

Orsu Metals Corporation

Management's Discussion and Analysis of Results
March 31, 2010 and 2009

(Figures in United States Dollars)

Orsu Metals Corporation

MD&A for the period ended March 31, 2010

CONTENTS

This Management's, Discussion and Analysis ("MD&A") contains the following information:

	<u>Page</u>
Directors, Management & Corporate Information	3
Introduction	4
Highlights	4
Core Assets	6
Operational Review	7
Results of Operations	13
Risks and Uncertainties	21
Forward Looking Information	31
Controls and Procedures	32
Other Information	33

Orsu Metals Corporation

MD&A for the period ended March 31, 2010

DIRECTORS, MANAGEMENT & CORPORATE INFORMATION

DR SERGEY V KURZIN, Executive Chairman
DR ALEXANDER YAKUBCHUK, Director and Chief Operating Officer
MARK CORRA, Non-Executive Director, Lead Independent Director
MASSIMO CARELLO, Non-Executive Director
TIMOTHY HANFORD, Non-Executive Director

REGISTERED OFFICE

Craigmuir Chambers
P.O. Box 71
Road Town, Tortola
BRITISH VIRGIN ISLANDS

HEAD OFFICE

1 Red Place
London
W1K 6PL
UNITED KINGDOM
Telephone: +44 (0) 20 7518 3999
Facsimile: +44 (0) 20 7518 3998

KAZAKHSTAN

Flat 4
Building 28
Baiganina Street
Almaty 050008
REPUBLIC OF KAZAKHSTAN

KYRGYZSTAN

Office 2
33 Razzakova Street
Bishkek, 720040
KYRGYZ REPUBLIC

SOLICITORS

Macleod Dixon LLP
Toronto-Dominion Centre,
TD Waterhouse Tower
79 Wellington Street West
Suite 2300, P.O. Box 128
Toronto
M5K 1H1
CANADA

WEBSITE: www.orsumetals.com

E-MAIL: info@orsumetals.com

AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants
250 Howe Street, Suite 700
Vancouver
V6C 3S7
CANADA

TRANSFER AGENT

Computershare Investor Services Inc.
100 University Ave., Suite 800
Toronto
M5J 2Y1
CANADA
Tel: +1 800 564 6253 (toll free Canada and the USA)
Telephone: +1 514 982 7555
www.computershare.com

STOCK EXCHANGES

Toronto Stock Exchange, OSU
(Stock is quoted in Canadian Dollars)
AIM Market of the London Stock Exchange, OSU
(Stock is quoted in British Pounds)

Orsu Metals Corporation

MD&A for the period ended March 31, 2010

The effective date of this MD&A is May 17, 2010.

INTRODUCTION

Orsu Metals Corporation (“Orsu” or the “Company”, formerly European Minerals Corporation (“EMC”) prior to the acquisition of Lero Gold Corp. (“Lero”) on June 19, 2008), is a dual listed (TSX: OSU; AIM: OSU) London-based precious and base metals exploration and development company exploring gold and copper deposits in the Tien Shan gold belt in the Kyrgyz Republic and Rudny Altai belt in the Republic of Kazakhstan. The Company also previously operated the Varvarinskoye gold-copper mine in the Urals belt in northern Kazakhstan (“Varvarinskoye” or the “Varvarinskoye Project”) until selling all of its interest and obligations in the Varvarinskoye Project to Open Joint Stock Company Polymetal (“Polymetal”) on October 30, 2009, pursuant to the terms of a sale and purchase agreement dated June 13, 2009 between the Company and Polymetal (the “SPA”). One of the Company’s principal exploration assets is its property in northwest Kyrgyzstan, which is comprised of four licence areas within the Tien Shan gold belt of north western Kyrgyzstan: the Taldybulak, Barkol, Korgontash and Kentash licences (the “Talas Project”). Approximately 100km to the south west of the Talas Project lies the Tokhtazan licence area comprising the Akdjol and Tokhtazan licences (the “Tokhtazan Project”). The Company’s other principal exploration project is the property comprising a 47.3km² licence area in eastern Kazakhstan containing the Karchiga volcanogenic massive sulphide (“VMS”) deposit (the “Karchiga Project”), which is part of the Rudny Altai polymetallic belt.

This MD&A contains management’s assessment and analysis of the operating results and financial condition of Orsu and should be read in conjunction with the Consolidated Financial Statements for the period ended March 31, 2010 and related notes, which have been prepared in accordance with Canadian Generally Accepted Accounting Principles (“Canadian GAAP”). All amounts are reported in United States Dollars unless otherwise indicated. Canadian dollars are referred to herein as CAD\$.

QUARTER HIGHLIGHTS

- February 2010 – Gold Fields Limited, through its subsidiary Gold Fields Orogen Holding BVI Limited (“Gold Fields”), completed the “First Phase” of the Talas Project joint venture in the Kyrgyz Republic, pursuant to which Gold Fields earned a 60% interest in the Talas joint venture company, Kami Associates Limited (the “Talas Joint Venture Company”), the Company’s subsidiary and the 100% owner of Talas Copper Gold LLC (“TCG LLC”), the registered owner of the Talas Project, by funding exploration expenditures of CAD\$10 million. Gold Fields subsequently notified the Company that it would not exercise the “Second Phase Option” to increase its interest in the Talas Joint Venture Company from 60% to 70% through the funding of additional exploration expenditures. As a result, the “Earning Period” under the joint venture agreement dated December 3, 2008, as amended on August 14, 2009, between the Company, Gold Fields, Lero, TCG LLC and the Talas Joint Venture Company (the “JV Agreement”) was concluded and the Company retained a 40% interest in the Talas Joint Venture Company, subject to the terms and conditions of the JV Agreement.
- February 2010 – the Ontario Superior Court of Justice approved the settlement of the class action claim commenced against EMC and two of its officers in the Ontario Superior Court of Justice in June, 2008 (the “Class Action Claim”) for CAD\$2.2 million, to be shared equally between Orsu and its insurer. The settlement became effective on March 22, 2010 following the expiry of a 30-day appeal period with no appeals having been received by the Company. The Company and the other defendants retain the right to terminate the settlement agreement if too many class members opt out during the 60-day opt out period, which commenced on April 6, 2010. However, at this time, it is not expected that this right will need to be exercised. Under the terms of the settlement agreement, the Class Action Claim (including the predecessor of the Class Action Claim) will be dismissed.
- March 2010 – Orsu provided updated National Instrument 43-101 mineral resource estimates for the Karchiga Project and for its Taldybulak copper-gold-molybdenum porphyry deposit at the Talas Project.
- March 2010 - the Company filed a preliminary short form prospectus with the securities regulatory authorities in the provinces of British Columbia, Alberta, Manitoba and Ontario, Canada in connection with the proposed offering of units of securities of the Company to be led by Canaccord Financial Limited (now called Canaccord Genuity Corp. following a change of name on May 10, 2010) (“Canaccord”) to raise gross proceeds of up to CAD\$20 million.

Orsu Metals Corporation

MD&A for the period ended March 31, 2010

POST QUARTER HIGHLIGHTS

- April 2010 – Orsu announced that the Akdjol and Tokhtazan licences, comprising the Tokhtazan Project, were extended by the Ministry of Natural Resources of the Kyrgyz Republic until December 31, 2012.
- April 2010 – Orsu filed a final short form prospectus and completed a public offering of units of securities (the “Units”), pursuant to which the Company sold 112,000,000 Units at a price of CAD\$0.25 per Unit (the “Offering Price”) for gross proceeds of CAD\$28,000,000 (the “Offering”). Each Unit consisted of one common share of the Company (a “Common Share”) and one-half of one common share purchase warrant (each whole warrant, a “Warrant”), with each Warrant being exercisable to acquire one Common Share at a price of CAD\$0.50 for a period of two years from the closing date of the Offering. Canaccord acted as sole manager and book runner for the Offering. The net proceeds of the Offering are expected to be used towards the maintenance of the Company’s interests in, and for the further exploration and the development of, the Company’s mineral properties in the Republic of Kazakhstan and the Kyrgyz Republic, to pursue future growth opportunities (which may include acquiring one or more additional assets), if and when such opportunities arise, and for general corporate and working capital purposes.

Orsu Metals Corporation

MD&A for the period ended March 31, 2010

CORE ASSETS

Orsu's exploration projects include the following properties in Kazakhstan and Kyrgyzstan.

- **Talas Project, Kyrgyzstan** – One of the Company's material exploration assets is its property in north western Kyrgyzstan, which is comprised of four licence areas within the Tien Shan gold belt including: the Taldybulak, Kentash, Barkol and Korgontash licences. The Taldybulak copper-gold-molybdenum porphyry deposit is the primary exploration area within the Talas Project. In March 2010, Wardell Armstrong International Ltd. ("WAI") completed an independent audit and review of an updated mineral resource estimate for the Taldybulak licence area of the Talas Project, from which WAI completed its own mineral resource estimate. WAI's complete technical report entitled "Updated Technical Report on the Taldybulak Property Held by Orsu Metals Corporation, Kyrgyzstan", dated March 22, 2010 and prepared by M L Owen and J C Osmond, can be viewed under the Company's profile at SEDAR (www.sedar.com). Further discussion about the Talas Project can be found on page 7 of this MD&A. Certain information contained in this MD&A regarding the Talas Project has been derived from, and additional information relating to the Talas Project can be found in, the above-mentioned technical report.
- **Karchiga Project, Kazakhstan** – The Company's other material property, the Karchiga Project, is located in the extreme northeast of the Republic of Kazakhstan, within 40km of the Chinese border and within the Rudny Altai belt which is ranked in the top four VMS belts in the world. In March 2010, WAI completed an independent review and audit of Orsu's updated mineral resource estimate at the Karchiga Project, from which WAI completed its own mineral resource estimate. WAI's complete technical report titled "Updated Report on the Karchiga Property held by Orsu Metals Corporation, Kazakhstan", dated March 22, 2010 and prepared by M L Owen and L S Carroll, can be viewed under the Company's profile at SEDAR (www.sedar.com). Further discussion about the Karchiga Project can be found on page 10 of this MD&A. Certain information contained in this MD&A regarding the Karchiga Project has been derived from, and additional information relating to the Karchiga Project can be found in, the above-mentioned technical report.
- **Tokhtazan Project, Kyrgyzstan** - The Tokhtazan Project is located in the Jalal-Abad Oblast, western Kyrgyzstan and is comprised of two exploration licences, Akdjol and Tokhtazan. Access to the deposit is via the main Bishkek-Osh bitumen road for 400 km, then 14km on a gravel road. Further discussion about the Tokhtazan Project can be found on page 9 of this MD&A.

Qualified Person

Except for the technical information derived from the technical reports referred to in this MD&A, Mr Matthew Boyes, who is Mineral Resources Manager for Orsu and a "qualified person" (as such term is defined in National Instrument 43-101), has reviewed and approved the technical information in this MD&A. Mr Boyes has verified the data disclosed in this MD&A in respect of exploration results, including sampling and analytical data underlying the information.

Orsu Metals Corporation

MD&A for the period ended March 31, 2010

OPERATIONAL REVIEW

ORSU'S COPPER-GOLD EXPLORATION LICENCES IN KYRGYZSTAN & KAZAKHSTAN

The Company is exploring several advanced stage gold and copper deposits in the Tien Shan metallogenic belt in Kyrgyzstan and the Rudny Altai metallogenic belt in Kazakhstan. These exploration projects are held by Orsu through its wholly-owned subsidiary, Lero, and its direct and indirect subsidiaries.

The Company shall use its current working capital resources, including the funds raised from the Offering, which was completed on April 16, 2010, in order to satisfy the Company's commitments in respect of its mineral exploration properties.

TALAS EXPLORATION LICENCES, KYRGYZSTAN

The Talas Project is the Company's material property in Kyrgyzstan, and includes the Taldybulak, Kentash, Barkol and Korgontash licences. The Talas Project is located in the Tien Shan gold belt, host to some of the world's largest copper-gold porphyries.

Table 1

Licence No	Name of Licence	Licence Holder	Area (km ²)	Date Granted	Expiry Date	Extension Granted until
АП-1005	Barkol	TCG LLC	209.5	16/03/2007	31/12/2010	
AP-24	Taldybulak	TCG LLC	42	14/06/2005	31/12/2010	
АП-23	Kentash	TCG LLC	46	14/06/2005	31/12/2009	31/12/2012
АП-61	Korgontash	TCG LLC	66	02/09/2005	31/12/2009	31/12/2012

For avoidance of doubt;

1. The Taldybulak copper-gold-molybdenum porphyry deposit within the Taldybulak exploration licence area is a separate asset from the Taldybulak Levoberezhny gold deposit previously owned by Central Asia Gold Limited, and
2. TCG LLC, the registered owner of the Talas Project, is a separate company from Talas Gold Mining Company, which was the owner of the Jerooy Gold Project.
3. Of the Barkol licence area of 209.5 km², 2 km² is covered by the Chonur licence which is not controlled by TCG LLC.

Licence Locations

The Talas exploration area is located in the Western Kyrgyz Range on the north slope of the Talas Valley, in the Talas Oblast, north western Kyrgyzstan at elevations of 1,800-3,000m. The region includes deposits such as Andash, Aktash, Jerooy, Taldybulak Levoberezhny and Centerra's world class Kumtor deposit. The Talas Project is accessible year round via the Bishkek-Talas road (270km from Bishkek). A rail head is located 140km by road from the deposit and several 10 to 500kV power grid lines pass within 10km of the deposit.

The Taldybulak deposit is the main focus of exploration activity within the Taldybulak licence that covers an area of 42km². The Kentash licence is situated immediately east of Taldybulak and covers an area of 46km². The Korgontash licence which covers an area of 66km² is located approximately 25km east of Taldybulak. The Barkol licence is the westernmost licence, located immediately west of Taldybulak and covers an area of 209.5km².

Gold Fields Exploration Partnership

Pursuant to the JV Agreement, Gold Fields is the project operator for the Talas Project. Under the JV Agreement, following the completion of a bankable feasibility study relating to the Talas Project and if the board of directors of the Talas Joint Venture Company so determines, Gold Fields is to act as the lead arranger to obtain any further project financing for development and mining operations, for which Gold Fields will receive a 1.5% arrangement fee. Gold Fields and Orsu will otherwise contribute to the project requirements on a pro-rata basis through to project development.

In February 2010, Gold Fields earned a 60% interest in the Talas Joint Venture Company, which is the 100% owner of TCG LLC, the registered owner of the Taldybulak, Barkol, Kentash and Korgontash properties in the Talas region of the Kyrgyz Republic.

Gold Fields has advised the Company that it intends to continue developing the Talas Project in accordance with the JV Agreement. Under the terms of the JV Agreement, both parties are required to fund on a pro-rata basis further project expenditures required to continue exploration activities, complete a feasibility study and complete the project development in accordance with programmes and budgets approved by Gold Fields. Dilution

Orsu Metals Corporation

MD&A for the period ended March 31, 2010

provisions apply under the terms of the JV Agreement if either party decides not to contribute to expenditures in accordance with its pro-rata share.

EXPLORATION LICENCES WITHIN THE TALAS EXPLORATION AREA

TALDYBULAK, KYRGYZSTAN

Project History

In September 2006, Lero acquired 100% of the Taldybulak licence which hosts the Taldybulak copper-gold porphyry deposit. Taldybulak was discovered in 1976 from a regional geochemical survey and a subsequent trenching programme over gold-copper-silver-molybdenum anomalies which outlined an elliptical gold-copper mineralisation zone with dimensions of 1,200m by 700m. The anomalies were tested at depth where 10 of the drill holes intersected gold-copper mineralisation. Two of the drill holes terminated in strong mineralisation at a depth of over 400m. Four additional holes were drilled to test additional targets, located 2km to 3km to the east of the prospect. No further work was conducted on the deposit until the late 1990's when British Commonwealth Minerals drilled 11 shallow reverse circulation holes near the centre of the deposit.

The Taldybulak copper-gold porphyry deposit is currently the Company's most advanced project.

2010 Mineral Resource Estimates

WAI was contracted by Orsu in early 2010 to review and audit an updated mineral resource estimate in relation to the Talas Project, from which WAI completed its own mineral resource estimate. A National Instrument 43-101 mineral resource estimate for the Taldybulak-Talas licence area of the Talas Project was reported during March 2010 (Table 2) in the report titled "Updated Technical Report on the Taldybulak property held by Orsu Metals Corporation, Kyrgyzstan", dated March 22, 2010 and prepared by J C Osmond and M L Owen, a copy of which has been filed and is available under the Company's profile on SEDAR at www.sedar.com. The Indicated Resources reported at 0.3 g/t Au Cut-off are **141Mt @ 0.66 g/t Au, 0.17% Cu and 0.01% Mo** and Inferred Resources reported at 0.3 g/t Au Cut-off are **153Mt @ 0.66 g/t Au, 0.15% Cu and 0.012% Mo**

Table 2: Taldybulak-Talas Project, Mineral Resource Estimate (WAI) March 22, 2010

WAI Indicated Resources across all domains (WAI March 22, 2010)							
Cut Off (Au g/t)	Tonnes (Mt)	Au (g/t)	Contained Au (Moz)	Cu (%)	Contained Cu (Mlb)	Mo (ppm)	Contained Mo (Mlb)
0.0	446	0.31	4.45	0.15	1474	81	80
0.3	141	0.66	2.99	0.17	527	96	30

WAI Inferred Resources across all domains (WAI March 22, 2010)							
Cut Off (Au g/t)	Tonnes (Mt)	Au (g/t)	Contained Au (Moz)	Cu (%)	Contained Cu (Mlb)	Mo (ppm)	Contained Mo (Mlb)
0.0	384	0.35	4.32	0.13	1100	99	84
0.3	153	0.66	3.24	0.15	506	120	40

**All inferred mineral resources are reported exclusive of indicated mineral resources. Mineral resources are shown at a 0.0 g/t Au cut-off for comparison purposes only, Orsu does not expect the mineral resources to be economically extractable at this cut-off grade. Mineral resources are shown at a 0.3 g/t Au as this is a possible economic cut-off grade for this deposit; although, economic and mining studies are required to determine the actual cut-off grade. Mineral resources are reported without mining constraints other than the cut-off grade, no pit shell, mine design, or minimum mining width, which have been used to restrict the reported mineral resources.*

The audit, review and classification of the updated Indicated and Inferred mineral resource estimates were carried out under the supervision J C Osmond, BSc, MSc (MCSM), ProfGradIMMM, CGeol, FGS, EurGeol, Principal Geologist with WAI and M L Owen, BSc, MSc, MCSM, CGeol, EurGeol, FGS, Technical Director of WAI, each a qualified person as such term is defined in National Instrument 43-101. J C Osmond and M L Owen are responsible for the preparation of the report titled "Updated Technical Report on the Taldybulak Property held by Orsu Metals Corporation, Kyrgyzstan" dated March 22, 2010. J C Osmond and M L Owen are employees of WAI.

Gold and copper estimates are based upon an ordinary kriged 20m east by 20m north by 10m elevation block model which has been constrained by geological and grade threshold wireframes created in section from interpretation of all available drillhole and channel sampling data. A total of 36,988m of diamond drilling, 1,326m

of reverse circulation drilling and 12,615m of surface trenching data was used when constructing geological and grade boundaries. Subsequently the surface trenching and reverse circulation drilling results were not utilised for the grade interpolation process. WAI verified the location of all drill holes with respect to wireframe models and surface topography. The drill hole data was audited with checks carried out for duplicate results, errors in sample position downhole, hole surveys and collar positions with respect to topography. Variography and geostatistical modelling was completed to quantify the spatial variability for copper and gold within the mineralised area.

The results of this latest mineral resource estimation represent an increase to the previously reported mineral resource estimate from May 2008, at 0.30g/t Au cut-off, in terms of contained gold ounces for the Indicated category of 1.38 Moz or an 86% increase, and in terms of contained copper the increase was 226Mlb or 57%.

Exploration Update

Orsu and Gold Fields have finalised an exploration programme and budget for the Talas Project for 2010. Total expenditure for the year is estimated at \$2.5million, of which Orsu's 40% pro rata share is approximately \$979,000, as per the terms of the JV Agreement. The bulk of the expenditure has been earmarked for infill drilling in the western area of the Taldybulak deposit with the 5500m of HQ size diamond drilling designed. The objective of the proposed infill programme is to better delineate the known extents on the mineralisation and to gain a more detailed understanding of the spatial variability of the Au and Cu grades by closing the overall spacing of the drill holes down to 40m by 40m.

The budget also includes further metallurgical testwork and a detailed geotechnical study of the hanging wall and footwall rock material immediately adjacent to the deposit.

BARKOL, KYRGYZSTAN

Licence Information

In March 2007, the 209.5km² Barkol exploration licence was granted to the Company. Located immediately to the west of the Taldybulak licence, it was acquired at no cost to the Company. The Barkol licence contains numerous occurrences of known mineralisation, with one small copper-gold-molybdenum vein deposit occurring within a 2km² excision (the Chonur licence). The estimated annual expenditure commitment on the Barkol licence for 2010 is \$200,000.

Exploration Update

The Company undertook some limited drill testing and further geophysical investigations on the licence area. Significant thicknesses of post-mineral Devonian volcanics overly the north eastern part of the license. Scout core drilling was performed in 2009 with no significant results received and the Company will not follow up exploration in these already tested areas.

KORGONTASH, KYRGYZSTAN

Licence Information

The 66km² Korgontash licence area hosts the Tokhtonnisai copper-gold skarn prospect, Talas Oblast, north-west Kyrgyzstan. The Korgontash licence is located in the easternmost part of the copper-gold metallogenic trend on the southern slope of the Kyrgyz ridge. In the central part of the licence is the 2km² exclusion zone covered by the Aktash licence, controlled by Turan Metals Ltd, a Kyrgyz-Kazakh joint-venture company.

Exploration Update

In 2009, TCG LLC drilled one hole at the Tokhtonnisai prospect to test the extent of Cu-Au mineralization to depth. Results have been received and considered not to be of material value as no intervals of potentially economically extractable grade material were intersected.

KENTASH, KYRGYZSTAN

Exploration Update

Limited work has been performed on the Kentash licence to date. The works included soil and chip geochemical sampling and assessment of anomalies. As part of the regional programme, the Kentash license, as well as all other Talas licenses, was covered by the ground gravity survey.

TOKHTAZAN GROUP OF LICENCES, KYRGYZSTAN

Licence Information

The Tokhtazan exploration licence area contains the Akdjol (108km²) and Tokhtazan (4km²) licences, both of which are held by Oriel in Kyrgyzstan LLC ("Oriel"), the Company's indirect subsidiary. The licences and related agreements and land rights expired on December 31, 2009 and were extended for 2 months until February 20,

Orsu Metals Corporation

MD&A for the period ended March 31, 2010

2010 to allow the Company to prepare a progress report. On February 19, 2010, Orsu filed progress reports with the Ministry of Natural Resources of the Kyrgyz Republic with respect to exploration works at both of the Tokhtazan and Akdjol licences. In April 2010, the Akdjol and Tokhtazan licences, comprising the Tokhtazan Project, were extended by the Ministry of Natural Resources of the Kyrgyz Republic until 31 December 2012.

Exploration Update

No additional exploration activities have been carried out at the Tokhtazan licence in Q1 2010. Orsu is currently finalising a 2010 exploration budget for both the Akdjol and Tokhtazan licence areas.

KARCHIGA, KAZAKHSTAN

Licence Information

The Karchiga Project is located in the extreme east of the Republic of Kazakhstan, within 40km of the Chinese border. The deposit is situated within the north west striking, mid-Palaeozoic, Rudny Altai VMS terrain, the host of numerous world class VMS deposits, including the Leninogorsk (also known as Ridder-Sokolnoye), Zyryanovsk, and Maleevskoye deposits. The Rudny Altai is ranked in the top four VMS belts of the world.

The Karchiga deposit was originally exploited by ancient artisans and was re-discovered and explored by Soviet geologists during the 1940's and 50's. The Soviet era exploration included more than 100 cored drill holes and an exploration shaft into the ore body.

The Company's interest (through its indirect subsidiary GRK MLD LLP ("GRK")) in the Karchiga Project is governed by an exploration and production contract (the "Karchiga Project Contract") granted to GRK by the former Ministry of Energy and Mineral Resources of the Republic of Kazakhstan (the "Former MEMR") until February 28, 2022. Pursuant to the Karchiga Project Contract, GRK was granted the right to explore and produce copper within the boundary of the contract area.

The original exploration period under the Karchiga Project Contract was for a period of three years until February 28, 2010 (the "Exploration Period"). However, the Karchiga Project Contract provides that the Exploration Period may be further extended for two additional two year periods if GRK can prove that extra time is required to fully evaluate the mineral prospectivity before mining can commence.

On September 23, 2008, GRK made an application to the Former MEMR (the "First Application") to: (i) approve an increase to the work program under the Karchiga Project Contract; and (ii) delay the obligation to return the contract area until the expiration of the Exploration Period (the "Return Date"). On November 25, 2008, the Former MEMR approved the First Application and ordered that the Karchiga Project Contract be amended (the "First Amendment") and registered with the Former MEMR before February 20, 2009 (the "Initial Deadline") in order to give effect to the First Amendment.

On November 26, 2009, prior to the expiration of the Exploration Period, GRK made a further application to the Former MEMR to approve an extension of the Exploration Period for two years until February 28, 2012 (the "Second Application"). In February 2010, GRK was notified by the Former MEMR that the Second Application had been approved, that an extension of the Exploration Period had been granted until February 28, 2012 and that the execution and registration of the relevant amendment to the Karchiga Project Contract (the "Second Amendment") was to occur before May 29, 2010. As of the date hereof, the Second Amendment has not been executed or registered with the Ministry of Industry and New Technologies of the Republic of Kazakhstan (the "MINT"), the successor to the Former MEMR's responsibilities over the mining industry in Kazakhstan.

On April 20, 2010, the First Amendment was executed and registered with the MINT despite the Initial Deadline having passed. GRK is continuing to negotiate with MINT the execution and registration of the Second Amendment, including an extension of the Return Date to February 28, 2012. GRK expects that an extension of the Return Date will be provided in the final terms of the Second Amendment.

Reference should be made to the heading "Risks relating to the Karchiga Project Contract" under "Risks and Uncertainties" for a discussion of the potential implications of the Company's failure to execute and register the Second Amendment.

Orsu Metals Corporation

MD&A for the period ended March 31, 2010

Anticipated expenditure obligations of GRK on the Karchiga Project are outlined below:

Table 3: Anticipated Karchiga Project Contract Expenditure Obligations

Year	Expenditure
2007	\$700,000
2008	\$800,000
2009	\$1,000,000
2010 ⁽¹⁾	\$425,000
2011 ⁽¹⁾	\$425,000

⁽¹⁾ The payment during 2010 and 2011 of an aggregate of \$850,000 is a condition to the Second Amendment, which has not yet been executed or registered with the Competent Authority.

In addition, under the Karchiga Project Contract, GRK is required to submit a year-end report on an annual basis outlining the works completed and expenditure made during the year. Before exploration work can commence for the following year, a work program is required to be submitted and approved by the Competent Authority. As a result of the delay in the registration of the First Amendment, GRK has not yet obtained from the Competent Authority the formal annual approvals required for its work programs for 2009 and 2010. Reference should be made to the heading "Risks relating to the Karchiga Project Contract" under "Risks and Uncertainties" for a discussion of the potential implications of the Company's failure to obtain formally approved work programs for 2009 and 2010.

2010 Mineral Resource Estimates

WAI was contracted by Orsu in early 2010 to review and audit Orsu's updated mineral resource estimate in relation to the Karchiga Project, from which WAI completed its own mineral resource estimate. A National Instrument 43-101 mineral resource estimate for Karchiga was reported during March 2010 (Table 4) in the report titled "Updated Report on the Karchiga Property held by Orsu Metals Corporation, Kazakhstan", dated March 22, 2010 and prepared by M L Owen and L S Carroll, a copy of which has been filed and is available under the Company's profile on SEDAR at www.sedar.com. At a 0.50% copper cut-off, the Indicated Sulphide mineral resource is 7.56Mt @ 2.02% Cu, at a 0.50% copper cut-off, the Indicated Oxide mineral resource is 0.93Mt @ 1.39% Cu and at a 0.50% copper cut-off, the Inferred mineral resources total 1.79Mt @ 1.62% Cu. The "qualified persons" (as such term is defined in National Instrument 43-101) responsible for these updated mineral resource estimates are Mr. M L Owen and L S Carroll (who are both employees of WAI).

Table 4: Karchiga Project, Mineral Resource Estimates (WAI) March 22, 2010

WAI Indicated Mineral Resources for Karchiga Cu VMS Project						
Cut-off Cu (%)	Area	Type	Tonnes (Mt)	Grade Cu (%)	Metal Cu (t)	Metal Cu (Mlb)
0.3	Central + North East	Sulphide	8.05	1.93	154,958	342
0.5	Central + North East	Sulphide	7.56	2.02	153,000	337
0.3	Central	Oxide	1.09	1.25	13,545	30
0.5	Central	Oxide	0.93	1.39	12,868	28

WAI Inferred Mineral Resources for Karchiga Cu VMS Project*						
Cut-off Cu (%)	Area	Type	Tonnes (Mt)	Grade Cu (%)	Metal Cu (t)	Metal Cu (Mlb)
0.3	North East	Sulphide	1.83	1.60	29,260	65
0.5	North East	Sulphide	1.79	1.62	29,120	64

*All Inferred resources are quoted completely exclusive of the Indicated resources. Mineral resources are shown at a 0.3% Cu and 0.5% Cu as these are considered to be possible economic cut-off grade for this deposit; although, economic and mining studies are required to determine the actual cut-off grade. Mineral resources are reported without mining constraints other than the cut-off grade, no pit shell, mine design, or minimum mining width, which have been used to restrict the reported mineral resources.

The mineral resource estimates use all data available at the end of December 2009. Indicated and inferred resources were categorized based upon a block model utilising 5m by 10m by 5m blocks respectively. Grades were estimated utilising the Inverse Distance cubed algorithm with interpolation parameters based upon the results of Geostatistical modelling completed for the relevant oxide and sulphide data sets. WAI carried out database verification and a review of the orebody modelling and domaining for each individual mineralised zone. WAI was provided with solid models (wireframes), surface topography, drillhole databases including Lithology,

Orsu Metals Corporation

MD&A for the period ended March 31, 2010

assay and density data, location plans and all internal and external quality control data collected since the commencement of the project.

The estimation was completed using 2m downhole composite drillhole samples selected within a hard boundary Cu grade wireframe. All wireframe models were constructed from sectional interpretation of geological and grade boundaries with each of the 12 individual wireframe models utilised to domain the blocks within the grade estimation model. Material types and samples data were subsequently extracted and subset within these discrete domains and grade interpolation was constrained to each individual domain separately. Specific gravity measurements were carried out for the different material types collected from Karchiga diamond drill core and an in-situ bulk density value assigned to the block model based upon observed grade to bulk density relationship.

Exploration Update

Due to adverse weather conditions, no exploration works have been carried out during Q1, 2010. Orsu is currently finalising an exploration budget for the 2010-2011 field exploration seasons and shall, as a minimum, perform the work program recommended for 2010-2011 in the report titled "Updated Report on the Karchiga Property held by Orsu Metals Corporation, Kazakhstan", dated March 22, 2010 and prepared by M L Owen and L S Carroll.

Orsu is in the process of completing a scoping study for the Karchiga Project, as provided for in the work program recommended in the above-mentioned technical report.

Orsu Metals Corporation

MD&A for the period ended March 31, 2010

RESULTS OF OPERATIONS (SELECTED QUARTERLY INFORMATION)

(Prepared in accordance with Canadian GAAP)

FOR THE QUARTER ENDED MARCH 31, 2010 AND SUMMARY OF QUARTERLY RESULTS

Expressed in US\$000s except where indicated	March 31 2010 (unaudited)	December 31 2009 (unaudited)	September 30 2009 (unaudited)	June 30 2009 (unaudited)
Loss from continuing operations	(1,611)	(1,871)	(2,661)	(3,050)
(Loss)/ profit from discontinued operations	-	(10,584)	(21,076)	5,755
Net gain on disposal of discontinued operations	-	160,812	-	-
(Loss) / Income and comprehensive (loss) / income for the period	(1,611)	148,357	(23,737)	2,705
Sales revenues (included within results of discontinued operations)	-	6,867	22,632	32,495
(Loss)/ income per common share (in US\$/share) (see note 1)				
(Loss) per common share from continuing operations	\$(0.04)	\$(0.04)	\$(0.06)	\$(0.07)
(Loss) / income per common share	\$(0.04)	\$3.25	\$(0.52)	\$0.06
Weighted average number of common shares – basic and diluted (in thousands)	45,696	45,696	45,696	45,696

FOR THE QUARTER ENDED MARCH 31, 2009 AND SUMMARY OF QUARTERLY RESULTS

Expressed in US\$000s except where indicated	March 31 2009 (unaudited)	December 31 2008 (unaudited)	September 30 2008 (unaudited)	June 30 2008 (unaudited)
Loss from continuing operations	(3,030)	(88,681)	(5,753)	(5,986)
(Loss)/ profit from discontinued operations	(25,255)	(174,911)	1,720	(10,937)
Net loss and comprehensive loss for the period	(28,285)	(263,592)	(4,033)	(16,923)
Sales revenues (included within results of discontinued operations)	9,796	11,622	15,512	13,225
(Loss) per common share (in US\$/share) (see note 1)				
Loss per common share from continuing operations	\$(0.07)	\$(2.30)	\$(0.19)	\$(0.19)
Loss per common share	\$(0.62)	\$(6.83)	\$(0.13)	\$(0.54)
Weighted average number of common shares – basic and diluted (in thousands)	45,696	38,598	31,015	31,383

Note 1: Per share information has been retroactively restated to give effect to the 10 for 1 share consolidation which occurred in November, 2009.

Orsu Metals Corporation

MD&A for the period ended March 31, 2010

FINANCIAL REVIEW

During the three months to March 31, 2010, the Company continued with the exploration and development of its Kyrgyzstan and Kazakhstan-based exploration projects. In February 2010, Gold Fields earned a 60% interest in the Talas Joint Venture Company and the Company has accounted for its remaining 40% interest in the Talas Joint Venture Company in the financial statements for the period ended March 31, 2010 under the equity method of accounting, as defined by the Accounting Standards Board Accounting Guideline 15 'Consolidation of Variable Interest Entities' (further information relating to this accounting treatment can be found below under the heading "Equity Investment in the Talas Joint Venture").

For the three months to March 31, 2010 the Company recorded a loss from continuing operations of \$1.6 million.

RESULTS FOR THE QUARTERS ENDED MARCH 31, 2010 AND MARCH 31, 2009

For the three months ended March 31, 2010 the Company incurred a loss from continuing operations of \$1.6 million, compared with a loss of \$3.0 million for the three months ended March 31, 2009.

The loss of \$1.6 million for the three months ended March 31, 2010 consisted of administrative costs of \$1.0 million (compared with \$1.6 million for the three months to March 31, 2009), exploration costs of \$0.4 million (compared with \$0.2 million for the three months to March 31, 2009), a stock-based compensation charge of \$0.1 million (compared with a charge of \$0.8 million for the three months to March 31, 2009) and net foreign exchange loss of \$0.1 million.

The \$0.6 million year-on-year decrease in the Company's administrative costs was due primarily to lower staff costs of \$0.2 million, as a result of reduced head office non-operational headcount and salaries, and a \$0.4 million reduction in legal and professional charges, reflecting legal, professional and other advisory fees incurred during the quarter ended March 31, 2009 in relation to the then ongoing re-financing negotiations for discontinued operations.

All legal and professional costs incurred by the Company during the three months ended March 31, 2010 in respect of the Offering, which was completed on April 16, 2010, will per CICA section 3610, be treated as share issue costs and shall be netted against the gross proceeds of the Offering. The net amount of the Offering shall be disclosed as a movement in the share capital of the Company in the Company's financial statements for the second quarter of 2010. The net proceeds of the Offering were CAD\$25.7 million after deducting the Agent's Fee (as defined below), and all legal and professional costs in respect of the Offering.

Exploration costs for the three months to March 31, 2010 of \$0.4 million were \$0.2 million higher than for the three months to March 31, 2009. The Company expensed its 40% pro rata share of the Talas Project joint venture operating losses incurred during the three months to March 31, 2010 of \$0.2 million. For the same period in 2009 the Talas Project joint venture had been fully funded by Gold Fields and, for this reason, had no impact on the results of the Company for that period.

The share based compensation charge of \$0.1 million was \$0.7 million lower than for the three months to March 31, 2009. The charge for the three months ended March 31, 2009 of \$0.8 million related to 0.2 million options that were unvested in the period compared to only 50,000 unvested options during the same period in 2010.

In respect of the Company's cash flows, the decrease in cash and cash equivalents for the three months to March 31, 2010 was \$1.3 million, compared with a decrease of \$2.9 million for the three months to March 31, 2009. The decrease in cash and cash equivalents for the three months to March 31, 2009 was higher due to higher head office salary costs, higher legal and professional costs incurred in respect of the Varvarinskoye Project and the absence of royalty income in respect of the Company's investment in the Tasbulat Oil Corporation.

FINANCIAL POSITION AS AT MARCH 31, 2010 AND DECEMBER 31, 2009

As at March 31, 2010 the Company held net assets of \$23.3 million, compared with \$24.8 million as at December 31, 2009, representing a reduction of \$1.5 million during the first quarter of 2010.

The above-mentioned reduction in net assets of \$1.5 million during the quarter ended March 31, 2010 was primarily due to a reduction in cash and cash equivalents of \$1.3 million; this reduction in cash and cash equivalents reflected: (a) the Company's administrative costs, legal and professional costs and funding of its exploration projects totalling \$1.5 million and (b) oil royalty cash income of \$0.2 million received during the quarter in respect of the Company's remaining investment in Tasbulat Oil Corporation.

The Company's ongoing funding requirements are for its corporate overheads and the continuation of its mineral property and project licence obligations, including funding its 40% pro-rata share of the Talas Project exploration budget requirements.

Orsu Metals Corporation

MD&A for the period ended March 31, 2010

As at December 31, 2009 the Company held a 100% interest in the Talas Project and had included the carrying value of the Talas exploration property of \$13 million, within its "Exploration Properties" assets. As at March 31, 2010, the Company reclassified the carrying value of the Talas exploration property investment as part of its "Equity investment in the Talas Joint Venture" (see "Equity investment in the Talas Joint Venture" below).

EQUITY INVESTMENT IN THE TALAS JOINT VENTURE

As at December 31, 2009, the Company held a 100% interest in the Talas Joint Venture Company and as such had fully consolidated the results of the Talas Joint Venture Company in the Company's financial statements as at that date.

In February 2010, Gold Fields earned a 60% interest in the Talas Joint Venture Company and, in doing so, gained the ability to unilaterally control the operational, financial and investment decisions of the Talas Joint Venture Company. For this reason the Company's 40% interest in the Talas Joint Venture Company met the criteria of a "Variable Interest Entity", as defined by the Accounting Standards Board in Accounting Guideline 15, Consolidation of Variable Interest Entities, and has been accounted for under the equity method for the period ended March 31, 2010 (further information relating to this accounting treatment can be found under the heading "Equity Investment in the Talas Joint Venture" in the financial statements of the Company).

A summary of the carrying value of the Company's investment in the Talas Joint Venture as at March 31, 2010 is set out below:

	\$
Value of investment at beginning of period	13,384
Funding provided by the Company during the period	338
Less: Company's 40% share of Talas Joint Venture losses during the period	(214)
	<hr/>
	13,508

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2010 the Company's main source of liquidity was unrestricted cash of \$2.1 million, compared with \$3.4 million as at December 31, 2009.

The Company measures its consolidated working capital as comprising free cash, prepayments and other receivables, less accounts payable and accrued liabilities. As at March 31, 2010, the Company's consolidated working capital was \$1.4 million compared with a consolidated working capital of \$2.8 million as at December 31, 2009.

As a result of the completion by the Company of the Offering on April 16, 2010, pursuant to which gross proceeds of CAD\$28 million were raised, the Company's liquidity has been significantly improved. The net proceeds of the Offering were CAD\$25.7 million and are expected to be used towards the maintenance of the Company's interests in, and for the further exploration and the development of, the Company's mineral properties in the Republic of Kazakhstan and the Kyrgyz Republic, to pursue future growth opportunities (which may include acquiring one or more additional assets), if and when such opportunities arise, and for general corporate and working capital purposes.

The Company holds its available cash in short-term (less than 3 months) and medium-term (less than 6 months) interest-bearing bank deposit accounts in various currencies and manages such deposits in light of its forecast cash needs and available market interest rates. The majority of the Company's expenditures are in United States Dollars, Canadian Dollars, Kazakh Tenge, Kyrgyz Som and British Pounds Sterling. The Company's liquidity may, therefore, be adversely affected by, amongst other things, the ability of the Company to accurately forecast its operating cash needs in the aforementioned currencies, the Company's ability to convert its cash funds from Canadian Dollars into the other aforementioned currencies, as may be impacted by unfavourable movements in the Canadian Dollar exchange rate relative to the aforementioned currencies and the Company's ability to earn interest on its cash deposits. Further information regarding the Company's liquidity risk, currency risk and interest rate risk may be found in the Company's financial statements for the period ended March 31, 2010.

While the Company's present liquidity has improved since the end of Q1 2010, due to the completion by the Company of the Offering on April 16, 2010, the advancement, exploration and development of the Company's properties, including continuing exploration and development projects, and the construction of mining facilities and commencement of mining operations, if any, will require substantial additional financing in the future. To the extent that such funding is required in the future, the Company expects that it would try to raise such funding through equity financing if and when required. Whilst the Company has been successful in raising equity

Orsu Metals Corporation

MD&A for the period ended March 31, 2010

financing in the past, the Company's ability to raise additional equity financing may be affected by numerous factors beyond the Company's control, including, but not limited to, adverse market conditions and/or commodity price changes and economic downturn and those other factors that are listed under "Risks and Uncertainties" in this MD&A.

COMMITMENTS

The following table summarises the commitments of the Company as at March 31, 2010:

	2010	2011	2012	2013	2014 +	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Lease obligations	352	352	352	352	1,056	2,464

The Company's lease obligations are for its London head office property rents payable under a lease agreement expiring in 2016. The rent is subject to a review in 2011 which may affect the future lease obligations from 2011 onwards. There have been no defaults in any of the Company's lease commitments.

DISCONTINUED OPERATIONS

On October 30, 2009 the Company completed the sale of the Varvarinskoye Project to Polymetal. The Company has, in accordance with Canadian GAAP CICA 3475, reported the net loss of \$25.3 million incurred during the three months ended March 31, 2009 associated with the Varvarinskoye Project as discontinued operations.

Following the disposition of the Varvarinskoye Project, the Company's operations no longer include commercial production and the Company has focused its resources on the exploration of its exploration properties and projects in Kyrgyzstan and Kazakhstan, which include the Talas Project.

The key effects of the disposal of the Varvarinskoye Project on the Company's current operations can be summarized as follows:

- The Company is no longer subject to the operating profits and losses and cashflows arising from the extraction and processing of ores and the sale of gold and copper metal;
- The Company is no longer exposed to the risk of further impairment write offs relating to the Varvarinskoye assets;
- The Company is no longer exposed to the gains and losses arising from the mark to market revaluation of the derivative (gold forward sale) contracts;
- The Company and its remaining subsidiaries no longer have any outstanding long-term debt or hedging liabilities and obligations; and
- The Company's operations no longer include commercial production and the Company has focused its resources on its exploration properties and projects in Kyrgyzstan and Kazakhstan.

TRANSACTIONS WITH RELATED PARTIES

Mr. Massimo Carello, a member of the board of directors of the Company, is also a director of Canaccord. In connection with providing its services as sole manager and bookrunner for the Offering, which closed on April 16, 2010, Canaccord received a fee equal to CAD\$1,680,000 (the "Agent's Fee"), being equal to 6% of the gross proceeds of the Offering, was reimbursed for expenses of the Offering related to legal and other professional service in the amount of CAD\$303,094 (the "Agent's Expenses"), and received 6,720,000 non-transferable broker warrants (each, a "Broker Warrant"), equal in number to 6% of the number of Units sold pursuant to the Offering (the Agent's Fee, Agent's Expenses and Broker Warrants, collectively, the "Canaccord Payment"). Each Broker Warrant entitles Canaccord to acquire one Common Share at the Offering Price for a period of two years following the closing date of the Offering. The Canaccord Payment was considered to be based on normal commercial terms.

CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted. Accordingly, the conversion to IFRS will be applicable to the Company's reporting no later than in the first quarter of 2011, with restatement of comparative information presented.

The conversion to IFRS will impact the Company's accounting policies, information technology and data systems, internal control over financial reporting, and disclosure controls and procedures. The transition may also impact business activities, such as foreign currency, certain contractual arrangements and compensation

arrangements. The Company has designated the appropriate resources to the project to develop an effective plan and will continue to assess resource and training requirements as the project progresses.

The Company has identified the following four phases of its conversion plan: scoping and planning, detailed assessment, operations implementation and post implementation.

As at the date of this MD&A, the scoping and planning phase of the Company's changeover plan is at an advanced stage and shall be completed by the end of May 2010 (the Company's original target deadline was March 31, 2010), at which time the detailed assessment phase is expected to commence and is expected to be completed during the third quarter of 2010. The short delay in finalizing the scoping and planning phase of the Company's changeover plan is not expected to significantly impact the timing of the remaining phases of the changeover plan. PricewaterhouseCoopers is continuing to advise the Company regarding the completion of the scoping and planning phase.

The scoping and planning phase has involved establishing a project management effort, mobilizing organizational support for the conversion plan, identifying major areas affected, and developing an implementation plan and communication strategy. The detailed assessment phase will result in accounting policy decisions, quantification of financial statement impact, identification of business processes and resources impacted. The operations implementation phase includes the preparation of draft financial statements and design of business, reporting and system processes to support the compilation of IFRS compliant financial data for the opening balance sheet at January 1, 2010. Ongoing training, testing of the internal control environment and updated processes for disclosure controls and procedures will continue. Post implementation will include sustainable IFRS compliant financial data and processes for fiscal 2011 and beyond.

The Company's current assessment (based upon the initial results of its scoping and planning phase) of high impact areas of potential differences is as follows:

Business combinations

During 2008, the Company completed the acquisition of Lero. The acquisition was accounted for under Canadian GAAP using the purchase method whereby assets and liabilities acquired are recorded at their fair values as of the date of the acquisition. Any excess of the purchase price over such fair value is recorded as goodwill. Any excess of fair value over the purchase price is not recorded. No goodwill was identified as part of the acquisition; however goodwill may arise in the future from new acquisitions. Under Canadian GAAP goodwill is not amortized.

Under IFRS:

- IFRS 1 provides the option to not apply the IFRS business combinations standard on a retrospective basis.
- A new business combinations standard IFRS 3(R) will be applicable prior to transition, and will significantly change accounting for acquisitions including the following:
 - Transaction costs will be expensed as incurred.
 - Assets and liabilities will be recorded at full fair value, rather than at the value of the consideration paid.
 - In step acquisitions, the assets and liabilities owned prior to the acquisition of a majority interest are re-valued at the date of acquisition.

Impairment (long-lived assets, intangibles and goodwill)

In evaluating the Company's long-lived assets for recoverability under Canadian GAAP, the Company uses a two step impairment test. Estimates of after-tax undiscounted future cash flows of the individual operations are used to estimate the recoverable amount and this is compared with carrying amount. Where the recoverable amount is less than the carrying value an impairment charge is recognised for the amount by which the carrying value exceeds the fair value.

Under IFRS:

- IFRS requires the use of a one-step impairment test (impairment testing is performed using discounted cash flows) rather than the two-step test under Canadian GAAP (using undiscounted cash flow as a trigger to identify potential impairment loss).
- IFRS requires reversal of impairment losses (excluding goodwill) where previous adverse circumstances have changed; this is prohibited under Canadian GAAP.
- Impairment testing should be performed at the asset level for long-lived assets and intangible assets. Where the recoverable amount cannot be estimated for individual assets, it should be estimated as a part of a Cash Generating Unit.
- Impairment testing under IFRS is performed using two new valuation methods – value in use and fair value less cost to sell.

Orsu Metals Corporation

MD&A for the period ended March 31, 2010

Property, plant and equipment

The Company's property, plant and equipment are recorded at cost less accumulated amortization.

Under IFRS:

- IFRS 1 allows companies to elect fair value as the deemed cost of an individual asset at the date of transition.
- IFRS requires a componentization approach, separately identifying and measuring significant individual components of assets which have different useful lives. Significant components will be depreciated based on their individual useful lives.

Foreign currency translation

The Company's functional and reporting currency is US dollars. None of the Company's operations are accounted for as self-sustaining operations. The Company's assets and non-monetary liabilities are translated at historic exchange rates in effect at the date of the transaction giving rise to the item and revenues and expenditures are translated at average exchange rates. Differences arising from these foreign currency translations are recorded as income or loss in the consolidated statements as other comprehensive income in the Statement of Operations.

Under IFRS:

- IFRS 1 allows companies to reset their existing cumulative translation account balance to zero at the date of transition.
- IFRS uses a functional currency concept (currency of the primary economic environment in which the entity operates) to determine the method of measuring foreign currency translation. Canadian GAAP uses the concept of integrated and self-sustaining foreign operations.

Financial Instruments

Financial and derivative instruments, including embedded derivatives, are recorded at fair values on the Company's balance sheet, with gains and losses in each period included in other comprehensive income or net income. Fair values are determined using valuation techniques. These techniques use assumptions based on market conditions existing at the balance sheet date.

Under IFRS:

- IFRS does not provide specific transitional rules for embedded derivatives.
- IFRS has a different derivative definition as compared to existing Canadian GAAP. This difference may have a significant impact on the number of recognized embedded derivatives.

ACCOUNTING POLICY DEVELOPMENTS

Effective January 1, 2009, the Company adopted the following new CICA Accounting Standards:

Business combinations

In January 2009, the CICA issued Handbook Section 1582, Business Combinations, which replaces Section 1581, Business Combinations, and provides the equivalent to IFRS 3, Business Combinations (January 2008). The new Section expands the definition of a business subject to an acquisition and establishes significant new guidance on the measurement of consideration given, and the recognition and measurement of assets acquired and liabilities assumed in a business combination. The new Section requires that all business acquisitions be measured at the full fair value of the acquired entity at the acquisition date even if the business combination is achieved in stages, or if less than 100 percent of the equity interest in the acquiree is owned at the acquisition date.

The measurement of equity consideration given in a business combination will no longer be based on the average of the fair value of the shares a few days before and after the day the terms and conditions have been agreed to and the acquisition announced, but rather at the acquisition date. Subsequent changes in fair value of contingent consideration classified as a liability will be recognized in earnings and not as an adjustment to the purchase price. Restructuring and other direct costs of a business combination are no longer considered part of the acquisition accounting.

Instead, such costs will be expensed as incurred, unless they constitute the costs associated with issuing debt or equity securities. The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted. This new Section will only have an impact on the Company's consolidated financial statements for future acquisitions that will be made in periods subsequent to the date of adoption.

Consolidated financial statements and non-controlling interests

In January 2009, the CICA issued Handbook Section 1601, Consolidated Financial Statements, and Handbook Section 1602, Non-Controlling Interests, which together replace Section 1600, Consolidated Financial Statements. These two Sections are the equivalent to the corresponding provisions of International Accounting Standard 27, Consolidated and Separate Financial Statements (January 2008). Section 1602 applies to the accounting for non-controlling interests and transactions with non-controlling interest holders in consolidated financial statements. The new Sections require that, for each business combination, the acquirer measure any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The new Sections also require non-controlling interest to be presented as a separate component of shareholders' equity.

Under Section 1602, non-controlling interest in income is not deducted in arriving at consolidated net income or other comprehensive income. Rather, net income and each component of other comprehensive income are allocated to the controlling and non-controlling interests based on relative ownership interests. These Sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011, and should be adopted concurrently with Section 1582. The Company is currently assessing the future impact of these new Sections on its consolidated financial statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The following critical accounting policies and estimates are relevant to the presentation of the Company's financial results as at March 31, 2010:

Use of estimates

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates are used for certain items such as fair values used to establish mineral reserve quantities (if any), depreciation and stock based compensation.

Cash and cash equivalents

Cash and cash equivalent balances include cash and short-term deposits with banks or other financial institutions that have an original maturity date of 90 days or less. Cash equivalents have been designated as held-for-trading and are reported on the balance sheet at fair value with changes in their fair value reported in the statement of operations.

Mineral property and development costs

Mineral property and development costs represent capitalized expenditures related to the acquisition and development of mineral properties and related plant and equipment.

The Company recognizes the payment of amounts required under option agreements as an addition or reduction, respectively, in the book value of the property under option when paid or received.

Exploration and associated costs relating to properties for which there is no evidence of economically recoverable mineralization are expensed in the period incurred. Exploration costs relating to properties for which economically recoverable reserves are believed to exist are deferred until the project to which they relate is sold, abandoned, placed into production or becomes impaired.

The Company reviews and evaluates its mineral property and development assets for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is considered to exist if the total future undiscounted cash flows are less than the carrying amount of the assets. Estimated future undiscounted cash flows are prepared taking into account estimated future production levels, commodity prices, operating costs, capital costs, reclamation and closure costs.

Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses whether the carrying value can be recovered. If impairment is identified, the carrying value of the property is written down to its estimated fair value.

The Company has taken steps to verify title to mineral properties in which it has an interest, according to industry standards for the current stage of exploration of such properties, however, these procedures do not guarantee the Company's title. Such properties may be subject to prior undetected agreements or transfers and title may be affected by such defects.

Orsu Metals Corporation

MD&A for the period ended March 31, 2010

Property, plant and equipment

Property, plant and equipment are recorded at cost. Repairs and maintenance expenditures are charged to operations. Major improvements and replacements that extend the useful life of an asset are capitalized. Office equipment is amortized on a straight line basis over 4 to 10 years.

Net investment in oil and gas residual interests

Sales proceeds and royalties received or receivable are recorded as a reduction to the carrying value of the Company's net investment in oil and gas residual interests.

Investments

The Company's variable interest entities, (the "VIEs") are accounted for under the equity method, which include, but are not limited to, special purpose entities, trusts, partnerships and other legal structures, as defined by the Accounting Standards Board in Accounting Guideline 15, Consolidation of Variable Interest Entities. VIEs are entities in which equity investors do not have the characteristics of a "controlling financial interest" or there is not sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. VIEs are subject to consolidation by the primary beneficiary, the party who absorbs the majority of the entities' expected losses and residual returns.

Under the equity method, the investment is initially recorded at cost and the carrying value adjusted thereafter to include the investor's pro rata share of post acquisition earning.

Income taxes

The Company follows the liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes. Future income tax assets are evaluated and if realization is not considered more likely than not, a valuation allowance is provided.

Incentive stock option plan

The Company uses the fair value method for accounting for stock-based awards to employees and non-employees. Under the fair value method, compensation expense attributed to the direct award of stock to employees is measured at the fair value of the award at the grant date, using an option pricing model, and is recognized over the vesting period of the award. Compensation expense for non-employees is measured on the earlier of the date at which the counter party's performance is complete, the date the performance commitment is reached, or the date at which equity instruments are granted if they are fully vested and non-forfeitable. If and when the stock options are ultimately exercised, the applicable amounts of additional paid-in capital and contributed surplus are credited to share capital.

Earnings (loss) per share

Earnings (loss) per share are calculated based on the weighted average number of common shares issued and outstanding during the year. Diluted earnings (loss) per common share are calculated using the treasury stock method for outstanding stock options and warrants. Under the treasury stock method, incremental common shares issuable upon the exercise of stock options and warrants are excluded from the computation if their effect is anti-dilutive. In periods in which a loss is incurred, the calculation would be anti-dilutive, in which case basic and diluted loss per share are the same.

RISKS AND UNCERTAINTIES

Readers of this MD&A should give careful consideration to the information included in this document and the Company's consolidated financial statements and notes. The following describes some of the risks that could affect Orsu.

These risks include risks associated with the estimate of mineral resources; risks related to exploration and development operations; risk of changes to applicable government regulations relating to the mining industry or to their application or shifts in political conditions in foreign countries; risks of changes to environmental legislation; risks associated with the political and legal environment in Kazakhstan and Kyrgyzstan; risks associated with doing business in Kazakhstan and Kyrgyzstan; risks associated with the acquisition and retention of title to mineral properties; risks associated with non-compliance with environmental and regulatory requirements; fluctuations in the price of gold or copper and foreign currency fluctuations; risks related to obtaining required financing and operating permits on a timely basis; and the inability to economically or fully insure against certain risks. The Company is also subject to a number of risk factors due to the nature of the resource business in which it is engaged. The Company seeks to mitigate these risks as much as possible by selecting exploration and development areas on the basis of their recognised geological, production and potential to host economic returns. There may be additional risks unknown to Orsu and other risks, currently believed to be immaterial, that could turn out to be material. These risks, whether they materialise individually or simultaneously, could significantly adversely affect the Company's business and financial condition and results of operations.

Risks and Uncertainties Relating to the SPA and the Varvarinskoye Disposition

Pursuant to the terms of the SPA, the Company has given Polymetal certain customary warranties regarding title, its ability to sell its former subsidiary Three K Exploration and Mining Limited ("Three K") and the business of Joint Stock Company Varvarinskoye ("JSCV") (the Company's former subsidiary and the owner and operator of the Varvarinskoye Project). These warranties are subject to certain limitations, including specified time periods within which claims relating to such warranties can be brought and individual and aggregate claims thresholds and liability caps which are customary for a transaction of this nature. The Company has also given indemnities relating to certain potential tax liabilities and liabilities connected to certain dormant subsidiaries of Three K which have been transferred to Polymetal in connection with the transaction but which are to be transferred back to the Company.

In the event that Polymetal pursues a claim against Orsu for a breach of any of these warranties, or Orsu is required to meet its obligations under the indemnities provided to Polymetal, Orsu will be exposed to unexpected and potentially material cash outflows from its limited cash resources, which could have a material adverse effect on the Company's financial condition and results of operations.

In addition, whilst Orsu has received the initial consideration of \$8 million for the sale of the Varvarinskoye Project, there exists significant uncertainty in relation to whether the Company will receive any deferred consideration proceeds (up to a maximum entitlement of \$12 million). Deferred consideration proceeds are based upon and affected by the hedging program entered into by the purchaser, future gold and copper metal price levels and the future cash flows of JSCV, and these key factors are not under the control or influence of Orsu. A failure to receive such proceeds could have an adverse effect on the Company's financial position.

Risks relating to the Karchiga Project Contract

Notwithstanding the Former MEMR having approved the Second Amendment, in the absence of the execution and registration of the Second Amendment, GRK may be technically in breach of its contractual obligations under the Karchiga Project Contract, including those related to the expiration of the Exploration Period and the return of the contract area. In addition, as a result of the delay in obtaining the execution and registration of the First Amendment, GRK has not yet obtained from the Competent Authority (as defined below) the formal annual approvals required for its work programs for 2009 and 2010 (as required by Kazakhstan laws) and therefore, may have technically conducted its activities in 2009 and to date in 2010 in breach of the Karchiga Project Contract and in violation of Kazakhstan laws. As of the date hereof, GRK has not received any notification letter from the Competent Authority that GRK conducted its activities in violation of either the Karchiga Project Contract or Kazakhstan laws. Every significant violation by GRK of its obligations under the Karchiga Project Contract may cause the suspension or termination of the Karchiga Project Contract and the materiality of any given violation is not established under Kazakh law and, as a result, is determined at the discretion of the Competent Authority. If the Second Amendment is not executed by, and registered with, the Competent Authority, the Karchiga Project Contract may be deemed terminated effective as of February 28, 2010. Accordingly, there is a risk that GRK will lose its interest in the Karchiga Project and its rights to conduct subsoil operations under the Karchiga Project Contract, which may have a material adverse effect on the Company, its financial condition and results of operations.

"Competent Authority" means the state agency (or agencies), which is (or are) designated by the Government of Kazakhstan and acts on behalf of the State to exercise rights related to the execution and performance of

contracts, recently, the Former MEMR, which was dissolved on March 12, 2010. On this same date, the Ministry of Industry and Trade of the Republic of Kazakhstan was re-organized into the MINT. These changes involved, among other things, the transfer of the Former MEMR's functions and authorities in the mining industry to MINT.

The Government of Kazakhstan's pre-emptive rights, waiver and consent of the Competent Authority

Article 71 of Kazakhstan's Law No. 2828 "On Subsoil and Subsoil Use" dated January 27, 1996 (the "Subsoil Use Law") provides the State of Kazakhstan with a statutory pre-emptive right, exercisable in the event that the Company attempts to sell or otherwise transfer any shares or other equity interest in (A) a legal entity holding a Kazakh subsoil use right or (B) a legal entity which may directly or indirectly make decisions and/or exert influence on decisions adopted by a Kazakh subsoil user if the main activity thereof is connected to subsoil use in Kazakhstan, to purchase such rights or equity interests on terms no less beneficial than those offered to the current purchasers. The Competent Authority in subsoil has the right to terminate a subsoil user contract if a transaction takes place in breach of the requirements of Article 71 of the Subsoil Use Law, which applies both to Kazakh and overseas entities.

Also, under Article 14 of the Subsoil Use Law, any transfer of subsoil use rights to any third party, in whole or in part, may be made only with the prior consent of the Competent Authority. A transfer of subsoil use rights may occur in a number of different manners, including by way of assignment, in whole or in part, of subsoil use rights under a subsoil contract; the disposition of shares in a subsoil user; a contribution to the charter capital of a newly established legal entity; a transfer of subsoil use rights as part of a transfer of a property complex; the alienation of subsoil use rights under bankruptcy proceedings in the event of a subsoil user's bankruptcy; and a pledge of subsoil use rights. Although the Subsoil Use Law does not state that the consent of the Competent Authority applies to transfers of shares in ultimate shareholders (such as Orsu) of a subsoil user, the Competent Authority interprets the relevant provision of the Subsoil Use Law broadly so as to apply to transfers of shares in subsoil users or any of their direct or indirect parent entities.

This statutory pre-emptive right applies not only to initial issuances of shares from the Company's or any of its subsidiaries' treasury, but also to any subsequent trading of such shares, including, in the case of the Common Shares, trading through the facilities of the Toronto Stock Exchange (the "TSX") and the AIM Market of the London Stock Exchange ("AIM"). While it is unclear whether such a pre-emptive right is valid at law in respect of offshore transactions, it purports to have extra-jurisdictional effect. Consequently, as a matter of Kazakh public policy, future acquisitions of assets and/or equity interests in such assets in Kazakhstan will be subject to such law. Furthermore, the State of Kazakhstan, acting through the Competent Authority, has the unilateral right to terminate a subsoil use contract for a violation of its pre-emptive right. Accordingly, the State of Kazakhstan may be able to enforce extra-territorial breaches of its pre-emptive right by terminating the underlying subsoil use contract in the event of any such breach. In the event that the State of Kazakhstan exercises its pre-emptive rights in respect of any transfer of subsoil use rights or related equity interests within, to or from the Company, such exercise may have a material adverse effect on the Company, its financial condition and results of operations.

The Company has in the past obtained waivers which were required for the issuance from treasury and/or the transfer of shares of its subsidiaries. However, the Company has not obtained a waiver in respect of the subsequent trading of the Common Shares. The Company has applied for a waiver of the application of the State of Kazakhstan's pre-emptive right with respect to the Offering and current trading of the Common Shares on the TSX and AIM. While the Company expects to obtain such waiver in due course, there can be no assurance that the Company will be successful in obtaining such waiver and, accordingly, there is a risk of the State of Kazakhstan enforcing its pre-emptive right by terminating the Company's subsoil use contract due to the Company's breach of the Subsoil Use Law. The Company is not aware of any instance of the State of Kazakhstan having terminated a subsoil use contract of any legal entity which indirectly, through its subsidiaries, holds a Kazakh subsoil use right as a result of the shares of such entity having been traded on a stock exchange or other public market in breach of the Subsoil Use Law. In the event that the State of Kazakhstan exercises its pre-emptive rights in respect of the Offering or the current trading of the Common Shares on the TSX and AIM, such exercise may have a material adverse effect on the Company, its financial condition and results of operations.

Gold Fields Joint Venture.

Under the terms of the JV Agreement, dilution provisions apply if either party decides not to contribute to approved, budgeted expenditure in accordance with its pro-rata share. As a result, if the Company is unable to fund its pro-rata share of project expenditure, the Company's interest in the Talas Joint Venture Company, and therefore the Talas Project, will be reduced according to the dilution provisions of the JV Agreement. This will reduce the Company's share of any potential future revenues and profits generated by the Talas Project if and when the exploration stage is satisfactorily completed and the project becomes an operating asset.

Although the Company expects that it will contribute to expenditures in accordance with its pro-rata share, no assurance can be given in this respect and, as a result, the Company's interest in the Talas Project may be diluted from the present 40% if the Company does not make its pro-rata contribution to the Talas Project at any

time in the future. If the Company's interest is reduced to 10% or less, then such interest will be substituted for a 2% net smelter returns royalty.

Regulatory Approvals

The operations of Orsu and the exploration, development and subsoil use rights which have been obtained by the Company require numerous approvals, consents, licences, permits and registrations from various regulatory authorities, governmental and otherwise, and/or renewals or extensions thereof (including, but not limited to, extensions of the Taldybulak and Barkol licences after December 31, 2010, the approval by the Competent Authority of the Company's application for a waiver of the Competent Authority's pre-emptive right with respect to the Karchiga Project and the current trading of the Common Shares on the TSX and AIM and the execution and registration with the Competent Authority of the Second Amendment, providing for, among other things, extensions of the Exploration Period and the Return Date). No assurance can be given that approvals, consents, licences, permits and registrations currently held by Orsu or which are obtained in the future will not be withdrawn, revoked or subject to change, with or without notice, or that they will not be renewed or extended as required. As well, additional project specific consents, permits, registrations and/or governmental decrees may be required. Furthermore, as Kazakhstan and Kyrgyzstan have somewhat bureaucratic administrative systems, there may be delays in obtaining, renewing or extending such approvals, consents, licences, permits and registrations. There is no assurance that Orsu will be able to obtain, maintain, renew or extend all necessary approvals, consents, licences, permits and registrations and/or that all consents, licences, permits and registrations specific to the Company's exploration projects will be forthcoming in order to enable Orsu to explore and develop the properties on which it has exploration, development and subsoil use rights or to commence construction or operation of mining facilities that economically justify the costs involved. All such factors may have material adverse effects on Orsu's business and financial condition.

Risks Relating to Kyrgyzstan

Uncertain Political Environment in Kyrgyzstan

The Kyrgyz Republic has a short history as an independent nation and there is potential for social, political, economic, legal, and fiscal instability.

In particular, since the beginning of April, 2010 Kyrgyzstan has been experiencing political instability, civil unrest and incidents of violence. On April 7, 2010 a state of emergency was declared in some regions of the country, including Talas and the capital city, Bishkek. On April 8, 2010 various news agencies reported a change in government with opposition leaders forming an interim government. The interim government comprises the powers of the president, parliament and the central government and has dissolved the Kyrgyz parliament, stating that it will remain in power until new elections are held. The interim government announced that a referendum on adoption of the new version of Constitution of the Kyrgyz Republic will take place on June 27, 2010, while the new parliamentary elections will take place on October 10, 2010. The draft of the new Constitution was published on April 26, 2010. Even though the Constitution is still in draft, it is anticipated that it will propose that Kyrgyzstan shall become a parliamentary republic, rather than a presidential republic. Whether such a change in government will have a material adverse effect upon the Company's business, operations or any of the licenses held in Kyrgyzstan is unknown at this time. However, on April 26, 2010, the interim government adopted decree No. 23 "On protection of investments" which guaranteed to local and foreign investors protection of investments, a fair and equal legal regime and fulfillment of the international obligations of the Kyrgyz Republic.

Continued or future political or social instability, civil unrest or incidents of violence in the Talas and/or surrounding regions could, in addition to affecting the political, social and/or economic stability of Kyrgyzstan, adversely affect the ongoing exploration and development of the Talas Project and/or the Tokhtazan Project or even the loss of the Company's interest in such properties, which, in the case of the Talas Project, could have a material adverse effect upon the Company, its financial condition and results of operations.

Other risks associated with the Company's business in Kyrgyzstan include the possibility of: local currency devaluation; exchange controls or restrictions on availability of hard currency; transportation regulations; changes in taxes, royalty rates, import and export tariffs and withholding taxes on distributions to foreign investors; nationalization, condemnation, or expropriation of property; dependency upon good relations with Kyrgyzstan's neighbours to ensure Kyrgyzstan's ability to export; and interruption or blockage of gold or copper exports. The occurrence of one or more of the foregoing could have a material adverse effect on the Company. As at the date of this MD&A it is uncertain whether the current evolving political changes and civil instability in Kyrgyzstan will have a direct or indirect material adverse effect upon the Company, its financial condition and results of operations.

Uncertain legal environment in Kyrgyzstan

The legislation of the Kyrgyz Republic is not stable but is regularly amended and modified. The following risks create uncertainties to business entities in the Kyrgyz Republic: conflicting and uncoordinated laws, regulations and decrees; inconsistent application of laws and regulation; alleged bribery and corruption and non-transparency within governmental bodies; alleged non-independent judicial system; certain limitations related to foreign citizens; changes in the tax regime; the possible adoption of a new tax code which might adversely affect

companies doing exploitation business in the Kyrgyz Republic; discrepancies and confusion surrounding the powers of different governmental agencies; and excessive discretion. There is also no assurance that the Company's legal rights to use or operate any property in which it invests in Kyrgyzstan will be recognised by the relevant government or other authorities.

No assurance can be given that the uncertainties associated with the existing and future laws and regulations in Kyrgyzstan generally will not have a material adverse effect on the Company's investments or operations. Governmental authorities have a high degree of discretion in the Kyrgyz Republic and at times act selectively or arbitrarily, without hearing or prior notice, and sometimes in a manner that is contrary to law or influenced by political or commercial considerations. Moreover, the government also has the power in certain circumstances, by regulation or governmental act, to interfere with the performance of, nullify or terminate contracts.

Risks Relating to Kazakhstan

Uncertain Political Environment in Kazakhstan

Kazakhstan was a constituent republic of the former Soviet Union. In 1991, Kazakhstan declared its independence from the Soviet Union. At the time of its independence, it became a member of the Commonwealth of Independent States. Because Kazakhstan has a short history of political stability as an independent nation, there is potential for social, political, economic, legal, and fiscal instability. These risks include: local currency devaluation; exchange controls or restrictions on availability of hard currency; changes in gold and copper prices and transportation regulations; changes with respect to taxes, royalty rates, import and export tariffs and withholding taxes on distributions to foreign investors; nationalization, condemnation, or expropriation of property; and interruption or blockage of gold or copper exports. All of these factors could have a material adverse effect on the Company's business and financial condition. In addition, since the dissolution of the Soviet Union, a number of other former Soviet republics have experienced periods of political instability, civil unrest, military action or incidents of violence. Kazakhstan has not experienced any such unrest and, to date, this regional instability has not affected Kazakhstan or the Company's operations in Kazakhstan. However, future political instability, civil unrest or continued violence in the region could affect the political or economic stability of Kazakhstan, and could have an adverse effect on the Company's business, its financial condition and results of operations.

Adverse Economic Conditions in Kazakhstan

Since its independence from the Soviet Union in December 1991, Kazakhstan has been undergoing a rapid and uneven transition to a market oriented economy. It has experienced severe economic problems since independence, including shortages in the supply of goods and services, unemployment and non-payment of wages, shortages, failures and other problems with utilities, transportation, communication and other infrastructure. In addition, stability in other countries, such as Russia, may materially affect the condition of the Kazakhstan economy. The Company cannot be assured that the economic measures taken by the Kazakhstan government will be effective in improving economic conditions in Kazakhstan or that the process of transition to a market oriented economy will be successful. These conditions could have a material adverse effect on the Company, its financial condition and results of operations.

Uncertain Legal Environment in Kazakhstan

The current legal environment in Kazakhstan is characterized by ambiguous and inconsistent legislation, gaps where legislation is not yet available, and uncertainty in application due to frequent policy shifts and lack of administrative and judicial experience. Kazakh laws often provide general statements of principles rather than a specific guide to operations and government officials may be delegated or exercise broad authority to determine matters of significance to the operations and business of the Company. Such authority may be exercised in an unpredictable way and effective appeal processes may not be available. In addition, breaches of Kazakh law, especially in the areas of taxation, may involve severe penalties and consequences regarded as disproportionate to the offence.

It is often difficult to obtain all necessary information about required permits, approvals and licences as there is no comprehensive index or system for accessing all relevant legislation or administrative regulations. Additionally, officials often interpret regulations in an arbitrary or unpredictable way. It is also likely that the laws will change and such changes could be retrospective in form and effect.

There can be no assurance that the Company has complied with all applicable laws or obtained all necessary approvals in Kazakhstan. There can be no assurance that laws, orders, rules, regulations and other Kazakh legislation currently relating to the Company will not be altered, in whole or in part, or that a Kazakh court or other authority will not interpret existing Kazakh legislation, whether retroactively or otherwise, in such a way that would have an adverse impact on the Company. While there are some civil protections available against the retroactive effects of legislation, it may often be difficult to rely on or enforce such protections. The Company's failure to comply with any of these laws or obtain all of the necessary approvals could hinder the Company's ability to continue with its intended exploration work programme as planned and within the timescales previously planned and, if any breach is significant or remains unremedied for a prolonged period of time, the breach could

threaten the Company's ability to retain its title to its exploration licences and so affect the Company's future prospects.

In general, there remains uncertainty as to the extent to which Kazakh parties and entities, particularly governmental agencies, will respect the contractual and other rights of the non-Kazakh parties with which they deal and also as to the extent to which the "rule of law" has taken hold and will be upheld in Kazakhstan. Procedures for the protection of rights, such as the taking of security, the enforcement of claims and proceedings for injunctive relief or to obtain damages, are still relatively undeveloped in Kazakhstan. Accordingly, there may be greater difficulty and uncertainty in respect of the Company's ability to protect and enforce its legislated and contractual rights. There can be no assurance that this will not have a material adverse effect upon the Company's business and financial condition.

Recent Changes in Kazakh Subsoil Use Law and Regulatory Authorities

On February 17, 2010, the Mazhilis (the lower chamber of the Kazakhstan Parliament) approved a new Kazakhstan law "On Subsoil and Subsoil Use" (the "New Subsoil Law"). On April 22, 2010, following its review, the Senate (the upper chamber of the Kazakhstan Parliament) returned the New Subsoil Law to the Mazhilis for further amendment. The New Subsoil Law, as amended, will become effective if and when approved by the Mazhilis with subsequent approval by both the Senate and the President of the Republic of Kazakhstan. As the text of the New Subsoil Law is not currently publicly available, any potential impact it may have on the Company and the Company's business operations in Kazakhstan is currently unknown. However, any changes to the laws governing the Company and its business operations could have a material adverse effect on the profitability, results of operations and financial condition of the Company.

In addition, on March 12, 2010, the Former MEMR was dissolved and on this same date, the Ministry of Industry and Trade of the Republic of Kazakhstan was re-organized into the MINT. These changes involved, among other things, the transfer of the Former MEMR's functions and authorities in the mining industry to MINT. Though, as of May 6, 2010, no regulations governing activities of the MINT were in effect, in practice, after March 12, 2010, the MINT started undertaking actions as the Competent Authority for the Company's mining projects. It is expected that the proposed New Subsoil Law will bring additional clarity in respect of authorities of the MINT in the mining industry in Kazakhstan.

Additional Equity Financing

The advancement, exploration and development of the Company's properties, including continuing exploration and development projects, and the construction of mining facilities and commencement of mining operations, if any, will require substantial additional financing in the future. Failure to obtain sufficient financing in the future will result in a delay or indefinite postponement of the advancement, exploration, development or any commercial production on any or all of the Company's properties or even a loss of a property interest. Additional equity financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Company and might involve substantial dilution to existing shareholders. While the Company has been successful in raising such financing in the past, the Company's ability to raise additional financing may be affected by numerous factors beyond the Company's control, including, but not limited to, adverse market conditions and/or commodity price changes and economic downturn and those other factors listed under this "Risks and Uncertainties" section of this MD&A. Failure to raise capital when needed would have a material adverse effect on the Company's business, financial condition and results of operations. Global securities markets are currently experiencing volatility, which may result in difficulty in raising equity capital and market forces may render it difficult or impossible for the Company to secure purchasers of the Company's securities at prices which will not lead to severe dilution to existing shareholders, or at all.

Estimates of Mineral Resources

The mineral resource estimates published from time to time by the Company (including the estimates referred to in this MD&A) are estimates only and no assurance can be given that any particular level of recovery of gold or other minerals from mineral resources will in fact be realized or that an identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be economically exploited. Additionally, no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Estimates of mineral resources can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ dramatically from that indicated by results of drilling, sampling and other similar examinations. Short term factors relating to mineral resources, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. Material changes in mineral resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. Mineral resources are reported as general indicators of mine life. Mineral resources should not be interpreted as assurances of mine life or of the profitability of current or future operations. There is a degree of uncertainty attributable to the calculation and estimation of mineral resources and corresponding grades being mined or dedicated to future production. Until ore is actually mined and processed, mineral resources and grades must be considered as estimates only. In addition, the quantity of

mineral resources may vary depending on mineral prices. Any material change in mineral resources, grades or stripping ratios will affect the economic viability of the Company's projects.

Speculative Nature of Mineral Exploration

The exploration and development of mineral deposits involves significant financial risks over a prolonged period of time, which a combination of careful evaluation, experience and knowledge may not eliminate. Few properties that are explored are ultimately developed into economically viable operating mines. Major expenditure on Orsu's exploration properties may be required in constructing mining and processing facilities at a site, and it is possible that even preliminary due diligence will show adverse results, leading to the abandonment of projects. It is impossible to ensure that preliminary feasibility studies or full feasibility studies on Orsu's projects or the current or proposed exploration programmes on any of the properties in which Orsu has exploration rights will result in any profitable commercial mining operation. Orsu cannot give any assurance that its current and future exploration activities will result in the discovery of mineral deposits containing mineral reserves.

Whether a precious metal or a base metal deposit will be commercially viable will depend on a number of factors, some of which are the particular attributes of the deposit (such as its size and grade), proximity to infrastructure, financing costs and governmental regulations (including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of precious metals or base metals concentrates, exchange control and environmental protection). The combination of these factors may have a material adverse effect on Orsu's business and financial condition.

Kazakhstan Tax Legislation

The taxation system in Kazakhstan as a market oriented economy is at an early stage of development. Tax legislation is evolving and is subject to different and changing interpretations as well as inconsistent enforcement at both the local and state levels. The uncertainty and the evolution of tax laws creates a risk of excessive payment of tax by companies operating in Kazakhstan, which could have a material adverse effect on the Company's financial condition and results of operations.

All legal entities carrying on activities in Kazakhstan must be registered with the tax inspectorate. Taxes in Kazakhstan include an income tax, an excess profits tax, a mineral extraction tax, a value added tax, a withholding tax, an excise tax, a tax on securities transactions, a land tax, a property tax, and a transport tax, as well as required contributions to social funds, fees for licences and customs fees and duties.

Additional payments, such as signing bonuses, commercial discovery bonuses, production bonuses, royalties and excess profits taxes, may be required from gold and copper producers. A signing bonus is a one-time payment for the rights to explore, develop and produce resources. A commercial discovery bonus is a one-time payment and is payable once a discovery of commercial value is made in the licensed or contracted territory.

An excess profits tax is also payable by gold and copper producers when their profits are in excess of a specified rate of return as set forth in the contract for the specific project. The amount of these special payments are negotiated on a project-by-project basis and are typically set forth in subsoil use contracts concluded between the operator and the Kazakhstan government.

Class Action Claim

Pursuant to the Class Action Claim, general and special damages in the amount of CAD\$50,000,000 and punitive damages in the amount of CAD\$5,000,000 have been claimed against Orsu. While Orsu has entered into the court-approved settlement agreement, which became effective on March 22, 2010, class members have the right thereafter to opt out of the settlement during a 60-day opt-out period, which commenced on April 6, 2010. If class members opt out of the settlement, they will be permitted to file individual actions against the Company. Furthermore, the Company and the other defendants have the right to terminate the settlement agreement if too many class members exercise their opt-out rights. While the Company, at this time, does not anticipate that class members will opt out of the settlement agreement, there can be no assurance that this will be the case. Any opt-out by a class member would result in further Company resources, both financial and personnel, being redirected from the Company's business and, while the Company, at this time, does not expect that the individual claims of any opt-out members would be significant, any such claims may have a material adverse effect on Orsu's financial condition.

In addition, the enforceability of the settlement agreement against class members who are not residents of Ontario or any other jurisdiction of Canada, even following the expiry of the opt-out period, will be subject to the various jurisdictional laws of the respective jurisdictions in which such persons are located or bring any further action. In any class action involving potential class members in other jurisdictions, there is always the possibility that some of those class members (who did not exercise their opt-out rights within the allocated time) may still be able to pursue individual claims and seek recovery in the courts of their respective jurisdictions. While the Company does not anticipate that any individual claims by such class members will be significant, there can be no assurance and any such claims may have a material adverse effect on Orsu's financial condition.

Orsu Metals Corporation

MD&A for the period ended March 31, 2010

Difficulty in Enforcing Judgments

As a result of all of the Company's assets being located in a foreign jurisdiction, there will likely be difficulties in enforcing against the Company judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities legislation for a misrepresentation contained in this MD&A or otherwise.

Foreign Subsidiaries

The Company is a foreign corporation and conducts operations through foreign subsidiaries and all of its assets are held in these subsidiaries. Accordingly, any limitation on the transfer of cash or other assets between the Company and its subsidiaries, or among its subsidiaries, could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist in the future, could have an adverse impact upon the Company's business and financial condition.

Defects in Title

The Company has investigated its rights to explore and exploit and develop its projects and, to the best of its knowledge, those rights are in good standing but no assurance can be given that such rights will not be revoked, or significantly altered, to the detriment of the Company.

Precious Metal and Base Metal Prices

The profitability of any precious or base metal mining operation in which Orsu may have an interest will be significantly affected by changes in the market price of precious and base metals. Precious and base metal prices fluctuate on a daily basis and are affected by numerous factors beyond Orsu's control. The level of interest rates, the rate of inflation, world supply of precious and base metals and stability of exchange rates can all cause significant fluctuations in precious and base metal prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of precious and base metals has historically fluctuated widely and future price declines could cause commercial production to be uneconomical and such fluctuations could have a material adverse effect on Orsu's business and financial condition.

Foreign Operations

The Company's material properties are located in Kazakhstan and Kyrgyzstan and, as such, a substantial portion of the Company's business is exposed to various degrees of political, economic and other risks and uncertainties. The Company's operations and investments may be affected by local political and economic developments, including expropriation, nationalisation, invalidation of government orders, permits or agreements pertaining to property rights, political unrest, labour disputes, limitations on repatriation of earnings, limitations on mineral exports, limitations on foreign ownership, inability to obtain or delays in obtaining necessary mining permits, opposition to mining from local, environmental or other non-governmental organizations, government participation, royalties, duties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies. Some of the Company's current and potential operations are located in or near communities that may now, or in the future, regard such an operation as having a detrimental effect on their economic and social circumstances. Should this occur, it may have a material adverse impact on the viability of an operation. In addition, such an event may adversely affect the Company's ability to enter into new operations in the country.

Global Economic and Financial Markets

Recent market events and conditions, including disruption in the Canadian, U.S. and international credit markets and other financial systems and the deterioration of Canadian, U.S. and global economic conditions, could, among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on the Company's ability to fund its working capital and other capital requirements. Notwithstanding various actions by U.S., Canadian and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions have caused the broader credit markets to further deteriorate and stock markets to decline substantially. In addition, general economic indicators have deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty about corporate earnings. These unprecedented disruptions in the current credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies, particularly resource exploration and development companies such as the Company. These disruptions could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining, capital and financing for its operations. The Company's access to additional capital may not be available on terms acceptable to the Company or at all.

Market Price of Common Shares

Worldwide securities markets have been experiencing a high level of price and volume volatility and market prices of securities of many companies, particularly those considered exploration or development stage companies, have experienced unprecedented declines in prices which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Most significantly, the share price of many natural resources companies have experienced an unprecedented decline in value and there has

Orsu Metals Corporation

MD&A for the period ended March 31, 2010

been a significant decline in the number of buyers willing to purchase such securities. As a consequence, market forces may render it difficult or impossible for the Company to secure purchasers to purchase its securities at a price which will not lead to severe dilution to existing shareholders, or at all. In addition, shareholders may realize less than the original amount invested on disposals of their Common Shares during periods of such market price decline.

Currency Risk

Currency fluctuations may affect the cash flow that the Company may realise from its operations. The Company's costs are incurred primarily in United States Dollars, British Pounds Sterling, Canadian Dollars and also in the currencies of the former Soviet countries in which it operates. Various countries within the Commonwealth of Independent States have from time to time imposed restrictions on the convertibility of local currency and there is no guarantee that such restrictions will not be imposed in future.

Interest Rate Risk

The Company's interest rate risk arises primarily from the interest received on cash and short-term deposits. The floating rate deposits and borrowings expose the Company to cash flow interest rate risk.

Exchange rates

The Company's asset values and any future earnings and cash flows will be influenced by a wide variety of currencies due to the geographic diversity of the Company's areas of operation. All of the Company's revenue is earned in United States dollars. The relative value of currencies can fluctuate widely and could have a material and adverse impact on the Company's asset values, costs, earnings and cash flows.

Asset Impairment

In accordance with Canadian GAAP (CICA 3063, "Impairment of Long-Lived Assets"), the Company considers those events or circumstances which may indicate that a long-lived asset's carrying amount may not be recoverable, in which case the carrying value of long-lived assets is tested for impairment.

At the date of this MD&A the Company believes that no impairment indicators are present and there are no indicators that the carrying values of its mineral properties may not be recoverable.

Although management of the Company believes that the estimates and judgements applied in the impairment assessments outlined above are reasonable, such assessments are subject to significant uncertainties and judgments. If long-term estimates including those made for commodity prices, recoverable metal and share prices were to change significantly, additional impairment charges may be required in future periods, and such charges could be material.

Key Personnel

Orsu relies on a limited number of key employees, consultants and members of senior management and there is no assurance that Orsu will be able to retain such key employees, consultants or other senior management. The loss of one or more of such key employees, consultants or members of senior management, if not replaced, could have a material adverse effect on Orsu's business and prospects. The Company does not maintain key employee insurance on any of its employees, consultants or members of senior management.

Exploration and New Projects

The Company may seek to identify new mining operations and downstream processing facilities through active exploration and acquisition programmes. There is no guarantee, however, that expenditure on such programmes will be recouped. Failure to do so could have a material and adverse impact on the Company's financial results and prospects. Increasing regulatory, environmental and social approvals are, however, required which can result in significant increases in construction costs and/or significant delays in construction. These increases could materially and adversely affect the economics of a project and, consequently, the Company's asset values, costs, future earnings and cash flows.

Acquisitions

The Company has grown partly through the acquisition of other businesses. Business combinations commonly entail a number of risks and the Company cannot be sure that management will be able to effectively integrate businesses acquired or generate the cost savings and synergies anticipated. Failure to do so could have a material and adverse impact on the Company's costs, future earnings and cash flows. Furthermore, the Company may, under the terms of the acquisition, be liable for the past acts or omissions of the acquired businesses in circumstances where the price paid does not adequately reflect the eventual cost of these liabilities.

Subsoil use rights

In Kyrgyzstan and Kazakhstan, all subsoil reserves belong to the State. Non-compliance with mining legislation and subsoil use contracts may lead to regulatory challenges and subsequently the loss of access to mineral resources. Subsoil use rights that are granted to the Company may conceivably be suspended or terminated if

Orsu Metals Corporation

MD&A for the period ended March 31, 2010

the Company does not satisfy its licencing or contractual obligations, which include periodic payment of royalties to the governments and the satisfaction of mining, environmental, health and safety requirements. The Company's management makes every effort to ensure compliance with all mining legislation, the terms of subsoil use contracts and any approved work programmes. Please see "The Government of Kazakhstan's pre-emptive rights, waiver and consent of the Competent Authority" and "Risks relating to the Karchiga Project Contract".

Health, safety and environment

Orsu operates in an industry which is subject to numerous health, safety and environmental laws and regulations as well as community expectations. Evolving regulatory standards and expectations can result in increased litigation and/or increased costs, all of which can have a material and adverse effect on future earnings and cash flows. The Company complies with or exceeds the requirements of all applicable environmental laws and regulations and, in jurisdictions where these are absent or inadequate, applies cost-effective technologies and management practices to ensure the protection of the environment as well as worker and community health. The Company works to make environmental management a high corporate priority and the integration of environmental policies, programmes and practices an essential element of management.

The Company cannot, however, predict what environmental legislation or regulations will be enacted in the future or how existing or future laws or regulators will be administered or enforced. Compliance with more stringent laws or regulations, or more vigorous enforcement policies of any regulatory agency, could in the future require material expenditures by the Company for the installation and operation of systems and equipment for remedial measures, any or all of which could have a material adverse effect on the Company's business and financial condition.

Insurance Risk

Orsu faces all of the hazards and risks normally incidental to exploration and development activities, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all such damage caused. Orsu's activities may be subject to prolonged disruptions due to weather conditions depending on the location of operations in which Orsu has interests. Orsu may incur a liability to third parties (in excess of any insurance coverage) arising from damage or injury. Currently, Orsu believes it has the necessary insurance policies in place that it needs to develop its exploration projects. There are also risks against which Orsu cannot insure or against which it may elect not to insure because of high premium costs.

The potential costs that could be associated with any liabilities not covered by insurance which may be, but are not, taken out or are in excess of insurance coverage actually taken out may cause substantial delays and require significant capital outlays, adversely affecting Orsu's earning and competitive position in the future and, potentially, its financial position.

Compliance with Laws

Orsu's operations are subject to various laws and regulations in numerous jurisdictions around the world. The costs associated with compliance with such laws and regulations may cause substantial delays and require significant capital outlays, which may have a material adverse effect on Orsu's business, financial condition and prospects.

Limitations on Foreign Control, Operation and Management of Mining Companies

There are currently no restrictions on the foreign control, operation and management of exploration and mining companies in Kazakhstan and Kyrgyzstan. However, there can be no assurance that legal requirements as to the foreign control, operation and management of such companies in such jurisdictions will not change and any such change could have a material adverse effect on Orsu's ability to conduct its operations and business interests as previously planned.

Competition

The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than Orsu, in the search for and acquisition of exploration and development rights on attractive mineral properties. Orsu's ability to acquire exploration and development rights on properties in the future will depend not only on its ability to develop the properties on which it currently has exploration and development rights, but also on its ability to select and acquire exploration and development rights on suitable properties. There is no assurance that Orsu will compete successfully in acquiring exploration and development rights on such properties and such inability could have a material adverse effect on Orsu's business and financial condition.

Other Tax Related Risks

In 2005, Orsu was continued to the British Virgin Islands and, as a result, ceased to be a resident of Canada for purposes of the Income Tax Act (Canada) (the "Tax Act"). A corporation that ceases to be a resident of Canada for Canadian tax purposes may be liable to pay certain "departure" taxes under the Tax Act and applicable

Orsu Metals Corporation

MD&A for the period ended March 31, 2010

provincial or territorial legislation. Orsu believes that no such taxes were payable having regard to the fair market value and tax cost of its property and the paid-up capital of the Common Shares. However, as Orsu has not yet received a final determination in relation to its "departure", there remains a risk that Canada Revenue Agency (the "CRA") or a provincial or territorial taxing authority could assert that departure taxes were payable on the basis that the fair market value (or cost) of Orsu's property was greater (or less) than that determined by Orsu or the paid-up capital of its Common Shares was less than that determined by Orsu. If the CRA and/or provincial or territorial taxing authority were successful, this could have a material adverse effect on Orsu's financial condition. In addition, Orsu has submitted a number of United Kingdom corporation tax returns after the due date for making such filings. The Company believes that no material United Kingdom corporation tax is payable and late filing penalties will be minimal. The late filing of the returns may, however, lead to increased scrutiny of Orsu from the United Kingdom taxing authority.

FORWARD-LOOKING INFORMATION

This MD&A contains or refers to forward-looking information. All information, other than information regarding historical fact that addresses activities, events or developments that the Company believes, expects or anticipates will or may occur in the future is forward-looking information. Such forward-looking information includes, without limitation: the amount and receipt of deferred consideration that may be payable to the Company by Polymetal pursuant to the sale of the Varvarinskoye Project; the expected effect of the sale of the Varvarinskoye Project on the Company's current operations; the Company's expectations with respect to obtaining a waiver of the Competent Authority's pre-emptive right with respect to the current trading of the Common Shares on the TSX and AIM; the execution and registration of the Second Amendment and the extension of the Return Date; the continued maintenance, exploration and the development of the Company's properties and the costs related thereto; development and operational plans, objectives and budgets; continued financial support from, and development efforts by, Gold Fields with respect to the Barkol, Kentash, Taldybulak and Korgontash licences; the completion of a feasibility study on the Talas Project; the completion of a scoping study on the Karchiga Project; mineral resource estimates; the proposed work programs for the Company's exploration properties and their respective timing; estimates relating to critical accounting policies; the Company's plans with respect to the conversion to IFRS, including the Company's expected timing for completing the phases of its plan and the development of an effective plan; the continuation of assessments relating to resource and training requirements and the impact of IFRS on, amongst other things, the Company's accounting policies, information technology and data systems; the Company's plans for adopting and/or implementing changes to accounting policies and the impact of same on the Company's financial statements; the future political and legal regime in Kyrgyzstan; the regulatory environment in Kazakhstan relating to the mining industry; the expected use of the net proceeds from the Offering; that the Company and the other defendants will not need to terminate the settlement agreement as a result of class members opting out of the settlement, the significance of any claims by members who opt out and the dismissal of the Class Action Claim (and its predecessor); the Company's expectations with respect to pursuing new opportunities and acquisitions and its future growth; and the Company's ability to raise new funding.

The forward-looking information in this MD&A reflects the current expectations, assumptions or beliefs of the Company based on information currently available to the Company. With respect to forward looking information contained in this MD&A, the Company has made assumptions regarding, among other things, the treatment of the Varvarinskoye Project as discontinued operations, the Company's ability to generate sufficient funds from capital markets to meet its future obligations, the effectiveness of the Company's design relating to the implementation of IFRS, assumptions relating to the Company's critical accounting policies, the Company's business, the economy and the mineral exploration industry in general, the political environments and the regulatory frameworks in Kazakhstan and Kyrgyzstan with respect to, among other things, the mining industry generally, royalties, taxes, environmental matters and the Company's ability to obtain, maintain, renew and/or extend required permits, licences, authorisations and/or approvals from the appropriate regulatory authorities (including the Company's ability to: (i) execute and register the Second Amendment and/or receive an extension of the Return Date; (ii) obtain an extension of the Taldybulak and Barkol licences beyond December 31, 2010; and (iii) obtain a waiver of the Competent Authority's pre-emptive right relating to the Karchiga Project); the Company's ability to continue to obtain qualified staff and equipment in a timely and cost-efficient manner to meet the Company's demand, and has also assumed that no unusual geological or technical problems occur, plant and equipment work as anticipated, no material adverse change in the price of copper or gold occurs and no significant events occur outside of the Company's normal course of business. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.

Forward-looking information is subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking information, and even if such actual results are realised or substantially realised, there can be no assurance that they will have the expected consequences to, or effects on, the Company. Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to: risks normally incidental to exploration and development of mineral properties; uncertainties in the interpretation of drill results; the possibility that future exploration, development or mining results will not be consistent with expectations; uncertainty of mineral resources estimates; the Company's inability to obtain, maintain, renew and/or extend required licences, permits, authorizations and/or approvals from the appropriate regulatory authorities and other risks relating to the regulatory frameworks in Kazakhstan and Kyrgyzstan (including the failure to execute and register the Second Amendment and/or receive an extension of the Return Date or obtain the Competent Authority's waiver of its pre-emptive right relating to the Karchiga Project or the Company's inability to obtain the necessary extensions relating to its Taldybulak and Barkol licences and the agreements and rights, as applicable, related thereto); adverse changes in the political environments in Kazakhstan and Kyrgyzstan and the laws governing the Company, its subsidiaries and their respective business activities; capital and operating costs varying significantly from estimates; inflation; changes in exchange and interest rates; adverse changes in commodity prices; the inability of the Company to obtain required financing; adverse changes with respect to the Talas Project joint venture; adverse general market conditions; the possibility of class members opting out of the

Orsu Metals Corporation

MD&A for the period ended March 31, 2010

settlement in respect of the Class Action Claim; the Company's inability to delineate additional mineral resources and delineate mineral reserves; future unforeseen liabilities and other factors including, but not limited to, those listed under "Risk and Uncertainties" in this MD&A and in the Company's other disclosure materials, including the Company's Annual Information Form (the "Annual Information Form") available under the Company's profile on SEDAR at www.sedar.com.

Any mineral resource figures referred to in this MD&A are estimates and no assurances can be given that the indicated levels of minerals will be produced. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that the mineral resource estimates in respect of its properties are well established, by their nature mineral resource estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such mineral resource estimates are inaccurate or are reduced in the future, this could have a material adverse impact on the Company. Due to the uncertainty that may be attached to inferred mineral resources, it cannot be assumed that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource as a result of continued exploration.

Any forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company is reported within the time periods specified under securities laws and include controls and procedures that are designed to ensure that information is communicated to management of Orsu, including the Chief Operating Officer (acting as Chief Executive Officer) and Chief Financial Officer, to allow timely decisions regarding required disclosure. The Company has performed an evaluation of the effectiveness of the Company's disclosure controls and procedures (as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings). Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer of Orsu have concluded that the design and operation of the Company's disclosure controls and procedures were effective as at the date of this MD&A.

Internal Controls Over Financial Reporting ("ICFR")

The Chief Operating Officer (acting as Chief Executive Officer) and Chief Financial Officer of Orsu are responsible for establishing and maintaining adequate ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Chief Operating Officer (acting as Chief Executive Officer) and Chief Financial Officer of Orsu directed the assessment of the design and operating effectiveness of the Company's ICFR as at the date of this MD&A and based on that assessment determined that the Company's ICFR, no matter how well designed, has inherent limitations. Therefore, the ICFR can only provide reasonable assurance with respect to financial statement preparation and may not prevent all misstatements, errors or fraud.

Material weakness relating to design and operation of ICFR

During the assessment of the design and operating effectiveness of the Company's ICFR, it was noted that, due to the limited number of financial staff at some of the Company's locations, it was not feasible to achieve complete segregation of duties with respect to all internal control functions and processes. This failure to achieve complete segregation of duties combined with the decentralised nature of the Company's operations increases the risk of misstatement. This risk is proactively managed and mitigated through regular internal reporting of financial transactions, maximum use of system-generated transaction audit reports, stringent staff selection policies and employer references and by the Chief Financial Officer regularly visiting and reviewing the activities of the Company's overseas finance departments.

While management of the Company has put in place certain plans and procedures to mitigate the risk of a material misstatement in the Company's financial reporting, a system of internal controls can provide only reasonable, not absolute, assurance that the objectives of the control system are met, no matter how well conceived or operated. There were no changes made to the Company's ICFR during the period ended March 31, 2010 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Orsu Metals Corporation

MD&A for the period ended March 31, 2010

OTHER INFORMATION

Additional information:

Additional information relating to the Company, including the Annual Information Form, may be accessed through SEDAR on the internet at www.sedar.com.

Disclosure of Outstanding Share Data

The following table sets forth information concerning the outstanding securities of the Company as at May 17, 2010:

Outstanding Securities	Number in issue
Common shares of no par value ("Shares")	157,696,049
Old share purchase options ⁽¹⁾	17,500,000
New share purchase options ⁽²⁾	13,250,000
Old share purchase warrants ⁽³⁾	51,053,400
New share purchase warrants ⁽⁴⁾	62,720,000

Notes:

1. For share purchase options issued prior to April 16, 2010, up to 1,750,000 Common Shares are issuable upon the exercise of such share purchase options.
2. Share purchase options issued on April 16, 2010. Up to 13,250,000 Common Shares are issuable on exercise of such share purchase options.
3. For share purchase warrants issued prior to April 16, 2010, up to 5,105,340 Common Shares (subject to any further adjustments in the case of approximately 1,060,215 Common Shares pursuant to the governing warrant instrument) are issuable upon the exercise of the share purchase warrants.
4. Share purchase warrants issued on April 16, 2010. Up to 62,720,000 Common Shares are issuable on exercise of such share purchase warrants.

ENDS