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EQUITIES & ECONOMICS

REPORT

Otis Gold Corp.

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Shares outstanding: 17 million

Working capital: 2 million dollars

recent price 45 cents

Otis Gold is a fairly new company on the stock market that is developing several projects that have been around for some time. Otis Gold isn't necessarily an asset play nor is it a management play in the conventional sense. It's really one contingent on the other. The one paragraph on this is "let's get an old high quality Echo Bay gold project with a 700,000 ounce resource on it and also get the guys who discovered it to continue defining it."

This makes a lot of sense. After all, who better to continue to work on a project than the guys who found it in the first place? This proposition is even better than it sounds because these geologists are basically able to start off where they left off but are now armed with better technology and some more wisdom under their belts. This, I like.

I recently came back from a property tour that they hosted on their Kilgore property near Kilgore Idaho, a town of 100 people or so. The town was obviously small but had most of the things that an exploration operation would need. Road accessibility to the town is great, but to the project can be troublesome during the winter. After all, the project sits at around 7500 feet of elevation which is about 2300 meters. From about December to April there is limited accessibility. This can easily change when the project demonstrates economic viability. A paved road can be installed at a minimal cost. Currently, however, there is more than enough work that is generated from the drilling season to keep the Otis team busy through out the winter, so this is not a problem.

The Kilgore deposit has an indicated resource of 17 million tons grading 1.05 g/t (520,000 ounces) and an inferred resource of 5.6 million tons grading 1.13 g/t (186,000 ounces), which is a historic deposit. The Kilgore also hosts a 43-101 compliant resource of 7 million tons of 1.06 g/t material in the measured category (218,000 ounces) and an indicated resource of 9.7 million tons grading 0.96 g/t (269,000 ounces). This is a very good base to start with, a low grade bulk tonnage project, but Mitch Bernardi and John Carden, who have worked on this project from the Echo Bay days, think that there is a high grade core to this project that could contain 0.5 to 1.0 million ounces of gold grading conservatively between 12 and 17 grams per ton ( as an example there are holes grading 37 g/t over 90 feet, 25 feet of 18.9 g/t, 5 feet of 33.8 g/t and so on.) This will greatly improve economics.

Basically, Otis hopes to find a high grade core that can be mined underground. This will be much more environmentally friendly and aesthetically pleasing.

The current plan is to use one drill rig in a 17 hole 10-12,000 foot drilling program to twin and offset the holes put down by Pegasus, Placer Dome, and Echo Bay Mines from 1991 to 1996. If the results start coming back positive efforts will be made to get a second drill rig from Cabo Drilling (based out of Denver Colorado and is a very respectable drilling company) to develop the project further.

Otis has several other projects, but the other I would like to touch on I didn't end up visiting but I think is still worth talking about. Otis has the Oakley project which is also in Idaho. Actually it is located Cassia County, Idaho. This project is also a classic epithermal hot springs-type gold exploration target. This project contains 320,000 ounces of gold of which 235,000 are 43-101 compliant.

The two primary targets are the Blue Hill Creek and Cold Creek. So far, a total of 20,600 feet of drilling has been done. This drilling was reverse circulation (RC) and was for a total of 64 holes. Some examples of the historic intersections are 100 feet of 1.22 g/t, 400 feet of 0.63 g/t, 260 feet of 0.89 g/t and so on. A CSAMT survey has been done on the Blue Hill target and shows a coherent and coherent low resistivity 1.5 kilometer square block that is up to 200 meters thick. This block is at maximum 300 meters thick. Similar results have been found on the Cold Creek target as well. These targets will be tested with multiple angle holes of up to 1,000 feet deep.

The focus of Otis is the Kilgore project. This has very good potential and merits an investors attention. The Oakley project is also very good, but management has wisely picked the strongest project and is planning to farm out the other. This maintains exposure to positive result at Oakley but doesn't break the company's focus.

Otis currently has about 2 million dollars in the bank and about 17 million shares outstanding which make for a very tight share structure and a well funded company. It would be worth visiting the company's website for more information and to read over management's biographies. It is not every day that you find a company that has brought both a project and the team that has worked on it into the same company, and Otis has successfully embodied that. ([www.otisgold.com](http://www.otisgold.com) )

With the current set of available information, this company is attractive up to 70cents. From what I have seen, there is plenty of potentially good news coming down the pipe to positively affect the share price.

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