



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2021

(Expressed in US dollars)

ORSU METALS CORPORATION

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The following is management's discussion and analysis ("MD&A") of the results of operations and financial condition of Orsu Metals Corporation (the "Company" or "Orsu") for the year ended December 31, 2021, and up to the date of this MD&A, and should be read in conjunction with the accompanying audited financial statements for the year ended December 31, 2021 (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 April 27, 2022.

Description of the Business

Orsu 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.

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.

The Company is led by an experienced management team that has worked on exploration projects both in Russia and Internationally. Management also notably holds approximately 43 percent of the Company's shares.

Russian/Ukraine conflict

In late February 2022, countries around the world imposed a number of sanctions on Russia in response to its invasion of Ukraine. These sanctions include, but are not limited to, removing certain Russian banks from the Society for Worldwide Interbank Financial Telecommunication ("SWIFT") messaging system, which will affect the Company's ability to fund its operations in Russia. The Company has some cash reserves in Russia but prolonged sanctions may impact the Company's ability to send additional cash to fund operations in Russia, and specifically maintaining the Sergeevskoe license in good standing.

It has been reported that the Government of Russia, in response to the sanctions imposed on its country, have imposed counter-sanctions and credibly threatened to expropriate or nationalize Russian companies with significant foreign shareholding when investors' home governments are "unfriendly" towards Russia, which includes Canada. For these reasons the Company is at risk of losing its Sergeevskoe license and its ability to recover any of its investment. Accordingly, the Company has fully impaired its Sergeevskoe project as at December 31, 2021.

COVID-19

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.

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Operational Highlights

Inferred resource update

On February 18, 2020 the Company filed a technical report titled: "NI43-101 Technical Report on the Updated Mineral Resource Estimate for the Sergeevskoe Property, Zabaikalskiy Krai, Russian Federation" dated effective January 9, 2020 (the "Sergeevskoe Report") to support the updated resource announced on January 20, 2020.

An Inferred Mineral Resource of 30.42 million tonnes, grading 1.45 g/t gold and containing 1.417 Moz gold at a 0.5 g/t gold cut-off grade and \$1450 per Troy ounce of gold, was optimized into an open pit constrained by the license boundaries at Sergeevskoe.

Based on the results of the 2019 exploration programme, Orsu was able to not only double the mineralized footprint to 2x1 km at Sergeevskoe but the Company also succeeded in increasing by 19.3% its previously announced maiden Mineral Resource. Due to the size of the limited drilling programme, obvious gaps were left along the strike of mineral wireframes. In addition, the system remains widely open to the west and north.

The Sergeevskoe Report 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 and is filed on the Company's profile on www.sedar.com and is also available on the Company's website.

Pilot mining program

In 2020, the Company completed a bulk test and pilot mining program at the Sergeevskoe project and processed gold-mineralized material at the neighbouring Alexandrovskoye mine and gold plant. The program was a success in that grade control drilling and subsequent mining confirmed the integrity of our geological model. While gold grades received after more than 35,000 m of grade control drilling provided further support to the grades as per the geological model based on widely spaced exploration drilling, the width of some mineralized bodies appeared to be wider than modelled and resulted in larger tonnage of oxidized mineralized material.

While the Pilot mining did not generate the income hoped for, the pilot mining proved particularly useful to determine the metallurgical qualities of different types of mineralized material that we find at the Sergeevskoe property. While the Contractor employed a traditional gravitation-flotation-cyanidation processing, we now also believe that direct cyanidation and heap leach approaches are to be investigated as an alternative and, likely, more efficient flow-sheet to extract gold.

The Company's proportion of the gold proceeds net of the Contractor's cost of processing and the mineral extraction tax netted to 129 million Russian Rubles (approximately \$1.7 million).

Orsu and the Contractor mutually decided to suspend pilot mining temporarily given the need for the Contractor to revert to mining and processing its own ores (see press releases February 3, 2021 and April 6, 2021).

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2021 Exploration

In September 2021, the Company completed a geochemical sampling survey. In October and November 2021, the Company received analytical results for all 2457 soil samples collected from approximately 5.5 square kilometres outside of the resource envelope of the Sergeevskoe licence area and excluding the Karmaevskoe part in the northeast of the licence. The samples were collected along the north-south traverses, spacing 100 m. The distance between the individual sampling sites was 20 m. All samples were collected from 1-2 m depth, using a portable drill to penetrate through the unconsolidated material into the bedrock. This is a principal difference to the historical geochemical survey ever conducted in the area. In several instances, it was not possible to collect soil samples on steep slopes covered by rocks debris and in the areas of permafrost.

The Company received multi-element assays, including gold, silver, and pathfinders. About 42.7% of received assays (1049 results) returned values in excess of 0.1 ppm gold. In 243 samples (9.9%), the gold values exceeded 0.25 ppm. Of these, 41 sample (1.7%) assayed more than 0.5 ppm Au, including nine samples in excess of 1.0 ppm Au. With several samples assaying more than 2 ppm gold, the highest received value is 7.08 ppm Au. The background gold values appear to be very high. Only 35 samples assayed less than 0.01 ppm Au. These results were used to compile a map of gold anomalies.

The geochemical survey generated new exploration targets and prove the Company's geological understanding that Sergeevskoe mineralized envelope is just a relatively small portion of the gold-prospective trend and its mineralized envelope can be further grown. The recognized 5.5-km-strike length of new gold anomalies across the Sergeevskoe license area strengthens the mineral potential of the license and fills in the gap in previous knowledge within the 15-km-long gold trend that extends from Klyuchevskoe deposit, in the east, to the Alexandrovskoe deposit and beyond, in the west. The combined known gold endowment of these deposits, including Sergeevskoe area, is more than 13 Moz, 10th largest in Russia.

The Company has commissioned an updated resource estimate and a preliminary economic assessment report.

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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Selected Annual Information

	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
Loss and comprehensive loss for the year	\$ (4,187,102)	\$ (531,818)	\$ (1,913,621)
Loss attributable to Orsu shareholders	\$ (3,839,867)	\$ (581,743)	\$ (1,795,084)
Earnings (loss) attributable to non-controlling interest shareholders	\$ (347,235)	\$ 49,925	\$ (118,537)
	\$ (4,187,102)	\$ (531,818)	\$ (1,913,621)
Basic and diluted loss per share	\$ (0.10)	\$ (0.01)	\$ (0.05)
Total assets	\$ 635,713	\$ 4,770,894	\$ 4,971,760
Total non-current liabilities	\$ -	\$ 134,016	\$ 129,960
Equity attributable to Orsu shareholders	\$ 866,514	\$ 4,589,041	\$ 4,843,460

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.

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Results of Operations – year ended December 31, 2021

The consolidated loss for the year ended December 31, 2021 was \$4,187,102 compared to \$531,818 for the year ended December 31, 2020.

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

Exploration and evaluation expenditures totalled \$654,098 for the current year compared to \$669,457 in the comparative year and relates to exploration work on the Sergeevskoe project.

Salaries and benefits totalled \$413,137 for the current year and are comparable to the prior year of \$394,441. Salaries and benefits relate primarily to the fees of the Company's officers and directors.

Non-cash share-based compensation expense was \$Nil for the year compared to \$117,684 in the comparative year and relates to stock options granted during the period.

During the year ended December 31, 2021, the Company recorded a gain on collection of bulk test and pilot mining recoveries receivable of \$757,514. This relates to amounts received during the year that were subject to a provision recorded in 2020 of \$721,569 due to the uncertainty over collection of amounts generated from the Company's bulk test and pilot mining.

During the year ended December 31, 2021, the Company recorded a write-off of exploration and evaluation assets of \$3,631,715 and a write-off of property and equipment of \$48,000, all related to the significant uncertainty over the Company's ability to fund its Russian operations, as described above.

Fourth Quarter

The Company began the fourth quarter with \$766,883 in cash. During the fourth quarter, the Company expended \$251,465 on operating activities, net of working capital changes, to end the quarter and the year with \$515,418 in cash.

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Summary of Quarterly Results

	3 Months Ended December 31, 2021		3 Months Ended September 30, 2021		3 Months Ended June 30, 2021		3 Months Ended March 31, 2021	
Total revenues	\$	-	\$	-	\$	-	\$	-
Earnings (loss) and comprehensive earnings (loss) for the year	\$	(3,974,228)	\$	(97,455)	\$	129,254	\$	(244,673)
Earnings (loss) attributable to Orsu shareholders	\$	(3,672,430)	\$	(90,255)	\$	154,833	\$	(232,015)
Earnings (loss) attributable to non-controlling interest shareholders	\$	(301,798)	\$	(7,200)	\$	(25,579)	\$	(12,658)
	\$	(3,974,228)	\$	(97,455)	\$	129,254	\$	(244,673)
Basic and diluted loss per share	\$	(0.01)	\$	0.00	\$	0.01	\$	(0.01)

	3 Months Ended December 31, 2020		3 Months Ended September 30, 2020		3 Months Ended June 30, 2020		3 Months Ended March 31, 2020	
Total revenues	\$	-	\$	-	\$	-	\$	-
Earnings (loss) and comprehensive earnings (loss) for the year	\$	268,816	\$	18,813	\$	(364,857)	\$	(454,590)
Earnings (loss) attributable to Orsu shareholders	\$	187,358	\$	29,850	\$	(354,236)	\$	(444,715)
Earnings (loss) attributable to non-controlling interest shareholders	\$	81,458	\$	(11,037)	\$	(10,621)	\$	(9,875)
	\$	268,816	\$	18,813	\$	(364,857)	\$	(454,590)
Basic and diluted earnings (loss) per share	\$	0.01	\$	-	\$	(0.01)	\$	(0.01)

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Liquidity and Capital Resources

Orsu began the 2021 fiscal year with \$75,088 in cash. During the year ended December 31, 2021, the Company received \$440,330 from operating activities, net of working capital changes, to end at December 31, 2021 with \$515,418 in cash.

As at December 31, 2021, the Company had working capital of \$487,457. 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

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 year ended December 31, 2021 and 2020 were as follows:

	Year ended December 31,	
	2021	2020
Salaries and benefits		
Chairman	\$ 71,815	\$ 70,851
Managing Director	70,989	69,413
Independent Directors	45,000	45,000
Chief Financial Officer and Corporate Secretary	119,668	112,471
	<hr/> \$ 307,472	<hr/> \$ 297,735
Exploration and evaluation expenditures		
Director of Exploration	\$ 72,000	\$ 72,000
Share-based compensation	<hr/> \$ -	<hr/> \$ 87,899

Due to related parties

As at December 31, 2021, the Company owed \$21,149 (2020 – \$Nil) to the Managing Director of the Company for his salary.

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.

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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 December 31, 2021	43,529,898	1,400,000	3,734,000
Shares for services	559,908	-	-
Balance as at the date of this MD&A	44,089,806	1,400,000	3,734,000

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.

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Warrant valuation

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.

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.

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.

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New Accounting Standards

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

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 (loss) ("FVTOCI"); or at amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	December 31, 2021	December 31, 2020
Cash	FVTPL	\$ 515,418	\$ 75,088
Receivables	Amortized cost	41,994	935,018
Trade and other payables	Amortized cost	87,377	79,659
Warrant liability	FVTPL	60,879	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.

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Risk Management

The Company's risk exposures and the impact on the Company's financial instruments are summarized as follows:

Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and receivables. The Company limits the exposure to credit risk in its cash by only investing its cash with high credit quality financial institutions in business and savings accounts and guaranteed investment certificates which are available on demand by the Company for its programs. The Company's receivables primarily include balances receivable from government agencies. The Company is exposed to some risk on amounts due from these government agencies however to date the Company has been successful on collecting on its receivables.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that there is sufficient capital in order to meet short-term business requirements. The Company's cash is primarily on deposit in Canadian business accounts or guaranteed investment certificates which are available on demand.

Interest Rate Risk

The Company is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risk on cash is not considered significant.

Foreign Currency Risk

The Company's functional and presentation currency is the US dollar. Foreign currency risk arises from transactions denominated in currencies other than US dollars, as some costs are denominated in Canadian dollars, Great British Pounds and Russian Rubles. As at December 31, 2021, the Company holds 19% of its cash in foreign currencies. Management believes the foreign exchange risk related to currency conversions are minimal and therefore, does not hedge its foreign exchange risk. The effect of a 5% change in the foreign exchange rate on cash and receivables held in foreign currencies at December 31, 2021 would be \$5,000.

Political Uncertainty

In conducting operations in Russia, the Company is subject to considerations and risks not typically associated with companies operating in North America. These include risks such as the political, economic and legal environments. Among other things, the Company's results may be adversely affected by changes in the political and social conditions in Russia and by changes in governmental policies with respect to mining laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation.

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