

OROSUR MINING INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2020
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, 2020. 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, 2020 and May 31, 2019, 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, 2020, are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as of October 14, 2020, 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 for Loryser to continue and finalize with the remediation in Uruguay, the ability to implement the Creditors' Agreement successfully 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 implementation of the Creditor's Agreement in Uruguay. 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.

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 Buritica, Titiribi, 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. The Company 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 (the "Creditors Agreement"), achieving a support level of approximately 72% of creditors by value, comprising 67 different creditors. The Creditors Agreement was ratified by the Court in September 2019. The ratification by the Court means that the Agreement is legally binding on all trade creditors and that the Intervenor's control over Loryser ceases.

Financial Year 2020 Highlights

Financial and operational highlights for the year ended May 31, 2020 include:

Colombia

- In accordance with the Exploration Agreement with Venture Option over the Anzá project in Colombia (the "Exploration Agreement") with Newmont Colombia S.A.S. ("Newmont Colombia"), dated 7th September 2018, Newmont Colombia made a cash payment of \$500 to Orosur in August 2019 and a payment of \$690 to Minera Anzá in November 2019 to cover its outstanding commitments for the first Year of the Exploration Agreement (September 2018 to September 2019) and to maintain its phase 1 earn-in rights.

- On March 5, 2020, a cash payment of \$500 was received by the Company from Newmont Colombia, in connection with maintaining its earn-in rights pursuant to the Exploration Agreement.
- As announced on September 3, 2020, an additional cash payment of \$500 was received by the Company from Newmont Colombia, in connection with maintaining its earn-in rights pursuant to the Exploration Agreement.
- Also after the year end, on 30th September 2020, Newmont Corporation ("Newmont"), entered into a Joint Venture Agreement ("Joint Venture") with Agnico Eagle Mines Limited ("Agnico") whereby the two companies will jointly assume and advance Newmont's prior rights and obligations with respect to the Anzá project in Colombia on a 50:50 basis, with Agnico as operator of the Joint Venture.

As explained above, Orosur's Anzá Project is subject to the Exploration Agreement with Newmont Colombia. Newmont Colombia will become the Joint Venture vehicle between Newmont and Agnico and its name will change to Minera Monte Águila SAS ("Monte Águila"). Orosur's position with respect to the Anzá project, and all terms and conditions of the Exploration Agreement remain unchanged

Monte Águila assumes all rights and obligations with respect to the Anzá project that were previously held by Newmont Colombia, with Minera Anzá remaining operator of the Anzá project and conducting exploration work on behalf of Monte Águila, until such time as Monte Águila assumes operatorship at its discretion.

Initial funding of approximately \$650 from Agnico to restart the exploration program was received by Minera Anzá on October 2, 2020. This funding is to be directed solely to fund exploration on the Anzá Project for the 12 month period starting September 7, 2020 and is the first contribution of the required US\$4m of expenditure for this 12 month period per the terms of the Agreement. This funding is not related to the payment in lieu for the shortfall of qualifying expenditure for the previous 12 month period ended September 6, 2020. The payment in lieu, which amounts to \$582 is payable no later than November 7, 2020.

Uruguay

- In Uruguay, with the Creditors Agreement finally approved by the Court in September 2019, and legally binding on all trade creditors, Loryser, the Company's Uruguayan subsidiary, focused its activities in the implementation of the Creditors Agreement and the sale of its Uruguayan assets. As part of that Agreement, Orosur issued in December 2019, 10,000,000 common shares to a trust for the benefit of Loryser's creditors as contemplated in the court-approved Creditors Agreement.
- At the same time, and in line with Company's expectations, during Q3 2020, Loryser signed a Settlement Agreement with DINAMA (Uruguay environmental agency) in order to recover the US\$ 1.3 million from the environmental guarantee it had executed previously. Pursuant to the Settlement Agreement, Loryser is continuing with the reclamation of the tailings dam and Dinama will pay in instalments upon completion of a six-phased closure plan. The agreement is now effective after getting final approval from the Audit Tribunal, who oversees all Governmental accounts. The first of the payments from DINAMA in an amount of \$150 was received by the Company on May 21, 2020.
- After the year end, on August 6, 2020, the Company sold its mining and exploration permits in the San Gregorio Project area of Uruguay to Kiwanda Group LLC for an aggregate cash consideration of \$550 of which \$250 was received on completion and a further \$300 is payable in August 1, 2021. Good progress is being made on the sale of Loryser's other assets including plant and equipment. The

proceeds from all of these sales will be used to pay liabilities in Uruguay in connection with the aforementioned Creditors Agreement.

Financial and Corporate

- The consolidated financial statements have been prepared on a going concern basis under the historical cost method except for certain financial assets and liabilities which are accounted for as Assets and Liabilities held for sale (at the lower of book value or fair value) and Profit and Loss from discontinuing operations. This accounting treatment has been applied to the activities in Uruguay and Chile.
- On May 31, 2020, the Company had a cash balance of \$782, (May 31, 2019 \$526). As at the date of this MD&A the Company had a cash balance of \$642.
- During the course of Q4 2020, Louis Castro was appointed Chairman of the Board of Directors, replacing Rob Shafer. After the year end, Brad George was appointed Chief Executive Officer and Thomas Masney was appointed as a non-executive director, replacing Ignacio Salazar and HD Lee respectively.

Outlook and Strategy

During the year ended 31 May 2020 the Board continued to apply its strategic plan to restructure its business, and recapitalize and transform the Company by advancing its Anzá project in Colombia (with Newmont as a partner, as explained above), whilst progressing other opportunities, as well as finding a fair solution in Uruguay for all stakeholders. The strategy remains unchanged post year-end.

In Colombia, Newmont completed commitments and payments of Year 2 of the Exploration Agreement. In March 2020, Newmont made the third out of four \$500 cash payments to Orosur and the fourth payment of \$500 was received in September 2020. As explained further below, Newmont, and its new partner in the Anza project, Agnico Eagle, will need to spend \$4 million on the Anza project between now and September 2021 which should lead to an acceleration in the exploration and appraisal of the project in the coming year.

In Uruguay, with the Creditors Agreement finally approved by the Court in September 2019, Loryser focused its activities on the implementation of the Creditors Agreement. The ratification by the Court means that the Creditors' Agreement is legally binding on all trade creditors and that the intervenor's control over Loryser ceases. The Creditors' Agreement provides that the net proceeds from the sale of Loryser's assets in Uruguay, together with the issuance of 10 million common shares in Orosur (issued in December 2019), shall fully satisfy all amounts owing by Loryser to its trade creditors, as well as provide funds for Loryser to conduct this process and manage the orderly closure of its operations. The Creditors' Agreement requires Loryser to manage and complete the sale and payment process within two years, starting from the date of the ratification by the Court. This process is well advanced.

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,		
	2020 (\$)	Restated 2019 (\$)	2018 (\$)
Sales revenue	nil	nil	37,100
Total comprehensive income (loss) for the year before cumulative translation adjustment	970	(11,619)	(36,845)
Basic and diluted profit (loss) per share	0.01	(0.08)	(0.32)
Total assets	10,544	13,826	25,767

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 (\$)	Income (Loss)		Total Assets (\$)
		Total (\$)	Per Share (\$)	
May 31, 2020	-	1,665	0.01	10,544
February 29, 2020	-	(573)	0.00	13,186
November 30, 2019	-	193	0.00	13,324
August 31, 2019	-	207	0.00	13,932
May 31, 2019	-	(1,842)	(0.01)	13,826
February 28, 2019	-	(2,026)	(0.01)	20,369
November 30, 2018	-	(1,874)	(0.02)	20,233
August 31, 2018	-	(6,385)	(0.06)	20,859

The consolidated financial statements have 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. Assets held for sale in Uruguay are measured at the lower of book value or fair value. Gold production and revenues at San Gregorio, Uruguay ceased in August 2018.

Discussion of Operations

Profit and loss for the year ended May 31, 2020 and May 31, 2019

Continued operations

For the year ended May 31, 2019, Orosur recorded a net loss from continued operations of (\$1,527), with basic and diluted loss per share of \$0.01. This compares with a net loss of (\$1,851) for the year ended May 31, 2019. The decrease in net loss of \$324 is principally attributable to a reduction in corporate and administrative expenses of \$330.

Discontinued operations

For the year ended May 31, 2020, income from discontinued operations was \$2,497. This compares with a net loss of for the twelve months ended May 31, 2019 of \$9,768. The change from a loss in 2019 to net income in 2020 was mainly due to a gain in foreign exchange, the absence of restructuring costs in 2020, as well as an increase, during 2020, in sales of assets in Uruguay.

Assets and liabilities as at May 31, 2020; May 31, 2019; and, May 31 2018

The following is selected financial data of the Company as at May 31, 2020, May 31, 2019, and May 31, 2018:

	As at May 31, 2020	Restated As at May 31, 2019	As at May 31, 2018
Total current assets	\$3,993	\$5,256	\$9,160
Total non-current assets	\$6,551	\$8,570	\$16,607
Total assets	\$10,544	\$13,826	\$25,767
Total current liabilities	\$19,712	\$23,494	\$19,782
Total non-current liabilities	\$nil	\$nil	\$5,494
Total liabilities	\$19,712	\$23,494	\$25,276
Total shareholders' (deficit) equity	(\$9,168)	(\$9,668)	\$491

Liquidity and Capital Resources

The Company had cash from continued operations of \$782 at May 31, 2020 (May 31, 2019 \$526). The increase in cash during the year ended May 31, 2020, was primarily due to cash provided by investing activities after offsetting the cash used in operating activities.

Cash used in operating activities was \$1,985 for the year ended May 31, 2020. Cash provided by investing activities amounted to \$2,370 comprising \$2,019 in proceeds received under the exploration and option agreement, and \$ 1,120 from the sale from assets equipment, less expenditure of \$769 on exploration, evaluation and environmental tasks.

At May 31, 2020, the Company had a net working capital deficiency of \$15,719 (May 31, 2019 – \$18,238). The Company is not generating cash from operations but relies on the cash payments received under the exploration and option agreement for the funding of commitments in Colombia and to cover its financial needs outside Uruguay. The reorganization 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. While Loryser needs to fully cover the labour and environmental liabilities, the Creditors Agreement provides that all amounts owing by Loryser to its trade creditors would be considered fully satisfied by net proceeds from the sale of Loryser's assets in Uruguay, together with the issuance of 10 million common shares of Orosur into Trust. In the event that the exploration and option partners do not meet its funding requirements, the Company will require external financing to advance its exploration project in Colombia. Such financing may be by way of equity, and / or debt financing. There can be no assurance that financing will be available to the Company when needed or, if available, that this financing will be on acceptable terms. If adequate funds are not available, the Company may not be able to advance its exploration project in Colombia.

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	160,277,672
Issuable under options	6,636,536
Total Securities	166,914,208

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

The Chief Executive Officer and Chief Financial Officer are responsible for certifying the design of the Company's ICFR as required by Multilateral Instrument 52-109 – "Certification of Disclosure in Issuers' Annual and Interim Filings" and CSA staff notice 52- 316 – "Certification of Design of Internal Control over Financial Reporting". The Company's ICFR are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable accounting standards. ICFR should include those policies and procedures that establish the following:

- maintenance of records in reasonable detail that accurately and fairly reflect the transactions and dispositions of the Company's assets;

- reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with applicable accounting standards;
- receipts and expenditures are only being made in accordance with authorizations of management and the Board of Directors; and
- reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Because of their inherent limitations, ICFR may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Chief Executive Officer and Chief Financial Officer have evaluated the Company's ICFR and concluded that they are effective as at May 31, 2020. Management follows the Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company has designed appropriate ICFR for the nature and size of its business, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with applicable accounting standards.

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:

Consolidation

The consolidated financial statements include the accounts of Orosur and its subsidiaries (collectively "the Group"). Subsidiaries are entities controlled directly or indirectly by Orosur. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company's list of subsidiaries is included in note 20 to the audited annual consolidated financial statements of the Company for the year ended May 31, 2020 and May 31, 2019. All are 100% owned by Orosur and they

include the Company's subsidiaries in Uruguay, Chile and Colombia. In each case the management has deemed that Orosur has control over these and all other subsidiaries on the measures set out above.

Discontinued operations.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

The Company is accounting for its activities in Chile and Uruguay as discontinued. Chile is recognized as a discontinued operation after all of its mining assets were sold or returned. In Uruguay, the operations are on a care and maintenance basis and the Company's subsidiary, Loryser S.A. is well advanced in the sale of its assets and the liquidation of its liabilities and commitments in other than the normal course of business.

Exploration and evaluation expenditure

The recoverability of amounts shown for capitalized exploration and evaluation costs is dependent upon the discovery of economically recoverable reserves. Management reviews the carrying value of capitalized exploration and evaluation costs at least annually. The review is based on the Company's intention for development of the underlying asset

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 ongoing basis or when new material information becomes available.

Stock-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, risk free rate, forfeiture rate, and the volatility of the Company's share price.

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, 2020.

New Standard Adopted

IFRS 16 – Leases

IFRS 16 was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. Based on the Company's assessment, the Company has determined that this standard has no significant impact on its audited annual consolidated financial statements.

IFRIC Interpretation 23 – Uncertainty over income tax treatments

Issued by the IASB on June 7, 2017, IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual period beginning on or after January 1, 2019. Earlier application is permitted. The Company intends to adopt the Interpretation in its consolidated financial statements for the annual period beginning on June 1, 2019. Based on the Company's assessment, the Company has determined that this standard has no significant impact on its unaudited condensed interim consolidated financial statements.

New Standards not yet Adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after June 1, 2020. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

IAS 1 and IAS 8 were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted. The Company is currently assessing the impact on the 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 20 to the audited annual consolidated financial statements of the Company for the year ended May 31, 2020 and 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 cash payments from Newmont and their funding of commitments in Colombia to cover its financial needs outside of 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 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.

Liquidity risk depends on certain forward-looking statements which include, without limitation, the exploration plans in Colombia and the funding from Newmont Colombia of those plans, Newmont Colombia's decision to continue with the option agreement, the satisfactory implementation of the ratified Creditors' Agreement in Uruguay, and the enforcement of the arbitration process in Chile against Fortune Valley Resources Chile S.A. (a subsidiary of the Company) and any effects of that arbitration's decision on 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.

Foreign currency risk

Foreign currency risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the entity's functional currency. All of the Company's entities have the United States dollar as the functional currency, except for Waymar Resources Ltd., Cordillera Holdings International Ltd. and Minera Anzá S.A., the functional currency of which is the Canadian dollar and Minera Anzá S.A. (Colombia branch), the functional currency of which is the Colombian peso. The Company conducts some of its activities in currencies other than the US dollar, especially in Uruguayan pesos. The Company also has active exploration programs in Colombia and has some of its expenditure denominated in Colombian pesos. The Company is therefore subject to gains or losses due to fluctuations in the Uruguayan peso and the Colombian peso relative to the US dollar. The Company manages its currency rate risk by denominating its contracts and commitments, where possible, in US dollars. The Company does not have a policy, to nor has it entered into derivatives to mitigate foreign currency risks.

During the year ended May 31, 2020, the Uruguayan peso (UY\$) depreciated by 23% against the US dollar. The exchange rate as of May 31, 2020 was UY\$43.308 per 1 US dollar. The Company has in its Uruguayan operation three main operating expenses denominated in Uruguayan pesos: salaries, electricity and gas oil.

Credit risk

Credit risk is the risk that a third party might fail to fulfil its performance obligations under the terms of a financial instrument. The Company's credit risk is primarily attributable to cash and cash equivalents and accounts receivable. The Company has no significant concentration of credit risk. The Company's cash and cash equivalents credit risk is mitigated by using well capitalized financial institutions.

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 IFRS 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.

Subsequent Events

- i) On August 14, 2020 8,370,000 warrants expired unexercised.
- ii) On September 1, 2020, the Company received a cash payment of \$500,000 from Newmont, in connection with maintaining its earn-in rights pursuant to the Exploration Agreement with Venture Option over the Anzá project in Colombia.

- iii) On September 30, 2020, Newmont Corporation ("Newmont"), entered into a Joint Venture Agreement ("Joint Venture") with Agnico Eagle Mines Limited ("Agnico") whereby the two companies will jointly assume and advance Newmont's prior rights and obligations with respect to the Anzá Project in Colombia on a 50-50 basis, with Agnico as operator of the Joint Venture.

Orosur's Anzá Project is subject to the Exploration Agreement with Venture Option dated September 7, 2018, as announced on September 10th, 2018, (the "Agreement") between Orosur's 100% subsidiary Minera Anzá S.A ("Minera Anzá") and Newmont Colombia SAS ("Newmont Colombia"), a subsidiary of Newmont. Orosur's position with respect to the Anzá project, and all terms and conditions of the Agreement remain unchanged.

Newmont Colombia will become the Joint Venture vehicle between Newmont and Agnico and its name will change to Minera Monte Águila SAS ("Monte Águila").

Monte Águila assumes all rights and obligations with respect to the Anzá project that were previously held by Newmont Colombia, with Minera Anzá remaining operator of the Anzá project and conducting exploration work on behalf of Monte Águila, until such time as Monte Águila assumes operatorship at its discretion.

- iv) Initial funding of approximately \$650 from Agnico to restart the exploration program was received by Minera Anzá on October 2, 2020. This funding is to be directed solely to fund exploration on the Anzá Project for the 12 month period starting September 7, 2020 and is the first contribution of the required \$4 million of expenditure for this 12 month period per the terms of the Agreement. This funding is not related to the payment in lieu for the shortfall of qualifying expenditure for the previous 12 month period ended September 7, 2020. The payment in lieu, which amounts to \$582 is payable no later than November 7, 2020