



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

**For the six months ended June 30, 2019**

(Expressed in US dollars)

# **ORSU METALS CORPORATION**

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

For the six months ended June 30, 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 six months ended June 30, 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 six months ended June 30, 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 August 27, 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 the Zabaikalsky Region of eastern Russia. 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. 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.

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. On May 23, 2019, the Company filed a technical report titled: “NI43-101 Technical Report on the Initial Mineral Resource Estimate for the Sergeevskoe Property, Zabaikalskiy Krai, Russian Federation” dated effective April 15, 2019 (the “Sergeevskoe Report”) on the Company's profile on [www.sedar.com](http://www.sedar.com).

The maiden Mineral Resource was identified by Orsu from scratch during just two years of work within an approximate 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

# ORSU METALS CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS

For the six months ended June 30, 2019  
(Expressed in US dollars)

gold-mineralized system is constrained by the license boundary in the east, it remains widely open westward and to the north.

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 down dip. 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.

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).

On July 2, 2019, Orsu announced the commencement of its 2019 exploration program beginning with a 3500 m drilling and 3000 m trenching programme. Drilling started at the potential western extension of Zone 23 that contains the largest part of the Resource. This part of the programme will focus on deeper parts of Klyuchi West, Intermediate and Zone 23 domains. Although drilling started at the western extension of Zone 23, the 2019 programme will also test the area to the north of Kozie, where mineralized veins were outlined at the extent of drilling, which did not constrain the northern limit of the mineralized envelopes.

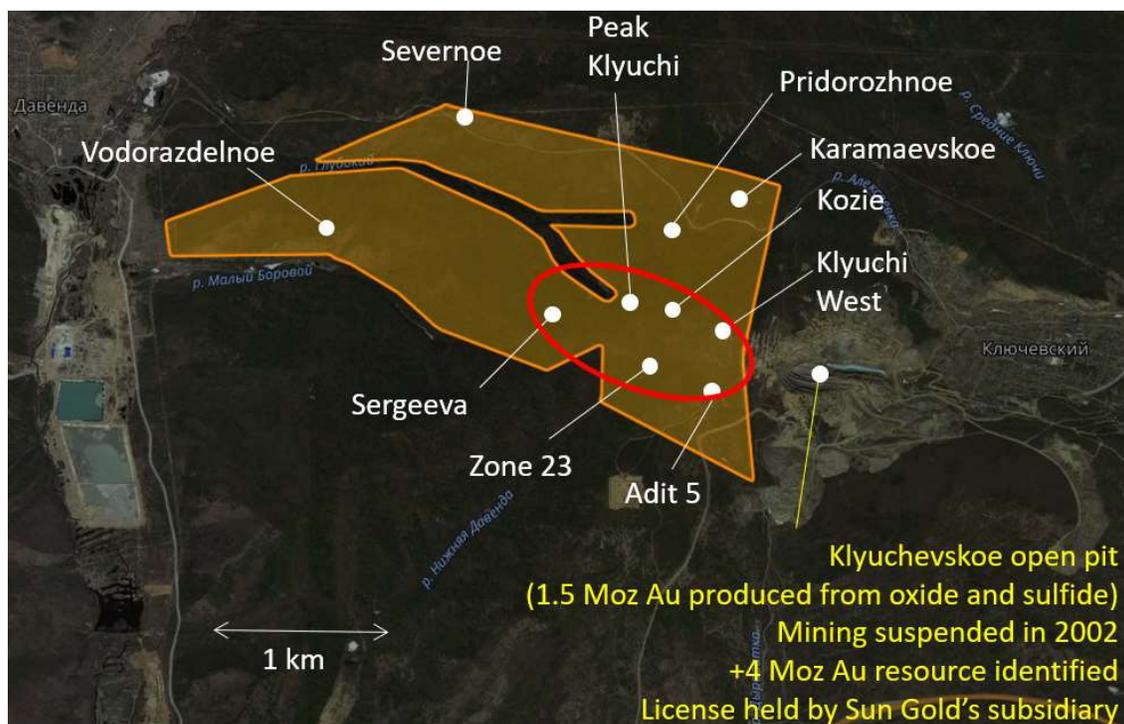


Figure 1. An outline of the 7.6 sq km Sergeevskoe license area with location of principal gold prospects and adjacent Klyuchevskoe open pit. The area of 2017-18 exploration works is shown in red.

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

For the six months ended June 30, 2019  
(Expressed in US dollars)

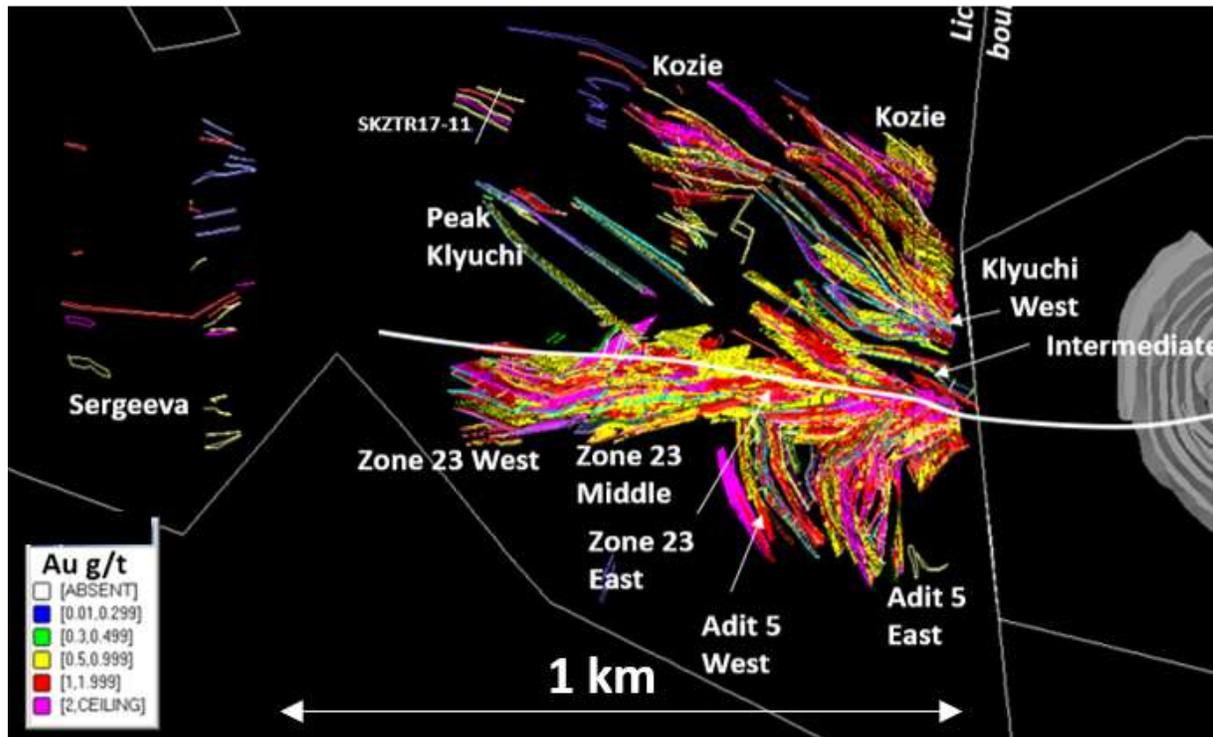


Figure 2. Plan view of the maiden Mineral Resource block model at Sergeevskoe and exploration targets at its western and northwestern extension. Grey-blue colours depict mineralized intercepts in the historical holes.

**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.

**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.

# ORSU METALS CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the six months ended June 30, 2019

(Expressed in US dollars)

---

### Results of Operations – six months ended June 30, 2019

The consolidated loss for the six months ended June 30, 2019 was \$964,680 compared to \$1,441,995 for the six months ended June 30, 2018.

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

Exploration and evaluation expenditures totalled \$536,161 for the current period compared to \$1,112,309 in the comparative period and all relate to exploration work on the Sergeevskoe project. As discussed above, the Company completed a significant drill program in fiscal 2018 and Q1 2019 and the 2019/2020 exploration program is just getting started with drilling having commenced in July 2019.

Investor relations and travel totalled \$215,258 for the current period compared to only \$25,977 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 \$195,604 for the current period and are comparable to the comparative period of \$200,750 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 six months ended June 30, 2019, the Company spent \$782,009 on operating activities, net of working capital changes, to end at June 30, 2019 with \$899,062 in cash.

As at June 30, 2019, the Company had working capital of \$999,787. 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.

### 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 June 30, 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

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

For the six months ended June 30, 2019  
(Expressed in US dollars)

---

**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).