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AIM: OSU
TSX: OSU
PRESS RELEASE
13 August 2009

Orsu Metals Corporation

Interim Results for the Period Ended 30 June 2009 and 2008 (Unaudited)

Orsu Metals Corporation ("Orsu", or the "Company") (TSX: OSU, AIM: OSU), the London-based base and precious metal mining, development and exploration company today reports its results for the quarter and six months ended 30 June 2009. All amounts are reported in United States Dollars unless otherwise indicated. Canadian Dollars are referred to herein as CAD\$.

QUARTER OPERATIONAL HIGHLIGHTS

- April 2009 – Orsu announced that it had not yet reached an agreement on the restructuring of the loan repayments and hedging obligations, due by Joint Stock Company Varvarinskoye ("JSCV") under its loan and hedging facilities and that discussion is ongoing with the Lenders.
- May 2009 – Orsu announced that it has signed an amended and restated offtake agreement with Trafigura Beheer B.V., Netherlands ("Trafigura") for the purchase of Varvarinskoye's copper concentrate product.
- May 2009 – Orsu provided an update of on-going work at the Talas and Tokhtazan exploration licence areas of north west Kyrgyzstan and the Karchiga exploration area of north east Kazakhstan.
- June 2009 – Orsu announced it had entered into a sale and purchase agreement to sell to Polymetal all of its interest and obligations in the Varvarinskoye Project.

POST QUARTER HIGHLIGHTS

- July 2009 – Orsu shareholders passed a resolution authorising the sale of its 100% interest in the Varvarinskoye Project (the "Varvarinskoye Disposition Resolution").

MANAGEMENT'S DISCUSSION AND ANALYSIS

A full Management's Discussion and Analysis of the results for the quarter and six months ended 30 June 2009 and year ended 2008 ("MD&A") and Financial Statements ("Financials") for the Company for the six months ended 30 June 2009 and year ended 2008 will soon be available on the Company's profile on SEDAR (www.sedar.com) or on the Company's website (www.orsumetals.com). These can also be obtained on application to the Company. The following information has been extracted from the MD&A and the Financials.



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FINANCIAL RESULTS FOR THE THREE MONTHS TO JUNE 30, 2009

For the three months to June 30, 2009 the Company made a net profit of \$2.7 million consisting of a net gain from discontinued operations of \$5.8 million offset by a net loss from continuing operations of \$3.1 million (net loss of \$28.3 million, for the three months to March 31 2009, and net loss of \$16.9 million for the three months June 30, 2008).

The net gain of \$5.8 million from discontinued operations comprised of a gross operating profit of \$16.8 million (losses for the three months to March 31 2009 and June 30, 2008 of \$2.9 million and \$1.1 million respectively) offset by net losses on derivatives of \$6.7 million (losses for the three months to March 31 2009 and June 30, 2008 of \$15.5 million and \$5.6 million respectively), with administration and other charges for discontinued operations of \$4.3 million (expenditure for the three months to March 31 2009 and June 30, 2008 of \$6.9 million and \$4.2 million respectively).

Net losses on continuing operations of \$3.1 million (losses for the three months to March 31 2009 and June 30, 2008 of \$3.0 million and \$6.0 million respectively) were due mainly to: head office general & administration charges (including legal and advisory fees pertaining to the Varvarinskoye disposition), exploration costs, and stock based compensation charges in respect of share options vesting during the quarter.

Revenues – discontinued operations

For the three months to June 30, 2009 the Company invoiced sales of \$34.6 million plus a future metal price settlement adjustment of \$0.9 million (using estimated final settlement price for copper per lb of \$2.27) less treatment and refining charges of \$3.0 million, resulting in reported revenues for the quarter of \$32.5 million (\$9.8 million for the quarter to March 31, 2009, and \$13.2 million, for the quarter to June 30, 2008).

The increase in sales during the quarter ended June 30, 2009 was due to the resumption of copper concentrate shipments to Trafigura during the quarter and full recovery of the revenues in the same period.

Cost of sales – discontinued operations

Costs of sales expenses were \$15.7 million during the quarter (\$12.6 million March 31, 2009 and \$14.3 million June 30, 2008).

The increase in the cost of sales of \$3.1 million for the three months to June 30, 2009 versus the prior quarter was primarily due to additional expenditure on processing consumables resulting in an increase in plant operating costs of \$1.9 million, and an increase in selling and distribution costs of \$1.1 million due to the resumption of copper concentrate shipments during the quarter to Trafigura.

Compared to cost of sales expenses in the same quarter for 2008, the cost of sales expenses increased during the quarter ended June 30, 2009 by an overall \$1.4 million due mainly to: higher mine, plant and site operating costs of \$5.1 million reflecting the increased level of mining and processing activity year-on-year; lower depreciation and amortisation charges during the quarter ended June 30, 2009 of \$3.9 million following the impairment of the Varvarinskoye assets at December 31, 2008.

Other (Expenses) Income

- **Derivative instruments – discontinued operations**

At June 30, 2009 the Company's derivative financial instruments were comprised solely of gold forward sales contracts.

For the three months ended June 30, 2009 the Company booked realised derivative losses of \$7.2 million (for the same period in 2008 – \$5.1 million) representing 20,308 ounces of gold, which remained unpaid at the end of the quarter.



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The risk adjusted mark to market revaluation of the Company's derivative liabilities, from a strike price of \$574.25 per oz, as at June 30, 2009 at an average forward gold price of \$852 per oz and a risk adjusted rate for the Company in the range of 14% to 17% per annum, depending on the remaining term of the derivative liability contracts, gave rise to an unrealized derivative gain for the quarter of \$0.5 million (unadjusted unrealized loss for the same period in 2008 of \$0.5 million, unadjusted for the aforementioned Company's own credit risk).

The Company had 330,160 ounces of forward gold sales remaining at a price of \$574.25 per ounce as at June 30, 2009 (409,808 remaining at June 30, 2008).

The Company estimates that the Varvarinskoye Hedge represents approximately 57% of the gold production during the remaining term of the Hedging Facility (January 2009 to June 2014), but only approximately 28% of the current estimates (completed in January 2009) of probable reserves of gold at Varvarinskoye.

- **Administration charges**

Administration charges for the quarter were \$3.9 million, comprising \$2.5 million for continuing operations and \$1.4 million for discontinued operations. The charge of \$2.5 million for the quarter relating to continuing operations increased by \$1.0 million from the previous quarter due to legal and advisory fees pertaining to the Varvarinskoye disposition.

- **Interest expense and income**

The interest expense for discontinuing operations for the quarter was \$2.6 million compared with \$1.7 for the same period in 2008. The charge for the quarter was made up of amortised deferred finance costs of \$2.0 million (same period in 2008 - \$1.7 million) and \$0.6 million accrued interest (same period in 2008 – \$1.3 million) for the Varvarinskoye debt facility.

- **Foreign exchange losses**

On February 4, 2009, the Kazakhstan Tenge was devalued from an exchange rate to the US\$ of 120 Tenge to 150 Tenge. As a result of this devaluation, the Company recorded an exchange loss of \$2.6 million during the quarter ended March 31, 2009 for discontinued operations. The Company recorded a further exchange loss for the quarter of \$88,000 for discontinued operations.



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FINANCIAL RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2009

For the six months to June 30, 2009 the company made a net loss of \$25.6 million (net loss of loss \$55 million for the same period in 2008) consisting of a net loss from discontinued operations of \$19.5 million and a net loss from continuing operations of \$6.1 million.

The net loss of \$19.5 million from discontinued operations comprised of a gross operating profit of \$13.9 million (June 30, 2008 gross operating loss of \$3.6 million) offset by net losses on derivatives of \$22.2 million (June 30, 2008 loss of \$34.1 million), and administration and other charges for discontinued operations of \$11.2 million (June 30, 2008 \$7.3 million).

Net losses on continuing operations of \$6.1 million (June 30, 2008 of \$10 million) were due to head office administration and other charges.

Revenues – discontinued operations

For the six months to June 30, 2009 the Company invoiced sales of \$43.4 million plus a future metal price settlement adjustment of \$2.1 million less treatment and refining charges of \$3.2 million, resulting in reported revenues for the quarter of \$42.3 million (\$15.5 million for the six months to June 30, 2008). The settlement adjustments were calculated using estimated final settlement prices for copper per lb between \$2.26 -2.27 at the end of the quarter.

The sales of \$15.5 million for the six months to June 30, 2008, were pre-commercial production.

Cost of sales – discontinued operations

Costs of sales expenses were \$28.5 million for the six months to June 30, 2009, (\$19.1 million six months ended June 30, 2008).

The increase in the cost of sales of \$9.4 million was primarily due to higher mine, plant and site operating costs, \$16.3 million, and selling costs of \$0.5 million, incurred as a result of the mine operating at commercial production as opposed to being in project phase during the same period in 2008. This was partially offset by lower depreciation and amortisation charges of \$7.4 million following the impairment of the Varvarinskoye assets at December 31, 2008.

Other (Expenses) Income

- **Derivative instruments – discontinued operations**

At June 30, 2009 the Company's derivative financial instruments were comprised solely of gold forward sales contracts.

For the six months ended June 30, 2009 the Company booked realised derivative losses of \$7.3 million (for the period in 2008 – \$22.8 million) representing 42,308 ounces of gold, which remained unpaid at the end of the quarter.

The risk adjusted mark to market revaluation of the Company's derivative liabilities, from a strike price of \$574.25 per oz, as at June 30, 2009 at an average forward gold price of \$852 per oz and a risk adjusted rate for the Company in the range of 14% to 17% per annum, depending on the remaining term of the derivative liability contracts, gave rise to an unrealized derivative gain for the quarter of \$0.5 million (an unadjusted loss for the same period in 2008 of \$0.5 million).

The Company had 330,160 ounces of forward gold sales remaining at a price of \$574.25 per ounce as at June 30, 2009 (409,808 remaining at June 30, 2008).

The Company estimates that the Varvarinskoye Hedge represents approximately 57% of the gold production during the remaining term of the Hedging Facility (January 2009 to June 2014), but only approximately 28% of the current estimates (completed in January 2009) of probable reserves of gold at Varvarinskoye.

- **Administration charges**

Administration charges were \$6.8 million for the six months to June 30, 2008, comprising \$4.1 million for continuing operations (\$5.3 million for the same period in 2008) and \$2.7 million for discontinued operations (\$3.5 million for the same period in 2008).



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For the continuing operations the lower administration charges are due to the higher legal and professional costs incurred for the acquisition of Lero in 2008.

- **Interest expense and income**

Interest expenses for the six months to June 30, 2009, were \$5.5 million compared with \$2.9 for the same period in 2008. The charges include amortised deferred finance costs of \$4.2 million (same period in 2008 - \$1.7 million) and \$1.3 million accrued interest (same period in 2008 – \$1.3 million) for the debt facility.

- **Foreign exchange losses**

On February 4, 2009, the Kazakhstan Tenge was devalued from an exchange rate to the US(\$) of 120 Tenge to 150 Tenge. As a result of this devaluation, the Company recorded an exchange loss of \$2.7 million during the six months to June 30, 2009 (for the same period in 2008, a loss of \$29,000).

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2009 the Company's main source of liquidity was unrestricted cash. In total the Company held \$7.0 million of unrestricted cash (December 31, 2008 \$7.8 million), of which \$2.3 million was held by continuing operations (December 31, 2008 \$6.2 million) and \$4.7 million held by discontinued operations (December 31, 2008 \$1.6 million).

The Company measures its consolidated working capital as comprising free cash, inventory, and accounts receivable, other assets and prepayments, less accounts payable and accrued liabilities, current portion of the principal on long term debt and the current portion of derivative liabilities.

At June 30, 2009, the Company's consolidated working capital was a deficit of \$152.8 million compared with a working capital deficit of \$4.2 million at June 30, 2008 and a deficit of \$68.7 million at December 31, 2008.

The movement between June 30, 2009 and June 30, 2008 of \$148.6 million was primarily due to: the classification of all Varvarinskoye lender debt as current (\$28 million movement); all derivative liabilities as current (\$78.2 million movement) and a reduction in short term inventory of \$8.7 million; an increase in accounts payable and accrued liabilities are \$4.8 million.

At December 31, 2008, the Company's consolidated working capital was a deficit of \$68.7 million, representing a decrease between quarter four of 2008 and quarter two of 2009 of \$84.2 million. The movement was primarily due to the classification of all derivative liabilities at the end of the quarter as current, \$82.4 million, and the reduction of short term inventory by \$2.7 million.

For the reasons stated in the Going Concern section of the MD&A the Company's working capital as at June 30, 2009 was insufficient to meet its debt, accounts payable and derivative obligations. In the event that the disposition of the Varvarinskoye Project does not proceed the potential impact upon the Company are described under the "Disposition of the Varvarinskoye Project" and in the "Risks and Uncertainties" sections of the MD&A.



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GOING CONCERN

While the company's financial statements for the period ended June 30, 2009, have been prepared using Canadian GAAP applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations, the adverse conditions below cast significant doubt as to the Company's ability to meet its obligations as they become due and, accordingly, the appropriateness of using accounting principles applicable to going concern.

At June 30, 2009, the Company had a working capital deficit of \$152.8 million, (December 31, 2008 - working capital deficit of \$68.7 million), accumulated losses of \$534 million (December 31, 2008 - \$541 million) and shareholders' deficiency of \$100 million (December 31, 2008 - shareholders' deficiency of \$109 million). At June 30, 2009 the Company was in default on payments as they fell due under the gold forward contract obligations and the hedge counterparties are entitled to terminate any open derivative positions and seek full repayment for all unsettled derivative obligations. For this reason all derivative liabilities have been classified as current liabilities at June 30, 2009, contributing to the increase in the Company's working capital deficit as at June 30, 2009 compared with December 31, 2008. In addition, the Company is subject to commitments and contingencies as set out in the Company's financial statements.

Following a sharp deterioration in world copper metal prices and higher than expected operating costs at Varvarinskoye, in the fourth quarter of 2008 the Company reviewed its Varvarinskoye mineral reserve and mineral resource estimates and engaged an independent expert to update the mineral reserve estimates based upon a reinterpretation of the central pit geology. Compared with the previous December 2006 Varvarinskoye Technical Report, the remaining mine life from January 1, 2009 has been reduced from 14 years to 8 years with a significant reduction in estimated contained copper and gold metals. Coupled with management's current long-term copper and gold pricing forecasts, the Company's revised mineral reserve and mineral resource estimates for Varvarinskoye create significant doubt regarding the Company's ability to generate sufficient cash flows from its mining operations to meet its obligations under the Varvarinskoye Project finance Debt Facility with Investec Bank Limited, Nedbank Limited and Natixis Bank (the "Lenders") and the unmargined gold forward sales contracts entered into as a requirement of the debt facility.

The Company was unable to meet the first two repayment tranches under the long-term Debt Facility of \$16.65 million due on December 31, 2008 and \$19.4 million due on June 30, 2009, and payment of both tranches remains outstanding. As at February 24, 2009, the Company was in breach of its Permitted Indebtedness Covenant with respect to trade creditors, both in respect of amounts and terms ("Permitted Indebtedness"). This arose primarily due to temporary delays in shipping concentrate for sale. No waiver has been obtained from the Lenders for this breach. The Company is forecasting that, in the absence of additional waivers or modification of the debt terms, it will remain unable to meet its additional 2009 scheduled repayment obligations, will remain in breach of its repayment terms and its Permitted Indebtedness covenants, and is likely to breach additional covenants of its long-term debt facility. Failure to remedy existing or future breaches and to comply with the debt repayment terms will entitle the Lenders to demand immediate repayment of all amounts owing.

At June 30, 2009, the Company had an outstanding future obligation to settle 330,160 ounces of unmargined forward gold sales contracts at a strike price of \$574.25 per ounce, of which contracts for 38,018 ounces are due for settlement during the remainder of 2009. This future obligation has been valued on a credit adjusted mark to market basis at June 30, 2009 at \$91.8 million. The practice of the Company has been to settle the gold forward contracts as they fall due on the settlement date. Up to December 31, 2008, the Company had settled contract amounts totalling \$20.5 million as they fell due. However, the Company was unable to meet its gold forward contract settlement obligations due between January 2009 and July 2009 of \$14.9 million. Under the cross default terms of the debt facility, a default on payments as they fall due under the gold forward contract obligations entitles the Lenders to demand immediate repayment of all amounts owing under the term debt facility and entitles the hedging counterparties to terminate any open derivative positions.



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In the Company's view, the settlement of its future gold forward contract obligations and long-term debt repayments will continue to remain uncertain until such time as long term metal prices, and in particular copper prices, have recovered, Varvarinskoye operating costs have been reduced, Varvarinskoye is operating at maximum capacity, additional working capital has been secured and refinancing of the Varvarinskoye Project has been successfully concluded.

While the Company had been working with the Lenders for several months to refinance the Varvarinskoye Project satisfactory arrangements were not reached and during this time the need for additional capital to fund the Varvarinskoye Project increased to an estimated \$15 million (comprised of \$5 million working capital and \$10 million for capital projects), required to maintain current operations at the Varvarinskoye Project and to achieve the current objectives and plans for the Varvarinskoye Project.

Due to the length of time that continued discussions with the Lenders required, and in light of the lack of refinancing alternatives generally available to the Company as a result of the current global credit and equity market conditions and the Company's continuing defaults, and with the desire to maximize shareholder value in the face of alternative scenarios, the Company entered into a sale and purchase agreement dated June 13, 2009 with Polymetal, a Russian-based mining company, pursuant to which the Company has agreed, subject to certain conditions, to sell to Polymetal all of its interest and obligations in the Varvarinskoye Project.

To date, the Lenders have not taken, nor indicated that they intend to take, any action in respect of the defaults noted above, due to the previous ongoing refinancing discussions with the Company and, more recently, due to the ongoing discussions with the Company and Polymetal regarding the sale of the Varvarinskoye Project.

In the event that the disposition of the Varvarinskoye Project does not proceed, the Company will be forced to consider other alternatives (some or all of which may not be possible), including:

- (a) continuing its discussions with the Lenders in order to arrive at a mutually acceptable solution in respect of the Varvarinskoye Project Debt;
- (b) raising funds from equity or mezzanine finance sources; and
- (c) suspending operations at the Varvarinskoye Project to attempt to mitigate further liabilities while searching for other sale or financing alternatives to preserve shareholder value.

In the event that the sale of the Varvarinskoye Project does not proceed and alternative sources of financing cannot be secured in a timely manner to satisfy the Company's obligations under the Debt Facility and the Hedge Contracts, the Lenders may, at their discretion, demand immediate repayment of all amounts owing and enforce their security (which includes share and asset pledges covering the Varvarinskoye Project). In addition, the default provisions under the Hedge Contracts entitle the hedging counterparties to terminate any open derivative positions and seek full repayment for all unsettled derivative obligations. If any such action is taken by either the Lenders or the counterparties, this could result in the Company losing its interest in the Varvarinskoye Project.

The Company anticipates that, in the absence of additional waivers or modification of the terms of the Debt Facility, it will remain unable to meet its 2009 scheduled repayment obligations, will remain in breach of its repayment terms and the Permitted Indebtedness Covenants, and is likely to breach additional covenants under the Debt Facility. While the Company has been successful in the past in renegotiating the Debt Facility and modifying the repayment and forward contract obligation terms there under, there can be no assurance that it will be successful in doing so in the future.



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COMMITMENTS

The following table summarises the commitments of the Company as at June 30, 2009:

	2009 '000 \$	2010 '000 \$	2011 '000 \$	2012 '000 \$	2013 + '000 \$	Total '000 \$
Long-term debt (discontinued operations)	60,296	-	-	-	-	60,296
Derivative liabilities (discontinued operations)	28,432	29,176	28,091	23,780	29,520	138,999
Lease obligations (continued operations)	110	-	-	-	-	110

RELATED PARTY TRANSACTIONS

For the six months ended June 30, 2009 and 2008, the Company was party to the following transactions involving related parties, all of which have been recorded at the exchange amount:

Dragon Management International Services Limited ("DIS") charged the Company a total of \$41,259 (2008 - \$1,573,638) in respect of the provision of office facilities, general office overheads and re-charged costs incurred on behalf of the Company, all such costs ceasing as at March 31, 2009. A former Chairman and director of the Company, beneficially owns DIS.

Endeavour Financial Corp ("EFC") charged the Company a total of \$126,463 (2008 - \$3,612,391) in respect of the provision of debt restructuring and consulting services. A former Chairman and director of the Company, is a shareholder of EFC.

During the period ended June 30, 2009 the Company was charged \$203,231 (2008 - \$110,000) for rent and service charges from Oriel PLC a company for whom the Executive Chairman was a former director (whom resigned September 19 2008).

As at June 30, 2009, a total of \$21,371 (2008 - \$30,000) for related parties has been included in accounts payable.



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CORE ASSETS

Subject to the completion of its sale to Polymetal, Orsu's principal asset is the Varvarinskoye Project. Orsu's other exploration and development projects include the Karchiga Volcanogenic Massive Sulphide ("VMS") deposit in Kazakhstan and the Talas and Tokhtazan exploration licence areas in Kyrgyzstan.

- **Varvarinskoye Gold-Copper Mine, Kazakhstan** – The Varvarinskoye Project is located in north west Kazakhstan and commenced production of gold doré in December 2007 and copper-gold concentrate in March 2008. In the second quarter of 2009, the Varvarinskoye Project produced a total of 527,634 grams (16,939 troy oz) of gold and 1,547 tonnes of copper recovered to concentrate, compared to a total of 423,627 grams (13,599 troy oz) of gold and 1,743 tonnes of copper recovered to concentrate during first quarter of 2009. In January 2009, the Company completed an updated mine plan, including updated mineral reserve and mineral resource estimates, for the Varvarinskoye Project. The "qualified person" (as such term is defined in National Instrument 43-101) who supervised the preparation of, and is responsible for, the 2009 updated mineral reserve and mineral resource estimates for the Varvarinskoye Project is Mr Stephen Craig, Managing Director of Orelogy, Australia. The complete technical report respecting the 2009 updated mineral reserve and mineral resource estimates (entitled "Varvarinskoye Cu/Au Open Pit Mine, Mine Planning Study" and dated 30 January, 2009) can be viewed under the Company's profile on SEDAR at www.sedar.com.
- **Talas Exploration Licence Area, Kyrgyzstan** – The Taldybulak copper-gold porphyry deposit is the primary exploration property within the Taldybulak-Talas licence which comprises core assets of the Company in Kyrgyzstan including the Taldybulak, Kentash, Barkol and Korgontash licences. In April 2008, the Company completed a National Instrument 43-101 mineral resource estimate. In December 2008, Orsu announced it had signed a joint venture agreement with Gold Fields for the further exploration and development of the Talas licence area. The mineral resource estimates at Taldybulak were prepared by Julian Woodcock (Chief Geologist, Orsu) and under the supervision of Matthew Boyes (Mineral Resources Manager, Orsu), a 'qualified person' (as defined by National Instrument 43-101). These results were also reviewed and approved by Wardell Armstrong International ("WAI"). However, WAI has relied upon the data presented by Lero in formulating its opinion. WAI's complete technical report respecting the mineral resource estimates at Taldybulak (entitled "Technical Report on the Exploration Licences Held by Lero Gold Corporation In Kyrgyzstan & Kazakhstan, Central Asia" and dated May 2008) can be viewed on www.sedar.com.
- **Tokhtazan Exploration Licence Area, Kyrgyzstan** - The Tokhtazan exploration licence area is located in the Jalal-Abad Oblast, western Kyrgyzstan and is covered by two exploration licences, Akdjol and Tokhtazan. Access to the deposit is via the main Bishkek-Osh bitumen road for 400 km, then 14km on a gravel road.
- **Karchiga Copper Project, Kazakhstan** – The ("Karchiga" or the "Karchiga Project") 47.3km² exploration licence contains the Karchiga VMS deposit. The Karchiga copper-gold deposit is located in the extreme north east of the Republic of Kazakhstan, within 40km of the Chinese border and within the Rudny Altai belt which is ranked in the top four VMS belts in the world. In April 2008, the Company released a National Instrument 43-101 mineral resource estimate. The mineral resource estimate at Karchiga was prepared by Matthew Boyes (Mineral Resources Manager, Orsu), a "qualified person" (as defined by National Instrument 43-101). The mineral resource estimation methodology was reviewed by WAI. Assays were conducted at the internationally certified Alex Stewart Lab in Bishkek, Kyrgyzstan. Orsu operates a stringent QA/QC policy that includes external certified standard samples and blanks in each individual batch sent for analysis. WAI's complete technical report respecting the mineral resource estimates at Karchiga (entitled "Technical Report on the Exploration Licences Held by Lero Gold Corporation In Kyrgyzstan & Kazakhstan, Central Asia" and dated May 2008) can be viewed on www.sedar.com.



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Qualified Person

Mr Matthew Boyes, who is Mineral Resources Manager for Orsu, and a “qualified person” (as such term is defined in National Instrument 43-101) has reviewed and approved the technical information in this press release. Mr Boyes has verified the data disclosed in this press release in respect of exploration results, including sampling and analytical data underlying the information.

REVIEW OF OPERATIONS

VARVARINSKOYE GOLD-COPPER MINE, KAZAKHSTAN

Pending completion of the sale of Varvarinskoye to Polymetal, Orsu has continued operations at Varvarinskoye.

The Varvarinskoye Project is located 130 km southwest of Kostanai in northern Kazakhstan. The mine produces for sale gold doré and copper-gold concentrate.

Mining and Processing Operations

During the second quarter of 2009, the grinding circuits operated normally. Although throughput within the leach circuit was hampered by worn lifters in the semi-autogenous grinding (“SAG”) mill, throughput achieved in both the leach and flotation circuits during this quarter was higher than in any previous quarter.

Gold production during the second quarter of 2009 surpassed that produced in any previous quarter with 527,634 grams or just less than 17,000 troy ounces. Limitations in throughput caused by design deficiencies continue to limit Varvarinskoye's gold production. During the quarter, copper production was recorded at 1,547 tonnes contained in concentrate which was lower than Q1 2009 and Q4 2008. This reduced production was due to the before-mentioned lower throughput within the flotation circuit while the grinding circuits operated in normal mode.

At certain times within the previous two quarters, the flotation circuit throughput was higher than this period due to the use of the large grinding circuit normally used for the leach circuit. To enable mine management to meet forecast operating profit, the grinding circuits may at times be switched to maximise the throughput in the flotation circuit which generates higher return per tonne of ore. This would allow higher concentrate production compared to what would be achieved by simply operating the regular circuits. The circuits have been switched according to feed available from the mine. Copper feed grade during the second quarter of 2009 was high at 0.98% Cu.

Mining during the second quarter of 2009 continued to be hampered by poor availability of equipment. In addition to the two large RH120 excavators being down a total of 800 hours, the 992 loader and the 385 excavators were also down a total of 1,300 hours, so reducing the availability of the loading fleet by 25%. Major repairs and overhauls were conducted on all of these units. Availability of trucks was also low during the quarter due to a lack of available replacement tires. Mining was also hampered due to a lack of required drills. Two new blast hole drills were shipped from the U.S.A. during the quarter.



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Second Quarter 2009 Production

During the second quarter of 2009, the plant processed a total of 778,792 tonnes of ore.

A total of 527,634 grams (16,964 troy oz) of gold was produced during the second quarter of 2009, compared to 423,627 grams (13,620 troy oz) in the first quarter of 2009. Gold grade of feed to the flotation circuit during the second quarter of 2009 was 1.25 g/t compared to 1.21 g/t in the first. Copper production during the second quarter was 1,547 tonnes compared to 1,743 tonnes in the first quarter. Copper feed grade to the flotation circuit was 0.98% during the quarter compared to 0.91% in the first quarter. Gold feed grade to the leach circuit was 0.88 g/t in the quarter compared to 0.94 g/t in the first quarter.

Table 1: Varvarinskoye Operating Statistics:

Varvarinskoye Production	2 nd Quarter 2009	1 st Quarter 2009	4 th Quarter 2008	3 rd Quarter 2008	2 nd Quarter 2008	1 st Quarter 2008
Mining						
Total mined tonnes	4,256,358	3,672,800	4,281,200	3,930,900	2,319,200	2,738,400
Processing						
Flotation						
Processed tonnes	188,695	239,994	295,663	187,603	184,948	62,698
Grade Cu %	0.98%	0.91%	0.84%	0.72%	0.99%	0.46%
Grade Au g/t	1.25	1.21	1.09	1.11	1.64	0.66
Recovery Cu to concentrate %	83.5%	80.2%	79.3%	82.0%	68.9%	57.6%
Recovery Au to concentrate %	59.2%	50.7%	49.5%	59.0%	51.3%	49.9%
Leach						
Processed tonnes	590,097	380,513	391,164	581,060	449,537	173,308
Grade Au g/t	0.88	0.94	0.83	0.61	0.60	0.79
Recovery Au (onto carbon) %	73.1%	75.1%	74.3%	69.5%	66.3%	68.6%
Metal Produced						
Concentrate tonnes	7,779	9,608	10,334	6,036	6,497	1,105
Cu recovered to concentrate tonnes	1,547	1,743	1,962	1,106	1,259	166
Total gold produced grams	527,634	423,627	416,175	375,022	349,522	122,979
Total gold produced ounces	16,964	13,620	13,380	12,057	11,237	3,954

Low Cost Project Upgrade

The Company had planned to expand the Varvarinskoye processing plant during 2009 with the addition of a secondary low cost screening and crushing plant which was expected to significantly increase throughput in the leach and flotation grinding circuits. However, no progress has been made on the project during the is initiative to date due to a lack of available capital funds needed to progress it, as well as the pending sale of Varvarinskoye to Polymetal. Construction of the project has, accordingly, been suspended. This suspension will have an impact on forward-looking gold and copper production.



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

The Company is also exploring and developing several advanced stage gold and copper deposits in the Tien Shan metallogenic belt in Kyrgyzstan and the Rudny Altai metallogenic belt in Kazakhstan. The Tien Shan gold belt is host to some of the world's largest copper-gold porphyries. These exploration projects are held by Orsu through its wholly-owned subsidiary, Lero.

TALAS EXPLORATION LICENCE AREA, KYRGYZSTAN

The Talas exploration area comprises the core assets of the Company in Kyrgyzstan including the Taldybulak-Talas, Kentash, Barkol and Korgontash licences. The primary exploration property is the Taldybulak-Talas copper-gold porphyry licence.

For avoidance of confusion;

1. The Taldybulak-Talas copper-gold porphyry prospect within the Taldybulak-Talas exploration licence area is a separate asset from the Taldybulak Levoberezhny gold deposit previously owned by Central Asia Gold Limited; and
2. The Talas Copper Gold Limited Liability Company, holder of the Taldybulak-Talas licence, is a separate company from Talas Gold Mining Company, which was the owner of the Jerooy Gold Project.

TALDYBULAK-TALAS LICENCE (100% owned by Orsu via Talas Copper Gold LLP)

Targeted Mineralisation

Copper-gold porphyry and high sulphidation gold mineralisation is associated with Late Ordovician dioritic-dacitic stocks, intruding Lower Ordovician intermediate volcanoclastics. The Taldybulak-Talas copper-gold porphyry deposit was discovered during the Soviet era, but had been subject to limited exploration.

Gold Fields Exploration Partnership

On 3 December 2008 Orsu announced the signing of a joint venture agreement (the "JV agreement") with Gold Fields for the further exploration and development of the Talas licence area, north west Kyrgyzstan. Gold Fields has become the project operator and Gold Fields has reimbursed Orsu for all exploration expenditures incurred since March 2008 (approximately \$3.5 million), as part of the agreed program and budget.

Under the JV agreement, Gold Fields has the right to:

- During Phase One: earn up to a 60% interest in the joint venture company which is the indirect owner of the Taldybulak-Talas, Barkol, Kentash and Korgontash properties in the Talas region by funding exploration expenditures of CAD\$10 million;
- During Phase Two: increase its effective interest in the project by a further 10% (to a total of 70%) by funding the lesser of (i) exploration expenditures of up to a further CAD\$10 million, or (ii) exploration expenditures required to complete a feasibility study, pursuant to approved programmes and budgets; and
- After Phase Two: act as lead arranger to obtain any further project financing for the project development, for which Gold Fields will receive a 1.5% arrangement fee. Gold Fields and Orsu will otherwise contribute to the project requirements on a pro-rata basis through to project development.

Phase One will conclude no later than 13 August, 2010. During Phase One, the funding will be focused on exploration work in all Talas licence areas with an emphasis on further defining known mineralised systems and their strike extensions. In addition, Gold Fields is due to complete an in-house scoping study of the Taldybulak-Talas deposit in the Taldybulak licence during 2009. Phase Two will continue for an additional period of up to three years after completion of Phase One and will include the provision to include additional mineral resources in the case of further exploration success in the Talas project area.



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Exploration Update

The previously announced 2008 / 2009 drilling programme which is intended to better delineate the extent and geometry at Taldybulak Central and assess the additional tonnage potential through the testing of peripheral targets of the central high grade core is underway. An overall exploration expenditure of CAD\$7.8 million is budgeted for the exploration of the Talas exploration area in 2009, all of which will be funded by Gold Fields.

Table 2: Proposed 2008-2009 Drilling Programme Within the Taldybulak-Talas Exploration Licences

Licence Area	Purpose	Target	Proposed Metres
Taldybulak	Drill out	Taldybulak Central	7,000m
	Exploration	Taldybulak West extension & Taldybulak Central deeps	2,000m
	Exploration	Taldybulak East	2,000m
Barkol	Exploration	Taldybulak West IP Anomaly	3,000m
Kentash	Exploration	Taldybulak East extension in to Mag & IP Anomaly	800m
	Exploration	Lower Kentash (Dzhangiturmish SE extension) SW Soils & IP Anomaly	1,000m
	Exploration	Kokkiya	400m
Korgontash	Exploration	Tokhtonnisai	800m
TOTAL			17,000m

As at the date of this press release, a total of 14,881m have been drilled, representing 88% of the initially planned 17,000m drill programme. A total of 11,572 samples have been delivered to the Alex Stewart laboratory, (Karabalta, Kyrgyzstan) for elemental analysis, of which 11,442 assay results or 98% of submitted samples have been received. For on-going core sampling, 9,599 samples have been delivered to the lab for elemental analysis with full results for 9,469 samples (98.6%).

BARCOL LICENCE (100% owned by Orsu via Talas Copper Gold LLP)

Targeted Mineralisation

Copper-gold porphyry mineralisation

Exploration Update

During the first quarter of 2009, the Company undertook limited drill testing and further geophysical investigations within the Barkol licence area. During 2009, the Company is planning following up of anomalies detected during the 2007 induced polarisation ("IP") geophysical survey and soil geochemical sampling programmes.

Regional exploration work was undertaken within the second quarter of 2009 and included the assessment of several new exploration prospects within the Barkol licence. Several new valid prospects were recognised within the north western corner of the Barkol-Chonur area and occur in the same structure as the Taldybulak prospect. Further assessment of these areas is scheduled for the second half of 2009.



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KORGONTASH LICENCE
(100% owned by Orsu via Talas Copper Gold LLP)

Targeted Mineralisation

Palaeozoic copper-gold porphyry and associated skarn and quartz vein hosted mineralisation.

Exploration Update

In the third quarter of 2008, a 15 km² ground magnetic survey over the north west extents of the Korgontash licence was completed. The presence of magnetic highs to the west of the Aktash exclusion zone indicates potential for additional skarn type mineralisation as well as a potential deeper-seated magnetic intrusive. Follow up work with additional IP lines mainly focused on the area west of the Aktash exclusion zone is planned for 2009.

KENTASH LICENCE
(100% owned by Orsu via Talas Copper Gold LLP)

Targeted Mineralisation

Palaeozoic copper-gold porphyry and associated skarn and quartz vein hosted mineralisation.

Exploration Update

Limited work has been performed on the Kentash licence to date, however stream sediment geochemistry completed during 2006 returned high copper and gold values, indicating potential for further occurrences of mineralisation along the corridor linking Andash and Taldybulak.

During 2007 Lero completed a widely-spaced soil geochemical survey over the entire Kentash licence which returned gold, copper and molybdenum anomalies within three areas. In addition, a widely-spaced IP survey during 2007 revealed chargeability anomalies in the central part of the licence. These anomalies are due to be further assessed during 2009.

During the third quarter of 2008 three pole-dipole induced polarisation ("PD-IP") lines totalling 9.55 km were completed in the Kentash licence over the south west anomaly. At the end of the fourth quarter 2008 assays were received for Kentash soil sampling programme. A comprehensive review is due to be undertaken during 2009 to ascertain if any new geochemical targets can be identified. During Q1 2009, the Company undertook limited drill testing of the licence area.

TOKHTAZAN EXPLORATION LICENCE AREA, KYRGYZSTAN

Tokhtazan Licence
(100% owned by Orsu via Oriel in Kyrgyzstan LLP)

Exploration Update

Within the 2008 / 2009 exploration programme, works undertaken within the Tokhtazan licence included 1,540 m³ of trenching and road cutting, with 640 samples being collected.

In total, 3,102 samples have been delivered to the Alex Stewart laboratory, (Karabalta, Kyrgyzstan) for analysis. All core drilled has been sampled and all results received for diamond drilling.

An exploration programme including trenching, geophysics and drilling, is being implemented for the Tokhtazan project area. In 2009, the Company has a work commitment to drill 2,200m within the licence.



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Akdjol Licence

(100% owned by Orsu via Oriel in Kyrgyzstan LLP)

Exploration Update

Within the ongoing 2008 / 2009 exploration programme, the Company performed 3,140 m³ of trenching and road cut sampling, with some 2,532 samples collected. The 2008 works identified a previously unknown Cu-Au anomalous zone.

An exploration programme including trenching, geophysics and drilling, is being implemented for the Akdjol project area. In 2009, the Company has a work commitment to drill 1,000m within the licence.

KARCHIGA EXPLORATION LICENCE, KAZAKHSTAN

Karchiga Project

(70% owned by Orsu via GRK MLD LLP)

Targeted Mineralisation

Copper VMS

Exploration Update

Drilling works within the 2008 / 2009 exploration programme focused on the Central and North East lodes of the Karchiga Project. The primary scope of the 2008 / 2009 programme is designed to upgrade the previously reported mineral resource estimate at the Karchiga Project to Measured and Indicated categories under National Instrument 43-101.

Further to information provided within the first quarter 2009 MD&A metallurgical test work on Karchiga sulphide ores is continuing. Orsu will provide an update in due course.



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Orsu Metals Corporation
Consolidated Balance Sheets
For the Period Ended 30 June 2009 (Unaudited) and 2008

	June 30, 2009 \$	December 31, 2008 \$
Assets		
Current assets		
Cash and cash equivalents	2,300	6,200
Other assets	1,572	1,296
Current assets related to discontinued operations	29,324	26,280
	<hr/> 33,196	<hr/> 33,776
Property, plant and equipment	28,341	28,827
Net investment in oil and gas residual interests	884	884
Long term assets related to discontinued operations	43,970	43,170
	<hr/> 106,391	<hr/> 106,657
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	3,508	2,644
Current liabilities related to discontinued operations	182,508	99,768
	<hr/> 186,016	<hr/> 102,412
Future income tax	6,877	6,877
Long term liabilities related to discontinued operations	13,735	106,130
	<hr/> 206,628	<hr/> 215,419
Shareholders' Deficiency		
Share capital	361,440	361,440
Share purchase warrants	48,650	48,650
Share purchase options	19,800	19,000
Contributed surplus	3,477	2,715
Deficit	(533,604)	(540,567)
	<hr/> (100,237)	<hr/> (108,762)
	<hr/> 106,391	<hr/> 106,657
Going concern		
Commitments		
Contingencies		



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Orsu Metals Corporation
Consolidated Statements of Operations, Comprehensive Loss and Deficit
For the Period Ended 30 June 2009 and 2008 (Unaudited)

	Three months ended June 30		Six months ended June 30	
	2009 \$	2008 \$	2009 \$	2008 \$
(Expenses)/ income				
General and administrative	(2,514)	(7,710)	(4,074)	(9,216)
Exploration	(158)	(60)	(373)	(59)
Stock-based compensation	(762)	(109)	(1,562)	(247)
Interest expense	-	-	(67)	(344)
Interest income	37	1,392	38	223
Foreign exchange (losses)/ gains	347	383	(42)	(357)
Loss from continuing operations	(3,050)	(6,104)	(6,080)	(10,000)
Net (loss)/ profit from discontinued operations	5,755	(10,937)	(19,500)	(44,987)
(Loss)/ profit and comprehensive (loss)/ profit for the period	2,705	(17,041)	(25,580)	(54,987)
Deficit - Beginning of period – as previously stated	(568,852)	(255,901)	(540,567)	(217,955)
Adjustment on adoption of EIC 173	32,543	-	32,543	-
Deficit - Beginning of period – Restated	(536,309)	-	(508,024)	(217,955)
Deficit - End of period	(533,604)	(272,942)	(533,604)	(272,942)
(Loss) per common share				
(Loss) per common share from Continued Operations	\$(0.01)	\$(0.02)	\$(0.01)	\$(0.03)
(Loss)/ gain per common share after Discontinued Operations	\$0.01	\$(0.05)	\$(0.06)	\$(0.18)
Weighted average number of common shares				
Basic and diluted	456,959	313,829	456,959	313,829



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Orsu Metals Corporation
Consolidated Statements of Cash Flows
For the Period Ended 30 June 2009 and 2008 (Unaudited)

	Three months to June 30		Six months to June 30	
	2009	2008	2009	2008
Cash flows from operating activities	\$	\$	\$	\$
Loss for the period from continuing activities	(3,050)	(6,104)	(6,080)	(10,000)
Items not affecting cash				
Depreciation, amortization and deferred finance charges	61	21	103	22
Stock-based compensation	762	27	1,562	165
Unrealized foreign exchange loss	-	(122)	-	562
Warrants issued to agents	-	186	-	186
	(2,227)	(5,992)	(4,415)	(9,065)
Change in non-cash working capital				
Increase in accounts receivable and other assets	333	(244)	(275)	140
Increase in accounts payable and accrued liabilities	1,193	5,295	1,050	3,555
Cash flows used in continuing operations	(701)	(941)	(3,640)	(5,370)
Cash flows (used)/ from investing activities				
Expenditures on property, plant and equipment	(260)	-	(260)	-
Acquisition of Lero, net of cash acquired	-	20,705	-	21,034
Cash flows used in investing activities	(260)	20,705	(260)	21,034
Cash flows from/ (used) in financing activities				
Proceeds from exercise of stock options	-	232	-	1,222
Proceeds from debt	-	5,000	-	5,000
Funding to discontinued operation	-	(21,297)	-	(35,845)
Lero cash advances to EMC pre-acquisition	-	25,000	-	25,000
Repayment of debt	-	(5,000)	-	(5,000)
Cash flows from/ (used) in financing activities	-	3,935	-	(9,623)
<u>(Decrease) increase in cash and cash equivalents for continuing operations :-</u>				
Continuing operations	(961)	23,699	(3,900)	6,041
Discontinuing operations	3,539	3,844	3,119	3,016
<u>Cash and cash equivalents - Beginning of period:-</u>				
Continuing operations	3,261	5,147	6,200	22,805
Discontinuing operations	1,154	1,617	1,574	2,445
<u>Cash and cash equivalents - End of period :-</u>				
Continuing operations	2,300	28,846	2,300	28,846
Discontinuing operations	4,693	5,461	4,693	5,461
Consolidated cash and cash equivalents at end of period	6,993	34,307	6,993	34,307



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FORWARD LOOKING INFORMATION

This press release contains or refers to forward-looking information. All information, other than information regarding historical fact that addresses activities, events or developments that the Company believes, expects or anticipates will or may occur in the future is forward-looking information. Such forward-looking information includes, without limitation the Company's planned disposition of the Varvarinskoye Project and related debt obligations; the structure and timing of the proposed sale of the Varvarinskoye Project to Polymetal and the other transactions contemplated in connection therewith, including (but not limited to) the novation of the Hedge Contracts, the release of the Company as guarantor under the Varvarinskoye Project Debt, the inter-company debt reorganization, the acquisition by Polymetal of all of the issued and outstanding share capital of Three K, the transfer of Three K's subsidiaries; the ability of the Company to ensure that the business of JSCV is conducted in the ordinary course of business until completion of the disposition of the Varvarinskoye Project; the Company's intended use of the proceeds raised from the sale of the Varvarinskoye Project; anticipated alternatives in the event that the disposition of the Varvarinskoye Project does not proceed (including, the ability to resume discussions with the Lenders and arrive at a mutually acceptable solution in respect of the Varvarinskoye Project Debt, raise alternative funds, and suspend operations at Varvarinskoye and the effect that same would have on further liabilities); the consequences of failing to proceed with the sale of the Varvarinskoye Project or obtaining other sources of financing; the possibility of the Company losing its interest in the Varvarinskoye Project; the Board's expectations with respect to the viability of alternatives to the disposition of the Varvarinskoye Project; estimates relating to the level of additional capital required to maintain continued operations at the Varvarinskoye Project and to achieve current plans and objectives; the Company's estimate that the Varvarinskoye Hedge represents approximately 57% of the gold production during the remaining term of the Debt Facility and 28% of the current estimate of probable reserves of gold at Varvarinskoye; the impact of suspended construction on copper and gold production at Varvarinskoye; estimates relating to the final settlement prices of copper; the ability of the Company to meet its obligations as they become due and to generate sufficient cash flows from mining operations to meet its obligations; the estimated life of mine of Varvarinskoye and reductions in respect thereof as well as the expected lives of its assets; the Company's expectations with respect to its planned operations during 2009 and its projects; the anticipated timing for completion of the Taldybulak-Talas scoping study; completion of the follow-up work at Korgontash; the expected timing of the commencement of investigations of the anomalies identified at Barkol and Kentash; development and operational plans and objectives; the Company's expectation of financial support and the timing amount and use of same with respect to the joint venture agreement Gold Fields with respect to the Barkol, Kentash, Taldybulak and Korgontash licences; the potential for additional mineralisation and deep-seated magnetic (intrusion) at Korgontash; the proposed work programs for the Company's exploration properties and their respective timing; the proposed meters to be drilled at Taldybulak; the potential for further occurrences of mineralization at Kentash; the planned comprehensive review at Kentash to determine if new geochemical targets can be identified; expectations regarding the upgrading of the mineral resource categories of the Karchiga Project to Measured and Indicated; the potential for a joint venture with Gold Fields; the timing and planned provision of an update regarding metallurgical test-work at Karchiga; inaction by the Lenders in respect of the Company's defaults under the Debt Facility; the Company's forecast that, in the absence of additional waivers or modifications of the terms of the Debt Facility, it will be unable to meet its scheduled repayment terms, will remain in breach of its repayment obligation and Permitted Indebtedness Covenants and is likely to breach additional covenants; current long-term copper and gold pricing forecasts; the impact of certain changes in accounting policies; estimates relating to critical accounting policies; the Company's plans with respect to the conversion to IFRS, including the Company's expected timing for implementing same and the development of an effective plan; the continuation of assessments relating to resource and training requirements; the Company's plans with respect to the preparation of more complete disclosure of the implementation of IFRS exceptions and exemptions as well as the impact of IFRS on amongst other things the Company's accounting policies, information technology and data systems; and the Company's plans for adopting and/or implementing changes to accounting policies; and the Company's expectations with respect to pursuing new opportunities.



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The forward-looking information in this press release reflects the current expectations, assumptions or beliefs of the Company based on information currently available to the Company. With respect to forward looking information contained in this press release, the Company has made assumptions regarding, among other things, the treatment of the Varvarinskoye Project as discontinued operations, the satisfaction or waiver of the conditions precedent to the disposition of the Varvarinskoye Project, ability to continue refinancing discussions with the Lenders, the prospects of raising funds from equity or mezzanine finance sources, the viability of alternatives to the sale of the Varvarinskoye Project, the Company's ability to generate sufficient cash flow from operations and capital markets to meet its future obligations following the disposition of the Varvarinskoye Project, the effectiveness of the Company's design relating to the implementation, the duration of the Company's financial instruments and other assumptions relating to the Company's critical accounting policies, the regulatory framework in Kazakhstan and Kyrgyzstan with respect to, among other things, permits, licences, authorisations, royalties, taxes and environmental matters, and the Company's ability to continue to obtain qualified staff and equipment in a timely and cost-efficient manner to meet the Company's demand.

Forward-looking information is subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking information, and even if such actual results are realised or substantially realised, there can be no assurance that they will have the expected consequences to, or effects on, the Company.

Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to: the grade and recovery of ore which is mined varying from estimates; the nature of mineral exploration and mining; capital and operating costs varying significantly from estimates; inflation; changes in exchange and interest rates; adverse changes in commodity prices; the ability to obtain required financing; adverse general market conditions; the Company's inability to complete the transaction with Polymetal for any reason whatsoever, including (but not limited to) as a result of the parties failing to satisfy all conditions precedent to the completion of the sale, including (but not limited to) the parties' respective ability to obtain all required regulatory approvals, the failure to enter into a definitive arrangement with the Lenders with respect to the restructuring of payments under the Debt Facility and Hedge Contracts, the failure to obtain the approval of the disposition of the Varvarinskoye Project from ECIC or to meet any of the other conditions to the completion of the proposed transactions; the inherent risks associated with the use of derivatives; inability to delineate additional mineral resources or reserves; future unforeseen liabilities and other factors including, but not limited to, those listed under "Risk and Uncertainties" in the MD&A.

Any forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.

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

Additional information about the risks and uncertainties of the Company's business is provided in its disclosure materials, including its Annual Information Form, dated April 24, 2009 (the "Annual Information Form") available under the Company's profile on SEDAR at www.sedar.com.

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