

Otis Increases Kilgore Indicated Gold Resource by 59%

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VANCOUVER, Aug. 14, 2018 - Otis Gold Corp. ("Otis" or the "Company") (TSX-V:OOO) (OTC:OGLDF) is pleased to announce an updated independent mineral resource estimate at its 100% owned Kilgore Project ("Kilgore") located in Clark County, Idaho. The new resource incorporates drilling completed from 2015 through 2017 and is a strong foundation for future growth by expansion drilling, engineering and metallurgical studies.

The Classified Mineral Resource estimate is quoted at a cut-off grade of 0.21 grams per tonne gold (g/t Au) and comprises:

- An Indicated resource of 825,000 ounces of gold at an average grade of 0.58 g/t Au in 44.6 million tonnes
- An Inferred resource of 136,000 ounces of gold at an average grade of 0.45 g/t Au in 9.4 million tonnes

Otis President & CEO, Craig Lindsay, comments: "We are very pleased with the progress made over the past several years at Kilgore, as it has emerged into an exciting stand-alone gold deposit that exhibits clear expansion potential, and the broader 12,000 acre Kilgore Project has extremely promising growth potential to develop targets both within and external to current project boundaries."

Table 1: Otis Gold – Updated Kilgore Deposit NI 43-101 Mineral Resource Estimate - Pit constrained at \$1,300/oz Au with sensitivity to Cut-off Grade

Cut-off Au (g/t)	Indicated ^{1,2}				Inferred ^{1,2}				Waste Tonnes	Strip Ratio
	Tonnes	Ounces	Grade Au (g/t)		Tonnes	Ounces	Grade Au (g/t)			
0.14	53,206,000	873,000	0.51		13,168,000	157,000	0.37		59,450,000	0.90
0.21	44,556,000	825,000	0.58		9,399,000	136,000	0.45		71,869,000	1.33
0.27	36,559,000	764,000	0.64		6,600,000	115,000	0.54		82,665,000	1.92
0.34	29,786,000	697,000	0.73		4,567,000	95,000	0.65		91,471,000	2.66

1. Pit input parameters: Selling price \$2.20/oz, Recovery 80%, Mining cost \$2/ton, Process cost + G&A \$4/ton, Pit slope 50°
2. Mineral resources constrained by optimized open pit shell

[Otis Gold Corp.](#) - Updated Kilgore Deposit NI 43-101 Resource Estimate - Conference Call
Otis executives will host a conference call to discuss the updated NI 43-101 resource estimate on Tuesday, August 14, 2018, at 1:15 pm PST/4:15 pm EST. You may access the call by dialing the operator at 778-383-7413 (Vancouver), 1-416-764-8688 (Toronto or International) or toll free at 1-888-390-0546 prior to the scheduled start time, or you may listen to the call via webcast by clicking here:

Webcast: <https://event.on24.com/wcc/r/1817386/82BE4380E770F299F44B8D377BDD7FAA>

Highlights

- At a gold price of US\$1,300/oz and a cut-off of 0.006 ounces per short ton gold (0.21 grams per metric tonne gold) the pit-constrained Kilgore mineral resource contains:
 - An Indicated Resource of 825,000 oz Au in 44.6 million tonnes at an average grade of 0.58 g/t Au, which represents an increase of 59% in the number of Indicated ounces compared with the 2012 Resource Estimate
 - An Inferred Resource of 136,000 oz Au in 9.4 million tonnes at a grade of 0.45 g/t Au (reduction from 2012 Inferred ounces due to conversion to Indicated category)
- Deposit is robust in respect of sensitivity to lower gold prices down to \$1,100 per ounce gold (see Tables 2 & 3 below)
- Mineral resource estimate is supported by 323 drill holes totaling 68,814 metres with an increased proportion of core holes contributing to the resource
- Otis has utilized modern 3D geologic modeling to constrain the resource using both lithology and structure, which will be used as both an exploration planning tool and for engineering activities
- At a \$1,300 gold price, and using a cut-off of 0.21 grams per tonne, 31% of the indicated ounces are contained within the Aspen Formation at an average grade of 0.69 grams per tonne. The increase in ounces contained comes from diamond core drilling across the Tertiary Volcanic & Cretaceous Aspen Formation contact
- Comparable gold grade, cut-off and strip ratios to competing Great Basin gold deposits in Nevada
- The next round of planned drilling will target near-surface resource expansion via step-outs to the north, west and south of the deposit
- Approval of a new 5-year Plan of Operations is expected in August from the United States Forest Service which will enable step-out drilling at the Deposit that was not allowed under the previous permit.
- This new permit will also provide significant flexibility to begin the process of drill-testing additional emerging targets at Kilgore. The majority of the property remains largely untested from a drill perspective, including approximately 5km of strike along the main controlling fault
- Increased diamond core drilling over historic rotary and reverse circulation drilling will continue to better enable Otis geologists to evaluate alteration mineralogy, lithology and general structure; core drilling also provides needed geotechnical information for future mine planning

Table 2: Otis Gold & Indicated Resource Estimate Matrix & Gold Price vs. Grade

Indicated Au Ounces by Cut-off grade ¹		Indicated Tonnes by Cut-off grade ¹			
Gold Price	0.21 g/t	0.27 g/t	0.14 g/t	0.21 g/t	0.27 g/t
\$1,300	840,000	777,000	54,667,000	45,666,000	37,407,000
\$1,100	835,000	772,000	54,051,000	45,224,000	37,081,000
\$900	825,000	764,000	53,206,000	44,556,000	36,559,000
\$700	817,000	756,000	52,442,000	43,960,000	36,114,000
\$500	791,000	734,000	50,229,000	42,211,000	34,758,000

1. Pit input parameters: Selling price \$2.20/oz, Recovery 80%, Mining cost \$2/ton, Process cost + G&A \$4/ton, Pit slope 50°

Table 3: Otis Gold & Inferred Resource Estimate Matrix & Gold Price vs. Grade

Inferred Au Ounces by Cut-off grade ¹		Inferred Tonnes by Cut-off grade ¹			
Gold Price	0.21 g/t	0.27 g/t	0.14 g/t	0.21 g/t	0.27 g/t
\$1,300	150,000	126,000	14,700,000	10,487,000	7,341,000
\$1,100	144,000	121,000	14,029,000	10,008,000	7,017,000
\$900	136,000	115,000	13,168,000	9,399,000	6,600,000
\$700	129,000	109,000	12,295,000	8,781,000	6,189,000
\$500	108,000	92,000	9,752,000	7,078,000	5,027,000

1. Pit inputs parameters: Selling price 2.20/oz, Recovery 80%, Mining cost \$2/ton, Process + G&A cost \$4/ton, Pit slope 50°

Otis Vice President of Exploration, Alan Roberts, states, "The increase in the resource is an encouraging step in the ongoing exploration at Kilgore since this has been achieved without aggressive step-out drilling. This estimated resource is contained within a single near surface pit with a corresponding low strip ratio. I believe that there is more gold to be found; the upcoming drill program offers the possibility

of adding new resources adjacent to the existing Kilgore Deposit. Our 2018 drill program will commence after permits have been received and will first focus on step-out drilling around the Deposit. In addition to the proposed drill program, an extensive project-wide surface mapping and geochemical sampling program is underway; this is part of ongoing exploration with the goal of identifying new Kilgore-style deposits associated with the Kilgore Caldera margin.”

The geologic model and mineral resource estimate for Kilgore was completed by David Rowe, CPG, of Rowearth LLC, an independent Qualified Person as defined by the National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* (“NI 43-101”) in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council, as amended. The geologic model was developed using Leapfrog Geo 4.3 in collaboration with Otis geologists and consists of a gold shell that is sub-divided into resource estimation domains based on structurally controlled models for lithology and alteration. 12,144 ten-foot composite samples were produced from 323 drill holes that are contained within five modelled domains. The block model estimation was produced with Leapfrog Edge and block gold grades were estimated from the composite samples by ordinary kriging into a block model with 20 ft x 20 ft x 10 ft parent blocks. Specific gravity (SG) from 671 core samples was developed for the block model using inverse distance cubed (ID3) estimation method. The mineral resource was classified based on drill hole data and confidence in the geologic model. Indicated Mineral Resource blocks are estimated by at least 6 samples captured within a 130 x 130 x 100 ft search range and require a minimum of 2 drill holes and samples captured within at least 3 search octants. All estimated blocks not assigned to the Indicated class within the gold shell are assigned to the Inferred Mineral Resource.

Global Resource Engineering, Ltd of Denver, Colorado constructed the open pit scenarios with reasonable prospects of eventual economic extraction established from block models using Vulcan’s Lerchs Grosman miner “Pit Optimizer” software. A total of 21 pits were modelled based upon the imported block models. Sensitivities were run at a gold price varying from \$1,500 to \$500 per ounce gold price and gold cut-off grades varying from 0.000 ounces per ton (opt), or zero cut-off, to 0.020 ounces per ton cut-off; increments included 0.004 opt, 0.006 opt, 0.008 opt, 0.010 opt, and 0.015 opt. Tables 2 and 3 show a selection of cut-off values that are considered optimum for the Kilgore Project. Fixed input parameters included: gold recovery of 80%, selling cost for gold of \$2.20 per ounce, a mining cost of \$2.00 per ton, a processing cost of \$4.00 per ton including \$1.00 per ton G&A, and a pit slope of 50 degrees.

All drilling samples were sent to ALS Minerals in Reno, Nevada where they were analyzed by Fire Assay using a 50g charge with AAS finish to determine gold values. Over-limit assays greater than 10 grams per ton were analyzed by fire assay with gravimetric finish. Selected drill samples were also analyzed for an additional 33 elements by 4-acid digestion (HF-HNO₃-HClO₄ acid digestion, HCl leach) and ICP-AES analysis. ALS geochemical laboratories are accredited to ISO/IEC 17025:2017 for specific analytical procedures, and ISO 9001:2015 and ISO/IEC 17025:2017 for process and quality management systems. QA/QC procedures included the insertion of blank samples, gold standards, and duplicate samples into the sample stream. A check assay program was included as part of the overall QA/QC protocol.

Alan Roberts, MSc, CPG, and Vice President of Exploration, serves as the Qualified Person for this news release and has reviewed and approved the technical content contained herein. An NI 43-101 technical report will be filed on SEDAR within 45 days of the date of this news release.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Inferred mineral resources are that part of the mineral resource for which quantity and grade or quality are estimated on the basis of limited geologic evidence and sampling, which is sufficient to imply but not verify grade or quality continuity. Inferred mineral resources may not be converted to mineral reserves. It is reasonably expected, though not guaranteed, that the majority of Inferred mineral resources could be upgraded to Indicated mineral resources with continued exploration. The mineral resources reported in this news release were estimated using current Canadian Institute of Mining Metallurgy and Petroleum (“CIM”) standards, definitions and guidelines.

About the Kilgore Project

The Kilgore Project lies on the north-eastern margin of the Miocene-Pliocene Kilgore Caldera complex in the Eastern Snake River Plain, Idaho. The Kilgore Project contains the Kilgore Deposit with a current NI 43-101 compliant resource: Indicated Resource of 825,000 ounces Au in 44.6 million tonnes at a grade of 0.58 g/t Au and an Inferred Resource of 136,000 ounces Au in 9.4 million tonnes at a grade of 0.45 g/t Au (the “Deposit”). The Kilgore Deposit is a low-sulphidation, gold bearing, quartz-adularia epithermal

system hosted in Tertiary volcanic rocks, local Tertiary intrusive rocks, and basement Late Cretaceous, Aspen Formation sedimentary rocks.

About the Company

Otis is a resource company focused on the acquisition, exploration, and development of precious metal deposits in Idaho, USA. Otis is currently developing its flagship property, the Kilgore Project, located in Clark County, Idaho and the Oakley Project, located in Cassia County, Idaho.

ON BEHALF OF THE BOARD

“Craig T. Lindsay”

President & CEO

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