

Otso Enters into Subscription Agreement with Strategic Investor to Raise US\$11 Million and Begins to Move to Production

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Toronto, December 14, 2020 - [Otso Gold Corp.](#) (the "Company"), (TSXV:OTSO) is pleased to announce that it has executed a subscription agreement (the "Agreement") with Brunswick Gold Ltd (the "Investor" or "Brunswick Gold") for a strategic investment of US\$11 million into the Company. Brunswick Gold is a limited liability company incorporated under the laws of the Republic of Cyprus, acting at arm's length to Otso, pursuant to which the Investor has agreed to purchase 284,944,440 units (each, a "Unit"), at an issuance price equal to \$0.05 per Unit, for aggregate gross proceeds of US\$11 million (the "Financing").

On completion, the proposed Financing will fully fund the Company to enable it move forward in line with the Company's previous press releases including the Company's planned return to production. On completion of the Financing, the Company intends to immediately restart its detailed directional diamond drilling program to inform a robust geological model and detailed mine plan that will be used to move to production in 2021 (the "Preparatory Work"). The Preparatory Work includes the Company's intention to release an updated technical report that will underpin the Mine Plan.

Further, the Company confirms that both its secured creditor (PFL Raah Holdings LP), and its major unsecured creditor in Finland, have agreed to defer the payment of certain amounts owing to such parties to December 2021, thereby allowing the Company to fund Preparatory Work that is crucial for returning the Company to production before having to make payment on these financial liabilities.

Brian Wesson, the CEO of Otso commented: "We are excited to welcome Brunswick Gold to the Company as a partner. We share the view that the considerable intrinsic value of Otso Gold will be unlocked by expediting the plan to return the mine to production in 2021. Brunswick's strategic investment will provide the Company with the capital required to achieve these goals. We also are looking forward to the Brunswick nominees joining the Board of Directors as they will provide further depth to the expertise of the Board of Directors."

Vladimir Lelekov, the Chairman of Brunswick Gold, commented: "Otso Gold is a great opportunity for Brunswick in the mining sector. We look forward to working with Lionsbridge to allow Otso Gold to return to production and unleash the value for all stakeholders."

Details of Financing

The Financing is based on a CDN\$ to US\$ exchange rate of \$1.295202. Each Unit will consist of one common share in the capital of the Company (each, a "Common Share") and one Common Share purchase warrant (each, a "Warrant"). Each Warrant will entitle the holder thereof to purchase one Common Share at an exercise price equal to \$0.05 per Warrant for a period of five years from the date of issuance.

The Financing is subject to the fulfillment of a number of conditions including, the approval of the TSX Venture Exchange (the "Exchange") and the approval of the shareholders of the Company (the "Shareholders"). To this end, the Company plans on holding an annual and special meeting of its Shareholders in late January, 2021 (the "Meeting"). At the Meeting, among other things, the Shareholders will need to approve a resolution approving the Investor becoming a new "Control Person" under the policies of the Exchange.

The Company will file on SEDAR a management information circular (the "Circular") which

will describe the Financing in greater detail. Shareholders are urged to read the Circular.

In connection with the Financing, PFL Raabe Holdings LP (PFL) has agreed to vote its Common Shares in favour of the Financing pursuant to a voting support agreement. In addition, B&A Wesson Pty Ltd (B&A) and C&C Wesson Pty Ltd (C&C) have also agreed to vote their respective Common Shares in favour of the Financing pursuant to voting support agreements. PFL presently holds 47,251,105 Common Shares, B&A holds 25,207,348 Common Shares and C&C holds 25,207,349 Common Shares, representing 17.52%, 9.34% and 9.34% of the Common Shares, respectively.

The Board of Directors (the Board) has voted unanimously in favour of the Financing and will be recommending Shareholders to vote in favour of the Financing at the Meeting.

If the Financing is completed, the Investor will, pursuant to the terms of an investor rights agreement (the Investor Rights Agreement), have the right to appoint four of seven directors to the Board, including the Chairperson. Lionsbridge Pty Ltd. (Lionsbridge), the manager of the Company, will have the right to appoint three directors to the Board. Details of these arrangements will be set out in the Circular prepared for the Meeting.

The Company currently has 269,741,758 Common Shares issued and outstanding. Assuming completion of the Financing, the Investor will hold approximately 46.03% of the Common Shares (on an undiluted basis) after giving effect to the issuance of equity; top-up shares (the Top-Up Shares) which will be owed to: (i) Lionsbridge as consideration for facilitating capital raises on behalf of the Company (for further details see the Company's management information circular dated July 24, 2019); and (ii) PFL as consideration for the renegotiation of certain debt arrangements (for further details see the Company's press release dated November 9, 2020). In connection with the Financing, Lionsbridge will be entitled to receive 32,380,060 Top-Up Shares and PFL will be entitled to receive 31,909,280 Top-Up Shares. All securities issued pursuant to the Financing will be subject to a statutory hold period of four months and one day from the date of issuance, in accordance with applicable Canadian securities legislation.

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Caution

The Company cautions that it has not defined or delineated any proven or probable reserves for the Otso Mine Project 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.

Forward-looking Statements

This press release contains forward-looking statements regarding the Company based on current

expectations and assumptions of management, which involve known and unknown risks and uncertainties associated with our business and the economic environment in which the business operates. All such statements are forward-looking statements under applicable Canadian securities legislation. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. We caution our readers of this press release not to place undue reliance on our forward-looking statements as a number of factors could cause actual results or conditions to differ materially from current expectations. Please refer to the risks set forth in the Company's continuous disclosure documents that can be found on SEDAR (www.sedar.com) under the Company's issuer profile. The Company does not intend, and disclaims any obligation, except as required by law, to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

About the Company

[Otso Gold Corp.](#), wholly owns the Otso Gold Mine near the town of Raahe in Finland. The Otso Gold Mine is developed, fully permitted, has all infrastructure in place, two open pits and is progressing towards production in 2021 to process ore at name plate capacity of 2 million tonnes per annum.

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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