



**CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2017

(Unaudited – Expressed in thousands of US dollars)

Notice to Reader

These condensed consolidated interim financial statements of Orsu Metals Corporation have been prepared by management and approved by the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed consolidated interim financial statements, notes to the financial statements or the related quarterly Management Discussion and Analysis.

ORSU METALS CORPORATION
Condensed Consolidated Interim Statements of Financial Position
(Unaudited – Expressed in thousands of US dollars)

	<i>Note</i>	March 31, 2017	December 31, 2016
ASSETS			
Current			
Cash	4	\$ 1,876	\$ 2,350
Receivables and prepaid expenses	5	12	75
Assets held for sale	6	8,237	8,215
		10,125	10,640
Property, plant and equipment		-	4
		\$ 10,125	\$ 10,644
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Trade and other payables	8	\$ 186	\$ 229
Liabilities held for sale	6	32	36
		218	265
Shareholders' equity			
Share capital	9	382,734	382,576
Obligation to issue shares	9	5	-
Reserves	9	34,214	34,261
Non-controlling interest		(826)	(823)
Deficit		(406,220)	(405,635)
		9,907	10,379
		\$ 10,125	\$ 10,644
Nature of operations and going concern	1		
Subsequent events	7 & 10		

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on May 26, 2017.

They are signed on the Company's behalf by:

"Mark Corra"

Mark Corra, Director

"Sergei Stefanovich"

Sergei Stefanovich, Director

ORSU METALS CORPORATION**Condensed Consolidated Interim Statements of Loss and Comprehensive Loss**

(Unaudited – Expressed in thousands of US dollars)

		Three months ended March 31,	
	Note	2017	2016
EXPENSES			
Administration		\$ 97	\$ 121
Depreciation		4	5
Professional fees		116	76
Salaries and benefits		162	247
Transfer agent and regulatory fees		36	26
		(415)	(475)
OTHER INCOME (EXPENSES)			
Loss from assets held for sale	6	(41)	(111)
Gain on disposal of assets held for sale	6	12	-
Advances for exploration	7	(220)	-
Onerous provision release		-	171
Gain on share warrant liability		-	3
Gain on amounts received from Equus	10	72	-
Interest income		4	5
		(173)	68
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(588)	(407)
DISCONTINUED OPERATION			
Loss from discontinued operation		-	(30)
LOSS FOR THE PERIOD FROM DISCONTINUED OPERATION		-	(30)
COMPREHENSIVE LOSS FOR THE PERIOD		\$ (588)	\$ (437)
NET LOSS ATTRIBUTABLE TO ORSU SHAREHOLDERS			
Loss from continuing operations		\$ (585)	\$ (388)
Loss from discontinued operation		-	(30)
		\$ (585)	\$ (418)
NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTEREST			
Loss from continuing operations		\$ (3)	\$ (19)
Loss from discontinued operation		-	-
		\$ (3)	\$ (19)
Basic and diluted loss per common share from continuing operations		\$ (0.00)	\$ (0.00)
Basic and diluted loss per common share from discontinued operation		\$ -	\$ (0.16)
Weighted average number of common shares outstanding		187,488	182,696

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

ORSU METALS CORPORATION
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited – Expressed in thousands of US dollars)

	Three months ended March 31,	
	2017	2016
CASH PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES:		
Loss for the period	\$ (588)	\$ (437)
Less:		
Loss from discontinued operation	-	30
Loss for the period from continuing operations	(588)	(407)
Items not affecting cash:		
Depreciation	4	5
Gain on disposal of assets held for sale	(12)	-
Obligation to issue shares	5	-
Onerous provision release	-	(171)
Gain on share warrant liability	-	(3)
Change in non-cash working capital items:		
Receivables and prepaid expenses	64	3
Trade and other payables	(28)	53
	(555)	(520)
INVESTING ACTIVITIES:		
Property, plant and equipment	-	(21)
Cash received on disposal of assets held for sale	10	-
	10	(21)
FINANCING ACTIVITIES:		
Exercise of options	111	-
	111	-
DECREASE IN CASH FOR THE PERIOD	(434)	(541)
CASH, BEGINNING OF THE PERIOD	2,350	4,697
CASH USED FOR DISCONTINUED OPERATION	-	(30)
CASH, HELD FOR SALE	(40)	(11)
CASH, END OF THE PERIOD	\$ 1,876	\$ 4,115
Non-cash investing and financing activities		
Allocation of reserves on exercise of options	\$ 47	-
Supplemental cash flow information		
Cash paid for interest	-	-
Cash paid for income taxes	-	-

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

ORSU METALS CORPORATION**Condensed Consolidated Interim Statements of Changes in Equity**

(Unaudited – Expressed in thousands of US dollars)

	Number of shares	Share capital	Obligation to issue shares	Reserves	Non-controlling interest	Deficit	Shareholders' equity
Balance, December 31, 2015	182,696,049	\$ 382,576	\$ -	\$ 34,261	\$ (727)	\$ (403,887)	\$ 12,223
Comprehensive loss for the period	-	-	-	-	(19)	(418)	(437)
Balance, March 31, 2016	182,696,049	\$ 382,576	\$ -	\$ 34,261	\$ (746)	\$ (404,305)	\$ 11,786

	Number of shares	Share capital	Obligation to issue shares	Reserves	Non-controlling interest	Deficit	Shareholders' equity
Balance, December 31, 2016	182,696,049	\$ 382,576	\$ -	\$ 34,261	\$ (823)	\$ (405,635)	\$ 10,379
Exercise of options	7,400,000	158	-	(47)	-	-	111
Obligation to issue shares	-	-	5	-	-	-	5
Comprehensive loss for the period	-	-	-	-	(3)	(585)	(588)
Balance, March 31, 2017	190,096,049	\$ 382,734	\$ 5	\$ 34,214	\$ (826)	\$ (406,220)	\$ 9,907

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

ORSU METALS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2017

(Unaudited – All tabular amounts are expressed in thousands of US dollars unless otherwise noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

Orsu Metals Corporation (“Orsu” or the “Company”) is a publicly-traded company incorporated in the British Virgin Islands. The Company’s shares are listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol OSU. Prior to February 1, 2017, the Company’s shares traded on the Toronto Stock Exchange under the same symbol. The corporate office of the Company is located at Unit 1 - 15782 Marine Drive, White Rock, B.C., Canada, V4B 1E6.

The Company has been primarily engaged in the exploration and development of mineral properties in Kazakhstan. However, beginning in 2016, the Company has been in the process of trying to sell its 94.75% interest in the Karchiga project located in Kazakhstan. Accordingly, the Company has classified this project as assets held for sale in its financial statements.

In May 2017, the Company completed the acquisition of the Sergeevskoe gold project located in eastern Russia (Note 7).

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. As at March 31, 2017, the Company had working capital of \$1,702,000. Management estimates that these funds will provide the Company with sufficient financial resources to carry out currently planned exploration and operations through to December 31, 2017. Beyond December 31, 2017, the Company will need to seek additional sources of financing to carry on future operations. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee.

These condensed consolidated interim financial statements do not include all of the disclosures required for annual financial statements, and therefore should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2016.

Basis of measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. In addition these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

ORSU METALS CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2017

(Unaudited – All tabular amounts are expressed in thousands of US dollars unless otherwise noted)

2. BASIS OF PRESENTATION (continued)

Functional and presentation currency

These consolidated financial statements are presented in United States (“US”) dollars, which is the parent company’s functional currency as well as the functional currency of the Company’s subsidiaries.

Use of accounting estimates, judgments and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

Carrying value and recoverability of property, plant and equipment

In relation to the property, plant and equipment the Company followed guidance under IAS 36, “Impairment of assets”, and applied significant judgment to determine whether impairment was required as at March 31, 2017. In concluding its judgment, the Company evaluated the market capitalisation of the Company as at March 31, 2017, current and expectations of future, copper prices, estimates of the net present value of the project, the potential access to both debt and equity financing to fund the future development of the project, potential realisable value of the Karchiga Project and the Company’s ability to continue to fund the project until such financing for developing the project is achieved.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

The Company has not recorded any deferred tax assets.

ORSU METALS CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2017

(Unaudited – All tabular amounts are expressed in thousands of US dollars unless otherwise noted)

2. BASIS OF PRESENTATION (continued)

Use of accounting estimates, judgments and assumptions (continued)

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

Determination of functional currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Management has determined that the functional currency of the parent company as well as the functional currency of the Company's subsidiaries is the US dollar.

Classification of assets held for sale

The Company classified the assets and liabilities of the Karchiga Project as "Assets held for sale" and "Liabilities held for sale" on the statements of financial position as at March 31, 2017 and December 31, 2016 and reported the related loss as "Loss from assets held for sale" in the consolidated statements of loss and comprehensive loss for the three months ended March 31, 2017 and 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company as at and for the year ended December 31, 2016.

Principles of consolidation

Name of subsidiary	Place of incorporation	Ownership interest at March 31, 2017	Principal activity
European Minerals (UK) Limited	UK	100%	Dormant
Lero Gold Corp.	Canada	100%	Holding company
Eildon Enterprises Limited	BVI	100%	Holding company
GRK MLD LLP	Kazakhstan	94.75%	Operating mineral exploration company
Harssin Management B.V. ⁽¹⁾	Netherlands	0%	Dormant holding company
Orsu Metals Kazakhstan ⁽¹⁾	Kazakhstan	0%	Dormant holding company
Kogodai LLP ⁽¹⁾	Kazakhstan	0%	Dormant mineral exploration company
Almaty Exploration Limited ⁽²⁾	BVI	0%	Dormant holding company
Bauer Investments Corporation ⁽²⁾	BVI	0%	Dormant holding company

⁽¹⁾ sold in March 2017 (Note 7)

⁽²⁾ struck from the register in March 2017

ORSU METALS CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2017

(Unaudited – All tabular amounts are expressed in thousands of US dollars unless otherwise noted)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards, interpretations and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of March 31, 2017, and have not been applied in preparing these consolidated financial statements.

Effective for annual periods beginning on or after January 1, 2018:

- New standard IFRS 9, Financial Instruments

IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement. This standard simplifies the current measurement model for financial instruments under IFRS and establishes two measurement categories for financial assets: amortized cost and fair value. The existing IAS 39 categories of loans and receivables, held to maturity investments, and available for sale financial assets will be eliminated.

Effective for annual periods beginning on or after January 1, 2019:

- New standard IFRS 16, Leases

All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, from the perspective of the lessee, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 Leases and, instead, introduces a single lessee accounting model. When applying that model, a lessee is required to recognize assets and liabilities. A lessor continues to classify its leases as operating leases or finance leases, and accounts for those two types of leases differently.

The Company has not early adopted these new standards and none of these standards are expected to have a material effect on the consolidated financial statements.

4. CASH

	March 31, 2017	December 31, 2016
US dollar denominated deposits held in Canada	\$ 1,589	\$ 2,000
Canadian dollar denominated deposits held in Canada	115	22
US dollar denominated deposits held in the UK	80	232
Canadian dollar denominated deposits held in the UK	45	60
GBP denominated deposits held in the UK	47	35
GBP denominated deposits held in the Netherlands	-	1
Total	\$ 1,876	\$ 2,350

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(Unaudited – All tabular amounts are expressed in thousands of US dollars unless otherwise noted)

5. RECEIVABLES AND PREPAID EXPENSES

	March 31, 2017	December 31, 2016
Receivables	\$ -	\$ 47
Prepaid expenses	12	28
Total	\$ 12	\$ 75

6. ASSETS HELD FOR SALE

Included in assets and liabilities held for sale as at March 31, 2017 and December 31, 2016 are the assets and liabilities of the Karchiga Project located in Kazakhstan. As at December 31, 2016, assets and liabilities held for sale also included the Kogodai Project, located in Kazakhstan:

	March 31, 2017	December 31, 2016
Cash	\$ 40	\$ 13
Receivables and prepaid expenses	21	21
Property, plant and equipment	8,176	8,181
Assets held for sale	8,237	8,215
Trade and other payables	(32)	(36)
Liabilities held for sale	(32)	(36)
Net assets held for sale	\$ 8,205	\$ 8,179

As at March 31, 2017, the Karchiga Project includes assets of \$8,237,000 (December 31, 2016 – \$8,198,000) and liabilities of \$32,000 (December 31, 2016 – \$17,000) while the Kogodai Project includes assets of \$Nil (December 31, 2016 – \$17,000) and liabilities of \$Nil (December 31, 2016 – \$19,000).

ORSU METALS CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2017

(Unaudited – All tabular amounts are expressed in thousands of US dollars unless otherwise noted)

6. ASSETS HELD FOR SALE (continued)

Karchiga Project, Kazakhstan

The Company's principal and most advanced project is the property comprising a licence area in eastern Kazakhstan containing the copper bearing Karchiga volcanogenic massive sulphide deposit which is part of the Rudny Altai polymetallic belt (the "Karchiga Project"). The Company indirectly holds a 94.75% interest in the Karchiga Project via its 100% interest in Lero Gold Corp. ("Lero") which in turn owns 100% of Eildon Enterprises Limited ("Eildon"), the immediate parent of GRK MLD LLP ("MLD") and the holder of the exploration licence for the Karchiga exploration property.

The Karchiga Project is governed by an exploration and production contract until February 28, 2024 and the Company has obtained approval to commence mineral extraction within the Karchiga exploration licence area for copper as well as approval for the construction of a mining and processing complex within the Karchiga exploration licence area from the relevant Kazakh authority.

From 2012 to early 2016, the Company tried to secure the funding required for the construction of a mine and processing facilities. However, due to the continuing adverse economic environment during this period, the Company was unable to secure the necessary funding required and the Company looked for alternative solutions.

On April 11, 2016, the Company entered into an agreement (as amended) to sell its 94.75% interest in MLD to Karasat Trading FZE ("Karasat"), a company registered in the United Arab Emirates, for \$7.75 million (\$100,000 non-refundable deposit received in May 2016). The Company obtained shareholder approval for the sale at its annual and special shareholder meeting held on June 23, 2016. On January 25, 2017, the Company conditionally transferred its participation interest in MLD to Karasat and the remainder of the purchase price was to be paid after the registration of the transfer with the Kazakhstan authorities, not later than February 15, 2017. On February 17, 2017, Karasat informed the Company that it was unable to obtain the necessary financing to pay the purchase price and therefore the shares of MLD were re-registered back to Eildon.

The losses pertaining to the assets held for sale included in the consolidated statement of loss and comprehensive loss for the three months ended March 31, 2017 and 2016 are shown below:

	Three months ended March 31,	
	2017	2016
Administration expenses	\$ 34	\$ 83
Exploration and evaluation expenditures	-	22
Foreign exchange	7	6
Loss from assets held for sale	\$ 41	\$ 111

ORSU METALS CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2017

(Unaudited – All tabular amounts are expressed in thousands of US dollars unless otherwise noted)

6. ASSETS HELD FOR SALE (continued)

Kogodai Project, Kazakhstan

The Company held an exploration licence for a prospect 70 km northwest of the Karchiga Project (the “Kogodai Project”). The Company held an effective 51% interest in the Kogodai Project through its 63.75% owned subsidiary, Harssin Management B.V. (“Harssin”), which in turn holds a 100% interest in Orsu Metals Kazakhstan, which has a majority 80% interest in Kogodai JV LLP.

In March 2017, the Company completed the sale of its effective 51% interest in the Kogodai Project for \$10,000 through the sale of the Company’s 63.75% interest in Harssin and accordingly recorded a gain on disposal of assets held for sale of \$12,000 as follows:

Consideration received		
Cash	\$	10
	\$	10

Net assets disposed		
Cash	\$	9
Receivables and prepaid expenses		5
Equipment		3
Trade and other payables		(19)
	\$	(2)

Gain on disposal of assets held for sale	\$	12
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ORSU METALS CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2017

(Unaudited – All tabular amounts are expressed in thousands of US dollars unless otherwise noted)

7. EXPLORATION AND EVALUATION ASSETS

Sergeevskoe Project, Russia

In September 2016, the Company entered into an exclusive and binding heads of agreement which was superseded by a share purchase agreement (“SPA”) in January 2017, as amended, for the acquisition of the Sergeevskoe gold project located in eastern Russia. The Sergeevskoe project licence is owned by Sibzoloto Investments Limited (“Sibzoloto”), a Cyprus registered company, which in turn is the sole owner of both LLC GK Alexandrovskoe, holder of the Sergeevskoe licence, and LLC Invest Realty, the owner of a work camp and infrastructure to support the nearby Sergeevskoe project. The shares of Sibzoloto are owned by four arm’s length parties (“the Sellers”).

On May 18, 2017, the Company completed the acquisition of an initial 30% interest in Sibzoloto through the issue of 165,591,520 common shares of the Company to the Sellers and an initial payment of \$180,000 which was deferred and will bear interest at the rate of 8% per annum until paid with payment due the earlier of Orsu being funded by equity or the sale of the Karchiga Project in Kazakhstan.

Orsu has agreed to fund a \$1,500,000 exploration program on the Sergeevskoe Project before the first anniversary of closing. To date, the Company has funded \$564,871 (\$130,000 advanced prior to December 31, 2016, \$220,000 advanced during the three months ended March 31, 2017, and \$214,871 advanced subsequent to March 31, 2017). These amounts have been recorded as advances for exploration on the statement loss and comprehensive loss.

If a sale of Karchiga completes prior to September 30, 2017, then within 10 days, the Sellers will sell and Orsu will purchase the remaining 70% of the shares of Sibzoloto for consideration of €700 and \$420,000 cash.

In the event the sale of Karchiga does not close before September 30, 2017, Orsu and the Sellers will own a 30% and 70% participating interest in Sibzoloto respectively. Orsu and the Sellers will negotiate the terms of a shareholder’s agreement at that time to govern the operations of Sibzoloto and to provide for an option for Orsu to acquire or earn, and the Sellers to sell or transfer, the remaining 70% of the shares of Sibzoloto. The prior approval of the TSX-V will be obtained in the event the parties determine that the consideration for the second sale shares will be paid and settled in shares of the Issuer.

8. TRADE AND OTHER PAYABLES

	March 31, 2017	December 31, 2016
Trade and other payables in BVI	\$ 172	\$ 202
Trade and other payables in the UK	6	12
Trade and other payables in Canada	8	8
Trade and other payables in the Netherlands	-	1
Due to related parties	-	6
Total	\$ 186	\$ 229

ORSU METALS CORPORATION
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(Unaudited – All tabular amounts are expressed in thousands of US dollars unless otherwise noted)

9. SHARE CAPITAL AND RESERVES

a) Authorized

The Company is authorized to issue 100,000,000,000 common shares without par value.

b) Issued and Outstanding

As at March 31, 2017, the Company had 190,096,049 common shares issued and outstanding (December 31, 2016 – 182,696,049).

During the three months ended March 31, 2017, the Company issued 7,400,000 common shares on the exercise of options for gross proceeds of \$111,000 (C\$148,000).

c) Options

On January 4, 2017, the Company cancelled its 2015 stock option plan and replaced it with the 2017 stock option incentive plan (the “Plan”). The Plan was approved by the Board of Directors of the Company but remains subject to approval by the shareholders of the Company and acceptance by the TSX-V and any other regulatory authority having jurisdiction over the securities of the Company, with such changes to the Plan as may be required by the TSX-V from time to time.

The Company’s Plan is a rolling stock option plan applicable to directors, employees and consultants, under which the total outstanding stock options are limited to 10% of the outstanding common shares of the Company at any one time. The exercise price of an option shall not be less than the discounted market price at the time of granting as prescribed by the policies of the TSX-V. The maximum term of stock options is ten years from the grant date. Vesting terms are at the discretion of the directors.

The continuity of stock options for the three months ended March 31, 2017 is as follows:

Expiry date	Exercise price CAD\$	Balance, December 31, 2016	Granted	Exercised	Expired	Balance, March 31, 2017
September 2, 2020	\$ 0.02	15,700	-	(7,400)	(1,500)	6,800
		15,700	-	(7,400)	(1,500)	6,800
Weighted average exercise price - CAD\$		\$ 0.02	\$ -	\$ 0.02	\$ 0.02	\$ 0.02

As at March 31, 2017, all the stock options were exercisable.

d) Obligation to issue shares

Effective March 1, 2017, the Company agreed to pay the non-executive directors of the Company director fees of \$15,000 per year payable in common shares of the Company (previously £18,000 per year payable in cash). During the three months ended March 31, 2017, the Company recorded \$2,000 as an obligation to issue shares.

Effective March 1, 2017, the Company agreed to pay the Executive Chairman of the Company fees of EUR 60,000 per year payable half in cash and half in common shares of the Company (previously £150,000 per year payable in cash). During the three months ended March 31, 2017, the Company recorded \$3,000 as an obligation to issue shares.

ORSU METALS CORPORATION
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(Unaudited – All tabular amounts are expressed in thousands of US dollars unless otherwise noted)

10. RELATED PARTY TRANSACTIONS AND BALANCES

Except as disclosed elsewhere in these consolidated financial statements, the Company incurred the following related party transactions.

Key management includes members of the Board of Directors, the Chief Financial Officer and the Corporate Secretary. The aggregate compensation paid or accrued to key management personnel, during the three months ended March 31, 2017 and 2016 were as follows:

		Three months ended March 31,	
		2017	2016
Salaries and benefits			
Sergey Kurzin	Director	\$ 37	\$ 58
Alexander Yakubchuk	Director	37	56
Mark Corra	Director	5	6
David Rhodes	Director	5	6
Massimo Carello	Director	-	6
Doris Meyer & Dan O'Brien	Officers	28	-
Kevin Denham	Officer	-	46
		\$ 112	\$ 178

Equus Petroleum plc

The Company entered into a sublease agreement, dated June 1, 2012, with Equus Petroleum plc ("Equus"), who were a related party until February 2016, to partially sub-let office space from the Company for a period up to February 2016. Effective January 31, 2015, Equus vacated the premises and the Company was unable to secure alternative arrangements to cover the cost of the office premises. As at December 31, 2015, all amounts owing from Equus were written down to \$Nil as the Company's accounting policy is to make a full provision for receivables outstanding for greater than 12 months.

By letter agreement dated December 8, 2016, the Company and Equus agreed that the amount owing to the Company by Equus as at July 28, 2016 was principal of £222,838 and accrued interest of £7,707 totalling £230,545. Interest accrues on the principal at the rate of 4.5% per annum. Further, it was acknowledged that Equus had paid the Company £60,000 from September to December 2016 towards principal and interest and effective January 7, 2017 the monthly payments were to have increased from £15,000 to £30,000. Equus requested and the Company agreed to payments of £20,000 per month and in consideration for these reduced payments an interest rate of 5.0% per annum.

During the three months ended March 31, 2017, Equus paid the Company £60,000 and accordingly, the Company recorded interest income of \$1,630 (£1,333) and a gain on amounts received from Equus of \$71,987 (£58,667).

As at March 31, 2017, the amount due from Equus totalled \$144,306 (£115,877). The Company did not record this as a receivable as at March 31, 2017 as the Company's accounting policy is to record payments as credits to the statement of loss and comprehensive loss when received.

Subsequent to March 31, 2017, Equus paid the Company a further £40,000.

ORSU METALS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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11. SEGMENTED INFORMATION

IFRS 8 “Operating Segments” requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the chief operating decision-maker to allocate resources to the segments and to assess their performance.

The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments, has been defined as the Executive Chairman.

The Company operates in a single segment, being mineral exploration and development.

With the exception of the cash disclosed in Note 4, all of the Company's significant assets are held in Kazakhstan as at March 31, 2017 and subsequently in Russia.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

Financial instruments are classified into one of the following categories: FVTPL; held-to-maturity investments; loans and receivables; available-for-sale; or other liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	March 31, 2017	December 31, 2016
Cash	FVTPL	\$ 1,876	\$ 2,350
Receivables	Loans and receivables	-	47
Trade and other payables	Other liabilities	106	229

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.
- Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.
- Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for receivables and trade and other payables approximate their fair value due to their short-term nature. The fair value of cash was determined based on Level 1 of the fair value hierarchy.

Risk Management

The Company's risk management objectives and policies are consistent with those disclosed by the Company for the year ended December 31, 2016.