



**CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended March 31, 2021

(Unaudited – Expressed in US dollars)

Notice to Reader

These condensed interim consolidated 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 interim consolidated financial statements, notes to the financial statements or the related quarterly Management's Discussion and Analysis.

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

	Note	March 31, 2021	December 31, 2020
ASSETS			
Current			
Cash	4	\$ 258,141	\$ 75,088
Receivables	5	516,562	935,018
Prepaid expenses	6	35,940	73,073
		810,643	1,083,179
Exploration and evaluation assets	7	3,631,715	3,631,715
Property and equipment	8	54,000	56,000
		\$ 4,496,358	\$ 4,770,894
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Trade and other payables	9	\$ 85,207	\$ 79,659
		85,207	79,659
Warrant liability	10	63,648	134,016
		148,855	213,675
Shareholders' equity			
Share capital	11	387,228,913	387,092,000
Obligation to issue shares	11	34,957	136,913
Reserves	11	33,625,984	33,625,984
Deficit		(416,497,871)	(416,265,856)
Equity attributable to Orsu shareholders		4,391,983	4,589,041
Non-controlling interest		(44,480)	(31,822)
		4,347,503	4,557,219
		\$ 4,496,358	\$ 4,770,894
Nature of operations and going concern	1		

These condensed interim consolidated financial statements were approved for issue by the Audit Committee of the Board of Directors on May 27, 2021.

They are signed on the Company's behalf by:

"Mark Corra"

Mark Corra, Director

"Sergei Stefanovich"

Sergei Stefanovich, Director

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

(Unaudited – Expressed in US dollars)

		Three months ended March 31,	
	Note	2021	2020
EXPENSES			
Administration		\$ 16,493	\$ 16,226
Depreciation	8	2,000	2,000
Exploration and evaluation expenditures	7 & 12	157,697	177,272
Foreign exchange		23,875	69,921
Investor relations		-	16,263
Professional fees		6,910	8,315
Salaries and benefits	12	102,110	96,568
Share-based compensation		-	117,684
Transfer agent and regulatory fees		6,337	13,525
Travel		1,292	17,158
		(316,714)	(534,932)
Unrealized gain on warrant liability	10	72,041	80,342
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		\$ (244,673)	\$ (454,590)
Loss attributable to Orsu shareholders		\$ (232,015)	\$ (444,715)
Loss attributable to non-controlling interest shareholders		(12,658)	(9,875)
		\$ (244,673)	\$ (454,590)
Basic and diluted loss per common share		\$ (0.01)	\$ (0.01)
Basic and diluted weighted average number of common shares outstanding		43,453,694	42,360,854

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

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

	Three months ended March 31,	
	2021	2020
CASH PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES:		
Loss for the period	\$ (244,673)	\$ (454,590)
Items not affecting cash:		
Depreciation	2,000	2,000
Share-based compensation	-	117,684
Unrealized gain on warrant liability	(72,041)	(80,342)
Obligation to issue shares	34,957	33,417
Foreign exchange on warrant liability	1,673	(10,983)
Change in non-cash working capital items:		
Receivables	418,456	108,490
Prepaid expenses	37,133	16,119
Trade and other payables	5,548	(2,335)
	183,053	(270,540)
CHANGE IN CASH FOR THE PERIOD	183,053	(270,540)
CASH, BEGINNING OF THE PERIOD	75,088	1,069,051
CASH, END OF THE PERIOD	\$ 258,141	\$ 798,511
Non-cash investing and financing activities		
Shares issued to settle an obligation to issue shares	\$ 136,913	\$ 908,402
Supplemental cash flow information		
Cash paid for interest	-	-
Cash paid for income taxes	-	-

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

ORSU METALS CORPORATION

Condensed Interim Consolidated 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, 2020	42,958,367	\$ 387,092,000	\$ 136,913	\$ 33,625,984	\$ (416,265,856)	\$ (31,822)	\$ 4,557,219
Shares issued to settle an obligation to issue shares	571,531	136,913	(136,913)	-	-	-	-
Obligation to issue shares	-	-	34,957	-	-	-	34,957
Comprehensive loss for the period	-	-	-	-	(232,015)	(12,658)	(244,673)
Balance, March 31, 2021	43,529,898	\$ 387,228,913	\$ 34,957	\$ 33,625,984	\$ (416,497,871)	\$ (44,480)	\$ 4,347,503

	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)	-	-	-	-
Obligation to issue shares	-	-	33,417	-	-	-	33,417
Share-based compensation	-	-	-	117,684	-	-	117,684
Comprehensive loss for the period	-	-	-	-	(444,715)	(9,875)	(454,590)
Balance, March 31, 2020	42,478,367	\$ 386,988,700	\$ 33,417	\$ 33,656,557	\$ (416,128,828)	\$ (91,622)	\$ 4,458,224

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

ORSU METALS CORPORATION

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2021

(Unaudited – Expressed in US dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Orsu Metals Corporation (“Orsu” or the “Company”) is a publicly traded company incorporated under the laws of the Province of British Columbia. 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 is considered to be in the exploration stage as it has not placed any of its exploration and evaluation assets into production nor has it generated any revenues from operations.

These condensed interim consolidated 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, 2021, the Company had working capital of \$725,436. 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 condensed interim consolidated 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 interim consolidated 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 interim consolidated 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, 2020.

Basis of measurement

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

ORSU METALS CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2021

(Unaudited – Expressed in US dollars)

2. BASIS OF PRESENTATION (continued)

Functional and presentation currency

These condensed interim 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 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.

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.

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.

ORSU METALS CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2021

(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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(Unaudited – Expressed in US dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these condensed interim consolidated financial statements are the same as those applied by the Company as at and for the year ended December 31, 2020.

New standards, interpretations, and amendments not yet effective

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

4. CASH

	March 31, 2021	December 31, 2020
US dollar denominated deposits held in Canada	\$ 68,227	\$ 559
Canadian dollar denominated deposits held in Canada	13,628	34,386
Ruble denominated deposits held in Russia	174,917	39,491
US dollar denominated deposits held in Cyprus	1,369	652
Total	\$ 258,141	\$ 75,088

5. RECEIVABLES

	March 31, 2021	December 31, 2020
Amounts due from the Government of Russia pursuant to value added tax	\$ 16,798	\$ 15,735
Amounts due from the Government of Canada pursuant to input tax credits	3,202	1,556
Bulk test sample recoveries receivable *	462,337	879,996
Other	34,225	37,731
Total	\$ 516,562	\$ 935,018

* received subsequent to March 31, 2021

6. PREPAID EXPENSES

	March 31, 2021	December 31, 2020
Prepaid insurance	\$ 28,606	\$ 46,034
Other	7,334	27,039
Total	\$ 35,940	\$ 73,073

ORSU METALS CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2021

(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 months ended March 31, 2021 and 2020 are as follows:

	Three months ended March 31,	
	2021	2020
Drilling and assays	\$ -	\$ 50,884
Licenses and permits	8,209	15,710
Personnel, administration and travel	118,487	59,445
Studies and evaluations	31,001	51,233
	\$ 157,697	\$ 177,272

8. PROPERTY AND EQUIPMENT

	Camp and infrastructure	Total
Cost		
December 31, 2020	\$ 80,000	\$ 80,000
Additions	-	-
March 31, 2021	\$ 80,000	\$ 80,000
Accumulated depreciation		
December 31, 2020	\$ 24,000	\$ 24,000
Depreciation	2,000	2,000
March 31, 2021	\$ 26,000	\$ 26,000
Carrying amounts		
December 31, 2020	\$ 56,000	\$ 56,000
March 31, 2021	\$ 54,000	\$ 54,000

ORSU METALS CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2021

(Unaudited – Expressed in US dollars)

9. TRADE AND OTHER PAYABLES

	March 31, 2021	December 31, 2020
Trade and other payables in Canada	\$ 43,282	\$ 43,621
Trade and other payables in Cyprus	221	221
Trade and other payables in Russia	41,704	35,817
Total	\$ 85,207	\$ 79,659

10. WARRANT LIABILITY

	March 31, 2021	December 31, 2020
Balance, beginning of period	\$ 134,016	\$ 129,960
Unrealized (gain) loss on revaluation	(72,041)	1,443
Foreign exchange	1,673	2,613
Balance, end of period	\$ 63,648	\$ 134,016

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 March 31, 2021 using the Black-Scholes option pricing model with the following assumptions: a stock price of C\$0.22; a risk free interest rate of 0.21%; an expected volatility of 84%; an expected life of 1.61 years; a forfeiture rate of zero; an expected dividend of zero; and an exchange rate of 1.2575.

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 March 31, 2021, the Company had 43,529,898 common shares issued and outstanding (December 31, 2020 – 42,958,367). A summary of changes in share capital and reserves is contained on the condensed interim consolidated statements of changes in equity for the three months ended March 31, 2021 and 2020.

On January 12, 2021, the Company issued 571,531 common shares valued at \$136,913 to settle an obligation to issue shares (Note 11e).

ORSU METALS CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2021

(Unaudited – Expressed in US dollars)

11. SHARE CAPITAL AND RESERVES (continued)

c) Warrants

The continuity of share purchase warrants for the three months ended March 31, 2021 is as follows:

Expiry date	Exercise price CAD\$	Balance, December 31, 2020	Granted	Exercised	Forfeited	Balance, March 31, 2021
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

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 three months ended March 31, 2021 is as follows:

Expiry date	Exercise price CAD\$	Balance, December 31, 2020	Granted	Exercised	Forfeited	Balance, March 31, 2021
September 21, 2022	\$ 0.13	2,845,000	-	-	-	2,845,000
January 3, 2025	\$ 0.265	889,000	-	-	-	889,000
		3,734,000	-	-	-	3,734,000
Weighted average exercise price - CAD\$		\$ 0.16	\$ -	\$ -	\$ -	\$ 0.16

As at March 31, 2021, all stock options were exercisable with a weighted average remaining life of 2.02 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. Lastly, 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 three months ended March 31, 2021, the Company recorded \$34,957 (2020 - \$33,417) as an obligation to issue shares.

ORSU METALS CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2021

(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 months ended March 31, 2021 and 2020 were as follows:

	Three months ended March 31,	
	2021	2020
Salaries and benefits		
Chairman	\$ 18,283	\$ 16,880
Managing Director	18,082	16,542
Independent Directors	11,250	11,250
Chief Financial Officer and Corporate Secretary	29,424	28,450
	77,039	73,122
Exploration and evaluation expenditures		
Director of Exploration	18,000	18,000
Share-based compensation	-	87,899
	\$ 95,039	\$ 179,021

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 March 31, 2021.

ORSU METALS CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(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	March 31, 2021	December 31, 2020
Cash	FVTPL	\$ 258,141	\$ 75,088
Receivables	Amortized cost	516,562	935,018
Trade and other payables	Amortized cost	85,207	79,659
Warrant liability	FVTPL	63,648	134,016

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, 2020.