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**AIM: OSU**  
**TSX: OSU**  
**PRESS RELEASE**  
24 March 2010

## **Orsu Metals Corporation**

### **Annual Results for the Year Ended 31 December 2009**

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Orsu Metals Corporation (“Orsu” or the “Company” or the “Group”), is a dual listed (TSX: OSU; AIM: OSU) London-based precious and base metals exploration and development company today reports its audited results for the period ended 31 December 2009. All amounts are reported in United States Dollars unless otherwise indicated. Canadian Dollars are referred to herein as CAD\$.

#### **2009 HIGHLIGHTS**

- January 2009 – Orsu completed an updated mineral resource and mineral reserve estimates for Varvarinskoye.
- January 2009 – Orsu announced that the lending syndicate comprised of Investec Bank Limited, Investec Bank (UK) Limited, Nedbank Limited and Natixis Bank (the “Lenders”) conditionally approved the extension of the deadline for the Company’s principal debt payment of \$16.65 million, which was due on December 31, 2008, to March 31, 2009, which amount was owed to the Lenders by Joint Stock Company Varvarinskoye (“JSCV”), a then wholly owned subsidiary of the Company.
- February 2009 - all necessary approvals were received from Export Credit Insurance Corporation, South Africa (“ECIC”) for the extension of the deadline for the Company’s principal debt payment of \$16.65 million to March 31, 2009.
- April 2009 – Orsu announced that it had not yet reached an agreement on the restructuring of the loan repayments and hedging obligations due by JSCV under its loan and hedging facilities and that the discussions were ongoing with the Lenders.
- May 2009 – Orsu provided an update of on-going work at the Talas Project and Tokhtazan Project in Kyrgyzstan and the Karchiga Project in Kazakhstan.
- June 2009 – Orsu entered into a sale and purchase agreement to sell to Polymetal all of its interest and obligations in the Varvarinskoye Project.
- September 2009 – In conjunction with the anticipated sale of the Varvarinskoye Project, Mr Randy Reichert resigned, effective September 4, 2009, from the position of Chief Operating Officer of the Company to pursue other business interests.
- October 2009 – Orsu completed the sale of its 100% owned Varvarinskoye Project and the transfer of all of its related obligations to Polymetal.
- November 2009 – Orsu announced the following changes to the Company’s board of directors (the “Board of Directors”) and management, effective from November 12, 2009, following the sale of the Varvarinskoye Project, to reflect the Company’s focus on its exploration:
  - Mr Takhirzhan Baratov resigned as Executive Director of Orsu and was retained as an executive advisor to Orsu for its remaining and potential future exploration projects in the Republic of Kazakhstan;
  - Dr Alexander Yakubchuk (formerly Orsu’s Director of Exploration) was appointed as Orsu’s Chief Operating Officer.
- November 2009 – Orsu completed a consolidation of the Company’s common shares on a ten for one basis effective November 24, 2009, immediately following which the total issued share capital of the Company was 45,696,049 common shares.
- November 2009 - Orsu reached an agreement to settle the class action claim, subject to court approval, which was commenced against EMC in the Ontario Superior Court of Justice in June 2008 (the “Class Action Claim”) for CAD\$2.2 million, to be shared equally between Orsu and Orsu’s insurer.



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## POST YEAR END HIGHLIGHTS

- February 2010 – Gold Fields Limited, through its subsidiary Gold Fields Orogen Holding BVI Limited (“Gold Fields”), completed the First Phase of the Talas Joint Venture in the Kyrgyz Republic, pursuant to which Gold Fields earned a 60% interest in the Talas joint venture company, Kami Associates Limited, the Company’s subsidiary and the 100% owner of Talas Copper Gold LLC, (the registered owner of the Talas Project) (the “Talas Joint Venture Company”) by funding exploration expenditures of CAD\$10 million. Gold Fields subsequently notified the Company that it would not exercise the Second Phase Option to increase its interest in the Talas Joint Venture Company from 60% to 70% through the funding of additional exploration expenditure. As a result, the “Earning Period” under the joint venture agreement dated December 3, 2008, as amended on August 14, 2009, between the Company, Gold Fields, Lero Gold Corporation, Talas Copper Gold LLC and the Talas Joint Venture Company (the “JV Agreement”) was concluded and the Company retained a 40% interest in the Talas Joint Venture Company, subject to the terms and conditions of the JV Agreement.
- February 2010 – the Ontario Superior Court of Justice approved the settlement of the Class Action Claim. The settlement became effective on March 22, 2010 following the expiry of a 30-day appeal period with no appeals having been received by the Company. The Company and the other defendants retain the right to terminate the settlement agreement if too many class members opt out during the 60-day opt out period, which will commence no later than April 6, 2010. However, at this time, it is not expected that this right will need to be exercised. Under the terms of the settlement agreement, the Szuszkiewicz action and the Class Action Claim will be dismissed.

## MANAGEMENT’S DISCUSSION AND ANALYSIS

A full Management’s Discussion and Analysis of the results for the year ended 31 December 2009 (“MD&A”) and Financial Statements (“Financials”) and Annual Information Form for the Company’s financial year ended 31 December 2009 will soon be available on the Company’s profile on SEDAR ([www.sedar.com](http://www.sedar.com)) or on the Company’s website ([www.orsumetals.com](http://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.

### FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

For the year ended December 31, 2009 the Company recorded a profit of \$99 million, compared with a loss of \$322.6 million for the year ended December 31, 2008 and a loss of \$77.6 million for the year ended December 31, 2007.

All of the Company’s sales revenues and associated cost of sales relate to discontinued operations.

For continuing operations, the loss for 2009 of \$10.6 million is significantly lower than the loss for 2008 of \$104.4 million, mainly due to a \$119.5 million impairment write down of mineral properties in 2008. Excluding such write downs in 2008, the profit for 2008 was \$15.1 million.

Exploration costs for 2009 were broadly in line with 2008, as were net interest expenses. However, general and administrative costs for 2008 were \$8 million greater than for 2009, mainly due to: 2008 staff termination costs of \$3.9 million, relating primarily to changes in senior management in connection with the Company’s acquisition of Lero and lower legal and professional fees incurred during 2009. Stock based compensation costs were \$3.1 million in 2008 compared with \$2 million in 2009, due to the lower net vesting charge from 21 million stock options lapsing as a result of employees leaving the Company during 2009 following the sale of the Varvarinskoye Project and no new options being granted during 2009 (16.1 million granted during 2008). The net \$35.1 million future income tax credit in 2008 (2009, \$nil) arose from the 2008 impairment of the Lero mineral properties acquired by the Company.

The Class Action Claim settlement payment was made in November 2009 at a cost of \$1.0 million (CAD\$ 1.1 million), pending court approval of the settlement agreement, which was subsequently received in February 2010.

For continuing operations, the loss for 2007 of \$5.9 million is significantly lower than the losses for both 2009 and 2008, as the Company’s administrative overhead costs were significantly lower during 2007 (pre the Lero acquisition). Also there were no significant staff termination costs during 2007 and legal and professional fees were also lower during 2007 (2008 included professional fees relating to the Lero acquisition; 2009 included professional fees relating to the Class Action Claim settlement). The majority of the Company’s expenses during 2007 related to the construction of the Varvarinskoye Project and were capitalised accordingly.

In respect of the Company’s cashflows, the decrease in cash and cash equivalents for continuing operations for the year ended December 31, 2009 was \$2.8 million, compared with a decrease of \$17.5 million during



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2008. The 2009 decrease in cash and cash equivalents was driven by the Company's general and administrative costs, offset in part by a \$2.1 million reimbursement of London corporate overheads costs incurred on behalf of the Varvarinskoye Project, legal and professional costs as referred to above, the Class Action Claim settlement payment as referred to above and the Company's ongoing funding of its exploration projects. The 2008 decrease in the Company's cash and cash equivalents was greater than for 2009, mainly due to \$33.4 million of cash outflows for the investing activities of the discontinued operations (mainly capital equipment purchases during its ramp-up phase), \$23.9 million of operational cash outflows attributable to the discontinuing activities, higher legal and professional fees as referred to above and staff termination costs of \$3.9 million, relating primarily to changes in senior management in connection with the Company's acquisition of Lero, as referred to above.

For discontinued operations, the 2008 loss of \$218 million included an impairment charge for the Varvarinskoye assets of \$179.4 million (restated). Excluding such write downs the underlying loss for 2008 was \$38.8 million, compared with a loss for 2009 of \$51.2 million. This increase in the year-on-year loss was mainly due to: derivative (gold forward sales contracts) losses in 2009 of \$54.8 million, compared with a gain in 2008 of \$3.1 million, the variance being due to an increase in year-on-year gold prices; and a future income tax credit in 2008 of \$6.7 million (restated), reflecting the impairment write down of the Varvarinskoye assets in the fourth quarter of 2008. Gross operating profit from the Varvarinskoye project were \$18.1 million in 2009, compared with a gross operating loss in 2008 of \$28.1 million, due to higher net realized metal prices in 2009, lower mining costs per tonne (of ore and waste) in 2009 and lower processing costs per tonne in 2009.

## **DISCONTINUED OPERATIONS**

The Company has, in accordance with Canadian GAAP CICA 3475, accounted for the financial results associated with the Varvarinskoye Project for the ten month period up to the date of disposal on October 30, 2009 as discontinued operations in the Company's financial statements. The Company has also reclassified prior year results to segregate the results of discontinued operations.

## **IMPACT OF THE DISPOSAL OF THE VARVARINSKOYE PROJECT ON CONTINUING OPERATIONS**

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

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

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

## **BACKGROUND TO THE DISPOSAL OF THE VARVARINSKOYE PROJECT**

As at the date of disposal of the Varvarinskoye Project on October 30, 2009, the Company had (directly and/or through its subsidiaries) outstanding debt and hedging settlement obligations in an aggregate amount of approximately \$236 million, which amounts were owing to the Lenders under a debt facility (the "Debt Facility") arranged by the Lenders in favour of JSCV to facilitate the construction and development of the Varvarinskoye Project. The Company was the guarantor of such debt and of the obligations of European Minerals (UK) Limited ("EM Limited"), a wholly-owned subsidiary of the Company, under gold hedge (forward sales) contracts (the "Hedge Contracts") relating to the Varvarinskoye Project (collectively, the "Varvarinskoye Project Debt").

The Company was unable to meet the first two repayment tranches under the Debt Facility of \$16.65 million due on December 31, 2008 and \$19.4 million due on June 30, 2009. The Company was also in breach of the permitted indebtedness covenants under the Debt Facility with respect to its trade creditors, both in respect of amounts and terms. In addition, the Company had been unable to meet its settlement obligations under the Hedge Contracts in the aggregate amount of \$23 million as they fell due.



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While the Company, assisted by Endeavour Financial International Corporation, had been working with the Lenders for several months during 2009 to refinance the Varvarinskoye Project Debt, and had presented various proposals to the Lenders in respect of same, satisfactory arrangements could not be reached. During that time, the need for additional capital to fund the Varvarinskoye Project increased.

As an alternative to refinancing the Varvarinskoye Project Debt, management of the Company investigated the possibility of disposing of the Varvarinskoye Project, as well as the Varvarinskoye Project Debt.

Management undertook such investigation as a result of the length of time that continued discussions with the Lenders required, in light of the lack of refinancing alternatives generally available to the Company at such time as a result of the then current global credit and equity market conditions and the Company's continuing default under the Varvarinskoye Project Debt, and with the desire to maximise shareholder value in the face of alternative scenarios. On June 13, 2009, the Company entered into a sale and purchase agreement (the "SPA") with Polymetal, pursuant to which the Company agreed, subject to certain conditions, to sell to Polymetal 100% of the shares of its subsidiary Three K Exploration & Mining Limited ("Three K"), and through such sale, the sale of JSCV, the registered holder of the Varvarinskoye Project.

The sale was completed on October 30, 2009 and, as a result of the sale:

- EM Limited novated its Hedge Contracts and related obligations with respect to the Varvarinskoye Project to Three K;
- the Company was released from its obligations as guarantor of the Varvarinskoye Project Debt;
- the Company completed an inter-company debt reorganisation such that there is no longer any outstanding indebtedness between the Company or any of its remaining subsidiaries and Three K or any of its subsidiaries; and
- Polymetal thereafter acquired 100% of the issued and outstanding share capital of Three K from the Company in exchange for initial cash consideration of \$8 million on closing and deferred consideration of up to \$12 million (contingent on future gold and copper prices and calculated by reference thereto).

As a result of the sale of the Varvarinskoye Project, the Company and its remaining subsidiaries no longer have any outstanding long-term debt or hedging obligations.

#### **NET GAIN ON THE DISPOSAL OF THE VARVARINSKOYE PROJECT**

Upon the disposal of the Varvarinskoye Project, the Company realized a net gain on disposal of \$161 million, taking into account the initial sale consideration received of \$8 million, costs of disposal of \$2.9 million, inter-company debt write-offs of \$80.2 million and the assets and liabilities associated with the Varvarinskoye Project as at the date of disposal.

Deferred consideration of up to a maximum of \$12 million may also be received, depending upon the hedging program entered into by the purchaser, future gold and copper metal prices and the future cash flows of JSCV. The value and timing of any deferred consideration will vary depending on the future price of gold and copper and accordingly, is accounted for as a derivative. Due to the uncertainties surrounding future gold and copper metal prices and the future cash flows of JSCV, the deferred consideration has been assigned an immaterial fair value under Canadian GAAP as at the date of disposal and as at December 31, 2009.

As at the date of disposal, the Company had been unable to meet any of its debt repayments under the Debt Facility. At the time of the sale, the Company was released from its debt obligations under the Debt Facility, which had an outstanding balance of \$60.9 million immediately prior to the release.

The Company was also granted a release from its obligations under the Varvarinskoye Project derivative liabilities, primarily US dollar flat forward gold sales contracts. As at the date of disposal, the Company had been unable to meet any of its gold forward contract settlement obligations for 2009 of \$23 million for closed contracts. In addition, as at the date of disposal, the Company had a future liability of \$152 million for future (open) contracts (before credit risk adjustments). The future obligation had been valued on a mark to market basis as at October 30, 2009.

#### **LIQUIDITY AND CAPITAL RESOURCES**

At December 31, 2009 the Company's main source of liquidity was unrestricted cash of \$3.4 million, compared with \$6.2 million as at December 31, 2008 (excluding cash of \$1.6 million held by the Varvarinskoye Project).



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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 December 31, 2009, the Company's consolidated working capital was \$2.8 million compared with a consolidated working capital deficit of \$180.2 million as at September 30, 2009, and a consolidated working capital deficit of \$68.6 million as at December 31, 2008.

The significant improvement in the Company's consolidated working capital position between December 31, 2009 and December 31, 2008 is due to the disposal of the Varvarinskoye Project during 2009, which resulted in the receipt of an initial cash consideration of \$8 million (net consideration of \$5 million after settlement of all advisory, legal and other sale transaction costs) and the disposal of all of the debt and derivative liabilities associated with the Varvarinskoye Project.

As at September 30, 2009, of the Company's consolidated working capital deficit of \$180.2 million, the Varvarinskoye Project working capital deficit was \$151.9 million. As at December 31, 2008, of the Company's consolidated working capital deficit of \$68.7 million, the Varvarinskoye Project working capital deficit was \$47.2 million. The significant increase in the Varvarinskoye Project working capital deficit between December 31, 2008 and September 30, 2009 was due to the re-classification of all of the debt and derivative obligations as current as at September 30, 2009 due to the continuing debt and hedge defaults which entitled the Lenders to demand the immediate repayment of all debt and hedge obligations.

However, whilst Orsu has received the initial sale consideration of \$8 million, there is significant uncertainty in relation to the future receipt of any deferred consideration proceeds (up to a maximum entitlement of \$12 million). Deferred consideration proceeds are dependent upon the hedging program entered into by the purchaser, future gold and copper metal price levels and the future cash flows of JSCV. These key factors are not under the control or influence of Orsu.

Furthermore, the Company's liquidity at December 31, 2009 is insufficient to meet the Company's corporate, administrative and exploration costs and commitments for the next twelve months, if not sooner as a result of any unexpected events at this time. The Company's main funding requirements are for its corporate overheads and continuation of its mineral property and project licence obligations, including funding of its 40% pro-rata share of the Talas Project exploration funding requirements. As a result, the Company is actively seeking additional sources of equity financing and has begun planning in this respect. Whilst the Company has been successful in raising such financing in the past, the Company's ability to raise additional equity financing may be affected by numerous factors beyond the Company's control, including, but not limited to, adverse market conditions and/or commodity price changes and economic downturn and those other factors are listed under "Risks and Uncertainties" in the Company's MD&A.

## GOING CONCERN

Whilst the Company's financial statements 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 became due and, accordingly, the appropriateness of using accounting principles applicable to going concern as at December 31, 2009.

At December 31, 2009, the Company had cash and cash equivalents of \$3.4 million, consolidated working capital of \$2.8 million (a consolidated working capital deficiency of \$68.6 million as at December 31, 2008). The funds on hand at December 31, 2009 are not sufficient to meet the Company's corporate, administrative and exploration costs and commitments for the next twelve months, if not sooner in the event of any unexpected events. While the Company is actively seeking new sources of equity financing, there can be no assurance that the Company will be successful in doing so for the reasons set forth above in the "Liquidity and Capital Resources" section and due to the other factors listed under "Risks and Uncertainties" in the Company's MD&A. Because of this uncertainty, there is significant doubt about the ability of the Company to continue as a going concern.

The Company's consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

## COMMITMENTS

The following table summarises the commitments of the Company as at December 31, 2009:

	2010	2011	2012	2013	2014 +	Total
Expressed in \$000s	\$	\$	\$	\$	\$	\$
Lease obligations	352	-	-	-	-	352

## OPERATIONAL REVIEW

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

The Company is exploring several advanced stage gold and copper deposits in the Tien Shan metallogenic belt in Kyrgyzstan and the Rudny Altai metallogenic belt in Kazakhstan. 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 Gold Corporation.

### TALAS EXPLORATION LICENCES, KYRGYZSTAN

The Talas exploration area is the Company's material property in Kyrgyzstan, and includes the Taldybulak, Kentash, Barkol and Korgontash licences.

**Table 1**

Licence No	Name of Licence	Licence Holder	Area (km <sup>2</sup> )	Date Granted	Expiry Date	Extension Granted until
АП-1005	Barkol	Talas Cu-Au LLC	223	16/03/2007	31/12/2010	
AP-24	Taldybulak	Talas Cu-Au LLC	42	14/06/2005	31/12/2010	
АП-23	Kentash	Talas Cu-Au LLC	46	14/06/2005	31/12/2009	31/12/2012
АП-61	Korgontash	Talas Cu-Au LLC	66	02/09/2005	31/12/2009	31/12/2012

For avoidance of doubt;

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

### Licence Locations

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

The Taldybulak prospect is the main focus of exploration activity within the Taldybulak licence that covers an area of 42km<sup>2</sup>. The Kentash licence is situated immediately east of Taldybulak and covers an area of 46km<sup>2</sup>. The Korgontash licence which covers an area of 66km<sup>2</sup> is located approximately 25km east of Taldybulak. The Barkol licence is the westernmost licence, located immediately west of Taldybulak and covers an area of 223km<sup>2</sup>.

### Gold Fields Exploration Partnership

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

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

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

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

Prior to signing the JV Agreement (and prior to the Company's acquisition of Lero), Gold Fields participated in three private placement financings with Lero, contributing a total of CAD\$7,733,420 to Lero. Gold Fields currently holds a total of 1,134,920 common shares of Orsu, or 2.5% of the total issued common shares of Orsu.

## EXPLORATION LICENCES WITHIN THE TALAS EXPLORATION AREA

### TALDYBULAK, KYRGYZSTAN

#### Project History

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

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

#### 2010 Mineral Resource Estimates

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

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

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

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

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

The audit, review and classification of the updated Indicated and Inferred mineral resource estimates were carried out under the supervision J C Osmond, BSc, MSc (MCSM), ProfGradIMMM, CGeol, FGS, EurGeol,



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Principal Geologist with WAI and M L Owen, BSc,MSc, MCSM, CGeol, EurGeol, FGS, Technical Director of WAI, each a qualified person as such term is defined in National Instrument 43-101. J C Osmond and M L Owen have reviewed the contents of this MD&A and are responsible for the preparation of the report titled "Updated Technical Report on the Taldybulak property held by Orsu Metals Corporation, Kyrgyzstan" dated March 22, 2010. J C Osmond and M L Owen are employees of WAI.

Gold and copper estimates are based upon an ordinary kriged 20m east by 20m north by 10m elevation block model which has been constrained by geological and grade threshold wireframes created in section from interpretation of all available drillhole and channel sampling data. A total of 36,988m of diamond drilling, 1,326m of reverse circulation drilling and 12,615m of surface trenching data was used when constructing geological and grade boundaries, subsequently the surface trenching and reverse circulation drilling results were not utilised for the grade interpolation process. WAI verified the location of all drill holes with respect to wireframe models and surface topography. The drill hole data was audited with checks carried out for duplicate results, errors in sample position downhole, hole surveys and collar positions with respect to topography. Variography and geostatistical modelling was completed to quantify the spatial variability for copper and gold within the mineralised area.

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

The Company has filed on SEDAR ([www.sedar.com](http://www.sedar.com)) a new National Instrument 43-101 technical report on the Talas project which includes the updated mineral resource estimates referred to in this MD&A. This report, which was prepared by WAI, is entitled "Updated Technical Report on the Taldybulak Property held by Orsu Metals Corporation, Kyrgyzstan" and dated March 22, 2010

#### **Exploration Activities in 2008 and 2009**

Orsu and Gold Fields recommenced exploration activities in May 2008. A 2008/2009 drilling programme was completed to better delineate the extent and geometry at Taldybulak Central and assess the additional tonnage potential through the testing of peripheral targets along strike to the east, north west and south of the central high grade core. An overall exploration expenditure for the Talas Project since the inception of the joint venture until February 2010 was CAD\$10 million, all of which was contributed by Gold Fields.

2008 saw Orsu finalise local drilling contracts which enabled, as of 6 April 2009, for the completion of approximately 10,890m drilling, representing 64% of the planned 17,000m.

In 2008-2009, the Talas Joint Venture Company drilled the Taldybulak Cu-Au porphyry deposit with 80x80 m drill spacing. Scout drilling was performed in the adjacent licences to test exploration targets. In total, TCG contractors have drilled a total of 23,000 m on all licenses since May 2008. All field exploration works were suspended in November 2009.

During 2010 testwork will be carried out specifically aimed at recovering a higher percentage of gold from the oxide and sulphide rock types and increasing the final grade of the shipping concentrate.

#### **BARKOL, KYRGYZSTAN**

##### **Licence Information**

In March 2007, the 223km<sup>2</sup> Barkol exploration licence was granted to the Company. Located immediately to the west of the Taldybulak licence, it was acquired at no cost to the Company. The Barkol licence contains numerous occurrences of known mineralisation, with one small copper-gold-molybdenum vein deposit occurring within a 2km<sup>2</sup> excision (the Chonur licence). Orsu has undertaken an estimated annual expenditure commitment on the Barkol licence of \$200,000.

##### **2008 / 2009 Drilling Programme**

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

#### **KORGONTASH, KYRGYZSTAN**

##### **Licence Information**

The 66km<sup>2</sup> Korgontash licence area hosts the Tokhtonnisai copper-gold skarn prospect, Talas Oblast, north-west Kyrgyzstan. The Korgontash licence is located in the easternmost part of the copper-gold metallogenic

trend on the southern slope of the Kyrgyz ridge. In the central part of the licence is the 2km<sup>2</sup> exclusion zone covered by Aktash licence, controlled by Turan Metals Ltd, a Kyrgyz-Kazakh joint-venture company.

In 2009, TCG drilled one hole at the Tokhtonisai prospect to test the extent of Cu-Au mineralization to depth. Results are pending.

#### **KENTASH, KYRGYZSTAN**

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

#### **TOKHTAZAN GROUP OF LICENCES, KYRGYZSTAN**

##### **Licence Information**

The Tokhtazan exploration licence area contains the Akdjol (108km<sup>2</sup>) and Tokhtazan (4km<sup>2</sup>) licences, both of which are held by Oriel in Kyrgyzstan LLC ("Oriel"), the Company's indirect subsidiary. The licences and related agreements and land rights expired on December 31, 2009 and were extended for 2 months until February 20, 2010 to allow the Company to prepare a progress report. During 2009, Oriel had fulfilled its financial obligations but had not fully completed its work commitments under the licences, which is a violation of Kyrgyz laws and could impact Oriel's ability to receive a further extension of the licences and related agreements and land rights. On February 19, 2010, Orsu filed progress reports with the Ministry of Natural Resources of the Kyrgyz Republic with respect to exploration works at both of the Tokhtazan and Akdjol licences. The Company expects a decision on the extension of the licences and related agreements and land rights to be made by the end of March 2010.

##### **2008 / 2009 Exploration Works**

Within the 2008/2009 exploration programme, works undertaken within the Tokhtazan licence included 1,540m<sup>3</sup> of trenching and road cutting, with 640 samples being collected. In addition, a 642.5m reverse circulation ("RC") and diamond drilling programme was completed.

Table 3 shows assay results from core and RC drilling which confirm the presence of the previously interpreted mineralised structure at Tokhtazan.

**Table 3: Significant Mineral Intersections from Drilling Works within the Tokhtazan Licence**

<b>ID</b>	<b>Type</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Length (m)</b>	<b>Au g/t</b>
TDD08-01	Diamond Drill hole	6	22	16	1.01
TDD08-01B	Diamond Drill hole	0	23	23	1.36
TDD08-07	Diamond Drill hole	76	80	4	0.63
TDD08-07	Diamond Drill hole	130.2	134.2	4	2.21
TTR08-07	RC Drill hole	67	99	32	1.89
TTR08-07	RC Drill hole	112	125	13	0.94
TTR08-08	RC Drill hole	2	3	1	1.00
TTR08-08	RC Drill hole	57	80	23	2.04
TTR08-08	RC Drill hole	84	85	1	1.85
TTR08-08	RC Drill hole	94	95	1	0.52
TTR08-08	RC Drill hole	119	125	6	1.02

Note: Estimated true widths vary from 70-75% of drilled width.

Trenching within the Bulderek area of the Akdjol licence, located 3.5 km south-southwest from the Tokhtazan licence, was accompanied by geophysical exploration, including:

- 12.8 km of Dipole-Dipole Induced Polarisation ("DD-IP") survey;
- 41.45 km of magnetic survey;
- 43.3 km of gamma-ray spectrometry.

Table 4 shows assay results received in 2009 for the 2008 channel sampling.

**Table 4: Significant Mineral Intersections from 2008 Trenching Works at the Bulderek Prospect, Akdjol License**

Trench ID	From (m)	To (m)	Thickness (m)	Au g/t	Cu %
TR 08-06	2.0	9.0	7	1.63	0.47
	22.0	28.0	6	-	0.40
TR 08-07	50.0	58.0	8	0.78	0.2
	82.0	133.0	51	-	0.41
TR 08-08	36.0	38.0	2	1.86	0.28
	43.0	46.0	3	-	0.58
	69.0	84.0	15	0.95	0.31
TR 08-10	95.0	99.0	4	4.39	0.18
	106.0	119.0	13.0	-	0.55
	7.0	23.0	16	0.78	0.24
TR 08-11	2.0	23.0	21	-	0.26
	11.0	22.0	11	-	0.50
	46.0	50.0	4	-	0.42
TR 08-12	63.0	64.0	1	3.47	1.2
	16.0	20.0	4	0.51	0.37
TR 08-13	37.0	53.0	16	-	0.78
	9.0	14.0	5	-	0.37
	61.0	65.0	4	-	0.61
TR 08-14	1.0	37.0	36	0.18	0.19
	59.0	63.0	4	0.23	5.2
	88.0	95.0	7	-	0.40
TR 08-15	2.0	20.0	18	0.61	0.40
	27.0	33.0	6	-	1.15
TR 08-23	2.0	6.0	4.0	-	0.26
	9.0	19.0	10.0	-	0.27
	32.0	34.0	2	0.46	0.36
TR 08-24	3.0	4.0	1.0	1.28	0.17
	7.0	8.0	1	1.01	0.22
	15.0	17.0	2	1.58	0.21
	26.0	27.0	1	4.69	0.21
TR 08-27	1.0	5.0	4	1.22	0.46
	6.0	12.0	6	-	0.27
	23.0	52.0	29	3.02	0.53

Based on current geological observations, the trenched sample widths are considered to be representative of the true width of the outcropping mineralisation, although the true thickness of the mineralisation down dip is yet to be confirmed. The 2009 field investigations revealed a lens-shaped nature of this mineralization. This fact, in combination with steep topography, led to Company's decision not to proceed with drill testing of the Bulderek prospect.

## KARCHIGA, KAZAKHSTAN

### Licence Information

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

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

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



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

On September 23, 2008, GRK made an application to the Former MEMR to: (i) approve an increase to the work program under the Karchiga Project Contract; and (ii) delay the obligation to return the contract area until the expiration of the Exploration Period (the "First Application"). On November 25, 2008, the Former MEMR approved the First Application (including the delay of the obligation to return the contract area until September 28, 2010) and ordered that the Karchiga Project Contract be amended accordingly (the "First Amendments") and registered with the Former MEMR before February 20, 2009 in order to give effect to the First Application.

On November 26, 2009, prior to the expiration of the Exploration Period, GRK made a further application to the Former MEMR to approve an extension of the Exploration Period for two years until February 28, 2012 (the "Second Application"). In February 2010, GRK was notified by the Former MEMR that the Second Application had been approved, that an extension of the Exploration Period had been granted until February 28, 2012 and that the execution and registration of such amendment (the "Second Amendment", and the Second Amendment together with the First Amendments, the "Karchiga Amendments") was to occur before May 29, 2010.

As of the date hereof, the Karchiga Amendments have not been executed or registered with the Former MEMR (or its successor, the Competent Authority (as defined below)). The Company is currently negotiating the execution of the amended Karchiga Project Contract with the Competent Authority. Reference should be made to the heading "Risks relating to the Karchiga Project Contract" under "Risks and Uncertainties" for a discussion of the potential implications of the Company's failure to register an executed amended Karchiga Project Contract with the Former MEMR or Competent Authority.

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

**Table 5: Anticipated Karchiga Project Contract Expenditure Obligations**

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

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

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

#### **2010 Mineral Resource Estimates**

WAI was contracted by Orsu in early 2010 to review and audit Orsu's updated mineral resource estimate in relation to the Karchiga Project, from which WAI completed its own mineral resource estimate. A National Instrument 43-101 mineral resource estimate for Karchiga was reported during March 2010 (Table 6) in the report titled "Updated Report on the Karchiga Property held by Orsu Metals Corporation, Kazakhstan", dated March 22, 2010 and prepared by M L Owen and L S Carroll, a copy of which has been filed and is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). At a 0.50% copper cut-off, the Indicated Sulphide mineral resource is 7.56Mt @ 2.02% Cu, at a 0.50% copper cut-off, the Indicated Oxide mineral Resource is 0.93Mt @ 1.39% Cu and at a 0.50% copper cut-off, the Inferred mineral resources total 1.79Mt @ 1.62% Cu. The "qualified persons" (as such term is defined in National Instrument 43-101) responsible for these updated mineral resource estimates are Mr. M L Owen and L S Carroll (who are both employees of WAI).

**Table 6: Karchiga Project, Mineral Resource Estimates March 22, 2010**

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

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

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

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

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

#### **2008 and 2009 Work Programme**

Drilling works during 2008 were focused on the Central and North East lodes of Karchiga. The primary scope of the 2008 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.

The total drilling programme consisted of 10,559m, of which 9,804m was drilled at Karchiga's Central and North East lodes, with an additional 1,349m to test new exploration targets. The new drilling works demonstrated that the total strike length of the North East lode is continuous for 1,115m, which was only partly included into the May 2008 mineral resource model.

In 2008, preliminary metallurgical testwork on Karchiga sulphide ores was completed by the VNIITsvetMet Institute in Ust-Kamenogorsk, Kazakhstan with positive results suggesting that a 15.9% Cu concentrate can be produced from the Karchiga ores at 98% recovery. The Company is of the opinion that the testwork methodology requires optimisation of the concentrate grade versus the recovery as too much emphasis was placed upon achieving a high recovery which was detrimental to the final concentrate grade produced.

In 2009, three more 400kg metallurgical samples were collected from existing diamond core samples and submitted for additional testwork. The 2009 programme also included an optimization study to test variability of the oxidized, primary disseminated and massive ore types throughout the deposit. Metallurgical testwork was completed by the VNIITsvetMet Institute in Ust-Kamenogorsk and demonstrated that 20-25% Cu



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concentrates from Karchiga ores can be produced through the use of standard flotation technology, the overall recovery was estimated at 89% Cu.

In December 2009, GRK submitted a resource calculation study to the Kazakh authorities. This work consists of initial study outlining various options for potentially economic cutoff copper grades to be followed by the actual resource calculation study on the basis of approved cutoff grade. The work and approvals are expected to be completed during Q2 2010.

**Qualified Person**

Except for the technical information derived from the technical reports referred to in this press release, 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.



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**For The Years Ended 31 December 2009 and 2008 Consolidated Balance Sheets**  
(Prepared in accordance with Canadian GAAP)

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	<b>2009</b>	2008
	<b>\$000</b>	\$000
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	<b>3,386</b>	6,200
Prepaid and receivables	<b>1,860</b>	1,296
Current assets related to discontinued operations	-	26,280
	<b>5,246</b>	33,776
<b>Exploration properties</b>	<b>27,198</b>	27,198
<b>Office, furniture and equipment</b>	<b>1,078</b>	1,027
<b>Net investment in oil and gas residual interests</b>	<b>643</b>	884
<b>Long term assets related to discontinued operations</b>	-	43,772
	<b>34,165</b>	106,657
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	<b>2,455</b>	2,644
Current liabilities related to discontinued operations	-	99,768
	<b>2,455</b>	102,412
<b>Future income tax</b>	<b>6,877</b>	6,877
<b>Long term liabilities related to discontinued operations</b>	-	106,130
	<b>9,332</b>	215,419
<b>Shareholders' Deficiency</b>		
<b>Share capital</b>	<b>361,440</b>	361,440
<b>Share purchase warrants</b>	<b>48,650</b>	48,650
<b>Share purchase options</b>	<b>12,550</b>	19,000
<b>Contributed surplus</b>	<b>11,177</b>	2,715
<b>Deficit</b>	<b>(408,984)</b>	(540,567)
	<b>24,833</b>	(108,762)
	<b>34,165</b>	106,657



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**For The Years Ended 31 December 2009 and 2008 Consolidated Statements of Cash Flows**  
 (Prepared in accordance with Canadian GAAP)

	<b>2009</b>	2008
	<b>\$000</b>	\$000
<b>Cash flows from operating activities</b>		
Net loss for the period from continuing activities	<b>(10,612)</b>	(104,434)
Items not affecting cash		
Depreciation, amortization and deferred finance charges	<b>248</b>	119
Stock-based compensation	<b>2,013</b>	3,095
Unrealized foreign exchange gain	<b>(79)</b>	(2,271)
Future income tax recovery	-	(35,139)
Warrants issued to agents	-	311
Impairment of mineral properties	-	119,550
	<b>(8,430)</b>	(18,769)
Change in non-cash working capital		
Increase in accounts receivable and other assets	<b>(485)</b>	(325)
(Decrease)/ increase in accounts payable and accrued liabilities	<b>(196)</b>	1,055
Cash flows used by the operating activities of the continuing operations	<b>(9,111)</b>	(18,039)
Cash flows from/ (used) by the operating activities of the discontinuing operations	<b>2,484</b>	(23,859)
	<b>(6,627)</b>	(41,898)
<b>Cash flows from investing activities</b>		
Expenditures on property, plant and equipment	<b>(293)</b>	-
Net cash acquired on acquisition of Lero	-	34,051
Proceeds from net investment in residual oil and gas interests	<b>480</b>	329
Net proceeds from disposal of Varvarinskoye Project	<b>5,072</b>	-
Cash flows from the investing activities of the continuing operations	<b>5,259</b>	34,380
Cash flows used by the investing activities of the discontinuing operations	<b>(3,559)</b>	(33,429)
	<b>1,700</b>	951
<b>Cash flows from financing activities</b>		
Proceeds from exercise of stock options (note 10a)	-	1,331
Proceeds from debt	-	5,000
Lero cash advances to EMC pre-acquisition	-	25,000
Repayment of debt	-	(5,000)
Cash flows from the financing activities of continuing operations	-	26,331
Cash flows from / (used) in the financing activities of discontinuing operations	<b>2,113</b>	(2,860)
	<b>2,113</b>	23,471
<b>(Decrease) in cash and cash equivalents</b>	<b>(2,814)</b>	(17,476)
<b>Cash and cash equivalents - Beginning of year</b>	<b>6,200</b>	23,676
<b>Cash and cash equivalents - End of year</b>	<b>3,386</b>	6,200



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**For The Years Ended 31 December 2009 and 2008 Consolidated Statements of Operations**  
 (Prepared in accordance with Canadian GAAP)

	2009	2008
	\$000	<u>(Restated)</u> \$000
<b>(Expenses) / income</b>		
Impairment of mineral properties	-	(119,550)
General and administrative	<b>(5,946)</b>	(10,133)
Termination costs	<b>(98)</b>	(3,880)
Class action settlement	<b>(1,027)</b>	-
Exploration	<b>(1,617)</b>	(2,093)
Stock-based compensation	<b>(2,013)</b>	(3,095)
Interest expense	<b>(54)</b>	(533)
Interest income	<b>19</b>	398
Foreign exchange gains/ (losses)	<b>124</b>	(687)
<b>Loss from continuing operations before income taxes</b>	<b>(10,612)</b>	(139,573)
Future income tax	-	35,139
<b>Loss from continuing operations</b>	<b>(10,612)</b>	(104,434)
<b>Loss from discontinued operations</b>	<b>(51,160)</b>	(218,178)
<b>Net gain from disposal of discontinued operations</b>	<b>160,812</b>	-
<b>Net income/ (loss) and comprehensive income / (loss) for the year</b>	<b>99,040</b>	(322,612)
<b>Deficit - Beginning of year – as previously stated</b>	<b>(540,567)</b>	(217,955)
Adjustment on adoption of EIC 173	<b>32,543</b>	-
<b>Deficit - Beginning of year – Restated</b>	<b>(508,024)</b>	(217,955)
<b>Deficit - End of year</b>	<b>(408,984)</b>	(540,567)
<b>(Loss)/ income per common share</b>		
<b>(Loss) per common share from continuing operations</b>	<b>\$(0.23)</b>	\$(2.71)
<b>(Loss) per common share from discontinuing operations</b>	<b>\$(1.12)</b>	\$(5.65)
<b>Net income/ (loss) per common share</b>	<b>\$2.17</b>	\$(8.36)
<b>Weighted average number of common shares</b>		
Basic and diluted (in thousands)	<b>45,696</b>	38,598



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**Summary of the Quarterly Results of Operations for 2009 (UNAUDITED)**  
**(Selected Quarterly Information)**  
 (Prepared in accordance with Canadian GAAP)

Expressed in US\$000s except where indicated	Dec 31 2009 \$000 (unaudited)	Sep 30 2009 \$000 (unaudited)	Jun 30 2009 \$000 (unaudited)	Mar 31 2009 \$000 (unaudited)
Loss from continuing operations	(1,871)	(2,661)	(3,050)	(3,030)
(Loss)/ profit from discontinued operations *	(10,584)	(21,076)	5,755	(25,255)
Net gain on disposal of discontinued operations	160,812	-	-	-
<b>Net income/ (loss) and comprehensive income/ (loss) for the period</b>	<b>148,357</b>	<b>(23,737)</b>	<b>2,705</b>	<b>(28,285)</b>
<b>Sales revenues (included within results of discontinued operations) *</b>	<b>6,867</b>	<b>22,632</b>	<b>32,495</b>	<b>9,796</b>
<b>(Loss)/ income per common share (note 1)</b>				
(Loss) per common share from continuing operations	\$(0.04)	\$(0.06)	\$(0.07)	\$(0.07)
Net income /(loss) per common share	\$3.25	\$(0.52)	\$0.06	\$(0.62)
Weighted average number of common shares – basic and diluted (in thousands)	45,696	45,696	45,696	45,696

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



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**Summary of the Quarterly Results of Operations for 2008 (UNAUDITED)**

**(Selected Quarterly Information)**

(Prepared in accordance with Canadian GAAP)

Expressed in \$000s except where indicated	Dec 31 2008 \$000 (unaudited)	Sep 30 2008 \$000 (unaudited)	Jun 30 2008 \$000 (unaudited)	Mar 31 2008 \$000 (unaudited)
Loss from continuing operations	(88,681)	(5,753)	(5,986)	(4,014)
(Loss)/ profit from discontinued operations *	(174,911)	1,720	(10,937)	(34,050)
<b>Net loss and comprehensive loss for the period</b>	<b>(263,592)</b>	<b>(4,033)</b>	<b>(16,923)</b>	<b>(38,064)</b>
<b>Sales revenues (included within results of discontinued operations) *</b>	11,622	15,512	13,225	2,260
<b>(Loss)/ income per common share (note 1)</b>				
Loss per common share from continuing operations	\$(2.30)	\$(0.19)	\$(0.19)	\$(0.13)
Loss per common share	\$(6.83)	\$(0.13)	\$(0.54)	\$(1.25)
Weighted average number of common shares – basic and diluted (in thousands)	38,598	31,015	31,383	30,333

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



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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 amount and timing of deferred consideration that may be payable to the Company by Polymetal pursuant to the sale of the Varvarinskoye Project; the expected effect of the sale of the Varvarinskoye Project on the Company's current operations; the Company's expectations with respect to the filing and timing of an application for a waiver of the Competent Authority's pre-emptive right with respect to the current trading of the Company's common shares on the TSX and AIM and the Company's ability to obtain same; the execution and registration of the amended Karchiga Project Contract; the continued exploration and the development of the Company's properties and the costs related thereto; the anticipated receipt of drill results relating to Korgontash; development and operational plans and objectives; continued financial support from, and development efforts by, Gold Fields with respect to the Barkol, Kentash, Taldybulak and Korgontash licences; the completion of a feasibility study on the Talas Project; mineral resource estimates; estimates relating to copper concentrate production at the Karchiga Project; the proposed work programs for the Company's exploration properties and their respective timing; the Company's expectation regarding the submission of a resource calculation study with an approved cut off grade to the Kazakh authorities with respect to the Karchiga Project and the receipt of an approval in connection therewith; the receipt and timing of a decision regarding the extension of the Akdjol and Tokhtazan licences and related agreements and land rights; estimates relating to critical accounting policies; the Company's plans with respect to the conversion to IFRS, including the Company's expected timing for completing the phases of its plan and the development of an effective plan; the continuation of assessments relating to resource and training requirements and the impact of IFRS on, amongst other things, the Company's accounting policies, information technology and data systems; the Company's plans for adopting and/or implementing changes to accounting policies and the impact of same on the Company's financial statements; that the Company and the other defendants will not need to terminate the settlement agreement as a result of class members opting out of the settlement, the significance of any claims by members who opt out and the dismissal of the Class Action Claim and the Szuszkiewicz action; the Company's expectations with respect to pursuing new opportunities and acquisitions and its future growth; and the Company's ability to raise new funding.

The forward-looking information in this 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 appropriateness of using accounting principles applicable to a going concern, the Company's ability to generate sufficient funds from capital markets to meet its future obligations (including expenditures to be made pursuant to the terms of the JV Agreement in order to retain the Company's interest in the Talas Project) following the disposition of the Varvarinskoye Project, the effectiveness of the Company's design relating to the implementation of IFRS, assumptions relating to the Company's critical accounting policies, the Company's business, the economy and the mineral exploration industry in general, the regulatory frameworks in Kazakhstan and Kyrgyzstan with respect to, among other things, royalties, taxes, environmental matters and the Company's ability to obtain, maintain, renew and/or extend required permits, licences, authorisations and/or approvals from the appropriate regulatory authorities (including the Company's ability to: (i) execute and register the amended Karchiga Project Contract; (ii) obtain an extension of the Taldybulak and Barkol licences beyond December 31, 2010; (iii) obtain an extension of the Tokhtazan and Akdjol licences and related agreements and land rights; and (iv) obtain a waiver of the Competent Authority's pre-emptive right relating to the Karchiga Project); the Company's ability to continue to obtain qualified staff and equipment in a timely and cost-efficient manner to meet the Company's demand, and has also assumed that no unusual geological or technical problems occur, plant and equipment work as anticipated, no material adverse change in the price of copper or gold occurs and no significant events occur outside of the Company's normal course of business.

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

Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to: risks normally incidental to exploration and development of mineral properties; uncertainties in the interpretation of drill results; the possibility that future exploration, development or mining results will not be consistent with expectations; uncertainty of mineral resources estimates; the Company's inability to obtain, maintain, renew and/or extend required licences, permits, authorizations and/or approvals from the appropriate regulatory authorities and other risks relating to the regulatory frameworks in Kazakhstan and Kyrgyzstan (including the failure to execute and register an amended Karchiga Project



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Contract or obtain the Competent Authority's waiver of its pre-emptive right relating to the Karchiga Project or the Company's inability to obtain the necessary extensions relating to its Taldybulak, Barkol, Tokhtazan and Akdjol licences and the agreements and rights, as applicable, related thereto); adverse changes in the laws governing the Company, its subsidiaries and their respective business activities; capital and operating costs varying significantly from estimates; inflation; changes in exchange and interest rates; adverse changes in commodity prices; the inability of the Company to obtain required financing; adverse changes with respect to the Talas joint venture; the Company's inability to continue as a going concern; adverse general market conditions; the possibility of class members opting out of the settlement in respect of the Class Action Claim; the Company's inability to delineate additional mineral resources and delineate mineral reserves; future unforeseen liabilities and other factors including, but not limited to, those listed in this press release.

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 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 estimates in respect of its properties are well established, by their nature mineral resource estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such mineral resource estimates are inaccurate or are reduced in the future, this could have a material adverse impact on the Company. Due to the uncertainty that may be attached to inferred mineral resources, it cannot be assumed that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource as a result of continued exploration.

Additional information about the risks and uncertainties of the Company's business is provided in its disclosure materials, including the Company's Annual Information Form, available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

**ENDS**

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