

Otso Gold Corp: Shareholder Update

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Vancouver, December 16, 2019 - [Otso Gold Corp.](#) ("Otso" or the "Company"), (TSXV:OTSO) is pleased to release the following Shareholders Letter.

Dear Shareholders,

It has been a busy period for the Company with significant progress since our last Shareholders Letter and, as a result, we thought it prudent to provide a further update before the end of 2019.

Corporate Update

As previously announced, we have changed the name of the Company to [Otso Gold Corp.](#) and have begun trading under the ticker symbol "OTSO". The name change was subject to shareholder approval (obtained on December 9, 2019) and we were pleased to report that all shares that were voted at the shareholders meeting voted in favour of the name change - with no shares voted against. Similarly, the Company's wholly-owned Finnish subsidiary's name has now been changed to Otso Gold OY and the mine has been renamed Otso Gold Mine.

We believe the change of name is an important indicator of the new direction of the Company.

Pandion Mine Finance ("Pandion") continues to support the Company, with a further investment of USD 900,000 received over the past 3 months.

Management has spent considerable time over the past 2 months meeting with the Company's investors and potential investors. As a result of feedback from our shareholders, we have decided to defer the closing of a large dilutive equity raise. We recognize that the current shareholders of the Company have weathered a significant reduction in value, and we are also cognizant of offsetting increases in value through the issuance of large amounts of equity. Consequently, management is now well advanced with alternative financing options including convertible notes, streaming loans and traditional debt structures. We have multiple parties completing due diligence in this respect.

As previously announced, the Company requires a total of \$17.5 million between now and the start of production in July 2020. We are considering transactions including one or more instruments to replace or complement an equity raise. Our view is that a holistic approach will ensure that the maximum value is ultimately unlocked for shareholders. However, we note that we continue to maintain our TSX.V conditional approval for an equity raise of up to \$10 million, recognizing that funds are required to move to production and the return to production is obviously necessary to maximize shareholder returns.

As discussed below in more detail, we have begun a directional infill diamond drilling program on site which we expect to add further value to the Company as the geology becomes better understood and additional gold is defined and reported.

The change to our capital raising strategy has slowed down progress on site; however, the Board believes that the additional value from ensuring the most efficient capital structure will bring better shareholder returns in the longer term.

Technical Update

As discussed in our last Shareholders Letter, the focus for the Company is the return to production in July 2020. All of the necessary elements to return to production at the Otso Gold Mine are in place with:

1. all infrastructure being built and in place;
2. all Permits and Licenses in place;
3. a 'gold plated' process plant (mill) on site which is well maintained and requires minimal capital expenditure; and

4. 4.two open pits in place.

The path to production is therefore focused on confirmatory geological work to finalize a mine plan that will focus on ensuring that ore delivered to the process plant is of sufficient grade and quantum.

As previously announced, we released a NI 43-101 report completed by Tetra Tech confirming the resource base of the project. The final piece of the puzzle is an infill drilling program to ensure the veracity of the mineralized zone modelling to inform a feasibility level restart technical report focused on mine planning that we expect to release in Q1 2020.

We have now started drilling on site with the initial focus on the southern extension of the North Pit and the northern extension of the South Pit. The drilling program is supported by Tetra Tech who will run a live model to ensure the program is constantly optimized.

We expect to begin to release results from the drilling program shortly. The first samples have been sent for laboratory analysis.

Conclusion

As detailed above, it is an exciting time for the Company and we are looking forward to the journey back to production and finally realizing the value of the Otso Gold Mine.

We thank all of our shareholders and all of our stakeholders for their support. We send our best wishes to all over the holiday period and look forward to 2020.

Disclosures

The technical disclosure in this news release has been reviewed and approved by EUR ING Andrew Carter BSc, CEng, MIMMM, MSAIMM, SME and a Qualified Person as defined by National Instrument 43-101.

The Company cautions that it has not defined or delineated any proven or probable reserves for its Otso Property and mineralization estimates may therefore require adjustment or downward revision based upon further exploration or development work or actual production experience. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The Company also cautions that the decision by the Company to proceed to develop the Otso Mine Project and extract mineralization proceeded without the Company first establishing reserves supported by a technical report and completing a pre-feasibility or feasibility study. Accordingly, there is a higher risk of technical and economic failure at Otso because development proceeded without first establishing reserves supported by a technical report and completing a feasibility study. This is particularly relevant as the Company has proceeded with development at Otso on indicated and inferred resources without first completing a preliminary economic report.

About the Company

Otso Gold Inc. wholly owns the Otso Gold Mine near the town of Raahe in Finland. The Otso Gold Mine is fully built, fully permitted, has all infrastructure in place, two open pits and is progressing towards a July 2020 restart of 2 million tonnes per annum operations.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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