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TSX: OSU
PRESS RELEASE
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**Orsu Metals Corporation announces
Exclusive and Binding Heads of Agreement
for the Proposed Acquisition of the Sergeevskoe Gold Project in Russia**

Highlights of the Sergeevskoe Gold Project

- **Transaction:** Orsu Metals Corporation (“Orsu” or the “Company”) has agreed to acquire, subject to the conditions as described in this release, the Sergeevskoe Gold Project located in the Mogocho District of the Zabaikal’skiy Region of the Russian Federation.
- **The Russian style P1 to P3 categories:** The most recent study conducted in July 2016, prior to discussions with Orsu, estimated a total of 29.736 million tonnes of mineralization in several prospects within the Sergeevskoe license area with a total of 59.31 tonnes (approximately 1.91 million ounces) of gold to a depth of 100 metres.
- **A long-established gold-mining province:** the area around the Sergeevskoe Project is a known host to a cluster of producing gold deposits. The Sergeevskoe Gold Project has a common license border with the Klyuchevskoe gold mine immediately to the east of Sergeevskoe, which contains 4 million ounces in Russian-style A+B+C1 and C2 categories. To the west, it neighbours the recently commissioned Alexandrovskoe open-pit operating mine with Russian-style resources in excess of 2 million ounces of gold.
- **Excellent infrastructure:** the Project is located in an economically developed area of Russia with ready access to all significant infrastructure: (1) federal highway M58 is approximately 8 kilometres away, (2) the Trans-Siberian railway is approximately 35 kilometres away; and (3) access to the national electricity grid. Water is readily available in the area, as is a local skilled labour force.

- **Analogous deposit nearby:** the Klyuchevskoe mine has produced over 1.3 million ounces of gold in its history. The Klyuchevskoe mine hosts an analogous mineralization and historical information published about that mine greatly helps to evaluate the geological and metallurgical risks of the Sergeevskoe Gold Project. According to the Russian Federal Antimonopoly Agency, the Klyuchevskoe mine is in the advanced stages of being sold to China National Gold Group. (See footnote 4.)
- **The Sergeevskoe Gold Project has extensive historical exploration data:** In Soviet times the project was extensively explored with, inter alia, approximately 8 500 meters of drilling performed and 16 200 meters of trenches excavated. Historical exploration works at the 7.6 km² license area of the Sergeevskoe Gold Project identified intrusion-hosted gold mineralization over an area of 5x2.2 km (including a 1.1 km² license area of the Klyuchevskoe gold deposit). In its eastern part, the historically identified mineralization forms a western continuation of the orebodies extending from the Klyuchevskoe deposit, with most prospective mineralization identified at the Zone 23 and Kozie occurrences.
- At the Zone 23 occurrence, Soviet era drilling intercepted wide intervals of gold mineralization.
 - Historical hole C-222 intercepted mineralized intervals (at a cut-off of 0.5 grammes per tonne of gold) of:
 - 3 metres grading 0.63 grammes of gold per tonne (from 46 metres); and
 - 5 metres grading 1.56 grammes of gold per tonne (from 51 metres); and
 - 38 metres grading 1.48 grammes of gold per tonne (from 58 metres),
including:
 - 6.5 m grading 2.23 grammes of gold per tonne (from 62 metres),
 - 3.0 m grading 2.97 grammes of gold per tonne (from 84 metres).
 - Historical hole C-215 intercepted five mineralized intervals (at a cut-off of 0.5 grammes of gold per tonne) of:
 - 3.5 metres grading 0.86 grammes of gold per tonne (from 16.5 metres); and
 - 3.5 metres grading 1.11 grammes of gold per tonne (from 23.5 metres); and
 - 31.6 metres grading 1.2 grammes of gold per tonne (from 54.1 metres),
including:
 - 2.1 m grading 2.20 grammes of gold per tonne (from 59 metres),



- 5.5 m grading 2.13 grammes of gold per tonne (from 63.1 metres),
 - 2.0 m grading 1.30 grammes of gold per tonne (from 70.6 metres); and
 - 44.8 metres grading 0.82 grammes of gold per tonne (from 95 metres),
including:
 - 4.0 m grading 1.73 grammes of gold per tonne (from 101.2 metres),
 - 6.8 m grading 1.08 grammes of gold per tonne (from 107.2 metres),
 - 3.8 m grading 1.30 grammes of gold per tonne (from 135 metres); and
 - 27.5 metres grading 0.71 grammes of gold per tonne (from 167.5 metres),
including:
 - 5.0 m grading 1.26 grammes of gold per tonne (from 176.5 metres).
- At the Kozié occurrence, historical drillholes intercepted (at a cut-off of 0.5 grammes of gold per tonne):
 - 7.5 metres (from 65 metres) grading 2.59 grammes of gold per tonne in hole C-140;
 - 7.5 metres (from 125 metres) grading 1.53 grammes of gold per tonne in hole C-141.
- At the Karamaevskoe occurrence, historical hole C-197 intercepted a mineralized interval (at a cut-off of 0.5 grammes of gold per tonne) of:
 - 20.0 metres grading 1.55 grammes of gold per tonne (from 28 metres).

All potential quantities and grades referred to in this announcement are conceptual in nature; there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

The results referred to are primarily based on historical data prepared between 40 and 60 years ago, and as such their relevance and reliability may be uncertain. Further analysis will be required, including confirmatory drilling and/or trenching and assays of the core plus updated analysis and assessment of the historical data in order to verify the historical estimates as current mineral resources or reserves.

A qualified person has not done sufficient work to classify the historical estimate as current mineral resources or reserves. The Company is not treating the historical estimate as current mineral resources or reserves.



Orsu, the London-based TSX listed company (TSX: OSU), today announces that it has entered into Exclusive and Binding Heads of Agreement (“Heads of Agreement”) for the potential acquisition of 100% of Sibzoloto Investments Limited (“Sibzoloto”), a Cyprus registered company which is the sole owner of LLC GK Alexandrovskoe (“LLC GK Alexandrovskoe”), which in turn is the sole holder of the Sergeevskoe licence area in the Russian Federation (“Sergeevskoe Project”), from two arm’s length parties, (1) Metalsib Group (BVI) (“Metalsib”) and (2) OC Management Group (BVI) (“Olympia Capital”); (Metalsib and Olympia Capital, together defined as the “Sellers”).

Summary of the Heads of Agreement

The following sets out the key terms of the Heads of Agreement, which will be filed on the Company’s SEDAR profile:

1. Orsu has agreed to acquire:

- 100% of the Sergeevskoe Gold Project via the acquisition of Sibzoloto, and
- 100% of a nearby work camp via the acquisition of LLC Davenda, a company under effective control of the Sellers,

(the “Proposed Transaction”) conditional upon good faith negotiation of formal definitive sale and purchase documentation (including a formal sale and purchase agreement), and completion of due diligence, for the consideration set out below. The exclusivity period runs until January 31, 2017 (“Exclusivity Period”) and may be extended by mutual agreement of the parties.

2. The consideration for Sibzoloto will be the issue of new common shares of Orsu as follows:

- The Company will issue 146,605,683 new common shares in Orsu to the Sellers for the acquisition of 30% of the outstanding shares of Sibzoloto at closing such that, post-closing, the Sellers will own approximately 44.5% of the enlarged share capital of Orsu (or 42.5% of the total enlarged and fully diluted share capital of Orsu, assuming exercise of all issued and outstanding options). The Sellers shall transfer the remaining 70% of the outstanding shares of Sibzoloto at the time the Company completes the sale of its Karchiga Project (as announced on April 11, 2016).
- In the event that the proceeds from the sale of the Karchiga Project are not received by June 30, 2017, the Company will issue a further 378,731,348 common shares of Orsu (the “Top-up Shares”) to the Sellers such that the Sellers will own in aggregate a combined total of



525,337,031 common shares of Orsu or, approximately, 74.2% of the enlarged share capital of Orsu (or 72.5% of the total enlarged and fully diluted outstanding common shares of Orsu, assuming exercise of all issued and outstanding options). The issuance of the Top-up Shares will be conditional upon the Sellers transferring the 700 remaining shares in Sibzoloto such that Orsu owns all 1,000 shares (100%) of Sibzoloto. Any subsequent receipt of proceeds from the sale of the Karchiga Project will inure to the benefit of all shareholders of Orsu as at a date to be established in the definitive sale and purchase documentation (excluding the Sellers).

3. Orsu will acquire 100% of LLC Davenda, a company under effective control of the Sellers, that owns the fully operational work camp located near the Sergeevskoe Gold Project area for aggregate cash consideration of US\$600,000, with US\$180,000 to be paid on closing of the Proposed Transaction and the balance of US\$420,00 to be paid within ten days after completion of the sale of the Karchiga Project. In the event the sale of the Karchiga Project is not completed by June 30, 2017, the balance of US\$420,000 within ten days after June 30, 2017. The acquisition by Orsu of LLC Davenda is inter-conditional with the acquisition by Orsu of Sibzoloto.
4. The Proposed Transaction will be subject to the completion of technical, legal and financial due diligence by each Party. Orsu's due diligence requirements will also include the production of a technical report compatible with the requirements of Canadian National Instrument 43-101.
5. The Proposed Transaction is subject to the following Conditions Precedent:
 - 1) Execution of a Sale and Purchase Agreement ("SPA") and definitive documentation;
 - 2) Necessary approvals, if any, from the Russian Federation for the transfer of ownership of the Sergeevskoe Gold Project to Orsu;
 - 3) Approval of the Proposed Transaction (including the issue of new shares) by any applicable governmental, corporate and shareholder approvals that may be required for completion of the transaction, including, inter alia, the approval by the Orsu shareholders at a Shareholders' Meeting;



- 4) TSX approval of the Proposed Transaction (including the issue of shares) and any other regulatory approvals required by the TSX or by the applicable securities commissions or regulatory authorities in Canada.
6. Pursuant to the Heads of Agreement, Orsu has been granted an exclusivity period expiring on January 31, 2017 in order to complete its due diligence and enter into definitive documentation to complete the Proposed Transaction. The Heads of Agreement will automatically terminate on the later of January 31, 2017 or any extension of the Exclusivity Period agreed by the parties. In addition, Orsu has the right to terminate the Heads of Agreement without any obligation at any time during the due diligence process in the event of material adverse finding during the course of such due diligence.
7. A representative of the Sellers will be granted the right to attend board meetings of Orsu as an observer prior to completion of the Proposed Transaction. Upon completion of the Proposed Transaction, the Sellers will have the right to appoint two directors in total to the Board of Directors of Orsu and the total number of directors of Orsu will be five. The appointment of such directors will be subject to any approvals required by the Toronto Stock Exchange or other applicable regulatory bodies for such individual appointee.
8. Orsu has agreed not to authorize any additional expenditure over and above current contractual obligations and those required for its ordinary course of business in excess of US\$5,000 without the prior written consent of a Representative of the Sellers.
9. Shortly following completion of the Proposed Transaction, Orsu will make available no less than US\$1,500,000 to fund the exploration of the Sergeevskoe Project.
10. Orsu intends to consolidate its common shares on a ratio of one post-consolidation common share for every ten common shares currently outstanding prior to completion of the Proposed Transaction. The number of common shares of Orsu to be issued as consideration pursuant to the Proposed Transaction will be adjusted according to the final ratio of such share consolidation.
11. Immediately prior to completion of the Proposed Transaction, Orsu will have a minimum of US\$3,000,000 cash and cash equivalents on its books (including the initial payment of US\$180,000 in respect of Orsu's acquisition of Sibzoloto and the total consideration of US\$600,000 in respect of Orsu's acquisition of LLC Davenda).



12. The structure and form of the Proposed Transaction will be more particularly defined in a formal sale and purchase agreement to be negotiated in good faith and entered into by the parties.

About the Sergeevskoe licence area

The Sergeevskoe licence covers an area of 7.6 km² and is located approximately 40 km to the southwest of the town of Mogochoa, Zabaikal'skiy Region of the Russian Federation. Mogochoa is an administrative centre of the Mogochoa District and hosts a large railway station on the Trans-Siberian Railway which runs within approximately 35 km of the licence area. The newly built Chita-Khabarovsk motorway (M58) is approximately 8 km to the south of the licence area. The distance to the Sergeevskoe Project area from the city of Chita, an administrative centre of the Zabaikal'skiy Region in eastern Siberia, is approximately 650 km.

The Sergeevskoe licence area is located immediately west of the Klyuchevskoe gold deposit (see image below), which is owned by Sun Gold Ltd ("Sun Gold"). According to Dr BI Benevolskiy, who published detailed accounts of historical production of gold in a monograph "Gold of Russia" (Benevolskiy, 2002; see footnote 3), the Klyuchevskoe deposit has historically produced over 1.3 million ounces of gold from an open pit, whose western wall is located 300 metres from the eastern margin of the Sergeevskoe license area. According to public information published by Vestnik Zolotopromyshlennika (Gold Miner Bulletin) on August 31, 2016 (see footnote 4), the Klyuchevskoe deposit has estimated mineral resources containing 47.8 tonnes of gold in Russian style A+B+C1 categories, 26.6 tonnes of gold in Russian style C2 category and 4 tonnes of gold in 'out of balance' category, complying with Russian Code for the Public Reporting of Exploration Results, Mineral Resources and Mineral Reserves, all grading up to 2 grammes of gold per tonne. According to the Russian Federal Antimonopoly Agency, the Klyuchevskoe mine is in the advanced stages of being sold to China National Gold Group (see footnote 4). The nearby Alexandrovskoe gold mine, which was commissioned in September 2013, lies to the west of the Sergeevskoe license area (see image below). Alexandrovskoe Gold Mining Limited has disclosed on its website that in the end of 2012, the Russian style reserves were approved by Protocol No.2853 of the Russian State Reserves Committee, amounting to 7.898 million tonnes in Russian-style C1+C2 categories (balance + off-balance) with 23.894 tonnes (715 381 ounces) of gold grading 2.9 grammes of gold per tonne. Alexandrovskoe Gold

Mining Limited also reported Russian-style resources at Alexandrovskoye ore field estimated to be more than 2 million ounces of gold (see footnote 4).



Orsu conducted a site visit in July 2016 and, based on this and a review of the technical information made available, believes that the geology of the Sergeevskoe Project area is principally similar to the Klyuchevskoe deposit area. Some orebodies from the Klyuchevskoe deposit extend into the Sergeevskoe license area. Granitoid intrusions are a principal host for 150 million years old mineralization.

The Sergeevskoe Project area hosts numerous gold occurrences, discovered and partially drill tested in the 1950s and 1960s, with geophysical and geochemical works performed in the 1970s. No field exploration activity was undertaken from the mid-1980s until 2013, when the Sellers acquired the Sergeevskoe Project via public auction from the Government of the Russian Federation. No approved historical Soviet-style or JORC compliant mineral resources exist for mineral prospects within the Sergeevskoe Project area. However, several reports estimated potential resources of the Sergeevskoe Project area in Russian-style "P" category. These historical estimates, combined for several prospects



within the license area, range from 2 to 4 million ounces of gold grading 1.67 to 1.77 grammes of gold per tonne, which is not compliant to the standards of the Canadian National Instrument 43-101, but can be possibly treated as an indication of exploration potential.

On July 7, 2016 the Technical Board for the Department of Subsoil Usage, Zabaikal'skiy Subsection, Central Siberian Region, Russian Federation has approved Protocol N81 with the Russian-style P1 to P3 categories, containing a total of 29.736 million tonnes of mineralization in several prospects within the Sergeevskoe license area with a total of 59.31 tonnes (approximately 1.91 million ounces) of gold, calculated to a depth of 100 metres. The mineralized system in all prospects remains open to depth.

All potential quantities and grades referred to in this announcement are conceptual in nature; there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

The results referred to are primarily based on historical data prepared between 40 and 60 years ago, and as such their relevance and reliability may be uncertain. Further analysis will be required, including confirmatory drilling and/or trenching and assays of the core plus updated analysis and assessment of the historical data in order to verify the historical estimates as current mineral resources or reserves.

A qualified person has not done sufficient work to classify the historical estimate as current mineral resources or reserves. The Company is not treating the historical estimate as current mineral resources or reserves.

Historical works included soil-geochemistry sampling at 1:10 000 scale as well as different ground and airborne geophysical surveys resulting in the delineation of a number of gold, copper and molybdenum anomalous areas. The most advanced occurrences include Zone 23, Koziy, Vodorazdelnoe (Peak Klyuchi) and Karamaevskoe (see image above). Gold mineralization is arranged along the 5 km long west-east trending quartz vein-veinlet system, which is often accompanied by alteration (tourmalinization, sericitization) together with primary sulphide mineralization. Judging from a visit to the nearby Klyuchevskoe open pit, primary sulphides are oxidized down to 180 meters, with drilling-confirmed vertical extent of gold mineralization at the Klyuchevskoe deposit to 600 meters.



Numerous trenches (totaling more than 16,200 metres at the Zone 23, Koziy and Vodorazdelnoe (Peak Klyuchi) occurrences) intercepted wide gold-mineralized intervals within a 1 000 x 600 metres west-east trending area in the eastern part of the Sergeevskoe license area, including Zone 23, Koziy and Vodorazdelnoe occurrences. The historically identified mineralized intervals range in width from 2 to 48 metres with grade variations from 1 to 5 grammes per tonne of gold. The 850 metres long historical trench K-679, cross-cutting both the Zone 23 and Koziy occurrences, intercepted several intervals separated by low grade or unmineralized material (from south to the north).

In the south, over 325 metres across Zone 23 occurrence:

- 2 metres grading 1.0 gramme of gold per tonne, and
- 24 metres grading 1.4 grammes of gold per tonne, and
- 2 metres grading 3.2 grammes of gold per tonne, and
- 2 metres grading 1.6 grammes of gold per tonne, and
- 48 metres grading 1.7 grammes of gold per tonne, and
- 7 metres grading 1.3 grammes of gold per tonne, and
- 8 metres grading 1.7 grammes of gold per tonne, and
- 16 metres grading 1.8 grammes of gold per tonne, and
- 6 metres grading 3.1 grammes of gold per tonne, and
- 4 metres grading 2.0 grammes of gold per tonne, and
- 4 metres grading 2.1 grammes of gold per tonne.

This was followed by approximately 200 metres of unmineralized interval before reaching the Koziy occurrence, where the same trench intercepted the following intervals over 200 metres across the latter:

- 3 metres grading 1.8 grammes of gold per tonne, and
- 9 metres grading 2.3 grammes of gold per tonne, and
- 1 metre grading 3.0 grammes of gold per tonne, and
- 2 metres grading 2.0 grammes of gold per tonne, and
- 38 metres grading 2.1 grammes of gold per tonne, and
- 1 metre grading 3.2 grammes of gold per tonne, and



- 40 metres grading 3.8 grammes of gold per tonne, and
- 2 metres grading 1.4 grammes of gold per tonne.

Approximately 8 500 meters of drilling was historically completed at the Sergeevskoe Prospect in the 1950s and 1960s, with approximately 4900 metres drilled at Zone 23, Koziy and Vodorazdelnoe (Peak Klyuchi) occurrences and remaining balance drilled at the Karamaevskoe and other occurrences. No drill core from the historical holes is preserved. The reported historical core recoveries were approximately 50 percent. There were also some limited underground developments (shallow shafts and one adit with cross-cuts).

Historical drillholes at Zone 23 returned wide intercepts of gold mineralization. In particular, hole C-222 was drilled in the southern direction at 75 degrees to a depth of 160 metres and intercepted mineralized intervals (greater than 2 metres in thickness at a cut-off of 0.5 grammes of gold per tonne) of:

- 3 metres grading 0.63 grammes of gold per tonne (from 46 metres);
- 5 metres grading 1.56 grammes of gold per tonne (from 51 metres);
- 38 metres grading 1.48 grammes of gold per tonne (from 58 metres),

Including

- 6.5 m grading 2.23 grammes of gold per tonne (from 62 metres),
- 3.0 m grading 2.97 grammes of gold per tonne (from 84 metres).

Hole C-215, which was drilled to a depth of 200 metres in the southwestern direction at approximately 74 degrees to the surface. This hole intercepted five mineralized intervals (greater than 2 metres in thickness and above 0.5 grammes of gold per tonne cut-off):

- 3.5 metres grading 0.86 grammes of gold per tonne (from 16.5 metres); and
- 3.5 metres grading 1.11 grammes of gold per tonne (from 23.5 metres); and
- 31.6 metres grading 1.2 grammes of gold per tonne (from 54.1 metres),

including:

- 2.1 m grading 2.20 grammes of gold per tonne (from 59 metres),
- 5.5 m grading 2.13 grammes of gold per tonne (from 63.1 metres),
- 2.0 m grading 1.30 grammes of gold per tonne (from 70.6 metres); and



- 44.8 metres grading 0.82 grammes of gold per tonne (from 95 metres), including:
 - 4.0 m grading 1.73 grammes of gold per tonne (from 101.2 metres),
 - 6.8 m grading 1.08 grammes of gold per tonne (from 107.2 metres),
 - 3.8 m grading 1.30 grammes of gold per tonne (from 135 metres); and
- 27.5 metres grading 0.71 grammes of gold per tonne (from 167.5 metres), including:
 - 5.0 m grading 1.26 grammes of gold per tonne (from 176.5 metres).

The combined width of the mineralized intervals in hole C-215 is 102.4 metres, indicating that more than 50% of the total length of this hole is mineralized above the 0.5 grammes of gold per tonne cut-off.

Historical drillholes at the Kozié occurrence, located some 350 metres north from Zone 23, are also reported to intercept gold mineralization (at a cut-off of 0.5 grammes of gold per tonne). In particular, historical hole C-140, which was drilled to a depth of 110 metres in the southern direction at approximately 75 degrees to the surface, intercepted 7.5 metres (from 65 metres) grading 2.59 grammes of gold per tonne. Historical hole C-141, which was drilled to a depth of 170 metres in the southern direction at approximately 70 degrees to the surface, intercepted 7.5 metres (from 125 metres) grading 1.53 grammes of gold per tonne. The 15.8 metres deep shallow vertical shaft (N28) intercepted mineralization grading between 0.4 and 4.3 grammes of gold per tonne. Another 25 metres deep shaft (N29) intercepted mineralization grading between 2.4 and 15.2 grammes of gold per tonne.

At the Karamaevskoe occurrence, historical hole C-197 was drilled in the southwestern direction at 70 degrees to a depth of 104 metres and intercepted a wide mineralized interval (at a cut-off of 0.5 grammes of gold per tonne) of 20.0 metres grading 1.55 grammes of gold per tonne (from 28 metres).

Despite promising intercepts, none of the prospects has been systematically drilled.



Orsu collected 15 lump samples during its site visit and inspection of the historical trenches. These samples were submitted by Orsu to the SGS Vostok Limited laboratory (“SGS Vostok”) in Chita, which is a Russian subsidiary of SGS Societe Generale de Surveillance S.A. and member of SGS Group, the inspection, verification, testing and certification company, independent from both Orsu and the Sellers. SGS Vostok has assayed 15 samples, including one field duplicate, but no blanks or external standards were included by Orsu. SGS Vostok used a standard fire assay technique with detection limit of 0.03 grammes of gold per tonne. Of these, 13 assays returned between 0.18 to 5.69 grammes of gold per tonne for samples, generally collected randomly from the mineralized intervals shown on the historical maps for the above-mentioned trench K-679 at Zone 23 and Kozie occurrences. The duplicate samples Ser-003 returned 0.53 and 0.55 grammes of gold per tonne, indicating good correlation for this limited sampling programme.

Dr Sergey V Kurzin, Executive Chairman of Orsu, commented: “I am very excited by this opportunity. Gold is a commodity in which management and partners of Orsu have extensive experience, especially in the Former Soviet Union. We believe that the Sergeevskoe Gold Project has significant potential value to be added. I am looking forward to working with the group of new partners who are also very experienced in Russian gold geology, finance and the industry. The combination of the project’s potential, Orsu competencies and a strong local team will allow us to fast-track the exploration works to its fruition.”

ENDS

Notes to Editors:

1. Dr Alexander Yakubchuk, Chief Operating Officer for Orsu and a qualified person as such term is defined in National Instrument 43-101, has reviewed and approved the contents of this press release. Dr Alexander Yakubchuk has verified the data disclosed in this press release, including sampling, analytical and test data underlying the information or opinions contained in this news release.
2. All \$ figures are United States Dollars unless otherwise indicated.
3. Benevolskiy BI, 2002. Gold of Russia: Problems of the Use and Replacement of Mineral Resources. 2nd Revised Edition. Moscow, ZAO Geoinformmark, 464 pp. In Russian.
- 4 Based on publicly available information, which was not prepared, or independently verified, by Orsu.

FORWARD-LOOKING INFORMATION



This press release contains forward-looking information within the meaning of applicable securities laws that reflect the Company's current expectations regarding future events. Forward-looking information involves risks, uncertainties and other factors that could cause actual events, results, performance and opportunities to differ materially from those expressed or implied by such forward-looking information. Forward-looking information contained in this press release includes, but may not be limited to, the anticipated completion of the Proposed Transaction or the completion of the Karchiga Transaction and the terms and timing related thereto, the Company's use of the proceeds from the Karchiga Transaction, and the expected effect of the Proposed Transaction on the Company, including (but not limited to) management's belief that the Sergeevskoe Gold Project could have significant value for the Company.

Factors that could cause actual results to differ materially from those described in such forward-looking information include, but are not limited to, the inability of the parties to satisfy any conditions to the completion of the Proposed Transaction disclosed herein, which include the negotiation and execution of a definitive SPA before the end of the Exclusivity Period, unsatisfactory due diligence results, the failure to obtain the necessary approval of the Russian Federation for the transfer of ownership of the Sergeevskoe Gold Project, the failure to obtain approval of the Proposed Transaction by Orsu shareholders, the failure to obtain the required authorizations and/or approvals from the TSX. Other risks relating to the completion of the Proposed Transaction include the regulatory framework in Kazakhstan and the Russian Federation, adverse changes in the laws or political environment in Kazakhstan or the Russian Federation, adverse changes in commodities prices, as well as certain other risks set out in the Company's public documents, including its annual information form dated March 30, 2016, filed under the Company's profile on SEDAR at www.sedar.com.

The forward-looking information in this press release reflects the current expectations, assumptions and/or beliefs of the Company based on information currently available to the Company. In connection with the forward-looking information contained in this press release, the Company has made assumptions about: the Company's business, the economy and the mineral resources development and extraction industry in general; available historical information will be useful in the Company's evaluation of the geological and metallurgical risks for the Sergeevskoe Gold Project; the Company's ability to obtain the requisite regulatory approvals; and the seller's ability to obtain the requisite governmental approvals. The Company has also assumed that no significant events occur outside of



the Company's normal course of business. 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 Russian style "A, B, C1, C2 and P" category figures referred to in this press release are historical estimates and no assurances can be given that the indicated levels of minerals will be verified and/or produced. Such estimates made at a given time may significantly change when new information becomes available. By their nature such estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. Due to the uncertainty that may be attached to such estimates, it cannot be assumed that all or any part of such estimates will be upgraded to mineral resource as a result of continued exploration.

Any forward-looking information speak 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.

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