



Orsu Metals Corporation

Berkeley Square House
Berkeley Square
London, W1J 6BD
United Kingdom
Tel: +44 (0)20 7518 3999

ir@orsumetals.com
www.orsumetals.com

TSX: OSU
PRESS RELEASE
August 3, 2016

Orsu Metals Corporation

Results for the six period ended June 30, 2016 (Unaudited)

Orsu Metals Corporation (“Orsu” or the “Company”) a London-based base and precious metals exploration and development company, listed on TSX (TSX: OSU), today reports its unaudited results for the six months ended June 30, 2016 (“Q2 2016”). A full Management’s Discussion and Analysis of the results (“MD&A”) and Consolidated Financial Statements (Unaudited) for Q2 2016 (the “Financials”) will soon be available on the Company’s profile on SEDAR (www.sedar.com) or on the Company’s website (www.orsumetals.com). Copies of the MD&A and Financials can also be obtained upon request from the Company Secretary.

The Financials have been prepared in accordance with applicable International Financial Reporting Standards (“IFRS”).

All amounts are reported in United States Dollars (\$) unless otherwise indicated. Canadian Dollars are referred to herein as CAD\$ and British Pounds Sterling are referred to as GBP£.

The following information has been extracted from the MD&A and the Financials. Reference should be made to the complete text of the MD&A and the Financials.

BUSINESS UPDATE

In April 2016, the Company entered into two separate agreements with Karasat Trading FZE (“Karasat”), a company registered in the United Arab Emirates, for the sale of the Company’s Karchiga Project and Kogodai Project (both defined below) in Kazakhstan:

Karchiga Project

The Company’s principal and most advanced project comprising a license area in eastern Kazakhstan containing the copper bearing Karchiga volcanogenic massive sulphide (“VMS”) deposit which is part of the Rudny Altai polymetallic belt (the “Karchiga Project”). Since 2012, the Company has been seeking to secure the funding required for the construction of a mine and processing facilities at the project. However, due to the continuing adverse economic environment during this period the Company was unable to secure the necessary funding required. As a result, the Company considered alternative solutions which resulted in the Company entering an agreement to sell its 94.75% interest in GRK MLD (“MLD”) which owns the Karchiga Project to Karasat for an initial consideration of \$7.75 million, plus deferred consideration of up to \$2 million based on relief for corporate tax losses and the future recovery of Value Added Tax (“VAT”) accumulated by MLD (the “Karchiga Transaction”) subject to various conditions (further details of which are set out in the MD&A).

Kogodai Project

This comprises the exploration project for a prospect 70 km north west of the Karchiga Project identified as a VMS copper mineralization within the Kurchum-Kalzhir metamorphic terrain, the same tectonic unit that hosts the Karchiga deposit (the “Kogodai Project”). The Company entered into a separate agreement with Karasat to sell its effective 51% interest in the Kogodai Project for \$10,000 (the “Kogodai Transaction”) subject to certain conditions (further details of which are set out in the MD&A).

Other asset in Kyrgyzstan

The Company’s exploration interest in Kyrgyzstan is through its 100% interest in Tournon Finance Limited (“Tournon”) which owns 100% of Oriol in Kyrgyzstan LLC (“OiK”) and owner of the Akdjol and Tokhtazan exploration licenses (the “Akdjol-Tokhtazan Project”). The exploration license area for the Akdjol-Tokhtazan Project are located in the Jelal-Abad Oblast, western Kyrgyzstan. During 2010, the Company identified the Akdjol license area as a gold-silver epithermal prospect and the Tokhtazan license area as a gold prospect. The Akdjol and Tokhtazan exploration licenses were renewed to January 1, 2020 following their expiry on December 31, 2015. Since 2011 the Company sought to dispose of the Akdjol-Tokhtazan Project but was not able to successfully dispose of the project and consequently, as at December 31, 2015 the Company decided to suspend work at the Akdjol-Tokhtazan Project. Thereafter as announced on August 2, 2016 the Company entered into an agreement to sell the Akdjol-Tokhtazan Project (see “Post quarter highlights” below).

SECOND QUARTER 2016 HIGHLIGHTS

- A year on year reduction of \$0.6 million in net losses to \$0.8 million for the six months ended June 30, 2016, from \$1.4 million for the six months ended June 30, 2015, along with a year on year reduction of \$0.4 million in net cash outflows for the quarter.



Orsu Metals Corporation

Berkeley Square House
Berkeley Square
London, W1J 6BD
United Kingdom
Tel: +44 (0)20 7518 3999

ir@orsumetals.com
www.orsumetals.com

- As at June 30, 2016 the Company had cash and cash equivalents of \$3.7 million and expects to have sufficient working capital to fund its exploration and administration obligations for the next 12 months.
- In April 2016, the Company announced that it entered into two separate agreements in respect of the Karchiga Transaction and the Kogodai Transaction for the sale of the Karchiga Project and Kogodai Project to Karasat subject to the successful completion of various conditions as set out in (as set out in in the MD&A).
- In May 2016, the Company announced that it had received \$100,000 deposit from Karasat pursuant to the terms of the Karchiga Transaction (as set out in the MD&A).
- In May 2016, the Company announced that effective from May 11, 2016 its shares were no longer admitted for trading on the London Alternative Investment Market ("AIM").
- In June 2016, the Company announced that at its annual shareholders meeting held on June 23 a special resolution to authorise the sale of the Karchiga Project and Kogodai Project was passed by 99.88% of the votes cast.

POST QUARTER HIGHLIGHTS

- In August 2016, the Company announced that its wholly owned subsidiary, Lero Gold Corp. ("Lero"), had entered into an agreement with three arm's length individuals (the "Purchasers") to sell its effective 100% interest in the Akdjol-Tokhtazan Project (the "Sale and Purchase Agreement") through the sale of its 100% interest in Tournon for an effective initial consideration of approximately \$0.5 million (see announcement dated August 2, 2016 for further details).



Orsu Metals Corporation

Berkeley Square House
Berkeley Square
London, W1J 6BD
United Kingdom
Tel: +44 (0)20 7518 3999

ir@orsumetals.com
www.orsumetals.com

FINANCIAL RESULTS FOR Q2 2016

For Q2 2016 the Company reported a net comprehensive loss of \$0.8 million, compared to a net loss of \$1.4 million for the six months ended June 30, 2015.

In April, the Company announced the sale of both the Karchiga Project and the Kogodai Project and as a result re-classified the assets and liabilities in relation to both projects as at June 30, 2016 as well as the combined net losses of both projects for the six months ended June 30, 2016 and 2015 as "Assets held for sale".

As at June 30, 2016 the Company had net assets of \$11.4 million (\$12.2 million as at December 31, 2015) of which \$3.7 million was held in cash and cash equivalents (\$4.7 million as at December 31, 2015).

The net loss of \$0.8 million for the six months ended June 30, 2016 consisted of: administrative costs of \$0.3 million, legal and professional costs of \$0.14 million, a net loss of \$0.2 million in relation to the disposal group asset held for sale, a net loss of \$0.1 million in relation to the discontinued operation and net finance expense of \$27,000.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2016 the Company's main source of liquidity was unrestricted cash and cash equivalents of \$3.7 million, compared with \$4.7 million as at December 31, 2015.

During the six months ended June 30, 2016 the net cash used by the Company's operating expenditures was \$1.0 million, compared to \$1.4 million for the six months ended June 30, 2015.

The minimum working capital the Company estimates for 2016 is set out below:

	Estimate for the full year \$000
Estimated corporate and administrative expenditure ⁽¹⁾	2,125

Note:

- (1) In estimating the forecast expenditures, the Company has applied an assumed average 2016 exchange rate of GBP£/ \$ of 1.4882 for its UK corporate expenditures. The estimated expenditure excludes significant exploration expenditures at the Karchiga Project and Kogodai Project, but does include estimates of continuing administrative costs for those projects during the completion period.



Orsu Metals Corporation

Berkeley Square House
Berkeley Square
London, W1J 6BD
United Kingdom
Tel: +44 (0)20 7518 3999

ir@orsumetals.com
www.orsumetals.com

Consolidated statements of net loss and comprehensive loss (Unaudited)
(Prepared in accordance with IFRS)

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Operating expenses				
Administration	(160)	(185)	(333)	(780)
Legal and professional	(39)	(173)	(141)	(211)
Foreign exchange losses	9	(6)	(20)	(6)
Loss from disposal group assets held for sale	(114)	(237)	(225)	(398)
	<u>(304)</u>	<u>(601)</u>	<u>(719)</u>	<u>(1,395)</u>
Unrealized gain on share warrant liability	2	2	5	40
Net of finance (expense) less finance income	<u>(32)</u>	<u>52</u>	<u>(27)</u>	<u>44</u>
	(30)	54	(22)	84
	<u>(334)</u>	<u>(547)</u>	<u>(748)</u>	<u>(1,311)</u>
Loss from discontinued operation	(33)	(18)	(63)	(76)
Net loss and comprehensive loss for the period	<u>(367)</u>	<u>(565)</u>	<u>(804)</u>	<u>(1,387)</u>
<i>Net loss attributable to owners of the parent:</i>				
Loss from continuing operations	(310)	(506)	(705)	(1,232)
Loss from discontinued operations	(33)	(18)	(56)	(76)
Loss and comprehensive loss for the period attributable to the parent	<u>(343)</u>	<u>(524)</u>	<u>(761)</u>	<u>(1,308)</u>
<i>Net loss attributable to non-controlling interests:</i>				
Loss from continuing operations	(24)	(41)	(43)	(79)
Loss from discontinued operations	-	-	-	-
Loss and comprehensive loss for the period attributable to non-controlling interests	<u>(24)</u>	<u>(41)</u>	<u>(43)</u>	<u>(79)</u>
<u>Loss per share (US dollar per share) from continuing operations:</u>				
Basic	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)
Diluted	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)
<u>Loss per share (US dollar per share) from discontinued operation:</u>				
Basic	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)
Diluted	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)
Weighted average number of common shares (in thousands)	182,696	182,696	182,696	182,696



Orsu Metals Corporation
Berkeley Square House
Berkeley Square
London, W1J 6BD
United Kingdom
Tel: +44 (0)20 7518 3999

ir@orsumetals.com
www.orsumetals.com

Consolidated Balance Sheets (Unaudited)
(Prepared in accordance with IFRS)

	June 31 2016 \$000	December 31 2015 \$000
Assets		
Current assets		
Cash and cash equivalents	3,702	4,697
Prepaid expenses and receivables	137	238
Assets of disposal group held for sale	8,450	-
	<hr/>	<hr/>
	12,289	4,935
Non-current assets		
Property, plant and equipment	6	8,287
Other assets	7	88
	<hr/>	<hr/>
	13	8,375
Total assets	<hr/>	<hr/>
	12,302	13,310
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	311	436
Liabilities of disposal group held for sale	38	-
Liabilities of discontinued operation	534	475
Lease obligations	-	171
Share warrant liability	-	5
	<hr/>	<hr/>
	883	1,087
Equity		
Share capital	382,576	382,576
Share purchase options	100	115
Contributed surplus	34,161	34,146
Non-controlling interest	(770)	(727)
Deficit	(404,648)	(403,887)
	<hr/>	<hr/>
	11,419	12,223
Total equity and liabilities	<hr/>	<hr/>
	12,302	13,310



Orsu Metals Corporation
Berkeley Square House
Berkeley Square
London, W1J 6BD
United Kingdom
Tel: +44 (0)20 7518 3999

ir@orsumetals.com
www.orsumetals.com

Consolidated Statements of Cash Flows (Unaudited)
(Prepared in accordance with IFRS)

	Six months ended June 30,	
	2016	2015
	\$000	\$000
Cash flows used by operating activities		
Net loss and comprehensive loss for the period	(804)	(1,387)
Items not affecting cash:		
Depreciation	7	63
Unrealized exchange (gains)/ losses on cash and cash equivalent balances	28	-
Onerous provision release	(171)	(141)
Unrealized derivative gain on share warrant liability	(5)	(40)
Foreign exchange losses	25	30
	<hr/>	<hr/>
	(920)	(1,475)
Changes in non-cash working capital:		
Accounts receivable and other assets	29	20
Accounts payable and accrued liabilities	(24)	132
	<hr/>	<hr/>
Net cash used by operating activities	(915)	(1,323)
Cash flows used by investing activities		
Expenditures on property, plant and equipment	(37)	(47)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents in the period	(952)	(1,370)
	<hr/>	<hr/>
Cash and cash equivalents - Beginning of the period	4,697	7,607
Exchange (losses)/ gains on cash and cash equivalents	(28)	39
	<hr/>	<hr/>
Cash and cash equivalents - End of the period	3,717	6,276
	<hr/>	<hr/>
Cash and cash equivalents per the consolidated balance sheets	3,702	6,275
Included in the assets held for sale	15	1



Orsu Metals Corporation

Berkeley Square House
Berkeley Square
London, W1J 6BD
United Kingdom
Tel: +44 (0)20 7518 3999

ir@orsumetals.com
www.orsumetals.com

FORWARD-LOOKING INFORMATION

This press release and the Company's MD&A 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, statements relating to: the estimate, use and sufficiency of the Company's working capital and the Company's ability to fund its working capital requirements; the potential disposition of one or more of the Company's exploration interests or exploration projects as well as the seeking of business opportunities other than such exploration projects; the potential raising of additional funding through the Sale and Purchase Agreement for the disposition of the Akdjol-Tokhtazan Project, the Karchiga Transaction and the Kogodai Transaction and the proposed uses and allocation thereof; the Company's determination that the Kogodai Project is in good standing and not at risk from default; the anticipated trend of decreasing administration expenditures; and the Company's future growth (including new opportunities and acquisitions) and its ability to raise or secure new funding.

The forward-looking information in this press release and the Company's MD&A 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 and the Company's MD&A, the Company has made assumptions regarding, among other things, the Company's ability to generate sufficient funds from debt sources and/or capital markets and the sale of properties to meet its future expected obligations and planned activities, the economy and the mineral exploration and extraction industry in general, the political environments and the regulatory frameworks in Kazakhstan and Kyrgyzstan with respect to, among other things, the mining industry generally, royalties, taxes, environmental matters and the Company's ability to obtain, maintain, renew and/or extend required permits, licenses, authorisations and/or approvals from the appropriate regulatory authorities, including the previous waiver granted by the relevant ministry in Kazakhstan, currently the Competent Authority, which covers any pre-emptive right that the Competent Authority or State has in respect of any past placements, future capital, operating and production costs and cash flow discounts, anticipated mining and processing rates, assumptions relating to the Company's critical accounting policies, and has also assumed that no unusual geological or technical problems occur, no material adverse change in the price of copper, gold or molybdenum 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: completion of the Karchiga Transaction and the Kogodai Transaction; uncertainty of capital and operating costs, adverse changes in commodity prices; the inability of the Company to obtain required financing for its planned activities; the inability of the Company to obtain required financing on favourable terms at all or arrange for the disposition of, and find potential buyers for, the Company's exploration interests or exploration projects (including the Akdjol-Tokhtazan Project); the Company's inability to obtain, maintain, renew and/or extend required licenses, permits, authorizations and/or approvals from the appropriate regulatory authorities, adverse changes in the political environments in Kazakhstan and Kyrgyzstan and the laws governing the Company, its subsidiaries and their respective business activities; inflation; changes in exchange and interest rates; adverse general market conditions; lack of availability, at a reasonable cost or at all, of equipment or labour; the inability to attract and retain key management and personnel; the possibility of non-resident class members commencing individual claims in connection with the Claim; the possibility of non-compliance with environmental or other applicable laws and regulations; the Company's inability to delineate additional mineral resources and mineral reserves; and future unforeseen liabilities and other factors including, but not limited to, those listed under "Risk and Uncertainties" in the Company's MD&A for the year ended December 31, 2015.

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.

ENDS

For further information, please contact:

Kevin Denham, Chief Financial Officer and Company Secretary, Orsu Metals Corporation
Tel: +44 (0) 20 7518 3999

www.orsumetals.com