OROSUR MINING INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED MAY 31, 2019

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS

(except where indicated)

Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Orosur Mining Inc. ("Orosur" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended May 31, 2019. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended May 31, 2019 and May 31, 2018, together with the notes thereto. Results are reported in thousands of United States Dollars (US$), unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the year ended May 31, 2019, are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as of September 3, 2019, unless otherwise indicated.

The Company's consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, (the "Board") considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Orosur common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on Orosur's website at **www.orosur.ca** or on the System for Electronic Documents Analysis and Retrieval (SEDAR) at **www.sedar.com**.

Caution Regarding Forward-looking Statements

All statements, other than statements of historical fact, contained in this MDA constitute "forward looking statements" within the meaning of applicable securities laws, including but not limited to the "safe harbour" provisions of the United States Private Securities Litigation Reform Act of 1995 and are based on expectations estimates and projections as of the date of this news release.

Forward-looking statements include, without limitation, the exploration plans in Colombia and the funding from Newmont of those plans, Newmont´s decision to continue with the Exploration and Option agreement, the ability to continue and finalize with the remediation in Uruguay, and the approval by the Court of the Agreement in Uruguay, expectations that the Agreement will become legally binding on all creditors of Loryser and successful emergence from creditor protection proceedings and Intervenor control as well as continuation of the business of the Company on a going concern and other events or conditions that may occur in the future. The Company's continuance as a going concern is dependent upon its ability to obtain adequate financing, to reach profitable levels of operations and to reach a satisfactory resolution of the Loryser reorganisation. These material uncertainties may cast significant doubt upon the Company's ability to realize its assets and discharge its liabilities in the normal course of business and accordingly the appropriateness of the use of accounting principles applicable to a going concern. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from those anticipated in such forward looking statements. Such statements are subject to significant risks and uncertainties including, but not limited, those as described in Section "Risks Factors" of this MDA and the Annual Information Form. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events and such forward-looking statements, except to the extent required by applicable law.

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Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this news release.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Orosur's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements.

Description of Business

Orosur Mining Inc. (TSX: OMI; AIM: OMI) is a precious metals developer and explorer focused on identifying and advancing gold projects in South America. The Company operates in Colombia and Uruguay.

In Colombia, the Company wholly owns the Anzá exploration gold project located in the Middle Cauca Belt in Antioquia, Colombia which hosts such projects as Buriticá, Titiribí, Marmato and La Colosa. On September 10, 2018, the Company completed a non-brokered private placement of $2 million with Newmont Mining Corporation and an exploration agreement with a venture option with Newmont Colombia S.A.S., a wholly-owned subsidiary of Newmont, for the Anzá exploration property.

In Uruguay, the Company has historically operated the San Gregorio gold mining complex in the northern Department of Rivera. Orosur has been exploring in Uruguay since 1996 and acquired the San Gregorio operation in October 2003. On June 14, 2018 the Company applied for Reorganization Proceedings and creditor protection over Loryser S.A. ("Loryser"), the Company's primary operating subsidiary in Uruguay, in the best interests of Loryser, the Company and their stakeholders. In August 2018, production ceased and the mine was placed on care and maintenance status. In December 2018, Loryser reached an agreement with the majority of its creditors, achieving a support level of approximately 72% of creditors by value, comprising 67 different creditors. The agreement is subject to final court approval.

Financial Year 2019 Highlights

Financial and operational highlights for the year ended May 31, 2019 include:

Colombia

- As announced on September 10, the Company completed the following agreements with Newmont Goldcorp ("Newmont") in respect of the Anzá exploration property in Colombia:
  - a non-brokered private placement of $2 million, and
  - an exploration agreement with venture option (the "Exploration and Option Agreement"). The Exploration and Option Agreement includes a three-phase earn-in structure allowing Newmont to earn up to a 75% ownership interest in the Anzá project by making cash payments to Orosur totalling $4 million over Phases 1 and 2, spending a minimum of $30 million in qualifying

expenditures over twelve years, and completing a National Instrument 43-101 Standards for Mineral Projects ("NI 43-101") compliant pre-feasibility and feasibility studies.

- On January 10, 2019, the Company filed a technical report prepared by Andes GMS SPA in accordance with NI 43-101 on the Anzá gold exploration project in Colombia. A copy of the full report can be accessed via the following link: http://www.orosur.ca/operations/technical-reports.
- Exploration activities at the Anzá project commenced in July 2019 within the scope of the Exploration and Option Agreement. The Company has already relogged 2,400 metres of the drill core from an area north of APTA.
- In order to maintain the Phase 1 earn-in right, Newmont has made the first two of four semi-annual $0.5 million cash payments to Orosur (paid in February and August 2019) and must also complete a $1 million minimum work commitment by September 7, 2019 or pay any shortfall in cash to Orosur by November 7, 2019. As at the date of this announcement, the $1.0 million minimum work program has been partially completed.

Uruguay

- The reorganization process has been ongoing since June 2018. In August 2018, the Company's wholly-owned Uruguayan subsidiary, Loryser SA ("Loryser"), placed its San Gregorio mining operations under care and maintenance. Under the Loryser reorganisation proceedings, the term for credit verification ended in September 2018. A court appointed intervenor validated all the creditors and filed a report on the assets and debts of Loryser in October 2018.
- In December 2018, Loryser reached a payment plan agreement with its creditors (the "Agreement"). The Agreement stipulates that the net proceeds from the sale of assets in Uruguay together with the issuance of 10 million common shares in Orosur shall fully satisfy all amounts owing to Loryser's creditors as well as provide funds for Loryser to conduct this process and close its operations responsibly. The Agreement requires Loryser to manage and complete the process within two years. The issuance of common shares in Orosur is subject to the approval of the Toronto Stock Exchange.
- In May 2019, the Court approved the final list of creditors and Loryser´s independent assets valuation. In August 2019, the Intervenor filed a report informing the Court that it had verified that 71.48% of the creditors by value had consented to the Agreement. Consequently, the Intervenor declared that the legal majority had been reached and the Court gave public notice of the Agreement.
- Loryser has already started implementing some of the commitments included in the Agreement. In March 2019, Loryser signed a brokerage agreement with Savona Equipment Ltd to assist with the sale in the international markets of the specialized mining equipment from Loryser's San Gregorio mine. During the recent summer months in the Southern hemisphere, the dewatering of the tailings dam was largely completed and Loryser started the reclamation work. Loryser has also been running a process to recover the scavenger gold from the San Gregorio plant in cooperation with Goldplat Recovery Ghana Ltd/Goldplat Plc. In addition, significant reductions in costs have been achieved in Uruguay, among others reducing the Montevideo office to a small filing area, management redundancies at agreed lower terms, and negotiating lower electricity fees. Staff in Uruguay has been reduced to 18 active members currently managing the reorganisation, care and maintenance and remediation processes.

Chile

- In July 2018, the Company sold its remaining 25% interest in Talca for a consideration of $120k. With this sale, the Company had no further interest in or obligation to Talca.
- Following the relinquishment by Fortune Valley Resources Chile S.A. ("FVRC") (an indirect, wholly-owned subsidiary of Orosur) of the Pantanillo project, Anglo American Inversiones SA ("Anglo"), sought the payment of minimum royalties totalling $3 million and requested arbitration. On March 28, 2019, the

Arbitral Tribunal rendered its decision, ruling that FVRC is required to pay Anglo approximately $1.6 million plus interests. The Tribunal´s decision is exclusively against FVRC. Orosur was not named in the decision from the Tribunal.

Financial and Corporate

- Assets held for sale in Uruguay have been recorded in the FY19 consolidated financial statements at the lower of book value or fair value. The consolidated financial statements were prepared on a going concern basis under the historical cost method except for certain financial assets and liabilities which are accounted as Assets and Liabilities held for sale and Profit and Loss from discontinuing operations: This accounting treatment has been applied to the activities in Uruguay and Chile.
- On May 31, 2019, the Company had a cash balance of $725k, of which $199k is just accesible for Loryser within the reorganization procedure (February 28, 2019 - $1.0 million; November 30, 2018 - $1.0 million; May 31, 2018 - $1.4 millionAs at the date of this announcement, the Company has a cash balance of $760k of which $51k is just accesible for Loryser within the reorganization procedure.
- On April 12, 2019, Mr. Robert Schafer was formally appointed Chairman of the Board of Directors.
- The Company announces that, with effect from the date of this announcement, SP Angel Corporate Finance LLP is sole broker to Orosur.

Outlook and Strategy

During the year ended May 31, 2018, the board adopted an aggressive strategic plan to restructure its business, and recapitalize and transform the Company by advancing its Colombian project (now with Newmont as a partner), as well as finding a fair solution in Uruguay for all stakeholders and reducing its activities in Chile. The strategy remains unchanged.

In Colombia, exploration continues with geophysical and geochemical reinterpretation now underway at the Anzá project. The objective of this initial activity, which will require no field work, is to update the geological model, in conjunction with Newmont Colombia. The first two years of the Exploration and Option Agreement (since September 2018) have relatively low minimum work commitments ($1 million per year). The minimum work commitment increases in years 3 and 4, to $4 million per year.

There are two additional semi-annual $0.5 million cash payments due to be paid to Orosur (in March and September 2020) by Newmont to comply with the Exploration and Option Agreement.

In Uruguay, the reorganization process has run its course without any significant incidents, with the Court having already given public notice of the Agreement. Once the Agreement is finally approved by the Court, it will be legally binding for all the creditors and Loryser's creditor protection status will cease together with Intervenor´s control over Loryser. Loryser has started implementing the Agreement with creditors in anticipation of the ratification by the Court. The successful sale of assets locally in Uruguay and internationally in cooperation with broker Savona is vital to optimizing the outcome of the Agreement with creditors.

Off-Balance-Sheet Arrangements

As of the date of this filing, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Proposed Transactions

The Company routinely evaluates various business development opportunities which could entail optioning properties, direct acquisitions, trades and/or divestitures. In this regard, the Company is currently in discussions with various parties, but no definitive agreements with respect to any proposed transactions have been entered into as of the date of this MD&A. There can be no assurances that any such transactions will be concluded in the future.

Overview of Financial Results

Selected Annual Information

	Years Ended May 31,		
	2019 ($)	**2018 ($)**	**2017 ($)**
Sales revenue	nil	37,100	44,226
Net profit (loss) for the year	(11,860)	(36,867)	2,678
Basic and diluted profit (loss) per share	(0.08)	(0.26)	0.03
Total assets	14,326	25,767	55,764

Selected Quarterly Information

A summary of selected financial information of Orosur for each of the eight most recent completed quarters is as follows:

Three Months Ended	Total Revenue ($)	(Loss) Total ($)	(Loss) Per Share ($)	Total Assets ($)
May 31, 2019	-	(1,842)	(0.01)	14,326
February 28, 2019	-	(2,026)	(0.01)	20,369
November 30, 2018	-	(1,874)	(0.02)	20,859
August 31, 2018	-	(6,118)	(0.06)	20,859
May 31, 2018	5,816	(27,862)	(0.06)	25,767
February 28, 2018	6,597	(1,976)	(0.00)	59,584
November 30, 2017	9,028	(251)	(0.00)	58,960
August 31, 2017	11,951	(290)	(0.00)_	57,423

Discussion of Operations

During the three and twelve months ended May 31, 2019, the Company incurred a net loss of $1,842 and $11,860 respectively (three and twelve months ended May 31, 2018 - $27,782 and $36,867, respectively).

Assets held for sale in Uruguay are measured at the lower of book value or fair value. The consolidated financial statements were prepared on a going concern basis under the historical cost method except for certain financial assets and liabilities which are accounted as Assets and Liabilities held for sale and Profit and Loss from discontinuing operations: This accounting treatment is applied to the activities in Uruguay and Chile. Gold production and revenues at San Gregorio, Uruguay ceased in August 2018.

The loss from discontinued operations for the three and twelve months ended May 31, 2019 included a $19 and $1,815 provision, respectively, for minimum royalties due to Anglo as per Arbitral Tribunal decision, ruling that FVRC (an indirect, wholly-owned subsidiary of Orosur) is required to pay Anglo approximately $1.6 million plus interest at Chile's current interest rate calculated from December 2015 until its effective payment. The Tribunal's decision is exclusively against FVRC. Orosur was not named in the decision from the Tribunal.

Profit and loss for the three and twelve months ended May 31, 2019 and May 31, 2018

Orosur recorded a net loss for the three and twelve months ended May 31, 2019 of $1,842 and $11,860 respectively, with basic and diluted loss per share of $0.01 and $0.08, respectively. This compares with a net loss of for the three and twelve months of $27,862 and $36,301, respectively, with basic and diluted loss per share of $0.06 and $0.26, respectively. The decrease in net loss was principally because:

For the three and twelve months ended May 31, 2018, the Company completed an assessment of the carrying value of its CGUs and recorded a non-cash impairment charge of $11,083 for property, plant and equipment and development costs. The impairment was due to the complex and difficult situation in its long-standing operation as a consequence of the lack of availability of good quality ore during the last year and the lack of permits and financing to develop the Veta A project (currently the highest-grade source of underground ore available on the San Gregorio mine complex).

On May 24, 2018, the Company announced its decision to terminate the option agreement on its Anillo gold exploration project with Codelco. As the result, for the three and twelve months ended May 31, 2018, an impairment charge of $5,485 was recognized. The Anillo gold exploration project is in Chile.

Also, for the three and twelve months ended May 31, 2019, the Company recorded the Uruguay operations as discontinued operations. Accordingly, the assets and liabilities related to Uruguay have been reclassified as assets and liabilities held for sale in the consolidated financial statements as at May 31, 2019. Assets held for sale in Uruguay are measured at the lower of book value or fair value. Operating results and cash flow related to these assets and liabilities have been included in net income as net loss from discontinued operations and all assets and liabilities are held for sale.

Assets and liabilities

The financial results were prepared on a going concern basis under the historical cost method. The Company expects that Loryser S.A. will sell the assets in the near future with proceeds used to settle the outstanding debts owed to the creditors of Loryser S.A in accordance with the agreement reached with creditors in December 2018. Whether such proceeds will be sufficient to settle the debts in entirety is unknown at this time. Therefore, the Company will recognize the net realizable value of these assets when the proceeds will be realized. Currently, Assets held for sale in Uruguay are measured in the financial statements at the lower of book value or fair value.

The following is selected financial data of the Company as at May 31, 2019, May 31, 2018, and May 31, 2017:

	As at May 31, 2019	**As at May 31, 2018**	**As at May 31, 2017**
Total current assets	$5,256	$9,160	$18,033
Total non-current assets	$9,070	$16,607	$37,731
Total assets	$14,326	$25,767	$55,764
Total current liabilities	$23,641	$19,782	$14,963
Total non-current liabilities	$nil	$5,494	$5,606
Total liabilities	$23,641	$25,276	$20,569
Total shareholders' (deficit) equity	**($9,315)**	**$491**	**$35,195**

Sales

Sales include gold and silver sales as below relates to discontinued operations. Sales of gold ceased when gold production ceased in August 2018.

Sales	**$'000**	**Ounces**	**$ per oz**
YTD 2019			
Gold	4,155	3,296	1,261
Silver	47	3,011	16
Total sales	**4,202**		
YTD-2018			
Gold	36,761	28,727	1,280
Silver	339	20,246	17
Total sales	**37,100**		

Production statistics

Since August 2018, the San Gregorio mining operations have been on care and maintenance status and no ounces were produced or extracted from the stock of ore in process as a result of putting the mining operations under care and maintenance. Quarterly production statistics are provided below for discontinued operations:

Quarterly production statistics	Ore processed (tonnes)	Grade processed (g/t Au)	Recovery (%)	Gold produced (ounces)
May 31, 2019	Nil	Nil	Nil	Nil
February 28, 2019	Nil	Nil	Nil	Nil
November 30, 2018	Nil	Nil	Nil	Nil
August 31, 2018	65,163	1.28	93.01	3,029
May 31, 2018	161,729	1.03	94.25	5,049
February 28, 2018	240,432	0.93	94.43	6,859
November 30, 2017	204,315	1.14	94.49	7.052
August 31, 2017	268,964	0.96	93.64	8,626

Corporate expenses and other gains and expenses

Corporate expenses and other gains and expenses include corporate overhead costs, stock-based compensation expense, net finance costs, foreign exchange gains and losses and other miscellaneous items from continued operations.

- Exploration expenses decreased as the Company reduced Colombia overheads.
- Other income increased for the twelve months ended May 31, 2019 due to $500 received as inducement fee for Newmont; and
- Fair value of financial instruments decreased as the share price decreased during the twelve months ended May 31, 2018 from original valuation date.

Liquidity and Capital Resources

The Company had cash of $512 at May 31, 2019 (May 31, 2018 - $1,390). The decrease in cash during the twelve months ended May 31, 2019 was primarily due to its use in the operating activities. This was offset by cash provided by financing activities of $2,000.

Cash used in continued operating activities was $2,791 for the twelve months ended May 31, 2019. Operating activities were affected by changes in non-cash working capital balances because of decreases in amounts receivables and other assets of $298 and an increase in accounts payable and accrued liabilities of $563. The Company also recorded fair value adjustment on financial instrument of $31 and share-based payments of $54 and other adjustments of $1,849.

Cash used by investing activities includes $427 spent on exploration and evaluation activities in Colombia. The Company received payment of $310 from Newmont during the twelve months ended May 31, 2019.

Cash provided by financing activities was $2,000 for the twelve months ended May 31, 2019, primarily derived from net proceeds of $2,000 received from the private placement issuance of 29,213,186 common shares at a price of Cdn$0.091 per share.

At May 31, 2019, the Company had a net working capital deficiency of $18,385 (May 31, 2018 – $10,622).The Company is not generating cash from operations but relies on the cash payments from Newmont and the funding of commitments in Colombia to cover its financial needs outside Uruguay. The re-organisation in Uruguay is, as per the December 2018 Agreement, financing itself by the sale of Loryser's assets proceeds which are intended to cover its outstanding and ongoing liabilities. The Company may in the future consider raising equity capital in amounts sufficient to fund both exploration work and working capital requirements. Additional measures have been undertaken or are under consideration to further reduce cash expenditures.

See "Risk Factors" below.

Outstanding Share Data

As at the date of this MD&A, the Company had the following number of common shares and issuable shares outstanding:

Securities	
Common shares	150,277,672
Issuable under options	8,094,092
Issuable under warrants	8,370,251
Total Securities	**166,742,015**

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Management is responsible for establishing and maintaining adequate disclosure controls and procedures ("DCP") as well as internal controls over financial reporting ("ICFR") as described below.

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), with the participation of management, last completed an evaluation of the design and operating effectiveness of the Company's DCP's and ICFR's as at May 31, 2019. Based on that assessment, management concluded that the Company's ICFR were operating effectively at May 31, 2019, pursuant to the requirements of Multilateral Instrument 52-109. Management follows the Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO Model").

During the twelve months ended May 31, 2019, the CEO and CFO evaluated whether there were changes to the ICFR that have materially affected, or are reasonably likely to materially affect, the ICFR. No such significant changes were identified through their evaluation which was based on the COSO Model.

Limitations of controls and procedures

The Company's management, including the CEO and CFO, believe that any internal controls over financial reporting and disclosure controls and procedures, no matter how well designed, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

Critical Accounting Judgements, Estimates and Assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. By definition, estimates and assumptions seldom equal actual results and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, and to the amounts of revenues and expenses presented in these financial statements. The areas which require management to make significant judgments, estimates and assumptions are discussed below:

Exploration and evaluation expenditure

The recoverability of amounts shown for capitalized exploration and evaluation costs is dependent upon the discovery of economically recoverable reserves. As at May 31, 2019, there were no reserves at any of the Company's operating properties.

Environmental rehabilitation provisions

The fair value of the liability is determined based on the net present value of estimated future costs estimated by management based on feasibility and engineering studies on a site by site basis. While care was taken to estimate the retirement obligations, these amounts are estimates of expenditures that are not due until future years; The Company assesses its provision on an annual basis or when new material information becomes available.

Share based compensation

The Company uses the fair value method to account for stock-based employee compensation plans. The calculation of this benefit relies on estimates of the anticipated life of the option and the volatility of the Company's share price;

Deferred income tax assets and liabilities

Significant judgment is required in determining the worldwide provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences may impact the carrying amount of deferred income taxes;

Capital Management

Our capital management objectives are to safeguard the Company's ability to support our operating requirements on an ongoing basis, continue the development and exploration of the Company's mineral properties and support expansion plans while attempting to maximize the return to shareholders through enhancing the share value. The Company defines capital that it manages as net worth, which is comprised of total shareholders' equity and debt obligations (net of cash and cash equivalents).

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by, upon approval of its Board of Directors, issuing new shares, disposing of assets or undertaking other activities as deemed appropriate under the specific circumstances. The Board of Directors reviews and approves any material transactions out of the ordinary course of business, including proposals on acquisitions or other major investments or divestitures, as well as capital and operating budgets.

The Company does not have a numeric target for its capital structure. The capital structure is reviewed by management and the Board of Directors on an ongoing basis. The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures and other investing and financing activities. Selected information is frequently provided to the Board of Directors of the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the twelve months ended May 31, 2019.

New Standard Adopted

IFRS 9 Financial Instruments ("IFRS 9")

On July 24, 2014, the IASB issued the completed IFRS 9, Financial Instruments, (IFRS 9 (2014) to come into effect on January 1, 2018 with early adoption permitted.

IFRS 9 (2014) includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39 Financial Instruments: recognition and measurement, for the classification and measurement of financial liabilities.

The Company adopted IFRS 9 in its consolidated financial statements on June 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening accumulated deficit balance on June 1, 2018. The impact on the classification and measurement of its financial instruments is set out below.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the consolidated statement of loss and comprehensive loss for the year. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

Classification	IAS 39	IFRS 9
Cash and cash equivalents	Loans and receivables (amortized cost)	Amortized cost
Amounts receivable	Loans and receivables (amortized cost)	Amortized cost
Marketable securities	Fair value through profit and loss ("FVTPL")	FVTPL
Restricted cash	Loans and receivables (amortized cost)	Amortized cost
Amounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost
Promissory note payable	Other financial liabilities (amortized cost)	Amortized cost
Long-term debt	Other financial liabilities (amortized cost)	Amortized cost

New Standards not yet Adopted

IFRS 16 - Leases ("IFRS 16") was issued on January 13, 2016. The new standard brings most leases onto the balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of IFRS 16 on its consolidated financial statements.

Related Party Balances and Transactions

The Company owns 100% of all of its subsidiaries. Figures contained in this MD&A document include the accounts of Orosur and its subsidiaries and all inter-company transactions have been eliminated on consolidations. Note 21 of the financial statements for the period ended May 31, 2019 discloses the Company's list of subsidiaries.

Risk Factors

The Board recognizes that the exploration and development of natural resources is a speculative activity that involves a large number of uncertainties, and a degree of financial risk. Accordingly, the Board considers the risks to which the Company is exposed as part of its regular operations and keeps these under review.

The principal risks are considered to be those set out below.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

The Company is not currently generating cash from operations but relies on the cash payments from Newmont and their funding of commitments in Colombia to cover its financial needs outside Uruguay. The business in Uruguay is, as per the December 2018 agreement, financing itself selling its assets while covering its liabilities, There can be no assurance that this funding will be available to the Company or, if available, that it will be sufficient to cover all its needs in the future, The company may in the future consider raising equity capital in amounts sufficient to fund both exploration work and working capital requirements.

There can be no assurance that additional funding will be available to the Company or, if available, that this funding will be on acceptable terms. Additional measures have been undertaken or are under consideration to further reduce cash expenditures.

Forward-looking statements include, without limitation, the exploration plans in Colombia and the funding from Newmont of those plans, Newmont´s decision to continue with the option agreement, the approval of the Agreement by the Court in Uruguay, expectations that the Agreement will become legally binding on all creditors of Loryser and successful emergence from creditor protection proceedings and Intervenor control, and the outcome of the arbitration process in Chile against FV and any effects of that arbitration´s decision to the Company. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from those anticipated in such forward looking statements

Key Personnel Risks

Recruiting and retaining qualified personnel is critical to the Company's success. Although the Company believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

Exploration, Mining and Operational Risks

The Company's longer-term strategy depends to a certain extent on its ability to find commercial quantities of minerals, and to obtain and retain appropriate access to these minerals. The Board cannot guarantee that it will be able to identify appropriate properties, or negotiate acquisitions, on favourable terms.

The exploration for and development of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate or adequately mitigate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. There is no assurance that commercial quantities of ore will be discovered on any of Orosur's exploration properties. There is no assurance that, even if commercial quantities of ore are discovered, a mineral property will be brought into commercial production. In addition, assuming discovery of a commercial ore-body, depending on the type of mining operation involved, several years can elapse from the initial phase of drilling until commercial operations are commenced.

The nature of resource and reserve quantification studies means that there can be no guarantee that estimates of quantities and grades of minerals will be available to extract. The figures for reserves and resources estimates are determined in accordance with National Instrument 43-101, issued by the Canadian

Securities Administrators. This National Instrument lays out the standards of disclosure for mineral projects including rules relating to the determination of mineral reserves and resources.

The Company's business activities are also affected to varying degrees by government regulations respecting, among other things, tax, royalties, utilities service supply, mining legislation and environmental legislation changes.

Title Risks

Individual titles expire from time to time and the Company manages the process of retaining its rights by re-application or conversion to other forms of title relevant to each stage of development. The process of re-application involves some risk however, as released titles must fall open before they can be re-applied for.

There can be no guarantee that the State in the jurisdictions in which the Company operates will continue to grant or respect mining titles and environmental licenses, and that the titles of the properties will not be challenged or negated for political or legal reasons.

Political and Economic Risks

Political conditions in the countries where the Company operates are stable. Changes may however occur in political, fiscal and legal system that might affect the ownership or operation of the Company's interests, including inter alia, changes in exchange control regulations, expropriation of mining rights, changes of government and in legislative, tax and regulatory (mining and environmental) regimes.

Sensitivity to commodity prices and foreign exchange rates

Gold has historically been subject to large price fluctuations, and is affected by factors which are unpredictable, including international economic and political conditions, speculative activities, the relative exchange rate of the US dollar with other currencies, inflation, global and regional levels of supply and demand and the gold inventory levels maintained by producers and others.

The Company has financial exposure to foreign exchange fluctuations in the Uruguayan, Chilean and Colombian peso and the Canadian dollar relative to the US dollar.

Non GAAP Measures

The Company is of the opinion that conventional measures of performance prepared in accordance with IFRS do not meaningfully demonstrate the Company's financial performance and the ability of its operations to generate cash flow. Therefore, the Company has included certain non-IFRS measures in this MD&A to supplement its financial statements which are prepared in accordance with IFRS.