



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
QUARTERLY HIGHLIGHTS**

**For the three months ended March 31, 2019**

(Expressed in US dollars)

# ORSU METALS CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2019  
(Expressed in US dollars)

---

### Introduction

The following is management's discussion and analysis – quarterly highlights (“MD&A”) of the results of operations and financial condition of Orsu Metals Corporation (the “Company” or “Orsu”) for the three months ended March 31, 2019 and up to the date of this MD&A. The MD&A has been prepared to provide material updates to the business operations, financial condition, liquidity and capital resources of the Company since its last management's discussion and analysis for the fiscal year ended December 31, 2018 (the “Annual MD&A”).

This MD&A should be read in conjunction with the Annual MD&A and the audited consolidated financial statements for the year ended December 31, 2018, together with the notes thereto, and the accompanying unaudited condensed consolidated interim financial statements and related notes thereto for the three months ended March 31, 2019 (the “Financial Report”).

All financial information in this MD&A is derived from the Company's financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) and all dollar amounts are expressed in United States dollars unless otherwise indicated.

The effective date of this MD&A is May 28, 2019.

### Description of the Business

Orsu 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. The corporate office of the Company is located at Unit 1 - 15782 Marine Drive, White Rock, B.C., Canada, V4B 1E6.

Orsu is led by an experienced management team that has worked on various exploration projects in Russia and internationally. Management also notably holds approximately 35 percent of the Company's shares.

Orsu owns 90 percent of the Sergeevskoe gold exploration project located in eastern Russia's Transbaikalian Region. The property is leased from the Russian Government until 2031.

### Operational Highlights

On April 17, 2019, the Company announced the results of a maiden mineral resource estimate for its Sergeevskoe Gold Project in Zabaikalsky Region, Russia. The Mineral Resource estimate was independently prepared by Wardell Armstrong International Ltd. (“WAI”) in accordance with the guidelines of the JORC Code (2012)/CIM Definitions Standards and NI 43-101 requirements. A Technical Report covering the Mineral Resource estimate will be filed on SEDAR by June 1, 2019.

An Inferred Mineral Resource of 25.09 million tonnes, grading 1.47 g/t gold and containing 1.19 Moz gold at a 0.5 g/t gold cut-off grade, was optimized into an open pit constrained by the license boundary at Sergeevskoe. The estimate is based on 17,300 m of diamond drilling (82 drillholes) and 5,300 m of channel sampling (39 trenches), completed during Orsu's exploration campaign between January 2017 and October 2018. Section lines for drilling are spaced approximately 80 m apart. The vertical spacing between intersections is also typically 80 m. The central part of Zone 23 and eastern part of Klyuchi West were drilled along the section lines spaced approximately 40 m apart. Historical data are completely excluded from the mineral resource estimate.

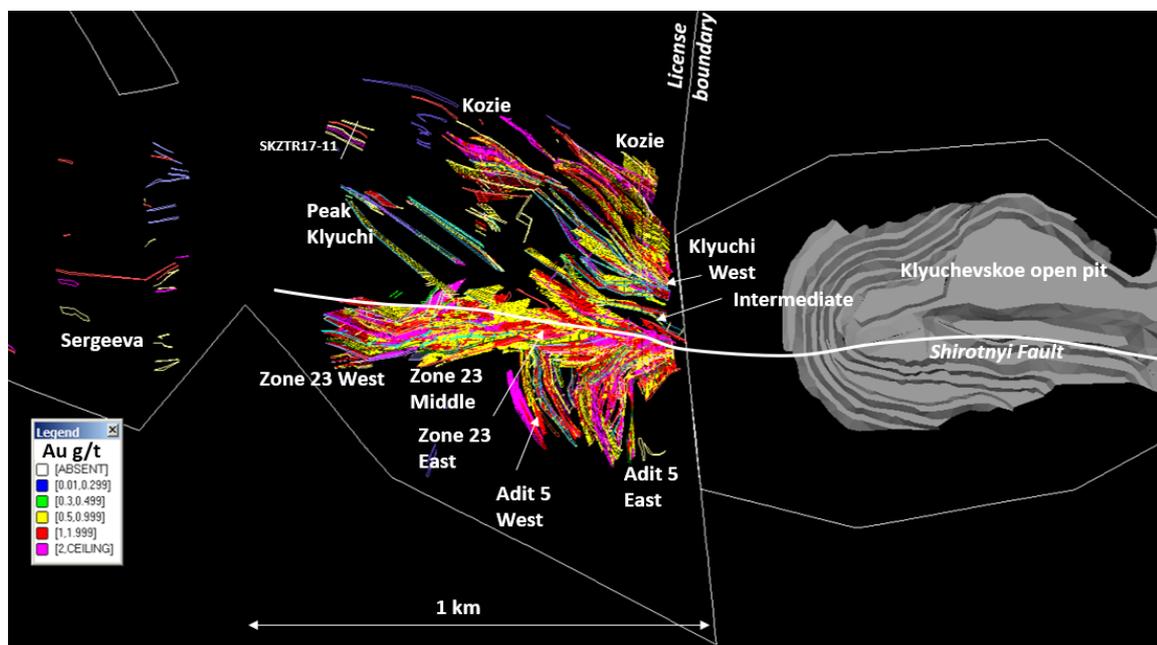
# ORSU METALS CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2019  
(Expressed in US dollars)

The maiden Mineral Resource was identified by Orsu from scratch during just two years of work within approximately 900x600 m area. Orsu now has a robust understanding of the gold grade distribution at Sergeevskoe and will specifically target higher grade areas in order to improve the geostatistical parameters in the higher grade shoots and therefore the average gold grade of the system. While the gold-mineralized system is constrained by the license boundary in the east, it remains widely open westward and to the north.

An Inferred Mineral Resource was estimated for a large stockwork, containing 122 segments of sheeted subparallel quartz-tourmaline-sulfide veins in nine domains. The individual vein segments are separated by faults or unmineralized intervals. The most important divide is represented by the Shirotnyi Fault (Figure 1). To its south are Zone 23 West, Zone 23 Middle, Zone 23 East, Adit 5 West, and Adit 5 East domains. To the north are the Intermediate, Klyuchi West, Kozie and Peak Klyuchi domains.

Figure 1. Plan view of Mineral Resource domains and gold grade distribution in the unconstrained block model at Sergeevskoe. Historically recognized mineralization is shown in grey-blue. Klyuchevskoe open pit can be seen to the east.



From these domains, an Inferred Mineral Resource of 25.09 million tonnes, grading 1.47 g/t gold and containing 1.19 Moz gold at a 0.5 g/t gold cut-off grade, was optimized into a pit constrained by the license boundary to the east at Sergeevskoe (Table 1). Table 1 also shows sensitivity analysis of tonnage and grade within a pit constrained at different cut-off grades ("COG") for the Sergeevskoe project, limited by the license boundary Table 1. Open pit Mineral Resource estimate with base case at 0.5 g/t cut off grade and sensitivity analysis of tonnage and grade at different cut-off grades for the Sergeevskoe Gold Project as at April 15, 2019.

**ORSU METALS CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2019  
(Expressed in US dollars)

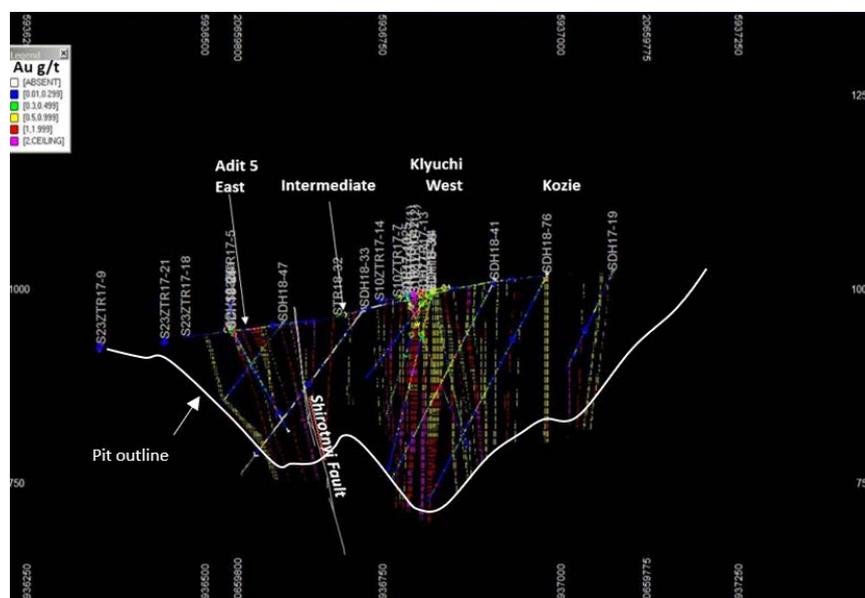
Table 1- Open pit Inferred Mineral Resource Estimate

COG	Tonnes (Mt)	Grade (g/t Au)	Contained Metal (Au '000 oz)
0.4	25.22	1.47	1,192
<b>0.5</b>	<b>25.09</b>	<b>1.47</b>	<b>1,186</b>
0.6	23.93	1.52	1,169
0.7	21.59	1.61	1,118
0.8	18.64	1.75	1,049

Notes: (1) CIM Definition Standards were followed for Mineral Resources; (2) Mineral Resources reported for the Sergeevskoe Gold Project are classified as Inferred by Phil Newall, an independent Qualified Person as defined by CIM Definition Standards; (3) Mineral resources are limited to an optimised open pit shell based on appropriate economic and reasonable mining parameters as provided by Orsu Metals Corporation; (4) Mineral Resources are not reserves until they have demonstrated economic viability based on a Feasibility Study or Pre-Feasibility Study; (5) All figures are rounded to reflect the relative accuracy of the estimate, and apparent errors may occur due to rounding; (6) Contained metal refers to estimated contained metal in the ground not adjusted for metallurgical recovery; (7) The mineral resources reported represent the sub-celled model with no account of potential mining dilution of the mineralisation.

Figures 2 and 3 show distribution of gold mineralization, constrained by the pit and the license boundary, which corresponds to the Inferred Mineral Resource estimate. Figure 3 also shows gold-mineralized blocks within a pit, unconstrained by license boundary, and beyond the pit envelopes.

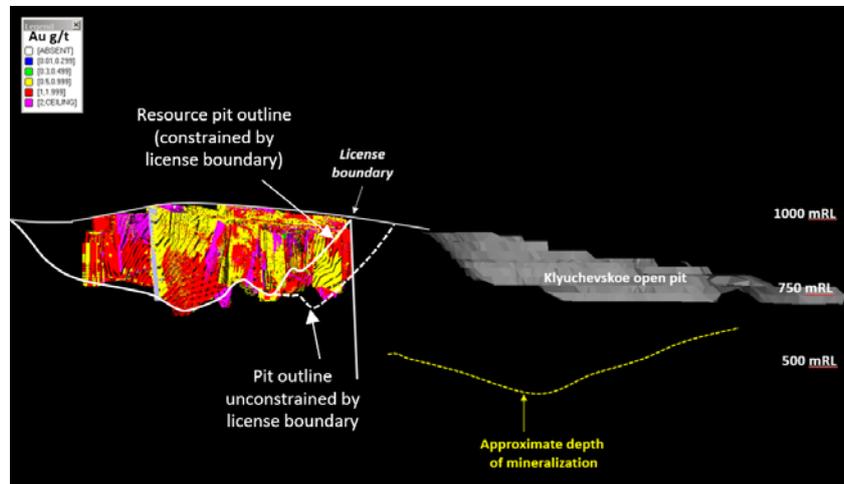
Figure 2. Cross section (looking west) showing grade distribution in gold-mineralized stockwork over a >500 m width along the eastern license boundary of the Sergeevskoe gold project.



# ORSU METALS CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2019  
(Expressed in US dollars)

Figure 3. Long vertical projection showing grade distribution with resource pit outlines constrained by Sergeevskoe license boundary as well as pit outline unconstrained by license boundary. The existing open pit at the adjacent Klyuchevskoe gold deposit is shown for reference.



## Growth Potential

Based on the results, Orsu considers that there is a strong potential to grow the mineralization envelope at the Sergeevskoe Gold Project beyond that identified in this maiden Mineral Resource estimate. The mineralization is open both along the westward strike and downdip. In particular, there is a strong possibility to identify new mineralization at the western continuation of Klyuchi West and Intermediate domains, and only partly drill-tested mineralization in between these domains and Kozie domain. The western extension of Zone 23 remains open, with some gold mineralization recognized in historical holes and by Orsu during scout sampling at the Sergeeva prospect some 500 m west. Peak Klyuchi requires additional attention as a direct continuation of the Intermediate mineral domain. Kozie domain is also open westward, with gold mineralization intercepted in Orsu's trench SKZTR17-11 (see Figure 1).

Of key interest for growth potential is the testing of the downdip continuation of gold mineralization in the Intermediate, Klyuchi West and Zone 23 domains, particularly due to a clear increase in gold grade (see Figures 2 and 3). The reported gold mineralization at Sergeevskoe was drill-tested to a depth of 750mRL from approximately 950-1000mRL topographic surface, whereas Klyuchevskoe gold mineralization is drill-intersected to a depth of 450-500mRL.

In addition, there are numerous occurrences of gold mineralization and geochemical/geophysical anomalies not yet tested by Orsu beyond the area of detailed works within the Company's 7.6 square km license area of the Sergeevskoe project (see press release dated September 21, 2016).

## **Qualified Person**

The Company's Director of Exploration, Alexander Yakubchuk, a Qualified Person as defined in NI 43-101, has reviewed and approved the exploration information and resource disclosures contained in this MD&A.

# **ORSU METALS CORPORATION**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2019

(Expressed in US dollars)

---

### **Trends**

The Company is an exploration company. Issues of seasonality or market fluctuations have had a minor impact on the expenditure patterns. The Company expenses its exploration, project investigation and general and administration costs, and these amounts are included in the net loss for each quarter. The Company's treasury, in part, determines the levels of exploration.

The level of the Company's exploration expenditures is largely determined by the strength of the resource capital and commodity markets and its ability to obtain investor support for its projects.

### **Results of Operations – three months ended March 31, 2019**

The consolidated loss for the three months ended March 31, 2019 was \$367,414 compared to \$290,679 for the three months ended March 31, 2018.

The significant changes between the current period and the comparative period are discussed below.

Exploration and evaluation expenditures totalled \$141,418 for the current period compared to \$148,149 in the comparative period and all relates to exploration work on the Sergeevskoe project. As discussed above, the Company completed a significant drill program in fiscal 2018 and Q1 2019.

Investor relations and travel totalled \$117,224 for the current period compared to \$7,893 in the comparative period. The increase is primarily due to a considerable increase in the Company's attendance at conferences and trade shows.

Salaries and benefits totalled \$98,052 for the current period and are comparable to the comparative period of \$101,522 and relate to the fees of the Company's officers and directors.

### **Liquidity and Capital Resources**

Orsu began the 2019 fiscal period with \$1,681,071 in cash. During the three months ended March 31, 2019, the Company spent \$159,549 on operating activities, net of working capital changes, to end at March 31, 2019 with \$1,521,522 in cash.

As at March 31, 2019, the Company had working capital of \$1,578,178. Management estimates that these funds may not provide the Company with sufficient financial resources to carry out currently planned exploration and operations over the next twelve months. Accordingly, the Company may need to seek additional sources of financing. 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.

### **Related Party Transactions**

The Company had no other related party transactions other than those incurred in the normal course of business as disclosed in the Financial Report.

### **Additional Disclosure for Venture Issuers without Significant Revenue**

The components of exploration and evaluation assets and property, plant and equipment are described in Notes 6 and 7 to the Financial Report.

# ORSU METALS CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2019

(Expressed in US dollars)

---

### Outstanding Share Data as at the date of this MD&A

Authorized: an unlimited number of common shares without par value

	Common Shares Issued and Outstanding	Stock Options
<b>Balance as at March 31, 2019</b>	36,558,582	3,325,000
<b>Balance as at the date of this MD&amp;A</b>	36,558,582	3,325,000

### Cautionary Note Regarding Forward-looking Statements

This MD&A may include or incorporate by reference certain statements or disclosures that constitute "forward-looking information" under applicable securities laws. All information, other than statements of historical fact, included or incorporated by reference in this MD&A that addresses activities, events or developments that Orsu or its management expects or anticipates will or may occur in the future constitute forward-looking information. Forward-looking information is provided through statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur or continue. These forward-looking statements are based on certain assumptions and analyses made by Orsu and its management in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances.

Although Orsu believes such forward-looking information and the expectations expressed in them are based on reasonable assumptions, investors are cautioned that any such information and statements are not guarantees of future realities and actual realities or developments may differ materially from those projected in forward-looking information and statements. Whether actual results will conform to the expectations of Orsu is subject to a number of risks and uncertainties, including those risk factors discussed under "Risk Management" in the above documents incorporated herein by reference. In particular, if any of the risk factors materialize, the expectations and the predictions based on them may need to be re-evaluated. Consequently, all of the forward-looking information in this MD&A and the documents incorporated herein by reference is expressly qualified by these cautionary statements and other cautionary statements or factors contained herein or in documents incorporated by reference herein, and there can be no assurance that the actual results or developments anticipated by Orsu will be realized or, even if substantially realized, that they will have the expected consequences for Orsu.

Forward-looking statements are based on the beliefs, estimates and opinions of Orsu's management on the date the statements are made. Unless otherwise required by law, Orsu expressly disclaims any intention and assumes no obligation to update or revise any forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change, whether as a result of new information, future events or otherwise, and Orsu does not have any policies or procedures in place concerning the updating of forward-looking information other than those required under applicable securities laws. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information.

### Other Information

Additional information relating to the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com) and at the Company's web site [www.orsumetals.com](http://www.orsumetals.com).