MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2017

(Expressed in US dollars)

Introduction

The following management discussion and analysis ("MD&A") of the results of operations and financial condition of Orsu Metals Corporation (the "Company" or "Orsu") for the year ended December 31, 2017 and up to the date of this MD&A, should be read in conjunction with the accompanying audited consolidated financial statements for the year ended December 31, 2017, together with the notes thereto (the "Financial Report").

All financial information in this MD&A is derived from the Company's financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in United States dollars unless otherwise indicated.

Effective September 15, 2017, the Company consolidated its shares on a 10 old for 1 new basis. All share and per share amounts in this MD&A have been retroactively restated to reflect the consolidation.

The effective date of this MD&A is April 27, 2018.

Description of the Business

Orsu is a publicly-traded company incorporated in the British Virgin Islands. The Company's shares are listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol OSU. Prior to February 1, 2017, the Company's shares traded on the Toronto Stock Exchange under the same symbol. The corporate office of the Company is located at Unit 1 - 15782 Marine Drive, White Rock, B.C., Canada, V4B 1E6.

The Company is engaged in the exploration and, if warranted, development of a mineral resource project in eastern Russia. The Company is considered to be in the exploration stage as it has not placed any of its exploration and evaluation assets into production nor has it generated any revenues from operations.

Operational Highlights

In October 2017, the Company sold its 94.75% interest in the Karchiga project located in Kazakhstan for net proceeds of $5,908,000.

By November 30, 2017, the Company completed the acquisition of a 90% interest in the Sergeevskoe gold project located in eastern Russia.

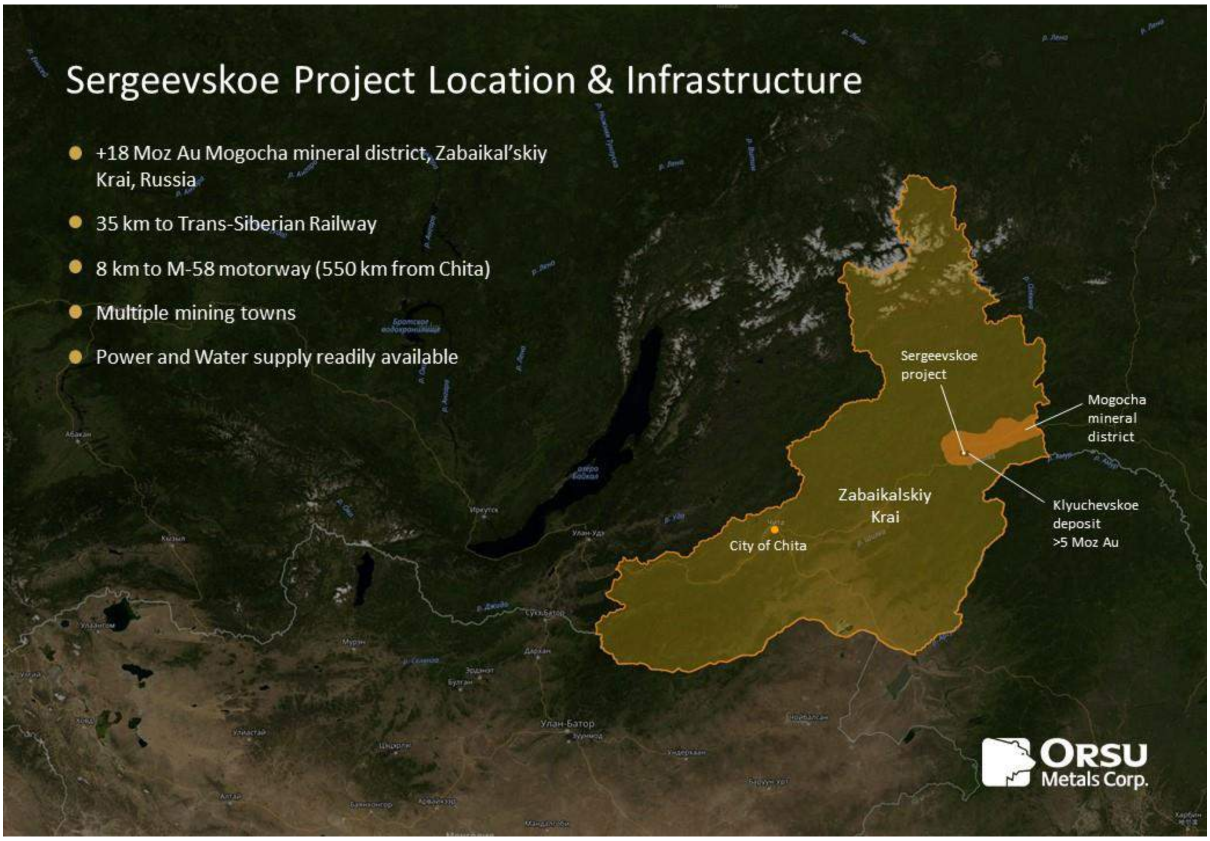
Concurrent with closing of the initial 30% interest in May 2017, Sergei Stefanovich was appointed a director and, to the newly created office of, Managing Director and Vladimir Pakhomov was appointed as a non-executive director of the Company. Dr Sergey V. Kurzin continued in his role as a director and Executive Chairman and Mark Corra and David Rhodes as non-executive directors. Alexander Yakubchuk was appointed Director of Exploration and stepped down as a director.

Since acquiring the Sergeevskoe project, the Company has completed an environmental baseline study, a magnetic survey and 1500m of trenching to verify historic results prior to drilling. The results of the initial drill program identified three areas or zones on the project that are targeted to produce a maiden gold resource in oxide and sulfide material of between 1.8 to 2.5 Moz gold in hypogene and oxide material contained in 30 to 36 Mt grading 1.5 to 2.0 g/t gold. The potential quantity and grade is conceptual in nature based on new and historical data and estimates as there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

On March 12, 2018, the Company announced positive cyanidation test results for oxide samples from two zones on the Sergeevskoe project. The cyanidation tests for samples with oxide mineralization collected from Adit 5 and Kozie prospects achieved excellent recoveries of gold varying from 85% to 95%, depending on rock fractions, and amenability of oxide to heap leaching.

Mineral and Exploration Properties

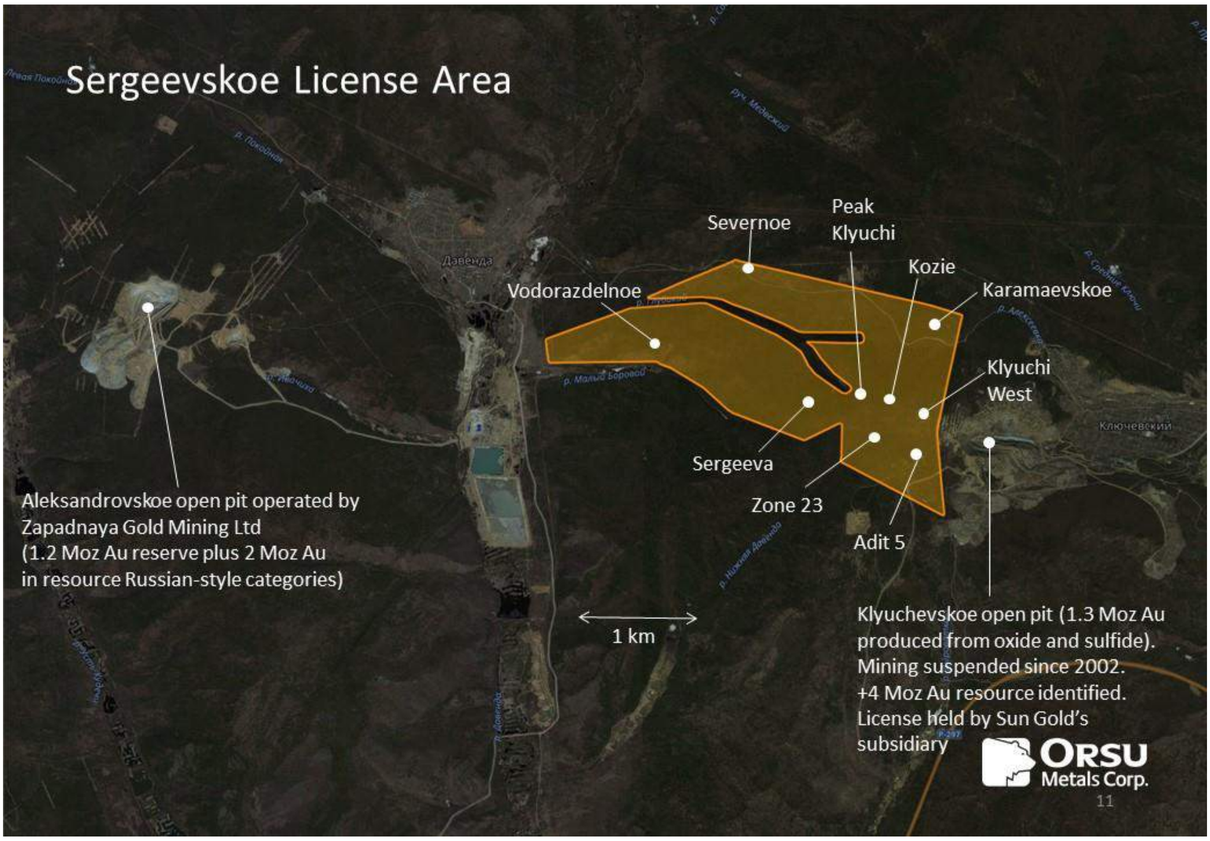
Sergeevskoe Project (Russia)



The license of the Sergeevskoe Gold project lies within the Mogocha mineral district and to the west of the Klyuchevskoe gold license representing a + 6 Moz gold endowment owned by Sun Gold Mining.

Since November 2016, during the due diligence phase, and during 2017, Orsu focussed its efforts on four target areas (Kozie, Peak Klyuchi, Klyuchi West and Zone 23) within the Sergeevskoe Gold project license area. In addition to magnetic and electric surveys as well as scout chip sampling, the 2017 exploration works included 30 trenches, totalling 3715.5 metres ("m"), and 20 drillholes, totalling 3644.5 m, which were split into Phase 1 and Phase 2. The most significant exploration results are reported by Orsu in press releases dated June 5, November 9, 13, 2017 and January 22, 25, 30, February 5 and 14, 2018.

The 2017 results outlined Zone 23 as a primary target for 2018 exploration works due to the good to excellent grade intercepts and consistent grade increase with depth. Multiple gold-mineralized intervals at Adit 5 and Klyuchi West provide an opportunity to delineate mineral resources at the immediate continuation from adjacent Klyuchevskoe gold deposit. Adit 5 stands a good chance for delineation of oxide resources potentially amenable to heap leach processing.



The style of mineralization can be best classified as intrusion-related gold. Gold mineralization at Kozie, Peak Klyuchi, Klyuchi West, Adit 5 and Zone 23 prospects is hosted in quartz-tourmaline-sulfide veins and veinlets, forming stockwork zones. These stockwork zones are emplaced into all rock types. Logging of drill core demonstrated that mineralization is oxidized on average down to 30-40 m, with a possibility of greater depth near the Shirotnyi fault.

At Zone 23, Adit 5 and Klyuchi West, the veins in stockwork are best mineralized. Here, the Permian granites are a primary host to mineralization, with best intercepts near the intrusive or fault contacts with granodiorite porphyry subvolcanic intrusion and along the contacts of variably oriented diorite porphyry and hybrid porphyry dykes. In contrast to the historical interpretation, the gold mineralization revealed a variable strike, rather than simple west-east or northwest orientation. At Zone 23, the gold mineralization strikes for >400 m from the west to the east over an up to 170-m-width. The best mineralized intervals are in granite-hosted veins near the Shirotnyi fault, intercepted in all 2017 drillholes (Table 1). In section 9300E, there is a substantial drill-confirmed increase with depth from 1.61 g/t Au over 32.1 m (in hole SDH17-1; see press release November 13, 2017) to 3.4 g/t Au over 24.75 m (in hole SDH17-15; see press release January 22, 2018) over a vertical distance of some 100 m. The latter intercept is much better than in any of the historical or Orsu holes.

The 2017 exploration results indicate that the 420x170 m footprint of Zone 23 has the best exploration potential, with 400x250 m Adit 5 and 250x200 m Klyuchi West prospects also selected for delineation of maiden mineral resources. These conclusions are supported by consistent gold-mineralized intercepts both in surface trenches and drillholes. While significant drill intercepts are currently limited to 150-200 m depth, the electric IP-DP survey, conducted by Orsu in 2017, demonstrated that gold mineralization corresponds to low-resistivity anomalies, extending to a depth of some 400 m at Zone 23 and Adit 5 and more than 500 m (beyond the depth of survey) at Klyuchi West. The low resistivity anomalies map the stockwork zones well. While this is the case at Zone 23, Adit 5 and Klyuchi West prospects, similar low-resistivity anomaly, tested by hole SDH17-8 under the Kozie and Peak Klyuchi prospects, is likely to map the lithological differences between granodiorite porphyry and explosive breccia. Orsu therefore concluded that electric survey works well for deep mapping of potential gold-mineralized targets, when they are hosted in Permian granite.

On March 12, 2018, the Company announced positive cyanidation test results for oxide samples from two zones on the Sergeevskoe project collected in 2017. The cyanidation tests for samples with oxide mineralization collected from Adit 5 and Kozie prospects achieved excellent recoveries of gold varying from 85% to 95%, depending on rock fractions, and amenability of oxide to heap leaching.

The 2017 works demonstrated that mineralized intercepts reported in historical trenches can be used only for geometrical constrains, whereas intercepts calculated from assays in historical drill logs are somewhat lower to comparable with new assay drilling results. Orsu accepts the historical drilling data with extreme caution. With few exceptions, most new trenches and drillholes intercepted reportable gold mineralization. At all prospects the mineralization remains open downdip and along strike.

Continuing Exploration

In 2018, Orsu is planning to continue the testing of existing and additional exploration targets, using the above-mentioned geological and geophysical criteria. The new targets exist at the historically drill-tested Sergeeva and Karamaevskoe prospects.

The results of the initial drill program identified three areas or zones on the project that are targeted to produce a maiden gold resource of between 1.8 to 2.5 Moz gold in hypogene and oxide material contained in 30 to 36 Mt grading 1.5 to 2.0 g/t gold. The potential quantity and grade is conceptual in nature based on new and historical data and estimates as there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource

Technical Report

On March 15, 2017, the Company filed a technical report regarding the Sergeevskoe gold project, Russia (the “Sergeevskoe Report”) to support the above acquisition. The Sergeevskoe Report was authored by Phil Newall of Wardell Armstrong International Ltd. (“WAI”) an independent Qualified Person as defined by NI 43-101. The Sergeevskoe Report titled “NI 43-101 Technical Report for the Sergeevskoe Property, Zabaikalskiy Krai, Russian Federation” is dated March 10, 2017 with an effective date of November 18, 2016, is filed on the Company’s profile on www.sedar.com.

Karchiga Project (Kazakhstan)

Prior to acquiring the Sergeevskoe project in Russia, the Company’s principal and most advanced project was the Karchiga project located in eastern Kazakhstan.

The Company held a 94.75% interest in the project through its 100% interest in Lero Gold Corp. which in turn held 100% of Eildon Enterprises Limited, the immediate parent of GRK MLD LLP (“MLD”) and the holder of the exploration licence for the Karchiga exploration property.

In October 2017, the Company completed the sale of its 94.75% interest in MLD for net proceeds of $5,908,000 to CMSS Global Supply and Trading – FZC (“CMSS”).

Prior to the successful sale of MLD to CMSS the Company had been a party to an April 11, 2016, agreement (as amended) to sell its interest in MLD to Karasat Trading FZE (“Karasat”) for $7,750,000 ($100,000 non-refundable deposit received in May 2016). The Company obtained shareholder approval for the sale at its annual and special shareholder meeting held in June 2016 however in February 2017, Karasat informed the Company that it was unable to obtain the necessary financing to pay the purchase price and therefore the agreement was terminated.

(Expressed in US dollars)

During the year ended December 31, 2016, the Company assessed impairment of the Karchiga Project and considered the best indicator of value to be the offer from Karasat of $7.75 million for the Company's 94.75% interest in the shares of MLD. Accordingly, the Company recorded an impairment charge of $258,000 in the year ended December 31, 2016.

Qualified Person

The Company's Director of Exploration, Alexander Yakubchuk, a Qualified Person as defined in NI 43-101, has reviewed and approved the exploration information and resource disclosures contained in this MD&A.

Selected Annual Information

	2017 $	**2016** $	**2015** $
Loss from continuing operations	(5,294,289)	(2,310,552)	(4,484,000)
Income (loss) from discontinued operation	-	465,016	(4,476,000)
Comprehensive loss for the year	**(5,294,289)**	**(1,845,536)**	**(8,960,000)**
Net (loss) gain attributable to:			
Orsu shareholders	(5,325,935)	(1,749,536)	(8,802,000)
Non-controlling interest	31,646	(96,000)	(158,000)
	(5,294,289)	**(1,845,536)**	**(8,960,000)**
Basic and diluted loss per common share from continuing operations	(0.18)	(0.13)	(0.02)
Basic and diluted gain (loss) per common share from discontinued operations	-	0.03	(0.02)
Weighted average number of common shares outstanding	29,327,907	18,269,530	182,696,000
Total assets	8,853,769	10,643,814	13,310,000
Total non-current liabilities	-	-	-
Equity attributable to Orsu shareholders	8,432,268	11,201,424	12,950,000

Trends

The Company is an exploration company. Issues of seasonality or market fluctuations have had a minor impact on the expenditure patterns. The Company expenses its exploration, project investigation and general and administration costs, and these amounts are included in the net loss for each quarter. The Company's treasury, in part, determines the levels of exploration.

The level of the Company's exploration expenditures is largely determined by the strength of the resource capital and commodity markets and its ability to obtain investor support for its projects.

Results of Operations – year ended December 31, 2017

The consolidated loss from continuing operations for the year ended December 31, 2017 is $5,294,289 (2016 - $2,310,552).

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

Administration totalled $227,345 (2016 - $188,604) for the year ended December 31, 2017. In February 2016, Orsu gave up its leased offices in London and moved into temporary office space and because of that move and expiry of the lease it recorded a credit of $171,000 in administration costs in 2016 for recovered deposits from the lease. Subsequently, the Company's administration, corporate and accounting functions were moved out of the UK to Canada and the costs have decreased significantly.

Exploration and evaluation expenditures combined with project investigation costs totalled $1,412,597 (2016 - $130,000) for the year ended December 31, 2017 all related to the Sergeevskoe project. The Company began funding exploration in November 2016 as project investigation costs. Since acquiring the first 30% on May 18, 2017 costs have been recorded as exploration and evaluation expenditures.

Professional fees totalled $405,151 (2016 - $307,361) for the year ended December 31, 2017. Professional fees include audit, accounting and tax return preparation fees, legal fees for the Company and its subsidiaries. The fees were higher in both periods than expected continuing levels for this category of expense as consulting and legal fees related to the ultimate sale of the Company's Karchiga Project were included in both years.

Salaries and benefits totalled $531,348 (2016 - $1,170,497) for the year ended December 31, 2017. In December 2016 and March 2017, the Company made certain management changes and renegotiated certain contracts with the officers of the Company to reduce costs for the coming years.

In addition to the above, the Company recorded the following items during the year ended December 31, 2017:

- Non-cash share-based compensation of $369,739 (2016 - $Nil) for stock options granted to directors, officers and consultants;
- Gain on amounts received from Equus of $221,010 (2016: $Nil) related to £174,529 paid to the Company by Equus Petroleum plc for previously rented office space in London that had not been recorded as a receivable due the uncertainty regarding collectability;
- Gain on disposal of assets held for sale of $11,652 (2016 - $Nil) related to the sale of the Company's Kogodai Project in Kazakhstan;
- Loss on assets held for sale of $2,261,693 (2016 - $Nil) related to the sale of the Karchiga project based on the net proceeds received in October 2017; and
- Loss from assets held for sale of $115,344 (2016 - $586,344) related to the ongoing administration costs of the Company's assets held for sale, being the Karchiga Project, prior to its ultimate sale in October 2017.

(Expressed in US dollars)

Summary of Quarterly Results

	December 31 2017 (Unaudited)	September 30 2017 (Unaudited)	June 30 2017 (Unaudited)	March 31 2017 (Unaudited)
	$	$	$	$
Loss from continuing operations	(3,271,754)	(1,054,182)	(383,114)	(585,289)
Comprehensive loss for the period	**(3,271,754)**	**(1,054,182)**	**(383,114)**	**(585,2899)**
<u>Loss from continuing operations</u>				
Net loss attributable to Orsu shareholders	(3,300,400)	(1,054,182)	(383,114)	(588,239)
Net loss attributable to non-controlling interest	28,646	-	-	3,000
	(3,271,754)	(1,054,182)	(383,114)	(585,239)
Basic and diluted loss per common share	(0.09)	(0.04)	(0.02)	(0.03)
Weighted average number of common shares outstanding	35,718,682	27,174,239	22,831,282	18,748,827

	December 31 2016 (Unaudited)	September 30 2016 (Unaudited)	June 30 2016 (Unaudited)	March 31 2016 (Unaudited)
Loss from continuing operations	(538,552)	(1,031,000)	(334,000)	(407,000)
Income (loss) from discontinued operation	(15,984)	544,000	(33,000)	(30,000)
Comprehensive loss for the period	**(554,536)**	**(487,000)**	**(367,000)**	**(437,000)**
<u>Net loss attributable to Orsu shareholders</u>				
Loss from continuing operations	(505,552)	(1,011,000)	(310,000)	(388,000)
Income (loss) from discontinued operation	(15,984)	544,000	(33,000)	(30,000)
	(521,536)	(467,000)	(343,000)	(418,000)
<u>Net loss attributable to non-controlling interest:</u>				
Loss from continuing operations	(33,000)	(20,000)	(24,000)	(19,000)
Income (loss) from discontinued operation	-	-	-	-
	(33,000)	(20,000)	(24,000)	(19,000)
Basic and diluted loss per common share from continuing operations	$(0.03)	$(0.06)	$(0.02)	$(0.02)
Basic and diluted gain (loss) per common share from discontinued operation	$(0.00)	$0.03	$(0.00)	$(0.00)
Weighted average number of common shares outstanding	18,269,530	18,269,530	18,269,530	18,269,530

(Expressed in US dollars)

Fourth Quarter

The Company began the fourth quarter with $687,113 cash. During the fourth quarter, the Company expended $1,016,354 on operating activities, net of working capital changes, received net $5,486,133 from investing activities, and repaid a promissory note of $180,000 to end the quarter and the year with $4,976,892 cash.

Liquidity and Capital Resources

Orsu began the year with $2,350,017 cash. During the year ended December 31, 2017, the Company; spent $2,847,331 on operating activities net of working capital changes, received a net $5,520,787 from investing activities; and spent $46,581 on financing activities to end at December 31, 2017 with $4,976,892 cash.

As at December 31, 2017, the Company had working capital of $4,983,961. Management estimates that these funds will provide the Company with sufficient financial resources to carry out currently planned exploration and operations the next twelve months. Beyond that, the Company will need to seek additional sources of financing to carry on future operations. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

Related Party Transactions

Key management includes members of the non-executive Board of Directors, the Executive Chairman, the Managing Director, the Director of Exploration, the Chief Financial Officer and the Corporate Secretary. The aggregate compensation paid or accrued to key management personnel, during the years ended December 31, 2017 and 2016 were as follows:

		Year ended December 31,	
		2017	**2016**
Salaries and benefits			
Sergey Kurzin	Director	$ 94,821	$ 210,962
Sergey Stefanovich	Director	44,543	-
Alexander Yakubchuk	Officer	91,320	194,055
Mark Corra	Director	16,147	24,257
David Rhodes	Director	16,147	24,257
Vladimir Pakhomov	Director	9,274	-
Massimo Carello	Director	-	30,321
Doris Meyer & Dan O'Brien *	Officers	115,612	29,577
Kevin Denham	Officer	-	198,884
		387,864	712,313
Share-based compensation	Directors & Officers	279,416	-
		$ 667,280	$ 712,313

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

Included in trade and other payables as at December 31, 2017 is $21,883 (2016 - $5,536) payable to Sergei Stefanovich for fees.

(Expressed in US dollars)

Equus Petroleum plc

The Company entered into a sublease agreement, dated June 1, 2012, with Equus Petroleum plc ("Equus"), who were a related party until February 2016, to partially sub-let office space from the Company for a period up to February 2016. Effective January 31, 2015, Equus vacated the premises and the Company was unable to secure alternative arrangements to cover the cost of the office premises. As at December 31, 2015, all amounts owing from Equus were written down to $Nil as the Company's accounting policy is to make a full provision for receivables outstanding for greater than 12 months.

By letter agreement dated December 8, 2016, as amended, the Company and Equus agreed that the amount owing to the Company by Equus as at July 28, 2016 was principal of £222,838 and accrued interest of £7,707 totalling £230,545. Interest currently accrued on the principal at the rate of 5% per annum.

During the year ended December 31, 2017, Equus paid the Company £177,563 in full and final settlement of the debt and accordingly, the Company recorded interest income of $3,800 (£3,034) and a gain on amounts received from Equus of $221,010 (£174,529).

Additional Disclosure for Venture Issuers without Significant Revenue

The components of assets held for sale, exploration and evaluation assets, and property, plant and equipment are described in Notes 6, 7 and 8 to the Financial Report.

Outstanding Share Data as at the date of this MD&A

Authorized: an unlimited number of common shares without par value

	Common Shares Issued and Outstanding	Common Share Purchase Options
Balance at December 31, 2017	35,718,682	3,325,000
Obligation to issue shares	354,089	-
Balance as at the date of this MD&A	36,072,771	3,325,000

Use of accounting estimates, judgments and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

Carrying value and recoverability of exploration and evaluation assets

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

Share-based compensation

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

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

The Company has not recorded any deferred tax assets.

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

Determination of functional currency

The functional currency for each of the Company’s subsidiaries is the currency of the primary economic environment in which the entity operates. Management has determined that the functional currency of the parent company as well as the functional currency of the Company’s subsidiaries is the US dollar.

Business combination vs. asset acquisition

IFRS requires that a determination is made as to whether an acquisition is a business combination by applying the definitions contained in IFRS 3, which requires that the assets acquired, and liabilities assumed constitute a business. Management has determined that the acquisition of Sibzoloto does not constitute the acquisition of a business, therefore, has treated it as an acquisition of a group of assets.

(Expressed in US dollars)

Control of Sibzoloto

Upon acquisition of the initial 30% interest in Sibzoloto), management determined that the Company exerted significant influence over Sibzoloto as the Company was responsible for funding 100% of all costs related to the Sergeevskoe project. In addition, representatives of two of the Sellers joined the board of directors of the Company, one of whom was appointed as the Company's Managing Director. Upon acquisition of a further 60% interest, the Company is now responsible for funding 100% of all costs until completion of a definitive feasibility study.

New Accounting Standards

A number of new standards, amendments to standards and interpretations are not yet effective as of December 31, 2017, and have not been applied in preparing the Financial Report.

Effective for annual periods beginning on or after January 1, 2018:

- New standard IFRS 9, Financial Instruments

  IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement. This standard simplifies the current measurement model for financial instruments under IFRS and establishes two measurement categories for financial assets: amortized cost and fair value. The existing IAS 39 categories of loans and receivables, held to maturity investments, and available for sale financial assets will be eliminated.

Effective for annual periods beginning on or after January 1, 2019:

- New standard IFRS 16, Leases

  All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, from the perspective of the lessee, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 Leases and, instead, introduces a single lessee accounting model. When applying that model, a lessee is required to recognize assets and liabilities. A lessor continues to classify its leases as operating leases or finance leases, and accounts for those two types of leases differently.

The Company has not early adopted these new standards and none of these standards are expected to have a material effect on the consolidated financial statements.

Financial Instruments and Risk Management

Financial Instruments

Financial instruments are classified into one of the following categories: FVTPL; held-to-maturity investments; loans and receivables; available-for-sale; or other liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	December 31, 2017	December 31, 2016
Cash	FVTPL	**$ 4,976,892**	**$ 2,350,017**
Receivables	Loans and receivables	**139,803**	**46,698**
Trade and other payables	Other liabilities	**178,401**	**229,271**

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for receivables and trade and other payables approximate their fair value due to their short-term nature. The fair value of cash was determined based on Level 1 of the fair value hierarchy.

Risk Management

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

Credit Risk

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

Liquidity Risk

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

Interest Rate Risk

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

Foreign Currency Risk

The Company's functional and presentation currency is the US dollar. Foreign currency risk arises from transactions denominated in currencies denominated in currencies other than US dollars, as some costs are denominated in Canadian dollars, Great British Pounds and Russian Ruble. As at December 31, 2017, the Company holds only 2% of its cash in foreign currencies. Management believes the foreign exchange risk related to currency conversions are minimal and therefore, does not hedge its foreign exchange risk. The effect of a 10% change in the foreign exchange rate on cash held in foreign currencies at December 31, 2017 would be nominal.

Cautionary Note Regarding Forward-looking Statements

This MD&A may include or incorporate by reference certain statements or disclosures that constitute "forward-looking information" under applicable securities laws. All information, other than statements of historical fact, included or incorporated by reference in this MD&A that addresses activities, events or developments that Orsu or its management expects or anticipates will or may occur in the future constitute forward-looking information. Forward-looking information is provided through statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur or continue. These forward-looking statements are based on certain assumptions and analyses made by Orsu and its management in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances.

Although Orsu believes such forward-looking information and the expectations expressed in them are based on reasonable assumptions, investors are cautioned that any such information and statements are not guarantees of future realities and actual realities or developments may differ materially from those projected in forward-looking information and statements. Whether actual results will conform to the expectations of Orsu is subject to a number of risks and uncertainties, including those risk factors discussed under "Risk Management" in the above documents incorporated herein by reference. In particular, if any of the risk factors materialize, the expectations and the predictions based on them may need to be re-evaluated. Consequently, all of the forward-looking information in this MD&A and the documents incorporated herein by reference is expressly qualified by these cautionary statements and other cautionary statements or factors contained herein or in documents incorporated by reference herein, and there can be no assurance that the actual results or developments anticipated by Orsu will be realized or, even if substantially realized, that they will have the expected consequences for Orsu.

Forward-looking statements are based on the beliefs, estimates and opinions of Orsu's management on the date the statements are made. Unless otherwise required by law, Orsu expressly disclaims any intention and assumes no obligation to update or revise any forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change, whether as a result of new information, future events or otherwise, and Orsu does not have any policies or procedures in place concerning the updating of forward-looking information other than those required under applicable securities laws. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information.

Other Information

Additional information relating to the Company is available for viewing on SEDAR at www.sedar.com and at the Company's web site www.orsumetals.com.