



**CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

For the nine months ended September 30, 2020

(Unaudited – Expressed in US dollars)

Notice to Reader

These condensed consolidated interim financial statements of Orsu Metals Corporation have been prepared by management and approved by the Audit Committee of 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's Discussion and Analysis.

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

	Note	September 30, 2020	December 31, 2019
ASSETS			
Current			
Cash	4	\$ 271,375	\$ 1,069,051
Receivables	5	818,160	147,703
Prepaid expenses	6	61,287	59,291
		1,150,822	1,276,045
Exploration and evaluation assets	7	3,631,715	3,631,715
Property, plant and equipment	8	58,000	64,000
		\$ 4,840,537	\$ 4,971,760
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Trade and other payables	9	\$ 378,282	\$ 80,087
		378,282	80,087
Warrant liability	10	208,683	129,960
		586,965	210,047
Shareholders' equity			
Share capital	11	387,092,000	386,080,298
Obligation to issue shares	11	102,082	908,402
Reserves	11	33,625,984	33,538,873
Deficit		(416,453,214)	(415,684,113)
Equity attributable to Orsu shareholders		4,366,852	4,843,460
Non-controlling interest		(113,280)	(81,747)
		4,253,572	4,761,713
		\$ 4,840,537	\$ 4,971,760

Nature of operations and going concern 1

These condensed consolidated interim financial statements were approved for issue by the Audit Committee of the Board of Directors on November 26, 2020.

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 Earnings (Loss) and Comprehensive Earnings (Loss)

(Unaudited – Expressed in US dollars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2020	2019	2020	2019
EXPENSES (RECOVERIES)					
Administration		\$ 8,805	\$ 13,400	\$ 45,795	\$ 42,202
Bulk test sample recoveries	7	(443,932)	-	(443,932)	-
Depreciation	8	2,000	2,000	6,000	6,000
Exploration and evaluation expenditures	7 & 12	145,158	720,248	473,687	1,256,409
Foreign exchange		26,524	10,561	77,644	(34,866)
Investor relations		31,011	50,613	50,602	213,854
Professional fees		20,410	7,229	39,204	16,241
Salaries and benefits	12	100,577	97,341	293,935	292,945
Share-based compensation	11	-	-	117,684	-
Transfer agent and regulatory fees		11,997	9,754	33,091	42,209
Travel		6,061	8,373	24,578	60,390
		91,389	(919,519)	(718,288)	(1,895,384)
Interest income		203	2,313	2,894	13,498
Unrealized loss on warrant liability	10	(72,779)	-	(85,240)	-
EARNINGS (LOSS) AND COMPREHENSIVE EARNINGS (LOSS) FOR THE PERIOD		\$ 18,813	\$ (917,206)	\$ (800,634)	\$ (1,881,886)
Earnings (loss) attributable to Orsu shareholders		\$ 29,850	\$ (986,100)	\$ (769,101)	\$ (1,981,765)
Earnings (loss) attributable to non- controlling interest shareholders		(11,037)	68,894	(31,533)	99,879
		\$ 18,813	\$ (917,206)	\$ (800,634)	\$ (1,881,886)
Basic and diluted earnings (loss) per		\$ 0.00	\$ (0.03)	\$ (0.02)	\$ (0.05)
Basic and diluted weighted average number of common shares outstanding		42,545,155	36,558,582	42,506,127	34,464,370

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 US dollars)

	Nine months ended September 30,	
	2020	2019
CASH PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES:		
Loss for the period	\$ (800,634)	\$ (1,881,886)
Items not affecting cash:		
Depreciation	6,000	6,000
Share-based compensation	117,684	-
Unrealized loss on warrant liability	85,240	-
Obligation to issue shares	102,082	50,625
Foreign exchange on warrant liability	(6,517)	-
Change in non-cash working capital items:		
Receivables	(670,457)	31,716
Prepaid expenses	(1,996)	64,161
Trade and other payables	298,195	164,088
	(870,403)	(1,565,296)
INVESTING ACTIVITIES:		
Exercise of options	72,727	-
	72,727	-
DECREASE IN CASH FOR THE PERIOD	(797,676)	(1,565,296)
CASH, BEGINNING OF THE PERIOD	1,069,051	1,681,071
CASH, END OF THE PERIOD	\$ 271,375	\$ 115,775
Non-cash investing and financing activities		
Shares issued to settle an obligation to issue shares	\$ 908,402	\$ 67,500
Allocation on exercise of options	30,573	-
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 US dollars)

	Number of shares	Share capital	Obligation to issue shares	Reserves	Deficit	Non-controlling interest	Shareholders' equity
Balance, December 31, 2019	37,958,582	\$ 386,080,298	\$ 908,402	\$ 33,538,873	\$ (415,684,113)	\$ (81,747)	\$ 4,761,713
Shares issued to settle an obligation to issue shares	4,519,785	908,402	(908,402)	-	-	-	-
Exercise of options	480,000	103,300	-	(30,573)	-	-	72,727
Obligation to issue shares	-	-	102,082	-	-	-	102,082
Share-based compensation	-	-	-	117,684	-	-	117,684
Comprehensive loss for the period	-	-	-	-	(769,101)	(31,533)	(800,634)
Balance, September 30, 2020	42,958,367	\$ 387,092,000	\$ 102,082	\$ 33,625,984	\$ (416,453,214)	\$ (113,280)	\$ 4,253,572

	Number of shares	Share capital	Obligation to issue shares	Reserves	Deficit	Non-controlling interest	Shareholders' equity
Balance, December 31, 2018	36,241,053	\$ 385,876,298	\$ 67,500	\$ 33,538,873	\$ (413,889,029)	\$ 36,790	\$ 5,630,432
Shares issued to settle an obligation to issue shares	317,529	67,500	(67,500)	-	-	-	-
Obligation to issue shares	-	-	50,625	-	-	-	50,625
Comprehensive loss for the period	-	-	-	-	(1,981,765)	99,879	(1,881,886)
Balance, September 30, 2019	36,558,582	\$ 385,943,798	\$ 50,625	\$ 33,538,873	\$ (415,870,794)	\$ 136,669	\$ 3,799,171

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 nine months ended September 30, 2020

(Unaudited – Expressed in US dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

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.

The Company is engaged in the exploration and, if warranted, development of a mineral resource project in eastern Russia. The Company has not yet proven the technical feasibility and commercial viability of extracting its mineral resources, nor has management made the decision to proceed into development and accordingly, the Company remains in the exploration stage. To date, the Company has not completed a definitive feasibility study. During the period ended September 30, 2020, the Company has commenced initial bulk sample testing of its resources resulting in recoveries of \$443,932 reflected in profit or loss (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 September 30, 2020, the Company had working capital of \$772,540. 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. To date, 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.

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 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, 2019.

ORSU METALS CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2020

(Unaudited – Expressed in US dollars)

2. BASIS OF PRESENTATION (continued)

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 condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These condensed consolidated interim 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 exploration and evaluation assets

Management has determined that acquisition costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, scoping and feasibility studies, accessibility of facilities and existing permits.

Warrant valuation

The fair value of the warrants is calculated using Black-Scholes Option Pricing Model. The option pricing model requires the input of highly speculative assumptions, including the expected future price volatility of the Company’s shares. Changes in these assumptions can materially affect the fair value estimate and, therefore, existing models necessarily provide a single measure of the fair value of the Company’s warrants.

Share-based compensation

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model which incorporates market data and which involves uncertainty and subjectivity in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price, changes in the subjective input assumptions can materially affect the fair value estimate.

ORSU METALS CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2020

(Unaudited – Expressed in US dollars)

2. BASIS OF PRESENTATION (continued)

Use of accounting estimates, judgments, and assumptions (continued)

i) Critical accounting estimates (continued)

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 forecasted 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.

(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:

Going concern

In the determination of the Company's ability to meet its ongoing obligations and future contractual commitments management relies on the Company's planning, budgeting, and forecasting process to help determine the funds required to support the Company's normal operations on an ongoing basis. The key inputs used by the Company in this process include forecasted capital deployment, progress on permitting, results from the exploration of its properties and general industry conditions. Changes in these inputs may alter the Company's ability to meet its ongoing obligations and future contractual commitments and could result in adjustments to the amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern (Note 1).

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.

ORSU METALS CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2020

(Unaudited – Expressed in US dollars)

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, 2019.

New standards, interpretations, and amendments not yet effective

There are no new standards that will have any significant effect on the Company.

4. CASH

	September 30, 2020	December 31, 2019
US dollar denominated deposits held in Canada	\$ 4,624	\$ 218,653
Canadian dollar denominated deposits held in Canada	218,545	798,723
Ruble denominated deposits held in Russia	32,754	30,522
US dollar denominated deposits held in Cyprus	5,177	378
GBP denominated deposits held in the UK	10,275	20,775
Total	\$ 271,375	\$ 1,069,051

5. RECEIVABLES

	September 30, 2020	December 31, 2019
Amounts due from the Government of Russia pursuant to value added tax	\$ 28,897	\$ 117,657
Bulk test sample recoveries receivable	768,709	-
Other	20,554	30,046
Total	\$ 818,160	\$ 147,703

In October and November 2020, the Company received approximately \$450,000 (34,417,865 Russian Rubles) related to amounts recorded as bulk test sample recoveries receivable (Note 7).

6. PREPAID EXPENSES

	September 30, 2020	December 31, 2019
Prepaid insurance	\$ 28,356	\$ 41,608
Prepaid investor relations	9,000	4,783
Other	23,931	12,900
Total	\$ 61,287	\$ 59,291

ORSU METALS CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2020

(Unaudited – Expressed in US dollars)

7. EXPLORATION AND EVALUATION ASSETS

Sergeevskoe Project, Russia

The Company has a 90% interest in the Sergeevskoe gold project located in eastern Russia.

The Sergeevskoe project is leased from the Russian Government until 2031.

The sellers of the Sergeevskoe project were granted a net smelter return royalty of 0.75% on the Sergeevskoe project, to be capped at \$7,500,000 at which point it will expire. Orsu will carry the sellers 10% interest until completion of a definitive feasibility study on the Sergeevskoe project, at which point the 10% interest will become a participating interest, subject to dilution.

The Company is responsible for funding 100% of all costs until completion of a definitive feasibility study.

Exploration and evaluation expenditures included in the loss for the three and nine months ended September 30, 2020 and 2019 are as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Drilling and assays	\$ 59,659	\$ 648,477	\$ 162,264	\$ 930,889
Licenses and permits	-	11,953	27,373	35,056
Personnel, administration and travel	68,788	59,818	193,518	290,464
Studies and evaluations	16,711	-	90,532	-
	\$ 145,158	\$ 720,248	\$ 473,687	\$ 1,256,409

On July 14, 2020, the Company signed a bulk test and pilot mining agreement to process gold-mineralized material from the Sergeevskoe project at the Alexandrovskoye mine and gold plant located immediately to the west from the Sergeevskoe license border. Pursuant to the agreement, the parties will process 350,000 tons of gold-mineralized material and will then finalize the commercial aspects of pilot mining and processing activities.

During the nine months ended September 30, 2020, the Company recognized recoveries totalling \$443,932 from gold sales, net of costs and mineral extraction costs, recovered from the bulk test at the Sergeevskoe project.

ORSU METALS CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2020

(Unaudited – Expressed in US dollars)

8. PROPERTY, PLANT AND EQUIPMENT

	Camp and infrastructure		Total	
Cost				
December 31, 2019	\$	80,000	\$	80,000
Additions		-		-
September 30, 2020	\$	80,000	\$	80,000
Accumulated depreciation				
December 31, 2019	\$	16,000	\$	16,000
Depreciation		6,000		6,000
September 30, 2020	\$	22,000	\$	22,000
Carrying amounts				
December 31, 2019	\$	64,000	\$	64,000
September 30, 2020	\$	58,000	\$	58,000

9. TRADE AND OTHER PAYABLES

	September 30, 2020		December 31, 2019	
Trade and other payables in Canada	\$	4,599	\$	50,398
Trade and other payables in Cyprus		7,944		221
Trade and other payables in Russia		359,569		29,126
Due to related parties (Note 12)		6,170		342
Total	\$	378,282	\$	80,087

In October 2020, the Company paid approximately \$280,000 (21,845,380 Russian Rubles) towards trade and other payables in Russia related to a mineral extraction costs recorded to September 30, 2020 (Note 7).

10. WARRANT LIABILITY

	September 30, 2020		December 31, 2019	
Balance, beginning of period	\$	129,960	\$	-
Issuance of warrants		-		95,160
Unrealized loss on revaluation		85,240		33,078
Foreign exchange		(6,517)		1,722
Balance, end of period	\$	208,683	\$	129,960

Share purchase warrants are considered a derivative liability, as the currency denomination of the exercise price is different from the functional currency of the Company.

The warrant liability was revalued as at September 30, 2020 using the Black-Scholes option pricing model with the following assumptions: a stock price of \$0.39; a risk free interest rate of 0.23%; an expected volatility of 90.4%; an expected life of 2.11 years; a forfeiture rate of zero; an expected dividend of zero; and an exchange rate of 1.3339.

ORSU METALS CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2020

(Unaudited – Expressed in US dollars)

11. 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 September 30, 2020, the Company had 42,958,367 common shares issued and outstanding (December 31, 2019 – 37,958,582). A summary of changes in share capital and reserves is contained on the condensed consolidated interim statements of changes in equity for the nine months ended September 30, 2020 and 2019.

During the nine months ended September 30, 2020, the Company:

- issued 4,188,962 common shares valued at \$840,902 on the conversion of 4,188,962 special warrants (Note 11e);
- issued 330,823 common shares valued at \$67,500 to settle an obligation to issue shares (Note 11e); and
- issued 480,000 common shares on the exercise of stock options for gross proceeds of \$72,727 (C\$96,000).

c) Warrants

The continuity of share purchase warrants for the nine months ended September 30, 2020 is as follows:

Expiry date	Exercise price CAD\$	Balance, December 31, 2019	Granted	Exercised	Forfeited	Balance, September 30, 2020
November 8, 2022	\$ 0.36	1,400,000	-	-	-	1,400,000
		1,400,000	-	-	-	1,400,000
Weighted average exercise price - CAD\$		\$ 0.36	\$ -	\$ -	\$ -	\$ 0.36

ORSU METALS CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2020

(Unaudited – Expressed in US dollars)

11. SHARE CAPITAL AND RESERVES (continued)

d) Options

The Company has 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 nine months ended September 30, 2020 is as follows:

Expiry date	Exercise price CAD\$	Balance, December 31, 2019	Granted	Exercised	Forfeited	Balance, September 30, 2020
September 2, 2020	\$ 0.20	480,000	-	(480,000)	-	-
September 21, 2022	\$ 0.13	2,845,000	-	-	-	2,845,000
January 3, 2025	\$ 0.265	-	889,000	-	-	889,000
		3,325,000	889,000	(480,000)	-	3,734,000
Weighted average exercise price - CAD\$		\$ 0.14	\$ 0.27	\$ 0.20	\$ -	\$ 0.16

As at September 30, 2020, all stock options were exercisable with a weighted average remaining life of 2.52 years.

e) Obligation to issue shares

Shares for services

The Company's three non-executive directors are paid an annual fee of \$15,000 each. As the Company permits, one of the directors has elected to be paid half of his annual fees in cash and the other half in shares, while the other two directors have elected to be paid all of their annual fees in shares. In addition, the Company has engaged a consultant at the rate of \$30,000 per year to be paid in shares. Finally, effective January 1, 2020, the Company's Managing Director elected to be paid his salary of 60,000 Euro in shares. All shares to be issued will be subject to approval by the TSX-V and will be priced at the closing price on the last trading day of December each year and issued within 3 business days after that.

During the nine months ended September 30, 2020, the Company recorded \$102,082 (2019 - \$50,625) as an obligation to issue shares.

ORSU METALS CORPORATION
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For the nine months ended September 30, 2020

(Unaudited – Expressed in US dollars)

11. SHARE CAPITAL AND RESERVES (continued)

e) Obligation to issue shares (continued)

Private placement

In November 2019, the Company completed a non-brokered private placement of 4,188,962 special warrants at a price of CAD\$0.265 per special warrant to raise gross proceeds of \$840,902 (CAD\$1,110,075) from two directors of the Company. Sergei Stefanovich, the Managing Director of the Company, subscribed for \$750,000 (CAD\$990,075) of the financing and Sergey Kurzin, the Executive Chairman of the Company, subscribed for \$90,902 (CAD\$120,000) of the financing. Each special warrant is convertible into one common share of the Company.

In January 2020, the special warrants were converted into common shares of the Company (Note 11b).

f) Share-based compensation

In January 2020, the Company granted 889,000 stock options to directors, officers, and consultants of the Company at a fair value of \$117,684 or \$0.13 per option which was recorded as share-based compensation. The fair value of the options granted was determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 1.55%; an expected volatility of 83.8%; an expected life of 5 years; a forfeiture rate of zero; an expected dividend of zero; and a Canadian to USA exchange rate of 1.2988.

ORSU METALS CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2020

(Unaudited – Expressed in US dollars)

12. RELATED PARTY TRANSACTIONS AND BALANCES

Key management compensation

Key management includes members of the non-executive Board of Directors, the Executive Chairman, the Managing Director, the Director of Exploration, the Chief Financial Officer, and the Corporate Secretary. The aggregate compensation paid or accrued to key management personnel, during the three and nine months ended September 30, 2020 and 2019 were as follows:

		Three months ended September 30,		Nine months ended September 30,	
		2020	2019	2020	2019
Salaries and benefits					
Sergey Kurzin	Director	\$ 18,367	\$ 17,225	\$ 52,476	\$ 52,362
Sergei Stefanovich	Director	17,700	17,192	51,457	52,365
Mark Corra	Director	3,750	3,750	11,250	11,250
David Rhodes	Director	3,750	3,750	11,250	11,250
Vladimir Pakhomov	Director	3,750	3,750	11,250	11,250
Doris Meyer & Dan O'Brien *	Officers	28,745	28,470	84,045	84,445
		76,062	74,137	221,728	222,922
Exploration and evaluation expenditures					
Alexander Yakubchuk	Officer	18,000	18,000	54,000	154,000
		\$ 94,062	\$ 92,137	\$ 275,728	\$ 376,922

* Consulting fees are paid to Golden Oak Corporate Services Ltd., a company controlled by Dan O'Brien and Doris Meyer, which provides Dan O'Brien's services as Chief Financial Officer and Doris Meyer's services as Corporate Secretary to the Company.

Amounts due to related parties

Included in trade and other payables as at September 30, 2020 is \$6,170 (December 31, 2019 - \$342) related to outstanding director fees and the reimbursement of expenditures.

13. 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 evaluation.

With the exception of the cash disclosed in Note 4, all of the Company's significant assets are held in Russia as at September 30, 2020.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2020

(Unaudited – Expressed in US dollars)

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

Financial instruments are classified into one of the following categories: fair value through profit or loss (“FVTPL”); fair value through other comprehensive income (“FVTOCI”); or at amortized cost. The carrying values of the Company’s financial instruments are classified into the following categories:

Financial Instrument	Category	September 30, 2020	December 31, 2019
Cash	FVTPL	\$ 271,375	\$ 1,069,051
Receivables	Amortized cost	818,160	147,703
Trade and other payables	Amortized cost	378,282	80,087
Warrant liability	FVTPL	208,683	129,960

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 carrying values of receivables and trade and other payables approximate their fair values due to their short-term nature. These financial instruments are classified as financial assets and liabilities at amortized cost and are reported at amortized cost. The carrying value of cash was determined based on Level 1 of the fair value hierarchy. The fair value of the Company’s warrant liability is recorded at fair value using Level 3 of the fair value hierarchy. The carrying value of the warrant liability is determined using the Black-Scholes option pricing model.

Risk Management

The Company’s risk management objectives and policies are consistent with those disclosed by the Company for the year ended December 31, 2019.