date of grant	Expiry date	Exercise price	Outstanding and exercisable
		$	#
July 19, 2013	July 1, 2020	0.10	1,000,000
October 2, 2014	July 1, 2020	0.05	650,000
December 28, 2016	December 27, 2021	0.05	800,000
September 30, 2017	September 30, 2022	0.08	2,400,000
December 20, 2017	December 20, 2022	0.12	200,000
April 3, 2018	April 3, 2023	0.10	500,000
June 13, 2018	June 13, 2023	0.14	2,875,000
June 27, 2018	June 27, 2023	0.15	300,000
July 6, 2018	July 6, 2023	0.14	500,000
September 20, 2019	September 19, 2024	0.05	2,400,000
			11,625,000

Subsequent to April 30, 2020, 8,225,000 options exercisable at weighted average price of $0.10 per share were either forfeited or expired unexercised. See also Note 15(c).

d) Warrants

As at April 30, 2020, the Company had 9,650,000 (January 31, 2020 – 9,650,000) warrants outstanding with a weighted average exercise price of $0.14 and a weighted average remaining life of 0.57 years.

10) Care & Maintenance Costs

Care and Maintenance costs are broken down below:

	Three months ended April 30, 2020	Three months ended April 30, 2019
	$	$
Mining services including demobilization	332,884	-
Depreciation of property and equipment	92,862	-
Salaries and wages	903,939	-
Utilities	38,796	-
Office and general	196,457	-
Legal and professional fees	23,110	-
Equipment rentals	54,033	-
Travel	600	-
Vehicle costs	2,646	-
Telephone costs	828	-
	1,646,155	-

11) Related party transactions

Related parties and related party transactions impacting the accompanying condensed consolidated interim financial statements are summarized below.

Key management personnel

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 consists of members of the Company’s Board of Directors and the Company’s Chief Executive Officer and Chief Financial Officer.

The remuneration to key management personnel was as follows: during the years ended January 31, 2020 and 2019 is as follows:

	Three months ended April 30, 2020	**Three months ended April 30, 2019**
	$	$
Short-term benefits (i)	**413,755**	167,510
Share based payments	**-**	-
	413,755	167,510

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

As at April 30, 2020, an amount of $311,332 (January 31, 2020 - $269,332) was included in accounts payable and accrued liabilities, representing amounts owing to former and current directors and officers of the Company.

12) Contingent liability

Tallqvist Infa OY, the company hired by Otso Gold Oy to mine the ore at the Otso Mine had, on April 17, 2019, submitted a bankruptcy application with the District Court of Oulu. Otso Gold Oy rejected the bankruptcy application as being without merit as the bankruptcy requirements as set out in Finnish law had not been fulfilled. The bankruptcy application related to a civil claim filed by Tallqvist Infra OY on April 23, 2019 with the District Court of Oulu. The amount of the claim is EUR 6,900,898 with penalty interest at 8% and legal costs. During July 2019, Tallqvist and the Company entered into a settlement agreement which included a payment schedule through to September 2020. As at April 30, 2020, the Company has paid EUR 1,500,000 and settled Euro 1,000,000 by issuance of a convertible debenture to Tallqvist as additional payment towards the settlement amount (Note 7).

Former employees of Otso Gold Oy filed lawsuits against the Company claiming unlawful dismissal. The claims are demanding EUR 513,513 as compensation along with penalty interest and legal costs. The claim is currently pending before the District Court of Oulu and there is a risk that the court may accept at least part of the claim, however, Otso Gold Oy rejects the claims as being without merit.

In conjunction with the management agreement between the Company and Lionsbridge, (a company controlled by two directors of the Company), Lionsbridge is entitled to receive a fee equal to 12.5% (payable in shares of the Company, less any shares issued as finders' fees thereon), of any equity of debt financing that the Company completes.

13) Capital management

The Company's capital consists of shareholders' equity. The Company's objective when managing capital is to safeguard its ability to continue as a going concern so that it can pursue opportunities for growth, continue to maintain investor confidence and not expose the Company to excess risk. The Company manages its capital structure and makes adjustments to it based upon the level of funds available to support the exploration and development of its mineral properties. In the past, Otso has been able to generate cash from returns on and gains on sale of its investments. However, as a development stage entity, Otso continues to be dependent on external financing to fund a substantial portion of its exploration and development activities, and as necessary, to pay general and administrative and other ongoing costs. To date, external financing has included issuing common shares and obtaining debt financing all of which will continue to be considered as financing options depending upon the related terms and conditions. To the extent that market conditions are not believed to be positive for raising equity or debt, adjustments are made to the timing of planned capital expenditures and operating costs reduced to the extent possible until those market conditions become acceptable. Management reviews its capital management approach on an ongoing basis in response to both short term and long term cash flow forecasts and analyses to ensure an adequate amount of liquidity is available to sustain its operations and capital programs. The Company is not subject to externally imposed capital requirements.

14) Segment disclosure

The Company has one reportable segment, being the acquisition and exploration of gold resource properties. The following table provides segmented disclosure of assets and liabilities based on geographic location:

	Americas	Europe	Total
April 30, 2020	$	$	$
Current assets	**848,548**	**2,998,621**	**3,847,169**
Non-current assets			
Other non-current assets	**37,500**	**4,951,072**	**4,988,572**
Property and equipment	**-**	**54,324,094**	**54,324,094**
Exploration and evaluation assets	**1**	**-**	**1**
Liabilities			
Current Liabilities	**(12,890,034)**	**(13,824,768)**	**(26,714,802)**
January 31, 2020			
Current assets	261,643	3,535,720	3,797,363
Non-current assets			
Other non-current assets	37,500	4,768,731	4,806,231
Property and equipment	-	52,414,488	52,414,488
Exploration and evaluation assets	1	-	1
Liabilities			
Current Liabilities	(1,338,508)	(17,450,927)	(18,789,435)

15) Subsequent events

a) During May 2020, the Company executed a drawdown equity financing facility of up to $8-million with Alumina Partners (Ontario) Ltd. ("Alumina"), an affiliate of Alumina Partners LLC, a New York-based private equity firm that has made substantial investments in a broad range of publicly traded securities. The terms of the drawdown facility are set out in an investment agreement dated May 11, 2020, between Alumina and the Company. The drawdown facility is subject to Alumina and the Company agreeing mutually to the pricing terms and subject to regulatory approval of each tranche of the financing.

The investment agreement details the purchase of up to $8-million of units of the Company, consisting of one common share and one common share purchase warrant, at discounts ranging from 15% to 25% of the market price of the shares, with tranches of the drawdown facility occurring at the mutual consent of the Company and Alumina, throughout the 24-month term of the investment agreement. The exercise price of the warrants will be at a 20% premium over the market price of the shares. There are no upfront fees or interest associated with the use of the drawdown facility.

Subsequent to April 30, 2020, the Company completed tranches totaling $400,000.

b) During June 2020, the Company completed a non-brokered private placement of 1,666,667 units for gross proceeds totalling $100,000. Each unit is comprised of one common share and one share purchase warrant that enables the holders to acquire an additional common share of the Company at a price of $0.096 per share for a 60-month period. During July 2020, the Company completed a non-brokered private placement of 1,400,000 units for gross proceeds totalling $70,000. Each unit is comprised of one common share and one share purchase warrant that enables the holders to acquire an additional common share of the Company at a price of $0.06 per share for a 60-month period.

c) During June 2020, the Company granted stock options enabling the holders to acquire up to 1,550,000 common shares of the Company with an exercise price of $0.075 per share, expiring June 11, 2025.

d) During June 2020, the Company received proceeds totaling $37,500 pursuant to the exercise of 750,000 stock options.

e) During June 2020, the Company reached an agreement with the registered holders of Otso's 9% convertible debentures due June 30, 2020, to extend such maturity date to December 30, 2020. In connection with extending the maturity date to December 30, 2020, upon receiving approval from the TSX Venture Exchange, the Company issued to the holders 2,223,077extension warrants, (in accordance with TSX-V Policy 5.1 -- Loans, Loan Bonuses, Finder's Fees and Commissions). Each extension warrant will allow the holders to acquire one additional common share of the Company at an exercise price of $0.09 per share for a one-year period.