



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

For the six months ended June 30, 2020

(Expressed in US dollars)

ORSU METALS CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the six months ended June 30, 2020

(Expressed in US dollars)

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, 2020 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, 2019 (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, 2019, 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, 2020 (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, 2020.

Description of the Business

Orsu Metals Corporation (“Orsu” or the “Company”) is a publicly traded company, that was originally incorporated in the British Virgin Islands (“BVI”). Effective June 30, 2020, the Company continued out of BVI into British Columbia, Canada. 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 44 percent of the Company's shares.

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

Operational Highlights

The Company has made significant progress on its plans to conduct a bulk test mining program to lead to pilot mining at the Sergeevskoe project.

Highlights of achievements since May 27, 2020:

- Bulk test of 50,000 tons is permitted
- Pilot mining of 1,050,000 tons is permitted
- Reverse Circulation drill program conducted by neighbouring mill owners further supported the Inferred Resource grade
- Grade Control in fill drill program has doubled the footprint of the mineralization in the North and South pits – grade significantly improved over Inferred Resource grade
- Bulk test expected to commence in third quarter 2020, and on success pilot mining to follow

Bulk Test

The Company will first extract and process a bulk test by mining and milling 50,000 tons of mineralized material to establish the achievable recoveries of gold and optimize such recoveries within the constraints of the existing flow-sheet of the neighbor's gold mill located approximately 8 kilometers away that will process the extracted mineralization on a toll milling arrangement. The results of the bulk test will determine whether the Company proceeds with pilot mining.

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Permits

Orsu has been issued a permit by the Russian Mining Authorities to mine and process within a 36-month period, up to 1,050,000 tons of mineralized material at a grade of approximately 1.6 g/t gold. The permit was supported by a technical study to the standards of the Russian mining authorities. The Company did not complete pre-feasibility or feasibility studies to international standards.

Extraction

The material for the bulk test/pilot mining will be extracted from two pits – the North Pit covers the Kozie zone. The South Pit covers parts of the Adit 5, Zone 23 and all of Klyuchi West all as outlined in the January 9, 2020 technical report to support an Inferred Resource.

Grade verification results

On June 3, 2020, the Company reported the results of a grade verification reverse circulation ("RC") drill program conducted on the Sergeevskoe project by the neighboring mill owner. The results of the program at each of the Kozie, Klyuchi West, Central Domain of Zone 23, Adit 5 and Peak Klyuchi reaffirmed the overall average grade of the Inferred Resource model, further confirming its validity. At least one hole of the 18 holes drilled (1,721 meters) was drilled into each mineralized domain to a depth of 23 to 115 m, with holes drilled in different directions at 60 degrees dip. All holes were drilled in between the existing diamond drill holes. Although individual intercepts varied both in greater and smaller mineralized width and gold grade in comparison with the expected width and grade of the resource model, there was not a single case of an unconfirmed mineralized interval. Moreover, several new mineralized bodies were identified in the RC holes drilled within the fences. The overall weighted average grade of the new intercepts is 1.45 g/t Au, which correlates to the average grade of 1.45 g/t Au in the resource model. This generally confirms the robustness of the resource model.

On June 9, 2020, the Company reported on the progress of a grade control ("GC") drill program beginning at the North Pit – the Kozie domain. The main purpose of the GC drilling is to constrain the gold bodies for pilot mining. The Company completed 349 GC holes (3969 meters) with spacing 10 by 2.5 meters over an area of 170x100 meters and to a variable depth of 5-15 meters. The estimated average gold grade in the center of Kozie reached 2.12 g/t gold over a section area of approximately 30x15 m. Overall, the GC holes revealed an excellent continuity and consistency of gold mineralization along and across the strike as well as to depth. It may be interpreted that the mineralization is approximately 10 times more representative than in the resource model.

On July 13, 2020, the Company reported on results of the GC program at the Adit 5 domain within the South Pit. The Company completed 290 GC holes (3505.1 meters) over an area of 120x100 meters and to a variable depth of 5-18 meters. With 45.14% of analyzed holes intercepting more than 2 g/t Au, 13.23% of holes intercepting more than 5 g/t Au, and 5.45% of holes intercepting more than 10 g/t Au over 2 m, the data received demonstrate the presence of consistent high-grade gold in multiple cross sections and bodies, a characteristic feature in each drill fence at Adit 5.

As of August 10, 2020, the Company has completed 783 GC drill holes (8,842 meters) at the Adit 5 and Zone 23 East domains in the South Pit area. The drilling program covered two areas of 230x180 meters in 23 northwest-oriented fences and 150x30 meters in 11 north-northeast-oriented drill fences, approximately 65% of the South Pit. The drill holes intercepted deeply oxidized and poorly consolidated mineralized and unmineralized material that can be excavated without blasting. Overall, Orsu more than doubled the strike extent and width of the mineralized corridor since its previous report on progress of GC drilling program (see press release July 13, 2020). The GC drill program is ongoing.

Toll Mill Agreement

On July 14, 2020, the Company signed a bulk test and pilot mining agreement to process the North and South Pit gold-mineralized material at the Alexandrovskoye mine and gold plant owned by Zapadnaya Gold Mining Limited, operators of three gold mines in the Russian Federation with total annual

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production of 106.5 thousand ounces per annum (in 2018; <http://www.zapadnaya.com/>). The Alexandrovskoye gold-processing plant is located immediately to the west from the Sergeevskoe licence border. The terms of the agreement envisage that the parties will process the first trial batch of gold-mineralized material and will then finalize the commercial aspects of pilot mining and processing activities.

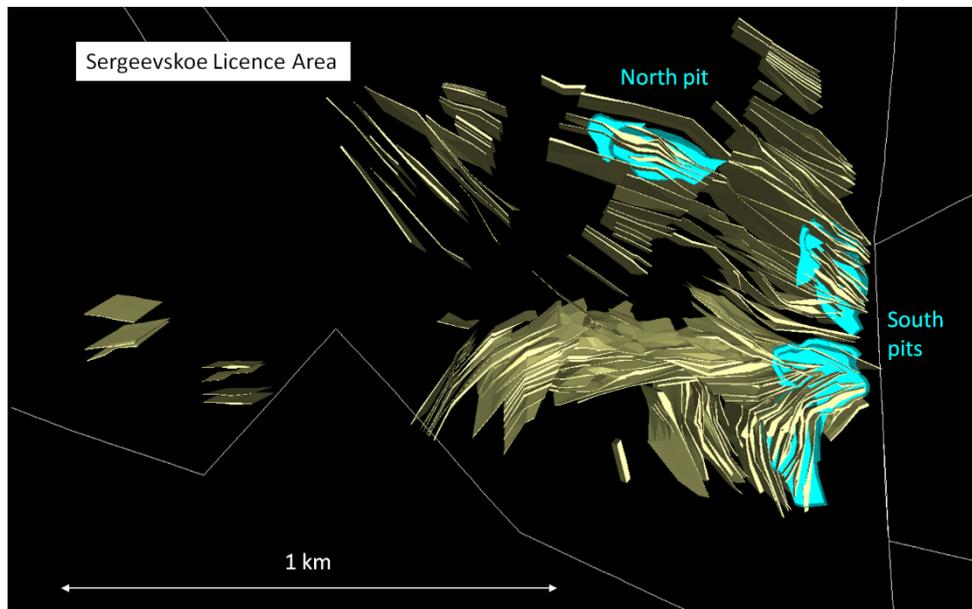


Figure 1. A plan view of the North and South pilot open pits against the mineralization wireframes at Sergeevskoe as per updated NI 43-101 Inferred Mineral Resource (see press release January 20, 2020).

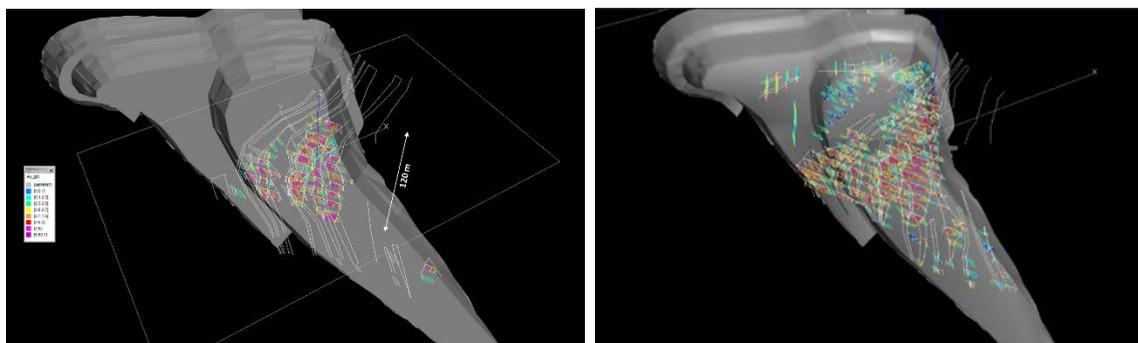


Figure 2. A northeast-looking oblique view of the Adit 5 portion of the South pilot open pit as reported on July 13, 2020 (left) and in this press release (right). Completed GC drill holes in 10-m-apart parallel drill fences were used to outline the +0.7 g/t Au mineralized bodies. Approximate depth of the planned pilot open pit is 35 m.

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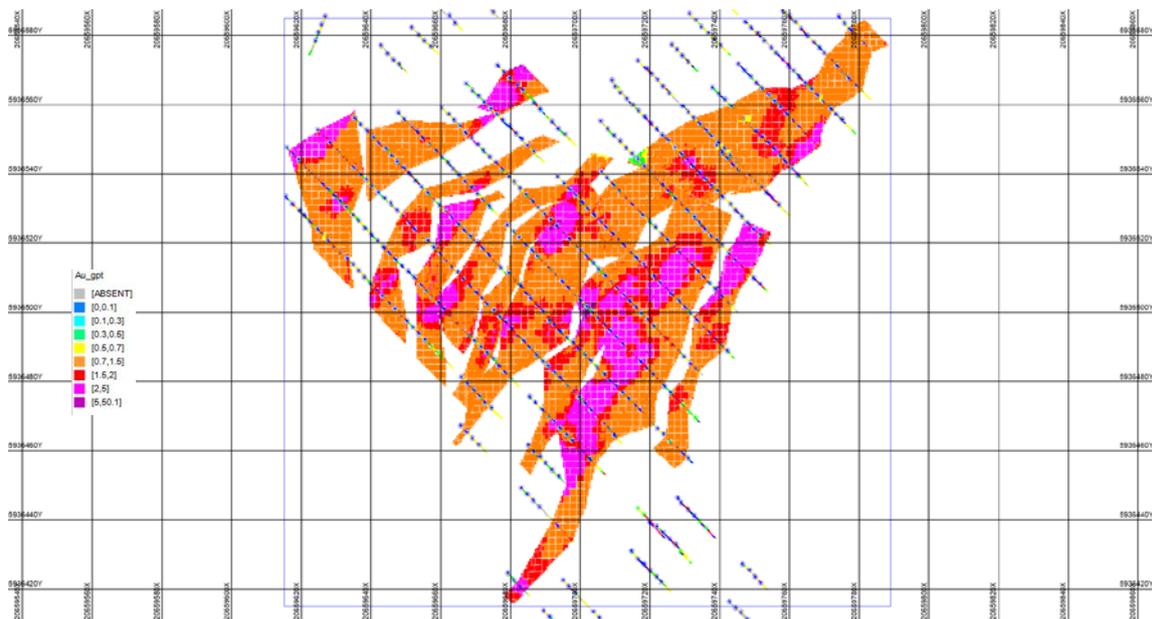


Figure 3. A plan view of the Adit 5 portion in the South pilot open pit with ten largest bodies outlined at 0.7 g/t Au cutoff. Note consistent presence of +2 g/t Au material in the largest bodies.

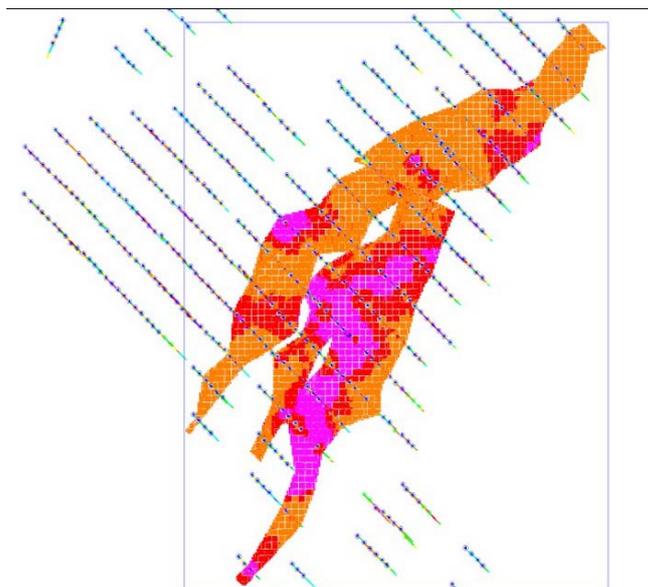


Figure 4. Three largest bodies at the Adit 5 portion in the South pilot open pit with traces of the completed and assayed GC drill holes. The mineralized bodies are outlined at 0.7 g/t Au cutoff. The distance between the drill fences is 10 m.

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Inferred Resource

The results of the 2019 trenching and drilling results doubled the footprint of the mineralized deposit to 2x1 kilometers and increased the Inferred Resource by 19.3%. The updated Inferred Mineral Resource is 30.42 million tonnes, grading 1.45 g/t gold and containing 1.417 million oz gold at a 0.5 g/t gold cut-off grade and US\$1450 per Troy ounce of gold, optimized into an open pit constrained by the license boundaries at Sergeevskoe.

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 February 18, 2020, the Company filed a technical report titled: "NI 43-101 Technical Report on the Updated Mineral Resource Estimate for the Sergeevskoe Property, Zabaikalskiy Krai, Russian Federation" dated effective January 17, 2020 (the "Sergeevskoe Report") on the Company's profile on www.sedar.com.

Potential Growth

Management believes that the full potential of the Sergeevskoe gold system remains unconstrained. Together with the adjacent Klyuchevskoe gold deposit to the east, the Company's project is part of a world-class gold system, collectively containing in excess of 8 Moz gold. The mineralization envelope of the Sergeevskoe project can be expanded as the deposit remains open both along the strike to the northwest and in subparallel veins to the north. It also remains open downdip in all domains.

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).

Continuation from BVI to Canada

On June 26, 2020, the shareholders of the Company approved the continuation of the Company from the BVI to British Columbia, Canada, at the annual general and special shareholder meeting.

New legislation in the BVI has introduced economic substance requirements applicable to all legal entities carrying on "relevant activities" in the BVI unless they can demonstrate that they are resident for tax purposes in a jurisdiction outside the BVI. As Orsu is a legal entity which is a tax resident in the BVI and is carrying on a relevant activity in the BVI within the meaning of this new legislation, Orsu must demonstrate "economic substance" by having its mind and management located in the BVI and by conducting and funding its headquarters operations in the BVI. Orsu does not meet these requirements, and as it does not intend to bring itself into compliance by relocating its management and operations to the BVI, it has continued out of the BVI into BC with effect on June 30, 2020.

Refer to the Company's Information Circular dated May 22, 2020 for more information filed on the company's profile on www.sedar.com.

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.

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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 – six months ended June 30, 2020

The consolidated loss for the six months ended June 30, 2020 was \$819,447 compared to \$964,680 for the six months ended June 30, 2019.

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

Exploration and evaluation expenditures totalled \$328,529 for the current period compared to \$536,161 in the comparative period and all relate to exploration work on the Sergeevskoe project.

Investor relations and travel totalled \$38,108 for the current period compared to \$215,258 in the comparative period. In the prior period, various market awareness programs were carried out. Investor relations activities are expected to be significantly reduced in fiscal 2020.

Salaries and benefits totalled \$193,358 for the current period and are comparable to the comparative period of \$195,604 and relate to the fees of the Company's officers and directors.

Non-cash share-based compensation expense was \$117,684 (2019 - \$Nil) and relates to stock options granted during the period.

Liquidity and Capital Resources

Orsu began the 2020 fiscal year with \$1,069,051 in cash. During the six months ended June 30, 2020, the Company spent \$568,698 on operating activities, net of working capital changes, to end at June 30, 2020 with \$500,353 in cash.

As at June 30, 2020, the Company had working capital of \$568,764. 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.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse impacts of the outbreak and its effects on the Company's business or ability to raise funds.

The COVID-19 pandemic has not affected the progress of the ongoing exploration campaign on the Sergeevskoe Project as the Company is able to conduct its ongoing exploration in this remote area of Russia.

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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 7 and 8 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	Share Purchase Warrants	Stock Options
Balance as at June 30, 2020	42,478,367	1,400,000	4,214,000
Exercise of stock options	480,000	-	(480,000)
Balance as at the date of this MD&A	42,958,367	1,400,000	3,734,000

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

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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 and at the Company's web site www.orsumetals.com.