Orsu Metals Corporation

Management's Discussion and Analysis of Results
March 31, 2015 and 2014

(Figures in United States Dollars)

CONTENTS

This Management's Discussion and Analysis ("MD&A") contains the following information:

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STOCK EXCHANGES
Toronto Stock Exchange, OSU
(Stock is quoted in Canadian Dollars)
AIM Market of the London Stock Exchange, OSU
(Stock is quoted in British Pence)

The effective date of this MD&A is May 12, 2015.

INTRODUCTION

Orsu Metals Corporation ("Orsu" or the "Company") is a dual listed (TSX: OSU; AIM: OSU) base and precious metals exploration and development company focusing on the acquisition and development of exploration licenses in countries of the Former Soviet Union (the "FSU"). The Company currently holds exploration licenses in the Republic of Kazakhstan (or "Kazakhstan") and within the Kyrgyz Republic (or "Kyrgyzstan") and continues to seek opportunities to acquire and develop new exploration licenses in both Kazakhstan and FSU.

The Company's principal and most advanced project is the property, within Kazakhstan, comprising a license area in eastern Kazakhstan containing the Karchiga volcanogenic massive sulphide ("VMS") deposit which is part of the Rudny Altai polymetallic belt (the "Karchiga Project"). The Karchiga Definitive Feasibility Study Report (as defined below), filed in March 2012, showed an initial capital expenditure requirement of $115 million for the construction of a mine and processing facility at the Karchiga Project. The Company is currently seeking to secure the finance required for the construction of a mine and processing facilities and to concurrently actively consider alternative financing options. The Company had previously appointed UniCredit Bank Austria AG ("UniCredit") and Barclays Bank PLC ("Barclays") to secure $90 million in relation to the construction of a mine and processing facility at the Karchiga Project under a formal mandate which lapsed in March 2015 (see below "2015 first quarter highlights").

The Company has an effective 51% interest in an exploration license for a prospect 70 km north west of the Karchiga Project, identified as a VMS copper mineralization within the Kurchum-Kalzhir metamorphic terrain and the same tectonic unit that hosts the deposit as the Karchiga Project (the "Kogodai Project") (see section entitled "Operational Review – Kogodai Project, Kazakhstan").

The Company's exploration interest in Kyrgyzstan consists of the Akdjol and Tokhtazan exploration licenses located in the Jelal-Abad Oblast, western Kyrgyzstan (the "Akdjol-Tokhtazan Project"). In 2011 the Company determined the Akdjol-Tokhtazan Project to be a non core asset and was available for sale. Since then the Company has had discussions with interested parties for the potential disposal of the project. In the event of the sale of the Akdjol-Tokhtazan Project the Company will no longer have any exploration interests in Kyrgyzstan (see section entitled "Operational Review - Akdjol-Tokhtazan Project, Kyrgyzstan" for details).

This MD&A contains management's assessment and analysis of the operating results and financial condition of Orsu and should be read in conjunction with the interim consolidated financial statements for the three months ended March 31, 2015 and related notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (or "IASB"). All amounts are reported in United States Dollars ("$" or "U.S. dollars") unless otherwise indicated. Canadian Dollars are referred to herein as CAD$ and British Pounds Sterling are referred to as GBP£.

2015 FIRST QUARTER HIGHLIGHTS

- In January 2015 – the Company announced that Mr Christopher Power, the Company's Technical Director, would leave the Company by mutual consent on April 30, 2015.
- In March 2015 – the Company announced that pursuant to a review of a mandate announced on July 31, 2012 (the "Mandate") by UniCredit and Barclays, the Company was notified by UniCredit and Barclays that the Mandate had formally lapsed with immediate effect in accordance with their internal policies and protocols. The Company had appointed UniCredit and Barclays as co-ordinating mandated lead arrangers under the Mandate to use commercially reasonable efforts to arrange a project finance facility of up to $90 million to finance the Company's Karchiga Project in Kazakhstan. UniCredit expressed a willingness to maintain contact with the Company in relation to potentially participating in any future funding of the Karchiga Project, without any formal commitment on their part. Any new mandate with UniCredit and/or any other potential participants would be subject to new approvals being obtained at the relevant time, and any final financing would be similarly dependent upon commercially acceptable terms being agreed and all necessary approvals being obtained. Barclays is no longer active in the market as a result of having withdrawn from base metals trading as part of a refocus of its commodities business in 2014.

POST QUARTER HIGHLIGHTS

- In April 2015 – the Company announced that entered into a new conditional exclusivity agreement (the "Exclusivity Agreement") with David-Invest LLP ("David-Invest"), a Kyrgyz registered company, and a related company, David Way Limited ("David Way"), a Hong Kong registered company (together the "Potential Buyers") with a view to the potential sale of the Akdjol-Tokhtazan Project. Pursuant to the terms of the Exclusivity Agreement the Potential Buyers have been granted an exclusive right to purchase the Akdjol-Tokhtazan Project until December 31, 2015 (the "Exclusivity Period") conditional upon the Potential Buyers continuing to fund the costs of maintaining the license (see section entitled "Operational Review - Akdjol-Tokhtazan Project, Kyrgyzstan" for details).

- In May 2015 – the Company announced that Mr Timothy Hanford, a non-executive director, would not seek re-election as a director of the Company at the annual general meeting to be held on June 22, 2015.

CORE ASSETS

Karchiga Project, Kazakhstan – Orsu's principal project is located in the extreme east of Kazakhstan, within 40km of the Chinese border and within the Rudny Altai belt which is ranked in the top four VMS belts in the world.

Karchiga Technical Report

Wardell Armstrong International Limited ("WAI") was contracted by Orsu in early 2010 to complete an independent review and audit of Orsu's updated mineral resource estimate for the Karchiga Project, from which WAI completed its own mineral resource estimate. WAI's complete technical 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 (each of whom was a "qualified person" within the meaning of the predecessor to National Instrument 43-101 ("NI 43-101") and independent of Orsu) (the "Karchiga Technical Report"), can be viewed under the Company's profile on SEDAR at www.sedar.com.

Karchiga Scoping Study

In May 2010, Micon International Co Limited ("Micon") completed a preliminary assessment or scoping study for the Karchiga Project on behalf of Orsu (the "Karchiga Scoping Study"), based upon the mineral resource estimates contained in the Karchiga Technical Report. Micon's complete technical report titled "Preliminary Assessment of the Karchiga Copper Project, East Kazakhstan Region, Kazakhstan", dated May 25, 2010 and prepared by L S Carroll, G W Harris, M L Owen, J Steedman and D T Wells (each of whom was a "qualified person" within the meaning of the predecessor to NI 43-101 and independent of Orsu), can be viewed under the Company's profile on SEDAR at www.sedar.com.

Karchiga Definitive Feasibility Study

In September 2010, the Company commenced the definitive feasibility study for the Karchiga Project (the "Karchiga Definitive Feasibility Study"). During the process of completing and fulfilling the requirements of the Karchiga Definitive Feasibility Study the Company undertook associated exploration and test work programmes, the highlights of which include:

- In-fill resource drilling program 2010 (see the Company's press release dated December 7, 2010 available on the Company's website at www.orsumetals.com or on SEDAR at www.sedar.com);
- Metallurgical test work April 2011 (see the Company's press release dated April 28, 2011 available on the Company's website at www.orsumetals.com or on SEDAR at www.sedar.com);
- Pit constrained mineral resource estimates announced in May 2011 and December 2011 (the "December 2011 Pit-Constrained Mineral Resources Estimates") (see the Company's press releases dated May 11, 2011 and December 8, 2011 available on the Company's website at www.orsumetals.com or on SEDAR at www.sedar.com); and
- The Karchiga Definitive Feasibility Study and the 2012 Mineral Reserve Estimates (as defined below).

In February 2012, SRK Consulting (UK) Limited ("SRK") completed the Karchiga Definitive Feasibility Study and, in connection therewith, the report entitled the "Karchiga Feasibility Study, NI 43-101 Technical Report", and dated March 27, 2012 (referred to as the "Karchiga Definitive Feasibility Study Report") was prepared by Mr Michael Beare, Dr Michael Armitage and Ms Tracey Laight of SRK (each of whom is a "qualified person" within the meaning of NI 43-101 and independent of Orsu). A copy of the Karchiga Definitive Feasibility Study Report can be viewed under the Company's profile on SEDAR at www.sedar.com.

Further discussion about the Karchiga Project can be found in this MD&A beginning on page 8. Certain information contained in this MD&A regarding the Karchiga Project has been derived from, and additional information relating to the Karchiga Project can be found in the Karchiga Scoping Study, the Karchiga Technical Report and the Karchiga Definitive Feasibility Study Report.

Kogodai Project, Kazakhstan - Further discussion about the Kogodai Project can be found on page 13 of this MD&A.

OTHER ASSET

Akdjol-Tokhtazan Project, Kyrgyzstan – Orsu also holds exploration licenses relating to the Akdjol-Tokhtazan Project. The Akdjol-Tokhtazan Project is currently held for sale and is the subject of the Akdjol-Tokhtazan Exclusivity Agreement. Further discussion about the Akdjol-Tokhtazan Project can be found on page 17 of this MD&A.

QUALIFIED PERSONS

Mr Michael Beare, Corporate Consultant with SRK, Dr Michael Armitage, CEng, CGeol, Group Chairman and Corporate Consultant (Resource Geology) with SRK, and Ms Tracey Laight, MSc, CGeol, FGS, Senior Consultant (Mining Geology) with SRK, all of whom are independent of Orsu and are "qualified persons" as such term is defined in NI 43-101, have reviewed and approved the information in this MD&A relating to the December 2011 Pit-Constrained Mineral Resources Estimates and the results of the Karchiga Definitive Feasibility Study Report. Dr Alexander Yakubchuk, Chief Operating Officer for Orsu is a "qualified person" as such a term is defined in NI 43-101, and for the purposes of the AIM *"Guidance note for mining, oil & gas companies"*, has reviewed and approved the information in this MD&A relating to the Kogodai Project and the Akdjol-Tokhtazan Project.

OPERATIONAL REVIEW

During the three months ended March 31, 2015 the Company continued work at the Kogodai Project although no exploration work was undertaken due to the winter season. The Company also continued to pursue and consider various financing options for the Karchiga Project.

The Company has continued, and will continue, to use its current working capital resources to satisfy the Company's expenditure obligations in respect of its corporate and administrative expenditures, as well as funding obligations for the Kogodai Project. In relation to the Karchiga Project, following the lapse of the agreement with Barclays and UniCredit to secure debt finance of up to $90 million, the Company is continuing to have ongoing discussions with UniCredit to secure a new financing agreement on an informal basis for the construction of a mine and processing facilities, as well as discussions with other providers of debt and equity finance, in order to progress the development of the Karchiga Project.

At the date of this MD&A, until the Company is able to successfully conclude any financing for the Karchiga Project, the Company will not enter into any contracts to place advance orders for mining equipment or construction materials in relation to the construction of a mine and processing facilities and will be unable to determine the expected timing for the commencement of construction (see the "Financial review – Liquidity and capital resources" and "Risks and uncertainties" sections below).

KARCHIGA COPPER PROJECT, KAZAKHSTAN

License Information

The Karchiga Project is the Company's most advanced project. The Karchiga Project is located in the extreme east of the Republic of Kazakhstan, within 40km of the Chinese border. The deposit at the Karchiga Project is situated within the north west striking, mid-Palaeozoic, Rudny Altai VMS belt, the host of numerous world class copper bearing polymetallic VMS deposits, including the Leninogorsk (also known as Ridder-Sokolnoye), Zyryanovskoye, and Maleevskoye deposits. The Rudny Altai is ranked in the top four VMS belts of the world.

The Company's interest (through its indirect subsidiary, GRK MLD LLP (or "GRK")) in the Karchiga Project is governed by an exploration and production contract (the "Karchiga Project Contract"), as amended by the Karchiga Amendments (as defined below), granted to GRK by the former Ministry of Energy and Mineral Resources of the Republic of Kazakhstan (the "Former MEMR") until February 28, 2024. Pursuant to the Karchiga Project Contract, GRK has been granted the right to explore and produce copper within the boundary of the contract area.

On April 20, 2010 the first amendment to the Karchiga Project Contract, registration No. 3565 – TPI (the "First Amendment") was executed and registered with the Ministry of Industry and New Technologies of Kazakhstan (the "MINT") (the entity to which the Former MEMR's responsibilities in the regulation of the Kazakh mining industry had been transferred). The First Amendment included: (i) an approved increase to the work program under the Karchiga Project Contract; and (ii) a delay in the obligation to return parts of the contract area until the expiration of the exploration period (the "Return Date"). In August 2014, the responsibility for the Kazakh mining industry was transferred from the MINT to a newly created Ministry of Investment and Development of Kazakhstan.

On June 28, 2010 the second amendment to the Karchiga Project Contract, registration No. 3647 of the Republic of Kazakhstan – TPI (the "Second Amendment", and the Second Amendment together with the First Amendment, the "Karchiga Amendments") was executed and registered with the MINT. The Second Amendment included, among other things, an extension of each of the exploration period under the Karchiga Project Contract and the Return Date to February 28, 2012. Under the terms of the Karchiga Project Contract, GRK has now received the license to mine within the Karchiga Project.

While each of the Karchiga Amendments was submitted to the Former MEMR by the relevant deadlines, their execution and registration by the MINT occurred after the applicable deadlines for doing so (as provided for in the Former MEMR's original approvals of such amendments).

All outstanding requirements under the Karchiga Project Contract, as amended, have been satisfied.

In April 2011, the Company received approval from the MINT to commence mineral extraction for copper at the Karchiga Project. This approval was the initial step in obtaining all of the necessary approvals and permits to commence mining operations. Subsequently, in August 2012 the Company received from the MINT an approval (the "Approval") for the Karchiga technical project (the "Karchiga Technical Project") relating to the development of a mining and processing complex at the Karchiga Project and is the principal document which confirms the compliance of the Karchiga Technical Project with technical, economic and environmental standards of Kazakhstan. The grant of the Approval allows for an amendment to the Karchiga Project Contract to permit the Company to commence construction and mining at the Karchiga Project.

In the first quarter of 2013 the Company received the remaining local regulatory approvals required for the commencement of mining and construction at the Karchiga Project. In addition the Company submitted a work program and expenditure for mining and construction to the Kazakh authorities for the Karchiga Project.

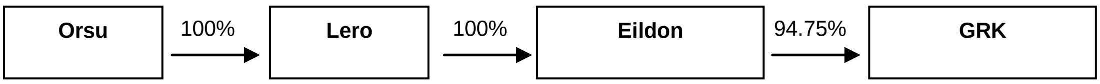
The past expenditures and obligations of GRK relating to the Karchiga Project are outlined in Table 1.

Table 1. Karchiga Project Contract Expenditures (2007-2010) and Expenditure Obligations (2011-2012)

Year	Expenditures
2007 (Actual expenditures)	$807,000
2008 (Actual expenditures)	$2,700,000
2009 (Actual expenditures)	$1,000,000
2010[(1)] (Actual expenditures)	$2,528,000
2011[(1)] (Expenditure obligations)	$545,000
2012[(1)] (Expenditure obligations)	$80,000

[(1)] A condition of the Second Amendment is that the expenditure obligations of the Company on the Karchiga Project between 2010 and 2012 amount (in aggregate) to not less than $850,000. As a result of the Company having incurred expenditures of $2,528,000 during 2010 its expenditure obligations for all periods between 2010 and 2012, inclusive, had been fulfilled.

The Company's effective interest in the Karchiga Project of 94.75% is held through its 100% interest in its subsidiaries Lero Gold Corp. ("Lero"), and Eildon Enterprises Limited ("Eildon"), the latter of which owns 94.75% of GRK.



Karchiga Technical Report
A NI 43-101 compliant mineral resource estimate for the Karchiga Project was reported on March 22, 2010 in the Karchiga Technical Report. See "Core Asset – Karchiga Technical Report" above and the Karchiga Technical Report, a copy of which is available on SEDAR at www.sedar.com.

Karchiga Scoping Study
In May 2010, Micon completed, at the request of Orsu, the Karchiga Scoping Study. See "Core Asset – Karchiga Scoping Study" above and the Karchiga Scoping Study, a copy of which is available on SEDAR at www.sedar.com.

Karchiga Definitive Feasibility Study
In September 2010, the Company commenced the Karchiga Definitive Feasibility Study. During the process of completing and fulfilling the requirements of the Karchiga Definitive Feasibility Study the Company undertook associated exploration and test work programmes, the highlights of which include:

- In-fill resource drilling program 2010 (see the Company's press release dated December 7, 2010 available on the Company's website at www.orsumetals.com or on SEDAR at www.sedar.com);
- Metallurgical test work April 2011 (see the Company's press release dated April 28, 2011 available on the Company's website at www.orsumetals.com or on SEDAR at www.sedar.com);
- Pit constrained mineral resource estimates announced in May 2011 and the December 2011 Pit-Constrained Mineral Resources Estimates (see the Company's press releases dated May 11, 2011 and December 8, 2011 available on the Company's website at www.orsumetals.com or on SEDAR at www.sedar.com); and
- The Karchiga Definitive Feasibility Study and the 2012 Mineral Reserve Estimates.

In February 2012, SRK completed the Karchiga Definitive Feasibility Study. Using only the indicated mineral resource estimates forming part of the December 2011 Pit-Constrained Mineral Resource Estimates, the Karchiga Definitive Feasibility Study Report reported a probable mineral reserve estimate of 8.5 million tonnes of sulphide ore in the central and north east pits containing 145,227t (320 Mlb) of copper at an average grade of 1.71% Cu to be amenable to flotation ("FL") and additional 1.5 million tonnes of ore in the central pit containing 21,399t (47.2 Mlb) of copper at an average grade of 1.43% Cu to be amenable to heap leaching ("HL") (the "2012 Mineral Reserve Estimates"). See "Core Asset – Karchiga Definitive Feasibility Study".

Table 2. Probable Mineral Reserves Estimates as of February 18, 2012

Orebody	Ore Type	Tonnes (Mt)	Cu %	Au g/t	Cu Metal (kt)	Cu Metal (Mlb)	Au Metal (Koz)
Central	HL	1.5	1.43	0.06	21.4	47.2	3.0
Central	FL	3.8	1.78	0.12	68.2	150.2	15.2
North East	FL	4.7	1.64	0.18	77.0	169.8	27.4
Total		10.0	1.67	0.14	166.6	367.2	45.6

All figures are on a 100% ownership basis

Pit designs and the final NI 43-101 mineral reserve estimates dated February 18, 2012 were completed using two types of software; Whittle 4X optimisation software was used to generate optimal pit shells which were designed in detail using Vulcan software.

Key optimisation parameters are presented in Table 3 below.

Table 3. Whittle Input Parameters

OVERALL SLOPE ANGLES	PARAMETER
CENTRAL PIT	
HANGING WALL	49°
FOOTWALL	47°
NORTH-EASTERN PIT	
HANGING WALL	51°
FOOTWALL	45°
NORTHERN WALL	47°
MINING & PROCESSING	
MINING RECOVERY	95%
MINING DILUTION	5%
FRESH CU PROCESSING RECOVERY	94.0%
OXIDE CU PROCESSING RECOVERY	55.0%
COSTS	
MINING COST	
ORE	1.80 $/t
OXIDE	1.30 $/t
WASTE	1.60 $/t
FRESH PROCESSING COST	9.00 $/t ore
OXIDE PROCESSING COST	22.57 $/t ore
GENERAL & ADMINISTRATIVE COST	5.00 $/t ore
ROYALTY	5.7% of RoM Metal Value (above 0.7% Cu head grade)
PRICE	
CU SELLING PRICE	6,600 $/t Cu
NSR	83% (For Fresh Rock only)

Capital Expenditure

The estimated total project capital expenditure (“CAPEX”) over the mine life of $147 million, including the solvent extraction with electro winning (“SXEW”) plant to treat the oxide ores, is made up as follows:

- $21.5 million for mining equipment
- $40.1 million for copper in concentrate processing plant and equipment
- $26.3 million for SXEW plant
- $21.7 million for mine site facilities and infrastructure
- $26.3 million for sustaining capital & closure costs
- $11.3 million for contingency

The estimated initial CAPEX is $115 million, which excludes the SXEW plant, sustaining capital & closure costs but includes pre-production development costs.

The Company estimates that a 12 to 15 month period is sufficient for the construction of the processing facilities and pre-production development at the Karchiga Project.

Mine Plan

The open pit mining schedule produced by SRK calculated a producing mine life of 11.5 years. The mining schedule envisages the mining of 10 Mt of sulphide and oxide ore and 124 Mt of waste with a stripping ratio of 1:12.4 over the mine life. The average mining rate of the operation is 750kt per annum.

For the first 2.25 years of the mine life, the mining schedule includes open pit mining of the Central sulphide ore body alone in order to maximise the sulphide copper grade and hence sulphide copper recovery. The optimised mine schedule has been developed to minimise the stripping ratio in the initial three years of the mine life. In addition, the use of stockpiling has enabled the Company to increase the processed ore grade. From Year 4 until Year 7, sulphide ore will be mined from both the Central and North East open pits. From Year 8 until the end of mine life in Year 12, all mining will continue in the North East pit.

The average mining cost over the mine life is $1.71 per tonne of material moved.

Processing Plan and Economic Model

The plant is designed to process approximately 750,000 tonnes per annum of sulphide ore. A conventional processing route was chosen using relatively fine grinding and selective sulphide flotation to produce a 27.9% bulk concentrate. The Company is currently seeking to secure finance for the Karchiga Project, and the timing for the start of construction is dependent thereon.

Copper from the oxide ore will be extracted using SXEW process. The oxides will be treated over a period of 4.5 years starting in 2020 at an annual production rate of 360,000 tonnes and is expected to produce an average of 2.8kt (6.22Mlb) of copper cathode per annum over that period. Production of cathode copper will continue until 2024.

In order to reduce the initial CAPEX, the SXEW plant construction has been delayed until after the initial capital expenditure payback period (which is anticipated to be 2.75 years). The plant has been designed to treat an average of 30,000 tonnes of leachable oxide ore per month.

The results of the Karchiga Definitive Feasibility Study demonstrate that economically the best option is to delay the SXEW construction until after the initial CAPEX payback period of 2.75 years, allowing the cost of construction to be financed from the revenue generated by the sulphide ore treatment.

The project key performance indicators are shown in Table 4 below.

Table 4. Key Performance Indicators

Parameter	Units	Key Performance Indicator
Average annual mining rate	Tonnes	750,000
Average mining cost	$/t of ore	22.99
Annual processing rate (FL)	Tonnes	750,000
Mine life (FL)	Years	11.5
Processing cost (FL)	$/t of ore	8.91
Metallurgical recovery (FL)	%	93.4
Average annual copper production, over 11.5 years (FL)	'000 tonnes	11.82
Average annual copper production (FL)	Mlb	26.1
Annual processing rate (HL)	Tonnes	360,000
Mine life (HL)	Years	4.5
Processing cost (HL)	$/t of ore	18.7
Metallurgical recovery (HL)	%	61.1
Average annual copper production, over 4.5 years (HL)	'000 tonnes	2.8
Average annual copper production (HL)	Mlb	6.2
Cash operating cost over the mine life (pre tax)	$/lb Cu	1.47

The mine is expected to produce a total of 149kt (328 Mlb) of payable copper, with an average of 12,957t (28.57 Mlb) of copper production per annum.

The Karchiga Project site is located 10 km from the main road and a 110 kV national power grid and is expected to be connected to the same as part of construction. An adequate supply of water can be sourced from the River Kalzhir as well as from aquifers in the immediate vicinity of the designed project facilities.

The project key economic indicators are shown in Table 5 below.

Table 5. Key Economic Indicators

Parameter	Units	Key Economic Indicator
Total project CAPEX	$m	147
Initial CAPEX	$m	115
Total Net Smelter Revenue	$m	971
Sulphide and Oxide Case @ $3.25/lb Cu:		
- Post-Tax $NPV_{7.5}$	$m	150
- Post-Tax IRR	%	30
- Payback period	Years	2.75
Sulphide and Oxide Case @ $3.00/lb Cu:		
- Post-Tax $NPV_{7.5}$	$m	113
- Post-Tax IRR	%	25
- Payback period	Years	3.0

All figures are on a 100% ownership basis

The figures for net present value ("NPV"), internal rate of return ("IRR") and payback in Table 5 assume 100% equity financing for the Karchiga Project and a discount rate of 7.5% was used to derive the NPV. The Environmental and Social Impact Assessment study for the Karchiga Project was successfully completed by WAI on January 31, 2012.

Karchiga Project expenditure

The Company incurred cumulative expenditure on the Karchiga Definitive Feasibility Study of $8.6 million from August 2010 to March 2012 which the Company considered to be exploration expenditure.

Following the filing of the Karchiga Definitive Feasibility Study Report in March 2012, which validated the technical and economic viability of the Karchiga Project, expenditures incurred from April 2012 have been considered by the Company to be development expenditures and relate to the future construction of the mine and processing facilities at the Karchiga Project (see "Financial Review – Karchiga Project pre-production and deferred finance costs"). These expenditures have been accounted for by the Company as property, plant and equipment. For the three months ended March 31, 2015 the Company incurred $22,000 for development expenditure ($41,000 for the three months ended March 31, 2014). Cumulative development costs as at March 31, 2015 are $8.8 million ($8.2 million as at March 31, 2014). Until such time as the Company is able to secure the required financing for the Karchiga Project the Company will not enter into contracts for equipment or services in relation to mining equipment or construction materials.

Other matters

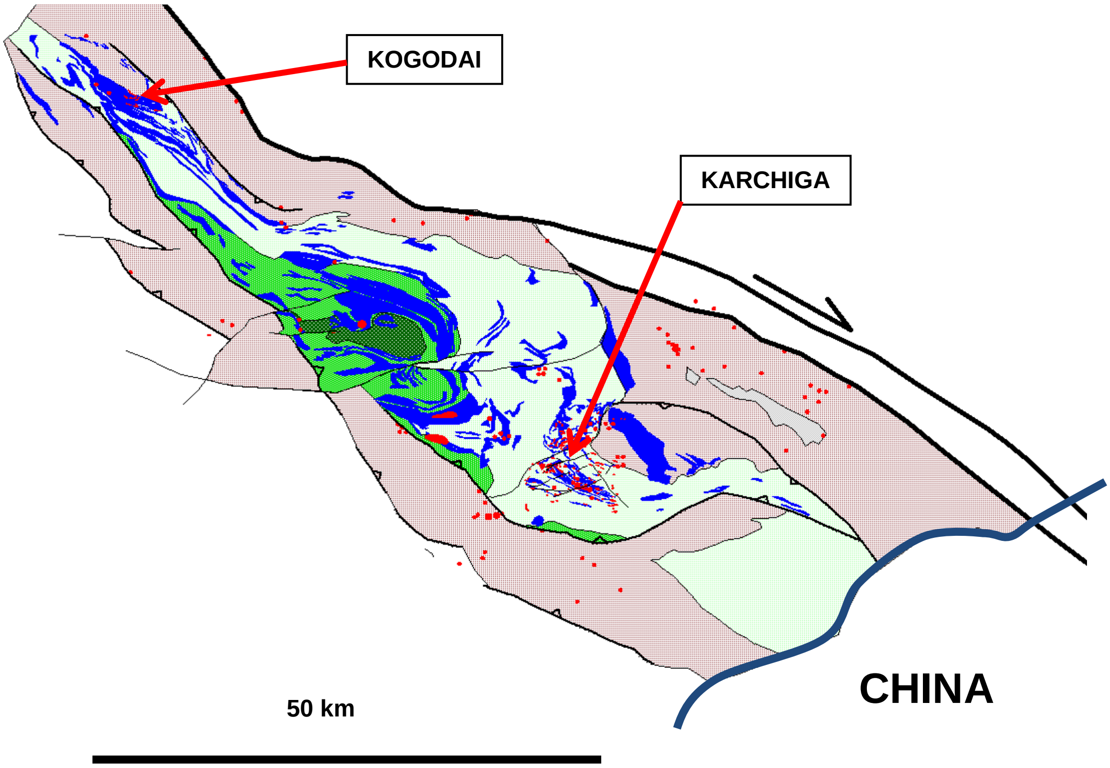
The Company continues to identify potential off-takers for the copper concentrate internationally, including amongst others, the People's Republic of China ("China") and Kazakhstan. However, as stated above the Company will not enter into any contract agreements until it is able to secure financing for the Karchiga Project. The Karchiga Project is favourably located approximately 220 km south east of the regional centre, Ust-Kamenogorsk, and approximately 40 km from the Chinese border to the east. The nearest copper mining operation in China at the Ashele VMS deposit, containing 1 million tonnes of copper, is located approximately 85 km east-southeast from the Karchiga Project.

KOGODAI PROJECT, KAZAKHSTAN

License information

The Kogodai Project is located approximately 70km north-west of the Karchiga Project in north-east Kazakhstan. The Kogodai Project shares similar geological characteristics with the Karchiga Project, including similar metamorphic stratigraphy, consisting of sandwiched amphibolite and gneiss.

Figure 1. below shows the location of the Kogodai Project and Karchiga Project within the Kurchum-Kalzhir metamorphic terrane. Amphibolite bodies are shown in blue, and copper occurrences are shown in red.



Geologically, the Kogodai Project occurs within the Kurchum-Kalzhir metamorphic terrane, the same tectonic unit that hosts the Company's Karchiga deposit. The massive sulphide mineralization was discovered during the Soviet era exploration work in the 1970's within a package of schist, gneiss and amphibolite. These rocks are deformed into a Kogodai syncline, trending for 25km north-west and 5km across. At surface the mineralization can be traced along the southwestern limb of the syncline for 1.5km using historical surface workings. During Soviet times, only seven holes were drilled at the Kogodai Project, 600 meters apart along its strike. Mineralization was confirmed in three of these drill holes, C-91, C-89 and C-75, as shown in figure 2 below. The principal sulphide minerals are pyrite, chalcopyrite, pyrrhotite and sphalerite. Copper grade varies from 0.28 to 2.62%. The by-product mineralization recorded in historic drill data includes zinc, ranging from 0.14% to 3.26%.

Soviet era drill hole C-91 intercepted two mineralized intervals within a package of 27 meters from 39.5 meters to 66.5 meters 0.3% Cu cutoff:

- 7 meters grading 0.86% Cu (from 39.5 to 46.5 meters); and
- 11 meters grading 0.77% Cu (from 54.5 to 65.5 meters), including 4 meters grading 1.1% Cu (from 61.5 to 65.5 meters).

In a separate drill section, located approximately 600 meters to the north west from drill hole C-91, two drill holes (C-89 and C-75) also intercepted mineralization, confirming significant strike length of sulphide mineralization between the two drill sections. Drill hole C-89 intercepted disseminated sulphides grading between 0.12 and 0.48% Cu from 197 to 208.6 meters. Soviet era drill hole C-75 intercepted a mineralized interval of 2.8 meters grading 0.64% Cu (287.7 to 290.5 meters), confirming a downdip continuation of mineralization from surface expression in ancient working through drill hole C-89 for 500 meters.

The mineralization at Kogodai remains open downdip and along strike. Similar mineralization is known to exist at several other occurrences on the limbs of the Kogodai syncline within the Kogodai license area at Lotoshnoye, Fedorovskoye, Kanat and Tuyuk, but recorded only in historical surface workings.

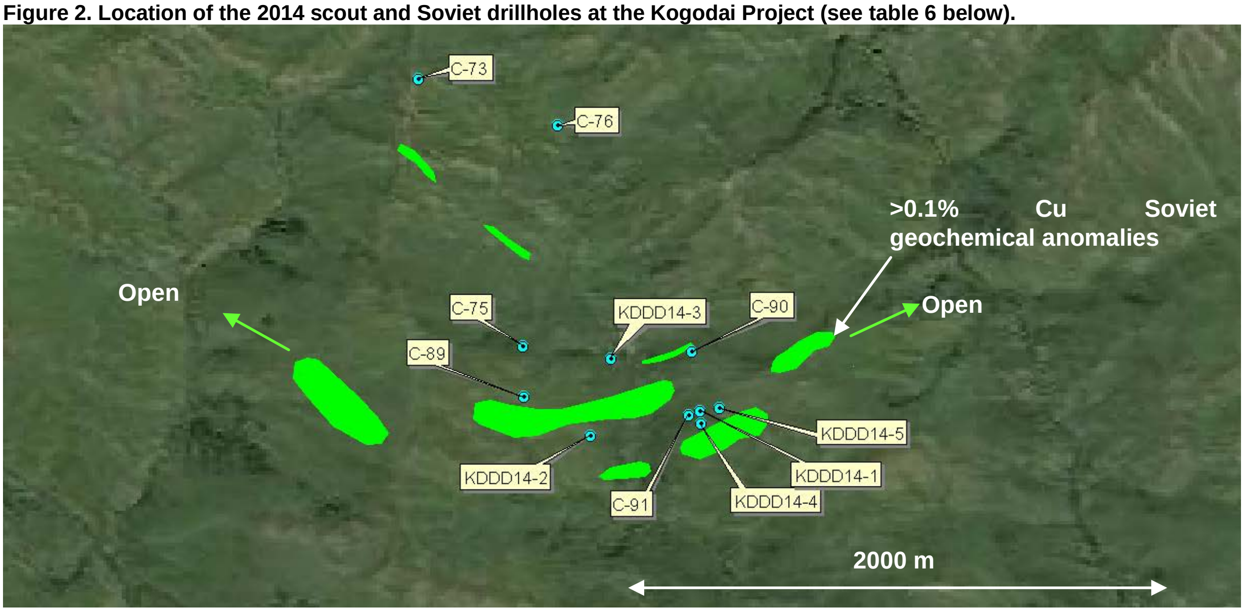
The Soviet drill hole results, disclosed above, are from a report by A.A. Shatobin dated 1971 and titled "Geological report on exploration works of the South Altay exploration party, Ministry of Geology, of the Kazakh Soviet Socialist Republic".

2014 exploration programme

In October to early November 2014, Orsu drilled five scout diamond drill holes totalling 457 meters. The main objective of this drilling programme was to assess the style and quality of mineralization. The metamorphosed volcanogenic disseminated to semi-massive sulphide mineralization at the Kogodai Project is controlled by the lithological contacts between gneiss and amphibolite layers at several stratigraphic levels within the metamorphic sequence. Near surface, sulphides are oxidised to a depth of approximately 30 meters.

The mineralized zone was traced during Soviet times in the >0.1% Cu geochemical anomaly for 2,000 meters along strike and remains open to the east and west (see figure 2 below). No work has been conducted by Orsu to confirm this geochemical anomaly.

Figure 2. Location of the 2014 scout and Soviet drillholes at the Kogodai Project (see table 6 below).



The Soviet drill holes C-89 and C-75 traced the sulphide mineralization for 500 meters downdip at a variable angle of 45 to 70 degrees. The best mineralization intercepted by the Soviet drilling was contained in drill hole C-91, with two mineralized intervals within a package of 27 meters from 39.5 to 66.5 meters: 7 meters grading 0.86% Cu (from 39.5 to 46.5 meters), and 11 meters grading 0.77% Cu (from 54.5 to 65.5 meters), including 4 meters grading 1.1% Cu (from 61.5 to 65.5 meters). Orsu drilled Hole KDDD14-1 approximately 50 m east and along strike from Hole C-91 and intercepted eight mineralized intervals (see table 6), varying in drilled width from 0.6 to 6.5 m (0.3% Cu cutoff) within a wider mineralized envelope of sulphides. From Hole KDDD14-2 in the west to Hole KDDD14-5 in the east there is a documented increase in grade, thickness and number of mineralized intervals. The Company has interpreted that mineralization was confirmed by Soviet and Company's drilling over a strike length of 700 m from drill holes C-75 and C-89 in the west to drill hole KDDD14-5 in the east. It is further interpreted that all drilling to date was performed on the western flank of the mineralized system, which remains open to the east and downdip. The drillcore logged by Orsu revealed that sulphide mineralization consists primarily of chalcopyrite and pyrite, with malachite, chrysocolla and sometimes native copper identified within the oxide mineralization. The mineralization appears to dip at 60 to 70 degrees to the north.

Table 6. A summary of significant intercepts of the sulphide and oxide ore mineralization, showing average copper and silver grades per intercept at 0.3% Cu cut off.

Hole ID	From	To	Drilled width, (meters)	Cu, %	Ag, g/t	Mineralization
KDDD14-1 (total length 91m)	**26.3**	**28.3**	**2**	**0.47**	**1.65**	**Sulphide**
and	**34.0**	**35.5**	**1.5**	**0.30**	**0.79**	**Sulphide**
and	**45.5**	**50.2**	**4.7**	**1.46**	**5.7**	**Sulphide**
and	**53.1**	**54.1**	**1**	**0.32**	**4.3**	**Sulphide**
and	**57.0**	**63.5**	**6.5**	**0.88**	**4.23**	**Sulphide**
incl	*58.90*	*60.6*	*1.7*	*2.31*	*11.64*	
and	**65.5**	**67.2**	**1.7**	**0.56**	**1.22**	**Sulphide**
and	**70.0**	**70.6**	**0.6**	**0.47**	**2.4**	**Sulphide**
and	**78.0**	**79.0**	**1**	**0.45**	**1.1**	**Sulphide**
KDDD14-2 (total length 80 m)	**44.5**	**51.1**	**6.5**	**0.63**	***traces***	**Sulphide**
incl	*46.3*	*49.2*	*2.9*	*1.02*	*traces*	
KDDD14-3	0	80				**None**
KDDD14-4 (total length 64 m)	**0.9**	**3.0**	**2.1**	**0.29**	**6.29**	**Oxide**
and	**24.7**	**26.5**	**1.8**	**0.67**	**0.49**	**Sulphide**
and	**29.5**	**30.3**	**0.8**	**0.31**	**0.7**	**Oxide+Sulphide**
KDDD14-5 (total length 142m)	**14.5**	**16.5**	**2**	**0.40**	**1.60**	**Oxide**
and	**31.0**	**42.0**	**11**	**0.58**	**1.25**	**Sulphide**
incl	*35.0*	*36.0*	*1*	*1.2*	*1.4*	
incl	*41.0*	*42.0*	*1*	*1.38*	*0.8*	
and	**47.0**	**50.0**	**3**	**0.79**	**2.2**	**Sulphide**
incl	*48.0*	*49.0*	*1*	*1.62*	*3.1*	
and	**55.0**	**60.5**	**5.5**	**1.05**	**3.19**	**Sulphide**
incl	*57.0*	*59.5*	*2.5*	*1.55*	*4.5*	
and	**68.3**	**72.6**	**4.3**	**1.08**	**2.34**	**Sulphide**
incl	*68.3*	*69.4*	*1.1*	*2.11*	*4.5*	

All drillholes were angled at 60 degrees, dipping in the southern direction. Estimated true widths vary from 70% to 90% of drilled width. Gold was assayed at a low level of 0.01 to 0.09 g/t, with four assays exceeding 0.1 g/t Au and one maximum assay of 0.22 g/t Au per 0.9 m in Hole KDDD14-1.

Two hundred and fifty three samples, including 20 standards and 10 duplicates, were prepared from the intervals hosting semimassive and disseminated sulphide mineralization. All samples were submitted to the ALS Kazakhstan laboratory in Auezov, Zharma district, East-Kazakhstan, and assayed in the ALS laboratory in Chita, Russian Federation. The laboratories are part of ALS Minerals Division, a certified international laboratory, which specialises in assays for base and precious metals and is independent of Orsu. Copper was assayed using the standard ME-ICP technique with a detection limit of 1 ppm. Gold and silver were analysed using the standard atomic absorption technique with detection limit of 0.01 ppm Au and 0.5 ppm Ag.

All sampling procedures and drill core logging were reviewed to ensure samples taken and results from the laboratory were checked in line with NI 43-101 guidelines. A stringent quality assurance/ quality control ("QA/QC") programme has been put in place to satisfy NI 43-101 and Joint Ore Reserve Committee ("JORC") requirements. Core samples were collected continuously from the visually identifiable intervals mineralized with massive and/or disseminated sulphides, including at least 5 meters of host rock above and below such intervals. Blank samples have been inserted every 9th to 19th sample depending of the sampled width, but before standards. Standards have been inserted, on average, every 10th and 11th or 19th and 20th sample within the sample number sequence for the drill core. Assay duplicate samples were selected from quarter core on a random basis from both mineralized and unmineralized intervals, and usually inserted after the standards. The results of duplicate assays were confirmatory.

No NI 43-101 compliant report or mineral resource estimates have been published for the Kogodai Project. No historical resource estimates of any kind have been published in relation to the Kogodai Project or its satellite occurrences. Potential grade is conceptual in nature. There has been insufficient exploration at the Kogodai Project to define a mineral resource and it is uncertain whether further exploration will result in the target being delineated as a mineral resource. No studies of potential problems, such as extremely erratic results or significant metallurgical difficulties, have been conducted by the Company. The exploration activity on the Kogodai Project is preliminary in nature and no conclusive evidence of the likelihood of the occurrence of a mineral deposit was obtained. Dr Yakubchuk was responsible for the design of the 2014 scout drilling programme and has verified the data disclosed, other than with respect to the Soviet drilling noted above.

Summary of the license terms

The Company holds an effective 51% interest in the Kogodai Project through its 63.75% subsidiary, Orsu Metals Kazakhstan, which holds an 80% interest in Kogodai Joint Venture LLP ("Kogodai JV LLP"), the holder of the exploration license for the Kogodai Project. The exploration license was transferred to Kogodai JV LLP from SPK Ertis JSC, a Kazakh State-owned special enterprise company, which retains a 20% interest in Kogodai JV LLP.

The Company made an initial cash investment, via Orsu Kazakhstan, of a total value of $194,700 made up of an initial contribution to the charter capital of Kogodai JV LLP of $152,700 and cash payments made in 2012 and 2013 for a total of $42,000 paid to the relevant authorities, and previously expensed by the Company, in relation to a subscription bonus due under the terms of the exploration license.

A summary of the key terms for the Kogodai Project is set out below:

1) The exploration license is for exploration during a period of 5 years, ending in 2019, which can be further extended according to the legislation of Kazakhstan;

2) The minimum funding obligation for exploration work at the Kogodai Project is in total $3.75 million over a period of five years commencing from the date of grant of the exploration license to SPK Ertis:

    i. $525,100 for the first year;

    ii. $803,900 for the second year,

    iii. $1,258,100 for the third year,

    iv. $914,000 for the fourth year, and

    v. $253,000 in the fifth year.

3) Under the agreement, funding of the work programme will be provided by Orsu.

In relation to the minimum funding obligation, the Company may modify the minimum funding obligation expenditure, outlined above, and associated exploration programme dependent on the geological results received and planned work for the exploration programme. The financing of the minimum funding obligation is considered to be discretionary by the Company and the nature and level of the expenditure will be assessed by the Company.

The Company expects that the exploration programme will be fully financed from the Company's cash resources.

AKDJOL-TOKHTAZAN PROJECT, KYRGYZSTAN

License Information

The Akdjol-Tokhtazan Project contains the Akdjol (108km^2) and Tokhtazan (4km^2) exploration licenses, both of which are held by Oriel in Kyrgyzstan LLC ("OiK") in which the Company holds an indirect 100% interest through its wholly owned subsidiary, Tournon Finance Limited ("Tournon").

In December 2012, the Akdjol and Tokhtazan licenses were extended until December 31, 2015 by the Agency for Geology and Mineral Resources of the Kyrgyz Republic.

The exploration licenses can be further extended by agreement of a work program with the Agency for Geology and Mineral Resources of the Kyrgyz Republic.

The expenditure obligations on the Tokhtazan and Akdjol licenses are shown below:

Table 6: Tokhtazan and Akdjol license obligations (2013-2015)

Year	Tokhtazan License Obligations	Akdjol License Obligations
2013	$583,500	$1,340,200
2014	$1,215,000	$993,400
2015	$300,000	$416,000

During 2010, the Company classified the Akdjol license area as a gold-silver epithermal prospect and the Tokhtazan license area as a gold prospect.

Potential disposal of the Akdjol-Tokhtazan Project

Since 2011, when the Company classified the Akdjol-Tokhtazan Project as held for sale, the Company has sought to dispose of the project. In relation to this, from November 2012 the Company entered into a number of exclusivity agreements with David-Invest for the potential sale of the Akdjol-Tokhtazan Project the last of which expired on December 31, 2013.

During 2014 the Company entered a number of subsequent exclusivity agreements with the Potential Buyers for the sale of the Akdjol-Tokhtazan Project, pursuant to which it received a total of $400,000 as non-fundable deposits, the last of which was in November 2014 and which lapsed in April 2015.

Thereafter, the Company announced on April 7, 2015, that it had entered into the Exclusivity Agreement with the Potential Buyers for the sale of the Akdjol-Tokhtazan Project, the key terms of which are:

- the Potential Buyers have been granted an exclusive right to purchase the Akdjol-Tokhtazan Project for the duration of the Exclusivity Period conditional upon the Potential Buyers continuing to fund the costs of maintaining the exploration licenses for the Akdjol-Tokhtazan Project. As at March 31, 2015 the Potential Buyers had funded cumulatively $0.6 million ($0.5 million as at December 31, 2014);
- the Potential Buyers have the option to purchase the Akdjol-Tokhtazan Project at any time on or before the expiry of the Exclusivity Period for a consideration of $5 million. The previous non-refundable deposits of $400,000 received by the Company during 2014, will be applied against the consideration in the event of any sale;
- the Potential Buyers will fund the exploration programme for the Akdjol-Tokhtazan Project licenses (which are due to expire on December 31, 2015) on a non-refundable basis for the Exclusivity Period; and
- the Potential Buyers have the right to terminate the Exclusivity Agreement and,
- Orsu has the right to terminate the Exclusivity Agreement:
    a) at any time, in the event of non-fulfilment of the obligation to fund the costs of maintaining the license or,
    b) on serving notice between June 24 and 30, 2015, inclusive, and September 24 and 30 2015 inclusive.

Other than as described above, there have been no significant changes to the terms of the previous exclusivity agreements signed in 2012, 2013 and 2014.

The Company will apply any proceeds from a sale of the Akdjol-Tokhtazan Project to working capital and identification of other early stage exploration opportunities consistent with the Company's strategy.

See sections entitled "Financial review - Asset held for sale" and "Financial review – Deferred income" below.

SUMMARY OF THE QUARTERLY RESULTS FOR 2015 AND 2014

(Prepared in accordance with IFRS)

Expressed in $000s' except where indicated	March 31 2015 (Unaudited)	December 31 2014 (Unaudited)	September 30 2014 (Unaudited)	June 30 2014 (Unaudited)
Net loss from operations	(822)	(2,010)	(1,060)	(1,241)
Net loss and comprehensive loss for the period	(822)	(2,010)	(1,060)	(1,241)
Net loss attributable to:				
Shareholders of the Company	(784)	(1,884)	(1,038)	(1,236)
Non-controlling interests	(38)	(126)	(22)	(5)
	(822)	(2,010)	(1,060)	(1,241)
Loss per Common Share (in $/Common Share)				
Loss per Common Share from operations	$(0.0045)	$(0.01)	$(0.01)	$(0.01)
Net loss per Common Share attributable to shareholders of the Company	$(0.0045)	$(0.01)	$(0.01)	$(0.01)
Weighted average number of Common Shares (in thousands) (note 1)	182,696	182,696	182,696	182,696

Note 1: Weighted average number of Common Shares of the Company includes basic and diluted.

SUMMARY OF THE QUARTERLY RESULTS FOR 2014 AND 2013
(Prepared in accordance with IFRS)

Expressed in $000s' except where indicated	March 31 2014 (Unaudited)	December 31 2013 (Unaudited)	September 30 2013 (Unaudited)	June 30 2013 (Unaudited)
Net loss from operations	(1,010)	(1,429)	(2,412)	(768)
Net loss and comprehensive loss for the period	(1,010)	(1,429)	(2,412)	(768)
Net loss attributable to:				
Shareholders of the Company	(995)	(1,420)	(2,401)	(752)
Non-controlling interests	(15)	(9)	(11)	(16)
	(1,010)	(1,429)	(2,412)	(768)
Loss per Common Share (in $/Common Share)				
Loss per Common Share from operations	$(0.01)	$(0.01)	$(0.01)	$(0.00)
Net loss per Common Share attributable to shareholders of the Company	$(0.01)	$(0.01)	$(0.01)	$(0.00)
Weighted average number of Common Shares (in thousands) (note 1)	182,696	182,696	176,174	157,696

Note 1: Weighted average number of Common Shares includes basic and diluted.

FINANCIAL REVIEW

For the three months ended March 31, 2015 the Company reported a net loss of $0.8 million, compared to a net loss of $1.0 million for the three months ended March 31, 2014.

During the three months ended March 31, 2015 capitalized development expenditure in relation to the Karchiga Project amounted to $22,000 ($41,000 for the three months ended March 31, 2014).

As at March 31, 2015 the Company had net assets of $20.3 million ($21.1 million as at December 31, 2014) of which $6.7 million was cash and cash equivalents ($7.6 million as at December 31, 2014).

RESULTS FOR THE QUARTERS ENDED MARCH 31, 2015 AND MARCH 31, 2014

For the three months ended March 31, 2015 the Company reported a net loss of $0.8 million compared to a net loss of $1.0 million for the three months ended March 31, 2014.

The net loss of $0.8 million for the three months ended March 31, 2015 consisted of: administrative costs of $0.7 million ($0.7 million for the three months ended March 31, 2014) and a net loss for the disposal group asset held for sale of $0.1 million (nil for the three months ended March 31, 2014). For the three months ended March 31, 2014 the Company incurred exploration costs of $0.1 million and a net foreign exchange loss of $0.2 million.

The Company's administrative costs decreased quarter on quarter by $0.1 million due to a reduction of headcount at its offices in Kazakhstan, primarily in relation to the Karchiga Project, and at the corporate head office in London.

For the three months ended March 31, 2014 exploration expenditure of $0.1 million was in relation to work at a license area in Eastern Kazakhstan, host to a 30km long Dzharyk-Taisogan cluster of copper-polymetallic occurrences (the "Balkhash Project"). Subsequently, in September 2014 the Company elected to discontinue exploration work at the Balkhash Project.

For the three months ended March 31, 2014 the Company incurred a net foreign exchange loss of $0.2 million following a 20% devaluation in February 2014 of the Kazakh Tenge to U.S. dollar exchange rate which impacted on the Company's Kazakh monetary assets.

The Company's cash and cash equivalents decreased in the three months ended March 31, 2015 by $0.9 million to $6.7 million compared to a decrease of $1.1 million for the three months ended March 31, 2014. The decrease was due primarily to corporate and exploration expenditure of $0.85 million, ($0.8 million for the three months ended March 31, 2014). For the three months ended March 31, 2014 there was a net increase in working capital of $0.3 million and expenditure on property, plant and equipment of $41,000 due to capitalised development expenditure of the Karchiga Project.

COMPARISON OF QUARTERLY RESULTS FOR 2014 AND 2013

A comparison of the quarter on quarter results between 2014 and 2013 show that the net losses were lower in 2014 compared to 2013 with the exception of the second and fourth quarters of 2014 compared to the second and fourth quarters of 2013 because of onetime items of income and expenditures in those quarters. As the Company's activities during 2014 and 2013 relate to mainly exploration work the general trend of lower expenditures from 2013 to 2014 has been due to the steps taken by the Company in relation to its financial objective to preserve its cash assets.

For the second quarter of 2013 the Company reported a net loss of $0.8 million which included a gain on derivative receivable in relation to the then outstanding Subscription of $0.5 million (see below). Excluding this net gain there was a comparable net loss of $1.3 million for the second quarter of 2013 compared to a net loss of $1.2 million for the second quarter of 2014.

For the fourth quarter of 2014 the Company reported a net loss of $2.0 million which included a number of onetime items of expense totalling $1.1 million comprising a provision for an "onerous lease", in relation the Company's London head office of $0.4 million, a charge for deferred finance costs in relation to debt finance no longer available of $0.5 million and an adjustment to Kazakh Value Added Tax ("VAT") recoverable amounts of $0.2 million. Excluding these onetime charges of $1.1 million gives a comparable net loss of $0.9 million for the fourth quarter of 2014 compared to a net loss of $1.4 million for the fourth quarter of 2013.

In general, the quarterly losses for 2014 were lower than the quarterly losses for 2013 because the Company took steps to reduce expenditures at both the Karchiga Project and the corporate head office. These included a reduction in headcount at the Karchiga Project and at the corporate head office as well as lower quarterly corporate head office expenditures in relation to administrative, legal and professional costs. In addition, quarterly exploration expenditures in 2014 were lower than 2013 due to the reduction in the exploration work programme at the Balkhash Project and the decision of the Company in September 2014 to cease any further exploration work at the Balkhash Project.

FINANCIAL POSITION AS AT MARCH 31, 2015 AND DECEMBER 31, 2014

As at March 31, 2015 the Company's net assets were $20.3 million, compared with $21.1 million as at December 31, 2014 of which $6.7 million consisted of cash and cash equivalents ($7.6 million as at December 31, 2014).

The decrease in net assets of $0.8 million was due primarily to corporate and exploration expenditure in the quarter of $0.9 million partially offset by an increase in prepaid expenses and receivables of $0.1 million.

KARCHIGA PROJECT DEVELOPMENT COSTS

In March 2012, the Company successfully completed the Karchiga Definitive Feasibility Study. At the same time and subsequently the Company incurred costs related to the construction of a mining and processing facility at the Karchiga Project. Under IFRS, IAS 16 "*Property, Plant and Equipment"*, costs are capitalized during the development phase, defined as being from the date that an economic study is completed and the date the asset is deemed to be available for use (or the "development costs") and are those that can be directly attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended by the Company. Under IAS 16, these development costs are capitalized, as they meet the criteria for the capitalization for a basic asset.

These and future costs will be recorded as "Property, plant and equipment" until such time when the asset is "available for use" (defined as when commercial levels of production are capable of being achieved). In the quarter ended March 31, 2015 the Company capitalized $22,000 of development costs ($41,000 during the quarter ended March 31, 2014). Work at the Karchiga Project is currently on a care and maintenance basis and whilst the Company continues in its efforts to secure the required financing for the construction of a mine and processing facility, or to consider an alternative financing options, at the Karchiga Project, the Company will not incur significant development expenditures. Cumulative development costs as at March 31, 2015 are $8.8 million ($8.2 million as at March 31, 2014).

ASSET HELD FOR SALE

The exploration license area for the Akdjol-Tokhtazan Project is located in the Jelal-Abad Oblast, western Kyrgyzstan and comprises the Akdjol license and Tokhtazan license. 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 licenses will expire on December 31, 2015.

In 2011, the Company determined the Akdjol-Tokhtazan Project to be a non core asset which was made available for sale and determined to have met the criteria to be classified as "held for sale" under IFRS 5, "Non-current Assets Held For Sale and Discontinued Operations". As at December 31, 2014 the Company re-measured the assets at the estimated fair value, less cost to sell, at $4.4 million based on the lower end of a range of prospective sale prices discussed with the Potential Buyers and other interested parties, taking into account current and future forecast gold prices and the good standing of the license.

As at March 31, 2015 the Company had entered into an exclusivity agreement with the Potential Buyers for the potential sale of the Akdjol-Tokhtazan Project for a gross consideration of $5 million less $0.4 million of non-refundable deposits (see "Deferred income" below) which expired in April 2015. In April 2015, the Company entered into the Exclusivity Agreement with the Potential Buyers on substantially the same terms (see 'Deferred income' below). The Company concluded that as at March 31, 2015 it continued to be appropriate to classify the assets and liabilities related to the Akdjol-Tokhtazan Project (the disposal group) as held for sale and as the potential consideration of $5 million, from the Potential Buyers, exceeds the carrying value of net assets of $4.3 million (see table below). The Company is confident that a sale of the asset within the year is probable, though not certain.

The net assets of the disposal group as at March 31, 2015 and December 31, 2014 are shown below:

	2015 $000	2014 $000
Cash and cash equivalents	1	1
Prepayments and other receivables	96	169
Mineral properties	4,392	4,392
Property, plant and equipment	20	21
Total Assets	4,509	4,583
Accounts payable and accrued liabilities	(175)	(187)
Net assets of disposal group held for sale	4,334	4,396

DEFERRED INCOME

Since 2011 when the Company classified the Akdjol-Tokhtazan Project as held for sale, the Company has sought to dispose of the project. In relation to this, from November 2012 the Company entered into a number of exclusivity agreements with David-Invest for the potential sale of the Akdjol-Tokhtazan Project the last which expired on December 31, 2013.

During 2014 the Company entered two exclusivity agreements with the Potential Buyers for the sale of the Akdjol-Tokhtazan Project after receiving in total $400,000 as non-fundable deposits which lapsed in October 2014.

Thereafter, the Company announced on April 7, 2015, that it had entered into the Exclusivity Agreement with the Potential Buyers for the sale of the Akdjol-Tokhtazan Project following the expiry of a previous exclusivity agreement announced in November 2014 (see section entitled "Operational Review - Akdjol-Tokhtazan Project, Kyrgyzstan" for details).

As at March 31, 2015 the Company recorded the total non-refundable deposits received from the Potential Buyers as a deferred income liability of $400,000. In the event that ongoing discussions with the Potential Buyers do not lead to a positive conclusion then the Company will recognize the non-refundable deposits of $400,000 classified as a deferred income liability as income.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2015 the Company's main source of liquidity was unrestricted cash and cash equivalents of $6.7 million, compared with $7.6 million as at December 31, 2014.

The Company measures its consolidated working capital as comprising free cash, accounts receivable, prepayments and other receivables, less accounts payable and accrued liabilities. As at March 31, 2015 the Company's consolidated working capital was $6.9 million (compared with a consolidated working capital of $7.7 million as at December 31, 2014).

In the past the Company has funded the development of its exploration licenses, potentially acquire new exploration licenses as well as its corporate and administration requirements, through either equity raised finance or through the sale of its interest in an exploration or investment properties. This has included the funding of exploration expenditure in relation to the Karchiga Project up to the filing of the Karchiga Definitive Feasibility Study Report in March 2012, and thereafter development expenditure at the Karchiga Project, contributing its pro-rata share of exploration costs to its then 40% interest in the Talas Project (as defined below) before the Sale in July 2012 and the funding of exploration costs at the Akdjol-Tokhtazan Project until the Company entered into an exclusivity agreement with David-Invest in November 2012. The Company has utilized its funds in connection with potential acquisition of new projects, by funding exploration work at the Balkhash Project and the acquisition of the Kogodai Project.

During July 2012 the Company raised funds through the sale of its 40% interest in the Talas Project in July 2012, for $10 million, and thereafter a further CAD$10 million in July 2013 following the completion of the Subscription with Gold Fields. In the year ended December 31, 2014, the Company had received in total $400,000, as a non-refundable deposit, from the Potential Buyers in relation to the Akdjol-Tokhtazan Project.

In relation to its operating activities, the Company's administration and exploration cash expenditures were $3.5 million and $6.6 million in 2014 and 2013 respectively (as set out in the Company's audited consolidated financial statements for the year ended December 31, 2014). In addition the Company incurred capital expenditures of $0.2 million and $1.5 million for 2014 and 2013 respectively primarily in relation to development expenditure for the Karchiga Project. However, as the Company sought to secure project finance for the construction of a mine and processing facility at the Karchiga Project, during 2013 and 2014 the Company implemented a number of steps to reduce its corporate and administration expenditures which included the reduction of headcount at its offices in both Kazakhstan and in the UK at its head office as well as a reduction of its legal and professional advisory expenditures in order to preserve the Company's cash assets.

The Company's working capital needs as at March 31, 2015 included the funding for its exploration and development activities, including its future expenditure obligations of the Kogodai Project, its corporate and administrative expenditures requirements and potential contributions towards project finance, if and when arranged, in relation to the Karchiga Project, as deemed appropriate. The Company expects to fund its working capital requirements for 2015, other than as set out below for the Karchiga Project, and be able to contribute towards the pursuit of future growth opportunities (which may include acquiring one or more additional assets), if and when such opportunities arise, from its unrestricted cash of $6.7 million as at March 31, 2015 and potential net proceeds, if any, from the sale of the Akdjol-Tokhtazan Project.

During the three months ended March 31, 2015 the net cash used by the Company's operating expenditures was $0.9 million, compared to a net cash inflow of $1.2 million for the three months ended March 31, 2014 (set out in the interim consolidated financial statements as at March 31, 2015). The steps taken to reduce cash expenditures during 2013 and 2014 are reflected in a reduction in the forecast expenditures for 2015 in relation to corporate and administration costs, the funding of exploration work at the Kogodai Project and the Karchiga Project on a care and maintenance basis.

The minimum working capital the Company estimates for 2015 is set out below:

Estimated working capital requirements for 2015		$000
Estimated corporate and administrative expenditure (1)		3,005
Estimated expenditure for the Kogodai Project (2)		875
	Total	3,880

Notes:

(1) Includes office expenditure at the Karchiga Project. In estimating the forecast expenditures, the Company has applied an average 2015 exchange rate of GBP£/ $ of 1.5285 for its UK corporate expenditures and an average 2015 exchange rate of Kazakh Tenge/ $ of 182.35 for local office expenditure at the Karchiga Project.

(2) The total exploration expenditure obligation (measured from the date of the transfer of the license) is $3.75 million over five years (see section *"Operational Review – Kogodai Project, Kazakhstan"*). The Company will fund the Kogodai Project in U.S. dollar currency.

In order to achieve the Company's planned construction of mining facilities and commencement of mining operations at the Karchiga Project, if any, the Company will require an estimated initial CAPEX of $115 million (see "Operational review – Karchiga copper project, Kazakhstan") for which the Company will be required to raise additional financing in the future. If the Company secures the required financing on acceptable commercial terms then it may also apply a proportion of its available unrestricted cash and if any, from the sale of the Akdjol-Tokhtazan Project, towards the project financing requirements as the Company determines necessary. Whilst the Company has been successful in raising debt and other financing in the past, the Company's ability to raise additional debt and other 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 that are listed under "Risks and Uncertainties" in this MD&A.

The Company holds the majority of its surplus cash in interest-bearing bank deposit accounts in CAD$, GBP£ and U.S. dollars currencies and manages such deposits in light of its forecast cash needs and available market interest rates. The majority of the Company's expenditures are in U.S. dollars, Canadian Dollars, Kazakh Tenge and British Pounds Sterling. The Company's liquidity may, therefore, be adversely affected by, amongst other things, the ability of the Company to accurately forecast its operating cash needs in the aforementioned currencies, the Company's ability to convert its cash funds from U.S. dollars into the other aforementioned currencies, unfavorable movements in the U.S. dollar exchange rate relative to the aforementioned currencies and the Company's ability to earn interest on its cash deposits. Further information regarding the Company's liquidity risk, currency risk and interest rate risk may be found in the Company's audited consolidated financial statements as at December 31, 2014.

COMMITMENTS

The following table summarises the Company's future commitments as disclosed in the Company's financial statements as at March 31, 2015:

	2015 $000	2016 $000	2017 $000	2018 $000	2019 + $000	Total $000
Lease obligations	191	-	-	-	-	191

The Company's lease obligations are for its London head office property rents, payable under a lease agreement expiring in February 2016, for a total of GBP£220,200 per annum. The above figures are exclusive of business rates and service charges.

DERIVATIVE FINANCIAL INSTRUMENTS

In July 2013, the Company completed a subscription with a wholly owned subsidiary of Gold Fields Limited ("Gold Fields" or collectively with certain of its subsidiaries, the "Gold Fields Group") for 25 million units of the Company (each a "Unit") at a price of CAD$0.40 per Unit for gross proceeds of CAD$10 million (the "Subscription"), with each Unit consisting of one common share of the Company (a "Common Share") and one half of one common share purchase warrant (each whole warrant, a "Warrant"), each Warrant being exercisable for a period of three years from the date of issue to acquire one Common Share at a price of CAD$0.50. Following the completion of the Subscription the Company received in cash the gross proceeds from the Subscription of CAD$10 million, $9.6 million, plus a further CAD$35,446 of accumulated interest. The Company subsequently accounted for the Warrants issued to Gold Fields as a derivative instrument.

A summary of the changes in the Company's share purchase warrants in the three months ended March 31, 2015 and year ended December 31, 2014 are set out below:

	2014			2013		
	Warrants Outstanding 000s'	Value Assigned $000	Average exercise price CAD$	Warrants Outstanding 000s'	Value Assigned $000	Average exercise price CAD$
Balance – Beginning of period	12,500	46	0.50	12,500	160	-
Fair value re-measurement	-	(38)		-	(114)	
Balance – End of period	12,500	8	0.50	12,500	46	0.50

A summary of the Warrants outstanding as at March 31, 2015 is set out below:

Exercise Price CAD$	Expiry date	Number 000's	Value $000
0.50	July 25, 2016	12,500	8

The Company measured the fair value of the Warrants issued to Gold Fields based on the Black-Scholes option-pricing model using the following assumptions as at March 31, 2015 and as at December 31, 2014:

	March 31, 2015	December 31, 2014
Stock price	CAD$0.02	CAD$0.03
Exchange rate CAD$/ US$	1.2666	1.1583
Risk free interest rate	0.97%	1.05%
Expected warrant life	1.32 years	1.57 years
Volatility (assuming a dividend yield of nil)	132.74%	143.87%

TRANSACTIONS WITH RELATED PARTIES

(a) *Key management compensation*

Key management includes directors and officers. The salaries and other short term employee benefit compensation paid or payable to key management for employee services is shown below.

	Three months ended March 31, 2015 $000	2014 $000
Directors		
Dr Sergey V Kurzin	60	66
Dr Alexander Yakubchuk	58	64
Mr Mark Corra	7	8
Mr Timothy Hanford	7	8
Mr Massimo Carello	7	8
Mr David Rhodes	7	8
	146	162
Senior officers		
Mr Kevin Denham	48	54
Mr Christopher Power (resigned effective April 30, 2015)	50	56
	98	110
Other key management personnel	40	41
Total	284	313

It should be noted that key management compensation is denominated in currencies other than $ (principally in GBP£) and the amounts are translated at the prevailing rate in accordance with the Company's policy for currency transactions. There have been no changes in the amounts paid to key management personnel; the differences above arise entirely from movements in the relevant exchange rates (primarily GBP£ to $).

(b) *Equus Petroleum plc*

The Company and Equus Petroleum plc ("Equus") have a director, Dr Sergey Kurzin, in common. Dr Kurzin is Executive Chairman of Orsu and Non-Executive Chairman of Equus, having previously been Executive Chairman of Equus until June 11, 2014, and is considered to be a member of key management for both companies as defined under IFRS, IAS 24 *"Related Party Disclosures"*.

The Company charges Equus for services relating to property rent, administration support and office service expenses. As at March 31, 2015 the total receivable was $349,858 ($258,354 as at December 31, 2014). The amounts receivable from Equus accrue interest of 4% per annum, above the Barclays Base Rate, from the due date of payment until the date of payment. The charges for all the services provided to Equus, as well as the interest charged on overdue payments from Equus, are considered to be on normal commercial terms. The total outstanding receivable from Equus as at March 31, 2015 and as at December 31, 2014 is shown on the table below:

	2015 $000	2014 $000
Balance – Beginning of period	258	525
Recharges to Equus	92	515
Settlements received	-	(782)
Balance – End of period	350	258

In August 2014 Equus served notice to terminate the offices rented from the Company effective January 31, 2015.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

These interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 "*Interim Financial Reporting"*. The accounting policies applied in these interim consolidated financial statements are the same as those applied in the Company's audited consolidated financial statements as at December 31, 2014.

The following critical IFRS accounting policies and estimates are relevant to the presentation of the Company's financial results as at March 31, 2015:

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing the audited consolidated financial statements, the Company makes estimates and assumptions that affect the amounts reported. Significant estimates and areas where judgement is applied include mineral reserve quantities, the assumptions used in the measurement of the fair value of derivative liabilities, the present value of future VAT recoverability, property plant and equipment lives and carrying values, the treatment of disposal group assets as held for sale and fair value of such disposal group assets held for sale, the capitalisation of development expenditure, the capitalisation of finance costs associated with the raising of debt finance, tax provisions, deferred tax balances and timing of their reversals and equity instruments. Actual results could differ from the Company's estimates. In accordance with the Company's accounting policy the Company reviews and evaluates the carrying value of its assets when events or circumstances indicate that the carrying amounts may not be recoverable. The identification of such events or changes and the performance of the assessment require significant judgement. If any such indication exists an estimate of recoverable amount is performed and an impairment loss is recognised to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is measured at fair value less costs to sell.

Specifically, the Company applies significant judgement for the following:

Disposal group asset held for sale

In relation to the disposal group asset held for sale the Company followed guidance under IFRS 5, *"Non-current assets held for sale and discontinued operations",* and applied significant judgement to determine the classification of asset held for sale and whether impairment was required. In concluding its judgement, the Company evaluated the duration of time for which the disposal group has been classified as an asset held for sale, the good standing of the exploration licenses held by the Akdjol-Tokhtazan Project, the continued commitment of the Company to actively sell the asset, the expected realisable fair value of the Akdjol-Tokhtazan Project in the event of a sale and the continued interest to acquire the Akdjol-Tokhtazan Project from interested parties.

Development expenditure in relation to the Karchiga Project

In relation to the property, plant and equipment the Company followed guidance under IAS 36, *"Impairment of assets"*, and applied significant judgement to determine whether impairment was required. In concluding its judgement, the Company evaluated the market capitalisation of the Company, expectations of future copper prices, estimates of the future net present value of the project, the potential access to both debt and equity financing to fund the future development of the project and the Company's ability to continue to fund the project until such financing for developing the project is achieved.

Other assets in relation to VAT recoverable balances

Other assets includes historical VAT expenditures incurred on the Karchiga Project which, under current Kazakh tax law, will be recoverable against future VAT liabilities arising in the event of the Karchiga Project being constructed and moving into production. In determining the carrying value of the VAT recoverable amounts the Company assessed the future recoverability of the VAT amounts and exercised significant judgement in assessing the ability of the Company to secure the financing required for the Karchiga Project, the future impact of any alternative options for the Karchiga Project and the timing of future recoveries of VAT amounts.

Estimated mineral reserves and resources

Estimates of mineral reserves and resources are prepared by appropriately qualified persons, but will be affected by the assumptions applied in relation to commodity prices, inflation and exchange rates, capital and production costs and recoveries, among a number of other factors.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's chief operating decision-maker. The chief operating decision-maker has been identified as the board of directors being the body responsible for allocating resources, assessing performance of the operating segments and making strategic decisions.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). The Functional Currency of all the entities is the U.S. dollars. The audited consolidated financial statements are presented in U.S. dollars.

(b) Transactions and balances

Foreign currency transactions are translated into the Functional Currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the income statement within 'finance income or expense'. All other foreign exchange gains and losses are presented in the consolidated statement of net loss and comprehensive loss within 'foreign exchange gains/ (losses)'.

Items in the consolidated statement of net loss and comprehensive loss are translated using an average exchange rate for the period that is a reasonable approximation to the exchange rates at the transaction dates. Monetary assets and liabilities on the balance sheet are translated at the spot exchange rate at the balance sheet date. The exchange differences on translation of the net assets of these operations are recognised in the income statement as foreign exchange gains or losses.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Repairs and maintenance expenditures are charged to operations. Major improvements and replacements that extend the useful life of an asset are capitalised. Depreciation is charged on a straight line basis as below:

Leasehold improvements	- 10 years
Vehicles	- 4 to 10 years
Other assets	- 3 to 10 years

Development costs

Costs directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management are capitalised in accordance with IAS 16 "*Property Plant and Equipment".* Assets under construction are not depreciated until the asset is available for use. Under IAS 16 costs are capitalised during the development phase, defined as being from the date that an economic study is completed to the date the asset is deemed to be available for use (or the "development costs") and are those that can be directly attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended by the Company. Under IAS 16, these development costs are capitalised, as they meet the criteria for the capitalisation for a qualifying asset.

Mineral property costs

Mineral property costs represent capitalised expenditures related to the acquisition, exploration and evaluation of mineral properties and related plant and equipment.

Mineral properties

Mineral properties, including exploration assets, acquired are recognised as assets at fair value, less adjustments which arise from subsequent impairment reviews.

Exploration and evaluation costs

Exploration and evaluation costs relating to properties for which there is insufficient evidence of economically recoverable mineralization are expensed in the period incurred. Exploration costs relating to properties for which economically recoverable reserves are believed to exist are capitalised until the project to which they relate is sold, abandoned, placed into production or becomes impaired.

Impairment

The Company reviews and evaluates its mineral property and development assets for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Under IFRS 6, *"Exploration for and evaluation of mineral resources"*, the Company initially assesses where facts and circumstances indicate that the carrying amount of a mineral property may exceed its fair value. Facts and circumstances which indicate that the Company should test for impairment include expiry of the exploration license where renewal is not expected, substantive expenditure not planned for the foreseeable future, poor resource results or data which adequately shows that it is not economically viable. When facts and circumstance indicate that the carrying amount exceeds the recoverable amount, the Company will then estimate net future cash flows and write down any impairment.

Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses whether the carrying value can be recovered. If impairment is identified, the carrying value of the mineral property is written down to its estimated fair value. The Company evaluates impairment for potential reversals when events or circumstances warrant such consideration.

Financial instruments

Financial assets and liabilities are recognised when the Company becomes a contractual party to a financial instrument. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risk and rewards of ownership.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at fair value. For the purposes of the balance sheet, cash and cash equivalents include cash, and money market funds. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined below.

Cash and cash equivalent balances include cash and short-term cash deposits with banks that have an original maturity date of 90 days or less. Cash and cash equivalents have been designated as loans and receivable and are reported at the balance sheet date initially at fair value and subsequently at cost (the carrying value of cash and cash equivalents approximates to their fair value).

Accounts payable and accrued liabilities

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Accounts payable and accrued liabilities are reported at their carrying value at the balance sheet date which reflects their fair value.

Derivative financial instruments

Derivative instruments, including embedded derivatives, are recorded on the balance sheet at their fair value. Unrealized gains and losses on derivatives are recorded in the consolidated statement of net loss and comprehensive loss for the year. Fair values for derivative instruments are determined using valuation techniques, using assumptions based on market conditions existing at the balance sheet date. Derivatives embedded in non-derivative contracts are recognized separately unless they are closely related to the host contract.

The Company's derivative instruments in relation to share subscriptions consist of derivative liabilities of share purchase warrants and in prior periods, derivative receivables.

Non-current liabilities

The Company records a provision for a financial liability as at the reporting date as a result of a past event where the Company will probably, more likely than not, settle the liability and the Company can reliably estimate the liability. The Company measures the outstanding liability based on the estimated present value of the amount to settle the liability as at the balance sheet date.

Borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of net loss and comprehensive loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates where it is probable that some or all of the facility will be drawn down. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is expensed.

Taxes

Income tax

The Company's income tax is comprised of current and deferred tax. The Company follows the liability method of accounting for income taxes. Under this method, current income taxes are recognised as the estimated income taxes payable for the current period using tax rates enacted, or substantially enacted, at the end of the reporting period. Future income tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred income taxes assets are recognised to the extent that the realization of the related tax benefit through future taxable profits is probable.

Deferred tax assets and liabilities are recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax assets are evaluated and where the Company considers that these are unlikely to be realised, the associated deferred tax asset is not recognised.

Capital gains tax

The Company may potentially incur capital gains tax from the sale of its assets relating to exploration properties or equity investments. Where this is applicable the Company will provide for the capital gains tax liability and recognise this as a tax charge for the year in the consolidated statement of net loss and comprehensive loss in the same year as any disposal.

Share based payments

The Company uses the fair value method for accounting for stock-based awards to employees and non-employees. Under the fair value method, compensation expenses attributed to the direct award of stock to employees are measured at the fair value of the award at the grant date using an option pricing model and are recognised over the vesting period of the award. Share-based payments to non employees are measured based on the fair value of the service received, at the date at which the Company receives the service. If and when the stock options are ultimately exercised, the applicable amounts of share purchase options are credited to share capital.

Share capital

Common shares issued are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognised as a deduction from equity.

Share purchase warrants that are issued for underwriting services are initially accounted for under IFRS 2, *"Shared-based payment"*, as equity instruments (their initial fair value would be recognised as a share issuance cost). Subsequent to their issuance, share purchase warrants issued for services that can be tracked (are non-transferable) are considered as equity for their entire life. The fair values of such share purchase warrants are not re-measured. Where these share purchase warrants are ultimately exercised, the applicable amounts of share purchase warrants are credited to share capital. Where share purchase warrants expire or are forfeited then these are credited to contributed surplus.

Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction, a sale is considered highly probable and the disposal group is available for sale in its current state. They are stated at the lower of carrying amount and fair value less costs to sell.

Earnings/ (loss) per share

Earnings/ (loss) per share are calculated based on the weighted average number of common shares issued and outstanding during the year. Diluted earnings/ (loss) per common share are calculated using the treasury stock method for outstanding stock options and warrants. Under the treasury stock method, incremental common shares issuable upon the exercise of stock options and warrants are excluded from the computation if their effect is anti-dilutive. In periods in which a loss is incurred, the calculation would be anti-dilutive, in which case basic and diluted loss per share are the same.

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

(a) New and amended standards adopted by the Company

The following became effective for annual periods commencing on or after January 1, 2015, and so have been applied by the Company this reporting period. There has been no material change to the Company's financial statements as a result:

Amendment to IAS 19, 'Employee benefits'

This amendment applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions by distinguishing between contributions linked to service only in the period in which they arise and those linked to service in more than one period. This amendment is effective for annual periods commencing on or after July 1, 2014.

Annual improvements to IFRS

On December 12, 2013 the IASB issued two cycles of annual improvements to IFRS, the 2010-2012 reporting cycle and 2011-2013 reporting cycle. These contained eleven changes to nine standards: IFRS 1, *'First-time adoption of International Financial Reporting Standards*'; IFRS 2 *'Share-based payment'*; IFRS 3 *'Business combinations'*; IFRS 8 *'Operating segments'*; IFRS 13 *'Fair value measurement'*; IAS 16 *'Property, plant and equipment'*; IAS 24 *'Related party disclosures'*; IAS 38 '*Intangible assets'*; and IAS 40 *'Investment Property'*. Further amendments to the 2010-2012 reporting cycle were issued in 2014 including changes to IFRS5, *''Non-current assets'*; IFRS 7, *'Financial instruments'*; IAS 19, *'Employee benefits'* and IAS 34, *'Interim financial reporting'*. The changes which were not effective immediately became effective for annual periods commencing on or after July 1, 2014.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations have been issued but are not effective for annual periods starting on 1 January 2015, but will be effective for later annual periods, and have not been applied in preparing the consolidated financial statements for the period ended March 31, 2015. None of these are expected to have a significant effect on the consolidated financial statements of the Company:

IFRS 9, 'Financial instruments'.
This addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition.

The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company will also consider the impact of the remaining phases of IFRS 9 when completed. The original mandatory effective date for IFRS 9 was for annual periods commencing on or after January 1, 2013, which was subsequently changed to January 1, 2015. However, in November 2013, the IASB removed the mandatory effective date from the IFRS and, following further consultation, has agreed that the effective date will be for annual periods commencing on or after January 1, 2018.

IFRS 14, 'Regulatory deferral accounts'
This standard specifies the financial reporting requirements for 'regulatory deferral account balances' that arise when an entity provides goods or services that are subject to price or rate regulation and is effective for annual periods commencing on or after January 1, 2016.

IFRS 15, 'Revenue from contracts with customers'
This is the converged standard on revenue recognition and will replace IAS 11, *'Construction contracts'*, IAS 18, *'Revenue'* and related interpretations. IFRS 15 is mandatory for annual periods commencing on or after January 1, 2017, although early adoption is permitted.

Amendent IFRS 11, 'Joint venture arrangements'
This amendment provides new guidance on how to account for the acquisition of an interest in a joint venture operation that contributes to a business which becomes effective from January 1, 2016.

Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets'
This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generate by an activity that includes the use if an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It also clarifies that revenue is not an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The amendments are effective from January 1, 2016.

Amendments to IFRS 10 and IAS 28
These amendments address the inconsistency between IFRS 10 and IAS 28 in the sale or contribution of assets between an investor and its associate or joint venture and are effective from January 1, 2016.

Amendment to IAS 27, 'Separate financial statements'
The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and is effective from January 1, 2016.

The Company is yet to fully assess the impact of the improvements which are not yet effective.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

RISKS AND UNCERTAINTIES

Readers of this MD&A should give careful consideration to the information included in this document and the Company's consolidated financial statements and notes. The following describes some of the risks that could affect Orsu.

Such risks include risks associated with the estimate of mineral resources and mineral reserves and conclusions contained in studies relating to the Company's properties; risks related to exploration and development operations and potential construction; risk of changes to applicable government regulations relating to the mining industry or to their application or shifts in political conditions in foreign countries; risks of changes to environmental legislation; risks associated with the legal environments in Kazakhstan and Kyrgyzstan; risks associated with doing business in Kazakhstan and Kyrgyzstan; risks associated with the acquisition and retention of title to mineral properties; risks associated with non-compliance with environmental and regulatory requirements; fluctuations in the price of copper or gold or molybdenum and foreign currency fluctuations; risks related to obtaining required financing and operating or other permits, approvals or licenses on a timely basis; risks relating to global economics and financial markets; and the inability to economically or fully insure against certain risks. The Company is also subject to a number of risk factors due to the nature of the resource business in which it is engaged. The Company seeks to counter these risks as much as possible by selecting exploration and development areas on the basis of their recognized geological, production and potential to host economic returns.

The Government of Kazakhstan's pre-emptive rights, waiver and consent of the Competent Authority
Under the Republic of Kazakhstan's Law No. 291-IV "On Subsoil and Subsoil Use" dated June 24, 2010 (the "Subsoil Law") a waiver from the State of its pre-emptive right (the "State's Waiver") and the Ministry of Investments and Development's (the "Competent Authority"), previously under the responsibility of the MINT, prior consent (the "CA Consent") were required, among others, for the initial and additional issuance and placement of shares from the Company's or any of its subsidiaries' treasury. Such State's Waiver and the CA Consent were not required for any subsequent trading of such shares, including, in the case of the Common Shares, trading through the facilities of the Toronto Stock Exchange ("TSX") and the AIM market of the London Stock Exchange ("AIM"), provided that the initial placement of such shares was approved by the Competent Authority. Under the recent amendments to the Subsoil Law introduced on 29 December 2014 and effective as of 10 January 2015, only transactions with deposits and subsoil blocks having strategic importance require obtaining of the State's Waiver (see subsection "*National Interests"* below), whereas the requirement to obtain the CA Consent remains unchanged. The State of Kazakhstan, acting through the Competent Authority, has the unilateral right to terminate a subsoil use contract for failure to obtain the CA Consent for the transaction. See *"Kazakhstan Subsoil Use Law"* below.

The Company did not obtain the State's Waiver and the CA Consent for the initial placement of the Common Shares that were originally admitted to trading on the TSX and AIM and the initial placement of Common Shares which are currently being traded on the TSX and AIM. The Company obtained the State's Waiver and the CA Consent with respect to the then current trading of the Common Shares on the TSX and AIM on October 25, 2010, which permits placement, sale or exchange of 241,851,581 Common Shares. As the Company, acting in good faith, disclosed in the waiver application to the Competent Authority the information on such past placements, the Company believes that the risk of the Competent Authority challenging such past placements and subsequent termination of the Company's subsoil use contract is remote. The Company is not aware of any instance of the State of Kazakhstan having terminated a subsoil use contract of any legal entity which indirectly, through its subsidiaries, holds a Kazakh subsoil use right as a result of the shares of such entity having been traded on a stock exchange or other public market in breach of the Subsoil Law.

Risks related to the Karchiga Definitive Feasibility Study and construction at the Karchiga Project
The Company believes that the assumptions and methodologies used in formulating the mine and processing plans for the Karchiga Project and the estimated costs and timing related thereto, as outlined in the Karchiga Definitive Feasibility Study Report, are reasonable and that the Karchiga Project will be developed within the guidelines, and will achieve the results, set out in the Karchiga Definitive Feasibility Study Report. However, there may be circumstances beyond the Company's control that may require the Company to alter the development plan and methodologies envisaged by the Karchiga Definitive Feasibility Study Report or in the Company's other publicly filed documents, including this MD&A, and there can be no assurance that the anticipated costs or the results set out therein will be achieved.

Development projects, such as the Karchiga Project, have no operating history upon which to base estimates of future capital and cash operating costs or economic returns. The estimates relating thereto contained in the Karchiga Definitive Feasibility Study Report are, to a large extent, based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected rates of minerals, estimated operating costs, anticipated climatic conditions and other factors, as applicable. As a result, it is possible that actual capital costs, cash operating costs and economic returns will differ significantly from those estimated.

Moreover, the success of construction at the Karchiga Project is subject to a number of factors, including but not limited to the receipt by the Company of the necessary funding to complete same, unanticipated changes in cost estimates, the availability and performance of engineering and construction contractors, mining contractors, suppliers and consultants, the receipt of required governmental licenses, approvals and permits in connection with the construction of the mining facilities and the conduct of mining operations, access to mining equipment and other operational elements. There can be no assurance that the Company will be able to obtain additional and sufficient funds to finance construction and start-up activities on favourable terms or at all. The failure of the Company to raise required financing, adverse changes in cost estimates, any delay or failure in the performance of any one or more of the contractors, suppliers and consultants or other persons on which the Company is, or may become, dependent in connection with its planned construction activities, a failure to receive the required governmental licenses, approvals and permits in a timely manner or on reasonable terms, the unavailability of necessary equipment and/or other factors beyond the Company's control could delay or prevent the construction and start-up of the Karchiga Project as planned. Any such delay or prevention may have a material adverse effect upon the valuation of the Karchiga Project in the Company's financial statements and its overall financial conditions.

Please also see *"Additional Debt and Equity Financing"* below.

Risks Relating to Kazakhstan

Uncertain Political Environment in Kazakhstan

Kazakhstan was a constituent republic of the FSU. In 1991, Kazakhstan declared its independence from the Soviet Union. At the time of its independence, it became a member of the Commonwealth of Independent States. Because Kazakhstan has a short history of political stability as an independent nation, there is potential for social, political, economic, legal, and fiscal instability. These risks include: local currency devaluation; exchange controls or restrictions on availability of hard currency; transportation regulations; changes with respect to taxes, royalty rates, import and export tariffs and withholding taxes on distributions to foreign investors; nationalization, condemnation, or expropriation of property; and interruption or blockage of copper exports. All of these factors could have a material adverse effect on the Company's business and financial condition. In addition, since the dissolution of the Soviet Union, a number of other former Soviet republics have experienced periods of political instability, civil unrest, military action or incidents of violence. Kazakhstan has not experienced any such unrest and, to date, this regional instability has not affected Kazakhstan or the Company's operations in Kazakhstan. However, future political instability, civil unrest or continued violence in the region could affect the political or economic stability of Kazakhstan, and could have an adverse effect on the Company's business, financial condition, results of operations or prospects.

Adverse Economic Conditions in Kazakhstan

Since its independence from the Soviet Union in December 1991, Kazakhstan has been undergoing a rapid and uneven transition to a market oriented economy. It has experienced severe economic problems since independence, including shortages in the supply of goods and services, unemployment and non-payment of wages, shortages, failures and other problems with utilities, transportation, communication and other infrastructure. In addition, stability in other countries, such as Russia, may materially affect the condition of the Kazakhstan economy. The Company cannot be assured that the economic measures taken by the Kazakhstan government will be effective in improving economic conditions in Kazakhstan or that the process of transition to a market oriented economy will be successful. These conditions could have a material adverse effect on the Company's business and financial condition.

Uncertain Legal Environment in Kazakhstan

The current legal environment in Kazakhstan is characterized by ambiguous and inconsistent legislation, gaps where legislation is not yet available, and uncertainty in application due to frequent policy shifts and lack of administrative and judicial experience. Kazakh laws often provide general statements of principles rather than a specific guide to operations and government officials may be delegated or exercise broad authority to determine matters of significance to the operations and business of the Company. Such authority may be exercised in an unpredictable way and effective appeal processes may not be available. In addition, breaches of Kazakh law, especially in the areas of taxation, may involve severe penalties and consequences regarded as disproportionate to the offence.

It is often difficult to obtain all necessary information about required permits, approvals and licenses as there is no comprehensive index or system for accessing all relevant legislation or administrative regulations. Additionally, officials often interpret regulations in an arbitrary or unpredictable way. It is also likely that the laws will change and such changes could be retrospective in form and effect.

There can be no assurance that the Company has complied with all applicable laws or obtained all necessary approvals in Kazakhstan. There can be no assurance that laws, orders, rules, regulations and other Kazakh legislation currently relating to the Company will not be altered, in whole or in part, or that a Kazakh court or other authority will not interpret existing Kazakh legislation, whether retroactively or otherwise, in such a way that would have an adverse impact on the Company. While there are some civil protections available against the retroactive effects of legislation, it may often be difficult to rely on or enforce such protections. The Company's failure to comply with any of these laws or obtain all of the necessary approvals could hinder the Company's ability to continue with its intended exploration work programmes and development work as planned and within the timescales previously planned and, if any breach is significant or remains unremedied for a prolonged period of time, the breach could threaten the Company's ability to retain its title to its exploration licenses and so affect the Company's future prospects.

In general, there remains uncertainty as to the extent to which Kazakh parties and entities, particularly governmental agencies, will respect the contractual and other rights of the non-Kazakh parties with which they deal and also as to the extent to which the "rule of law" has taken hold and will be upheld in Kazakhstan. Procedures for the protection of rights, such as the taking of security, the enforcement of claims and proceedings to obtain damages, are still relatively undeveloped, and certain common law concepts, such as injunctive relief, are not recognized in Kazakhstan. Accordingly, there may be greater difficulty and uncertainty in respect of the Company's ability to protect and enforce its legislated and contractual rights. There can be no assurance that this will not have a material adverse effect upon the Company's business and financial condition.

Kazakhstan Subsoil Use Law

The principal legislation governing subsoil exploration and mining activity in Kazakhstan is the Subsoil Law.

The Subsoil Law gives the Government of Kazakhstan significant control over the operations of a subsoil user and rights in certain circumstances to invalidate transfers of subsurface rights and to unilaterally terminate subsoil use contracts.

Under the Subsoil Law, the subsoil use contracts are only protected from changes in legislation if the changes worsen the results of entrepreneurial activities of the subsoil user. However, the Subsoil Law contains a very broad list of exceptions from stabilization that include taxation and customs regulation and exceptions which may have negative impact on defence, national security, environmental protection and health. To note, the government is broadly applying the national security exception to encompass security over strategic national resources.

Previously, subsoil contracts contained a general work program ("GWPs") providing for the financial and work commitments of subsoil users for the term of the contract. In addition, subsoil users were required to prepare annual work programs ("AWPs"), which set out more specifically the subsoil user's works and financial obligations during the contract year. The AWP had to be consistent with the general work program established under the subsoil use contract. Under the Subsoil Law, AWPs were eliminated. Subsoil users are now only required to carry out subsoil use operations under a work program developed on the basis of project documents. The Company submitted a work program in accordance with the requirements of the Subsoil Law in February 2013.

Under the Subsoil Law the Competent Authority has a right to unilaterally terminate a subsoil use contract in the following cases: (i) if a subsoil user more than twice failed to rectify violations within the period indicated by the Competent Authority in its notification; (ii) if a subsoil user transferred the subsoil use right and associated rights without the CA Consent and (iii) if a subsoil user performed less than 30% of its financial obligations during two consecutive years. Previously, the only way a subsoil user could renew a subsoil use contract was by way of court application. The Subsoil Law provides that the Competent Authority may renew a subsoil use contract without a court application in the following cases: (i) the decision to terminate the contract was adopted on the basis of doubtful information; and/or (ii) failure to perform or duly perform contractual obligations occurred due to force-majeure circumstances.

Under the Subsoil Law, the State has a statutory pre-emptive right that is exercisable in the event that a subsoil user wished to sell or otherwise transfer any contractual subsoil use rights or any shares or other equity interest in (i) a legal entity holding a subsoil use right or (ii) a legal entity which could directly or indirectly make decisions and/or exert influence over decisions adopted by a subsoil user, if the main activity of such an entity was connected to subsoil use in Kazakhstan. The pre-emptive right entitles the State of Kazakhstan to purchase such rights or equity interests on terms no worse than those offered to the intended purchaser. Since the Subsoil Law was amended at the end of 2014, such requirement is now only applicable to transactions with deposits and subsoil blocks having "strategic importance" as discussed below under section entitled "National Interests".

The Subsoil Law provides for certain exemptions from those provisions for:

- public market transactions that take place on a recognized securities exchange and are in respect of securities already listed and in circulation, notwithstanding the fact that these transactions would otherwise be subject to the State's pre-emptive right, provided the State's Waiver and CA Consent were obtained for the initial issue into circulation on an organised securities market of such shares;
- the transfer, in full or in part, of subsoil use rights or objects associated with subsoil use rights to a subsidiary of a subsoil user in which not less than 99% of the equity of such subsidiary is owned directly or indirectly by the subsoil user, provided that such subsidiary is not registered in a country with a preferential tax regime;

- the transfer, in full or in part, of subsoil use rights or objects associated with subsoil use rights between legal entities in which not less than 99% of the equity of both parties is owned directly or indirectly by the same entity, provided that the acquiring entity is not registered in a country with a preferential tax regime; and
- transactions involving the purchase or sale of securities that would otherwise be subject to the pre-emptive right, but which would result in the transfer of less than 0.1% of the equity of acquirer.

Pursuant to the Subsoil Law, objects associated with subsoil use rights were expanded and include now:

- participatory interests (shares) in a legal entity holding the subsoil use right, as well as a legal entity which may directly and/or indirectly determine and/or influence decisions adopted by a subsoil user if the principal activity of such subsoil user is related to subsoil use in Kazakhstan; and/or
- securities confirming title to shares or securities convertible to shares of a subsoil user as well as a legal entity who may directly and/or indirectly determine the decisions and/or influence the decisions adopted by such a subsoil user if such legal entity's core activities are associated with subsoil use in Kazakhstan ("Associated Rights").

The Subsoil Law provides a list of transactions/cases, other than for the alienation of subsoil use rights and Associated Rights, which require preliminary consent from the Competent Authority. These in particular, include the following transactions/cases:

- foreclosure of subsoil use rights and Associated Rights;
- transfer of subsoil use rights and Associated Rights to the third parties' charter capital;
- transfer of subsoil use rights and Associated Rights in the course of bankruptcy proceedings;
- obtaining a right to a participatory interest in a subsoil user or its parent company if such right arises as a result of a charter capital increase or by accession of a new participant to such legal entity;
- the initial public offering on an organized market of a subsoil user or its parent companies' securities;
- a pledge of participatory interests (shares) in a subsoil user; and
- the transfer of subsoil use rights or Associated Rights due to the reorganization of a subsoil user or its parent companies.

The Subsoil Law provides for an obligation of subsoil users, who signed their contracts prior to the enactment of the Subsoil Law, to be guided by the requirements established by the Subsoil Law with respect to unification of terminology and submission of information regarding:

- Kazakhstan content in goods, works and services ("GWS") and personnel calculated in accordance with the unified methodology for calculation of Kazakhstan content during procurement of GWS; and
- planned and actual procurement of GWS in accordance with the procedure and in forms approved by the Competent Authority.

The provisions regarding GWS and procurement requirements shall have retroactive effect and will apply to all contractors, regardless of any specific provisions on those topics.

Regulatory Authorities in Kazakhstan

Until March 12, 2010, the Competent Authority was the Former MEMR. On March 12, 2010, the Government of Kazakhstan eliminated the Former MEMR and transferred its functions to two newly formed ministries, the Ministry of Oil and Gas and the MINT. The Ministry of Oil and Gas assumed the responsibility for all matters relating to oil and gas and the MINT assumed responsibility for all matters relating to mining. Subsequently, in August 2014, responsibility for all mining related matters was transferred from the MINT to a newly created Ministry of Investment and Development of the Republic of Kazakhstan.

Kazakhstan Tax Legislation

The taxation system in Kazakhstan is still developing. The tax risks with respect to the Company's operations and investment in Kazakhstan are significant. Tax legislation is subject to different and changing interpretations as well as inconsistent enforcement at both local and state levels.

With the introduction of the Tax Code in December 2008 that became effective from January 1, 2009 Kazakhstan subsoil use taxation has undergone significant changes. The most important and significant change of such new legislation is the abolishment of stability of the tax regime for all subsoil use contracts, except for production sharing agreements signed prior to January 1, 2009 and subsoil use contracts signed by the President of Kazakhstan.

Thus, each subsoil user is required to pay taxes and other obligatory payments in accordance with the tax legislation as of the date when such tax obligations arise.

Currently all subsoil users carrying out activities in Kazakhstan are required to pay the following taxes:

Signature bonus is a one-time payment for the rights to explore, develop and produce mineral resources and it is determined by the government of Kazakhstan, based on a calculation taking into account the estimated amount of mineral reserves and the deposit's economic value.

Commercial Discovery Bonus is a one-time payment and is payable once a discovery of commercial value is made in the licensed or contracted territory. This will also apply to any increase of mineral reserves during the life of the production stage, subject to any changes in the tax legislation.

Mineral Production Tax (which replaces royalties under the old Tax Code) is normally paid in cash, unless the government of Kazakhstan specifically requires its payment in kind.

Excess profits tax is payable by mineral producers when their profits are in excess of a specified rate of return as set forth in the Tax Code.

Historical cost reimbursement is generally paid over the life of a production contract and calculated based upon the amounts previously paid by the State in geological exploration. Payment of historical costs is designed to recover historical costs previously incurred by the Government of Kazakhstan (including the former FSU) for exploration and development of mineral reserves or mineral resources.

In addition, all legal entities carrying on activities in Kazakhstan must be registered with the tax inspectorate and pay an income tax, a value added tax, a withholding tax, an excise tax, a tax on securities transactions, a land tax, a property tax, and a transport tax, as well as required contributions to social funds, fees for licenses and customs fees and duties.

National Interests

The Subsoil Law also contains a concept of “fields of strategic importance”. This concept is aimed to protect Kazakhstan’s national interests in the sphere of subsoil use. Under the recent amendments to the Subsoil Law introduced on 29 December 2014, the Government of Kazakhstan is authorized to approve a list of strategic deposits and subsoil blocks and the criteria for determining what is deemed of ‘strategic importance’. As of February 25, 2015, the government of Kazakhstan has not issued such list and the criteria for what is deemed of ‘strategic importance’. Currently a governmental resolution "On Determination of the List of Subsoil (Deposit) Areas Having Strategic Importance", dated 4 October 2011 (the “2011 List”), is still effective. Currently the area covered by the Karchiga Project contract is not included in the 2011 List and therefore is not considered to be a field of strategic importance.

As a matter of applicable laws, the State is entitled to introduce amendments and/or additions to a subsoil use contract. As such, these amendments and/or additions may be made if the actions of the relevant subsoil user, operating what is deemed to be a strategic subsoil field, results in unfavourable changes to Kazakhstan’s economic interests, which may adversely affect the national security.

The law “On National Security of the Republic of Kazakhstan” effective as of January 17, 2012, provides very broad criteria of what is to be understood as a threat to Kazakhstan’s national security. In particular, the criteria include threats to the economic, political, ecological, information and public security. Based on this, the actual determination of what actions of a subsoil user may have a material negative impact on Kazakhstan’s national security appear to be within the government’s exclusive discretion. If such determinations are made, the Competent Authority may unilaterally terminate a subsoil use contract if: (i) within two months from the receipt of notice the subsoil user does not give its written consent to negotiate changes to the terms of the subsoil contract or refuses to negotiate; (ii) within four months from the receipt of the subsoil user’s consent agreement is not reached on such changes; and (iii) within six months from the date agreement was reached written changes to the terms of the subsoil contract have not been made.

Currency Regulation and Currency Control Laws

On July 4, 2009, amendments to the Law of the Republic of Kazakhstan “On Currency Regulation and Currency Control” were adopted. These amendments are aimed at preventing possible threats to the economic security and stability of the Kazakh financial system. The President of Kazakhstan was granted the right to establish, by way of a special President’s decree, a special currency regime which may include: (i) depositing a certain portion of foreign currency interest free in a resident Kazakh bank or the National Bank of Kazakhstan; (ii) obtaining special permission of the National Bank of Kazakhstan for currency transactions; (iii) restricting foreign currency transfers overseas; (iv) requirements to sell foreign currency received by residents in a compulsory manner; and (v) restrictions to use of accounts in foreign banks.

In general, the impact of the special currency regime is that, if imposed, it may potentially result in preventing subsoil users in Kazakhstan from being able to pay dividends to their shareholders abroad or repatriating profits in foreign currency in full or in part. In addition, extra administrative procedures could be imposed and Kazakh companies could be required to hold a part of their foreign currency in local banks.

Regulatory Approvals

The operations of Orsu and the exploration, development and subsoil use rights which have been obtained by the Company require numerous approvals, consents, licenses, permits and registrations from various regulatory authorities, governmental and otherwise, and/or renewals or extensions thereof. No assurance can be given that approvals, consents, licenses, permits and registrations currently held by Orsu or which are obtained in the future will not be withdrawn, revoked or subject to change, with or without notice, or that they will be renewed or extended as required. As well, additional project specific consents, permits, registrations and/or governmental decrees may be required. Furthermore, as Kazakhstan and Kyrgyzstan have somewhat bureaucratic administrative systems, there may be delays in obtaining, renewing or extending such approvals, consents, licenses, permits and registrations. There is no assurance that Orsu will be able to obtain, maintain, renew or extend all necessary approvals, consents, licenses, permits and registrations that may be required and/or that all consents, licenses, permits and registrations specific to the Company's projects will be forthcoming in order to enable Orsu to explore and develop the properties on which it has exploration, development and subsoil use rights or to commence construction or operation of mining facilities that economically justify the costs involved. All such factors may have material adverse effects on Orsu's business and financial condition.

Additional Debt and Equity Financing

The advancement, exploration and development of the Company's properties, including continuing exploration and development projects, and the construction of mining facilities and commencement of mining operations, if any, will require substantial additional financing in the future. Failure to obtain sufficient financing in the future will result in a delay or indefinite postponement of the advancement, exploration, development or commercial production on any or all of the Company's properties or even a loss of a property interest. Additional debt and / or equity financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Company and might involve substantial dilution to existing shareholders. While the Company has been successful in raising such financing in the past, the Company's ability to raise additional 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 listed under this *"Risks and Uncertainties"* section of this MD&A. Failure to raise capital when needed would have a material adverse effect on the Company's business, financial condition and results of operations.

Prior antimonopoly consent for certain transactions involving transfers of shares in the Company and/or its subsidiaries

The merger control regime is established pursuant to the Competition Law dated December 25, 2008 (the "Competition Law"). The relevant authority is the Committee for the Regulation of Natural Monopolies and Protection of Competition, under the Ministry of National Economy of the Republic of Kazakhstan, (the "Antimonopoly Committee").

For most transactions, the merger control regime requires obtaining of prior consent from the Antimonopoly Committee for "economic concentration". Some transactions require notification of the Antimonopoly Committee subsequent to the execution of a transaction. The consent and notification requirements are mandatory but they do not apply to transactions which do not meet the tests established by the Competition Law.

The consent of the Antimonopoly Committee is valid during one year from the date of the consent being given. If the transaction has not been completed within one year, the applicant must submit a new application to the Antimonopoly Committee. A transaction which occurs without the Antimonopoly Committee's approval is not void under the law, but may be challenged in a Kazakhstan court. As a general rule it is unlikely that a transaction involving offshore companies will be challenged in the courts of Kazakhstan.

Subject to the tests specified below, the prior consent of the Antimonopoly Committee is required in respect of:

(a) reorganisation of a company through merger or accession to another company;

(b) acquisition of voting shares/participating interests in a company in the amount exceeding 25% of its voting shares/participating interests provided that prior to the acquisition the acquirer did not own, or owned 25% or less of, the voting shares/participating interests in that company; and

(c) acquisition, taking possession or use of the fixed and/or intangible assets of another company, provided that the book value of such assets exceeds 10% of the book value of the fixed and intangible assets of the company alienating or transferring such assets.

The consent or notification of the Antimonopoly Committee for the above transactions is required if one of the following tests is met:

(a) the aggregate balance sheet value of the assets or the aggregate volume of sales of goods (works, services) of the acquirer and its group of entities and the target company (in which the shares/participating interests will be acquired) for the last financial year, exceeds 10 million times the

Monthly Calculation Index (currently Kazakh Tenge 18,520,000,000 or approximately $101,202,186) that is in effect on the date of submission of the application for obtaining the consent/notification; or

(b) one of the parties to the transaction has a dominant or monopoly position in the relevant market in Kazakhstan.

Certain transactions are not considered economic concentration and therefore consent/notification of the Antimonopoly Committee is not required for their execution. This includes:

(a) acquisition of shares/participating interests by financial institutions where it is undertaken for subsequent re-sale provided that such financial institutions do not participate in voting in the management bodies of the target company;

(b) acquisition by financial organisations of any property/assets of another company for their subsequent re-sale with a view to discharging debtor's obligations in full or in part; and

(c) transactions carried out within one group of persons.

Risks and Uncertainties Relating to the Sale of the Talas Project

Pursuant to the terms of the agreement dated as of July 13, 2012 relating to the Sale, the Company gave Gold Fields certain customary warranties regarding taxation. These warranties are subject to certain limitations, including specified time periods within which claims relating to such warranties can be brought which are customary for a transaction of this nature. The Company has also given indemnities relating to certain potential tax liabilities and liabilities connected to its former indirect subsidiary, Talas Copper Gold LLC.

In the event that Gold Fields pursues a claim against Orsu for a breach of any of these warranties, or Orsu is required to meet its obligations under the indemnities provided to Gold Fields, Orsu will be exposed to unexpected and potentially material cash outflows from its limited cash resources, which could have a material adverse effect on the Company's financial condition and results of operations.

Risks and Uncertainties Relating to the Varvarinskoye SPA and the Sale of the Varvarinskoye Project

The Company sold all of its interest and obligations in the previously operated Varvarinskoye gold-copper mine in the Urals belt in northern Kazakhstan to Open Joint Stock Company Polymetal ("Polymetal") on October 30, 2009, pursuant to the terms of a sale and purchase agreement dated June 13, 2009 between the Company and Polymetal (the "Varvarinskoye SPA"). Pursuant to the terms of the Varvarinskoye SPA, the Company has given Polymetal certain customary warranties regarding taxation. These warranties are subject to certain limitations, including specified time periods within which claims relating to such warranties can be brought which are customary for a transaction of this nature. The Company has also given indemnities relating to certain potential tax liabilities and liabilities connected to its former indirect subsidiary, JSC Kenzhem.

In the event that Polymetal pursues a claim against Orsu for a breach of any of these warranties, or Orsu is required to meet its obligations under the indemnities provided to Polymetal, Orsu will be exposed to unexpected and potentially material cash outflows from its limited cash resources, which could have a material adverse effect on the Company's financial condition and results of operations.

Estimates of Mineral Resources and Mineral Reserves

The mineral resource and mineral reserve estimates published from time to time by the Company (including those referred to in this MD&A) are estimates only and no assurance can be given that any particular level of recovery of copper, gold or other minerals from mineral resources or mineral reserves, as applicable, will in fact be realized. There can also be no assurance that an identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be economically exploited. Additionally, no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Estimates of mineral resources and mineral reserves can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ dramatically from that indicated by results of drilling, sampling and other similar examinations. Short term factors relating to mineral resources and mineral reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. Material changes in mineral resources and mineral reserves, grades, stripping ratios or recovery rates may affect the economic viability of projects. Mineral resources and mineral reserves are reported as general indicators of mine life. Mineral resources and mineral reserves should not be interpreted as assurances of mine life or of the profitability of current or future operations. There is a degree of uncertainty attributable to the calculation and estimation of mineral resources and mineral reserves and corresponding grades being mined or dedicated to future production. Until ore is actually mined and processed, mineral resources, mineral reserves and grades must be considered as estimates only. In addition, the quantity of mineral resources and mineral reserves may vary depending on mineral prices. Any material change in mineral resources and mineral reserves, grades or stripping ratios will affect the economic viability of the Company's projects.

Subsoil use rights
In Kazakhstan and Kyrgyzstan, all subsoil reserves belong to the State. Non-compliance with mining legislation and subsoil use contracts may lead to regulatory challenges and subsequently the loss of access to mineral resources. Subsoil use rights that are granted to the Company may conceivably be suspended or terminated if the Company does not satisfy its licensing or contractual obligations, which include periodic payment of royalties, license withholding fees to the governments, submission of work completion reports and the satisfaction of mining, environmental and health and safety requirements. The Company's management makes every effort to ensure compliance with all mining legislation, the terms of subsoil use contracts and any approved work programmes. Please see *"The Government of Kazakhstan's pre-emptive rights, waiver and consent of the Competent Authority"* above**.**

Asset Impairment
The Company considers those events or circumstances which may indicate that a long-lived asset's carrying amount may not be recoverable, in which case the carrying value of long-lived assets is tested for impairment.

If impairment is identified, the carrying value of the long lived asset is written down to its estimated fair value. Although management of the Company believes that the estimates and judgments applied in such impairment assessments are reasonable, such assessments are subject to significant uncertainties and judgments. If long-term estimates including those made for commodity prices, recoverable metal and share prices were to change significantly, additional impairment charges may be required in future periods, and such charges could have a material adverse effect upon the Company's financial condition.

Credit Risk
Credit risk is the risk of financial loss to the Company if counterparties are unable to fulfil their respective commitments to the Company. The Company's exposure to credit risk relates to its cash and cash equivalent assets. The Company's cash and short term deposits are all held at banks with a minimum credit rating (as defined by recognized credit agencies) of "A-1" and, as such, the Company believes that these banks do not have significant exposure to credit risk. However, there are a number of known and unknown risks, uncertainties and other factors that may give rise to an increase in the Company's exposure to credit risk and which could have a material adverse effect upon the Company's financial condition.

Speculative Nature of Mineral Exploration
The exploration and development of mineral deposits involves significant financial risks over a prolonged period of time, which a combination of careful evaluation, experience and knowledge may not eliminate. Few properties that are explored are ultimately developed into economically viable operating mines. Major expenditure on Orsu's exploration properties may be required in constructing mining and processing facilities at a site, and it is possible that even preliminary due diligence will show adverse results, leading to the abandonment of projects. It is impossible to ensure that preliminary feasibility studies or definitive feasibility studies on Orsu's projects or the current or proposed exploration programmes on any of the properties in which Orsu has exploration rights will result in any profitable commercial mining operation. See *"Risks relating to the Karchiga Definitive Feasibility Study and construction at the Karchiga Project"* above. Orsu cannot give any assurance that its current and future exploration activities will result in the discovery of additional mineral deposits containing mineral reserves.

Whether a base metal or precious metal deposit will be commercially viable will depend on a number of factors, some of which are the particular attributes of the deposit (such as its size and grade), proximity to infrastructure, financing costs and governmental regulations (including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of precious metals or base metals concentrates, exchange controls and environmental protection). The combination of these factors may have a material adverse effect on Orsu's business and financial condition.

Class Action Claim
Pursuant to a class action claim commenced against European Minerals Corporation (the Company as it was previously named) and two of its former officers in the Ontario Superior Court of Justice in June, 2008 (the "Claim"), general and special damages in the amount of CAD$50 million and punitive damages in the amount of CAD$5 million were claimed against the Company. The Company entered into a court-approved settlement agreement in connection with the Claim, pursuant to which it was agreed that the Claim would be settled for CAD$2.2 million, to be shared equally between Orsu and its insurer (the "Settlement Agreement"), which became effective on March 22, 2010. Individual class members had the right to opt out of the settlement during an opt-out period, which expired on June 7, 2010. The Company was notified that no class members opted out of the settlement. The settlement is now final.

However, the enforceability of the Settlement Agreement against class members who are not residents of Ontario will be subject to the various jurisdictional laws of the respective jurisdictions in which such class members are located or where they bring any legal action. In any class action involving potential class members in other jurisdictions, there is always the possibility that some of those class members may still be able to pursue individual claims and seek recovery in the courts of their respective jurisdictions. While the Company does not anticipate that any individual claims by such class members would be significant, there can be no assurance that any such claims, if successfully made, would not have a material adverse effect on Orsu's financial condition. In addition, at a minimum some provincial jurisdictions in Canada have a 6 year time limit on the type of Claim made against Orsu. Hence, with respect to Canada, that time limit has not as yet expired. However, no such challenges to the settlement have been launched to date.

Risks Relating to the Kyrgyz Republic
Uncertain Political Environment in the Kyrgyz Republic

The Kyrgyz Republic has a short history as an independent nation and there is potential for social, political, economic, legal, and fiscal instability.

In particular, from April to June, 2010 the Kyrgyz Republic experienced political instability and civil unrest. On April 7, 2010, a change in government took place with opposition leaders forming an interim government and the former president leaving the country. The interim government took over the powers of the president, parliament and the central government and dissolved the Kyrgyz parliament, and stated that it would remain in power until a new constitution had been adopted and new parliamentary elections held. On June 27, 2010, a referendum was held and 90.55% of the voters supported the new constitution and the election of Ms. Roza Otunbaeva as the President of the country until December 31, 2011 during the transition period. The new constitution provides that the Kyrgyz Republic shall become a parliamentary republic, rather than a presidential republic. On October 10, 2010, the parliamentary elections were held and five leading political parties won seats at the Parliament. On October 30, 2011 new presidential elections were held and Mr. Almazbek Atambaev became the president of the Kyrgyz Republic for six years. The new constitutional system also requires the parliamentary parties to form a coalition to nominate and elect the prime minister and set up a cabinet of ministers. Coalition negotiations and agreements are often challenged; dissolution of the coalition may lead to dissolution of the coalitional cabinet of ministers. Whether these, or further, changes in the government will have a material adverse effect upon the Company's business, operations or any of the licenses held in the Kyrgyz Republic is unknown at this time.

Future political or social instability or civil unrest in the Kyrgyz Republic could, in addition to affecting the political, social and/or economic stability of the Kyrgyz Republic, adversely affect the ongoing exploration and development of the Akdjol-Tokhtazan Project or even the loss of the Company's interest in the property.

Another source of instability that may influence the Company's business in the Kyrgyz Republic is frequent change of management of the state agency responsible for the implementation of mining policy in the Kyrgyz Republic, including the granting, suspension and termination of mining licenses, that as a consequence leads to changes in the policy making and decision taking procedures in the mining industry as a whole.

Other risks associated with the Company's business in the Kyrgyz Republic include the possibility of: local currency devaluation; exchange controls or restrictions on availability of hard currency; transportation regulations; changes in taxes, royalty and bonus rates, import and export tariffs and withholding taxes on distributions to foreign investors; nationalization, condemnation, or expropriation of property; dependency upon good relations with the Kyrgyz Republic's neighbours to ensure the Kyrgyz Republic's ability to export; and interruption or blockage of gold or copper exports. The occurrence of one or more of the foregoing could have a material adverse effect on the Company. As at the date of this AIF, it is uncertain whether the current evolving political and social changes in the Kyrgyz Republic will have a direct or indirect material adverse effect upon the Company or its business or financial condition.

Uncertain legal environment in Kyrgyzstan

The legislation of the Kyrgyz Republic is unstable and is regularly amended and modified. The following risks create uncertainties to businesses in the Kyrgyz Republic: conflicting and uncoordinated laws, regulations and decrees; inconsistent application of laws and regulation; alleged bribery and corruption and non-transparency within governmental bodies; alleged non-independent judicial system; certain limitations related to foreign citizens; changes in the tax and customs regime; introduction of new obligations and requirements with retroactive effect that lead to financial expenditures; discrepancies and confusion surrounding the powers of different governmental agencies; and excessive discretion. It should be noted that after the change of government in April 2010, the interim government adopted decrees on nationalization of various properties and introduced external management to certain companies, which are stated to be owned by the family and close circle of friends of the former president, Kurmanbek Bakiev. However, on April 26, 2010, the new interim government adopted decree No. 23 "On protection of investments", which guaranteed to local and foreign investors protection of investments, a fair and equal legal regime and fulfillment of the international obligations of the Kyrgyz Republic.

In August 2012 a new set of mining laws was adopted that establishes new mining regulations, mining taxation, land use and licensing procedures.

Major changes, among others, are as follows:

- According to the new mining laws an interest in mining projects can be obtained through transfer of the interest in the company holding the license. As a result, the change of ownership of shares of more than 10% entails the payment of a bonus calculated proportionally to the changed shares of ownership;

- The company holding the license has the right to transfer its subsoil use rights under the license after 2 years from the date of implementation of the technical project on development of license area, provided that it guarantees that the company to which the subsoil use rights were transferred will comply with the terms of the effective license agreement. Transfer of the license is possible in the absence of debts on the bonus, royalties and license withholding fees;

- Progressive license withholding fees were introduced payable by all license holders per square km/hectare of the relevant license area. The rates increase on an annual basis to stimulate the subsoil users to intensify their prospecting and exploration work and commence production or relinquish area;

- New category of lands – state reserve of lands of mineral deposits was introduced, that would simplify the procedure of obtaining land use rights. However, the procedure of granting the lands of mineral deposits has not been approved by the Government yet.

In August 2014, new amendments were introduced to the Regulation on Licensing of Subsoil Use, approved by the Resolution of the Kyrgyz Government dated December 14, 2012 No. 834. According to these amendments, the decision of the licensing committee on refusal to grant the subsoil use rights through direct negotiations cannot be revised.

In order to obtain the subsoil use rights for development of mineral deposits and geological prospecting or exploration works through direct negotiations, along with other documents, the applicant must provide proof of its financial ability to carry out the field development plan issued by the banks of the Kyrgyz Republic.

The Kyrgyz Government approved a list of strategic objects (property that has a social and economic importance for sustainable development of community, possession, (or) use and/or disposal of which will influence the status of national security of the Kyrgyz Republic). On February 17, 2014 the Government adopted a resolution No. 99 on approval of the list of strategic objects that also includes some mineral deposits. Shares of the companies holding the licenses for prospecting, exploration and development of these mineral resources might also be recognized as strategic objects.

If the owner intends to sell the strategic object, the Government has a priority right to purchase the strategic object in the manner prescribed by the legislation.

Base Metal and Precious Metal Prices

The profitability of any base or precious metal mining operation in which Orsu may have an interest will be significantly affected by changes in the market price of base and precious metals. Base or precious metal prices fluctuate on a daily basis and are affected by numerous factors beyond Orsu's control. The level of interest rates, the rate of inflation, world supply of base or precious metals and stability of exchange rates can all cause significant fluctuations in base or precious metal prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of base or precious metals has historically fluctuated widely and future price declines could cause commercial production to be uneconomical and such fluctuations could have a material adverse effect on Orsu's business and financial condition.

Currency Risk

The Company's asset values and any future earnings and cash flows will be influenced by a wide variety of currencies due to the geographic diversity of the Company's areas of operation. The relative value of currencies can fluctuate widely and could have a material and adverse impact on the Company's asset values, costs, earnings and cash flows.

Foreign Operations

The Company's material property is located in Kazakhstan and as such a substantial portion of the Company's business is exposed to various degrees of political, economic and other risks and uncertainties. The Company's operations and investments may be affected by local political and economic developments, including expropriation, nationalisation, invalidation of government orders, permits or agreements pertaining to property rights, political unrest, labour disputes, limitations on repatriation of earnings, limitations on mineral exports, limitations on foreign ownership, inability to obtain or delays in obtaining necessary mining permits, licenses or approvals, opposition to mining from local, environmental or other non-governmental organizations, government participation, royalties, duties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies. Some of the Company's current and potential operations are located in or near communities that may now, or in the future, regard such an operation as having a detrimental effect on their economic and social circumstances. Should this occur, it may have a material adverse impact on the viability of an operation. In addition, such an event may adversely affect the Company's ability to enter into new operations in the country.

Compliance with Laws
Orsu's operations are subject to various laws and regulations in numerous jurisdictions around the world. The costs associated with compliance with such laws and regulations may cause substantial delays and require significant capital outlays, which may have a material adverse effect on Orsu's business, financial condition and prospects.

Global Economic Conditions and Financial Markets
Market events and conditions, such as the disruption in the Canadian, U.S. and international credit markets and other financial systems and the deterioration of Canadian, U.S. and global economic conditions that were experienced during 2008 and 2009 and the resulting continuing depressed levels of economic conditions particularly in Europe or a serious deceleration of growth in emerging markets, especially China, could among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on the Company's ability to fund its working capital and other capital requirements. Notwithstanding various actions by numerous states and/or governments, there remains significant uncertainty about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions and the rate of any economic recovery. These unprecedented disruptions in the credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies, particularly junior resource exploration and development companies such as the Company. These and longstanding or future disruptions could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining, capital and financing for its operations. The Company's access to additional capital may not be available on terms acceptable to the Company or at all.

Market Price of Common Shares
Worldwide securities markets have in the recent past experienced a high level of price and volume volatility and market prices of securities of many companies, particularly those considered exploration or development stage companies, have experienced unprecedented declines which were not necessarily related to the operating performance, underlying asset values or prospects of such companies. In addition, there has been a significant decline in the number of buyers willing to purchase such securities. As a consequence, market forces may render it difficult or impossible for the Company to secure purchasers for its securities at a price which will not lead to severe dilution to existing shareholders, or at all. In addition, shareholders may realize less than the original amount invested on disposals of their Common Shares during periods of such market price decline.

Competition
The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than Orsu, in the search for and acquisition of exploration and development rights on attractive mineral properties. Orsu's ability to acquire exploration and development rights on properties in the future will depend not only on its ability to develop the properties on which it currently has exploration and development rights, but also on its ability to select and acquire exploration and development rights on suitable properties. There is no assurance that Orsu will compete successfully in acquiring exploration and development rights on such properties and such inability could have a material adverse effect on Orsu's business and financial condition.

Insurance Risk
Orsu faces all of the hazards and risks normally incidental to exploration and development activities, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all such damage caused. Orsu's activities may be subject to prolonged disruptions due to weather conditions depending on the location of operations in which Orsu has interests. Orsu may incur a liability to third parties (in excess of any insurance coverage) arising from damage or injury. Currently, Orsu believes it has the necessary insurance policies in place that it needs for its projects. There are also risks against which Orsu cannot insure or against which it may elect not to insure because of high premium costs.

The potential costs that could be associated with any liabilities not covered by insurance which may be, but are not, taken out or are in excess of insurance coverage actually taken out may cause substantial delays and require significant capital outlays, adversely affecting Orsu's earning and competitive position in the future and, potentially, its financial position.

Key Personnel
Orsu relies on a limited number of key employees, consultants and members of senior management and there is no assurance that Orsu will be able to retain such key employees, consultants or other senior management. The loss of one or more of such key employees, consultants or members of senior management, if not replaced, could have a material adverse effect on Orsu's business and prospects. The Company does not maintain key employee insurance on any of its employees, consultants or members of senior management.

Health, safety and environment
Orsu operates in an industry which is subject to numerous health, safety and environmental laws and regulations as well as community expectations. Evolving regulatory standards and expectations can result in increased litigation and/or increased costs, all of which can have a material and adverse effect on future earnings and cash flows. The Company complies with or exceeds the requirements of all applicable environmental laws and

regulations and, in jurisdictions where these are absent or inadequate, applies cost-effective technologies and management practices to ensure the protection of the environment as well as worker and community health. The Company works to make environmental management a high corporate priority and the integration of environmental policies, programmes and practices an essential element of management.

The Company cannot, however, predict what environmental legislation or regulations will be enacted in the future or how existing or future laws or regulations will be administered or enforced. Compliance with more stringent laws or regulations, or more vigorous enforcement policies of any regulatory agency, could in the future require material expenditures by the Company for the installation and operation of systems and equipment for remedial measures, any or all of which could have a material adverse effect on the Company's business and financial condition.

Foreign Subsidiaries

The Company is a foreign corporation and conducts operations through foreign subsidiaries and all of its assets are held in these subsidiaries. Accordingly, any limitation on the transfer of cash or other assets between the Company and its subsidiaries, or among its subsidiaries, could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist in the future, could have an adverse impact upon the Company's business and financial condition.

Defects in Title

The Company has investigated its rights to explore and exploit and develop its projects and, to the best of its knowledge, those rights are in good standing; however, no assurance can be given that such rights will not be revoked, or significantly altered, to the detriment of the Company.

Difficulty in Enforcing Judgments

As a result of all of the Company's assets being located in a foreign jurisdiction, there will likely be difficulties in enforcing against the Company judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities legislation for a misrepresentation contained in this MD&A or otherwise.

Limitations on Foreign Control, Operation and Management of Exploration and Mining Companies

There are currently no restrictions on the foreign control, operation and management of exploration and mining companies in Kazakhstan and Kyrgyzstan. However, there can be no assurance that legal requirements as to the foreign control, operation and management of such companies in such jurisdictions will not change and any such change could have a material adverse effect on Orsu's ability to conduct its operations and business interests as previously planned.

Conflicts of Interest

Certain of the directors and officers of Orsu are directors or officers of, or have significant holdings in, other mineral resource companies. Such other companies may compete with Orsu for the acquisition of mineral property rights and finance.

Other Tax Related Risks

Utilization of Tax Losses and Tax Reliefs

The Company has accumulated substantial tax losses (as disclosed in note 16 of the Company's audited Consolidated Financial Statements for the year ended December 31, 2014). Whilst the Company has satisfied all relevant deadlines and provisions for the timely and accurate reporting of the Company's transactions and resulting tax losses to the tax authorities in the relevant taxation jurisdictions, the availability and utilization of such tax losses by the Company in the future cannot be predicted with certainty due to potentially unforeseen changes in the nature of the Company's operations, unforeseen delays in the commencement of the Company's operating profits, if any, and unforeseen and adverse changes in the tax legislation of Kazakhstan or Kyrgyzstan.

FORWARD-LOOKING INFORMATION

This 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: development and operational plans and objectives, including the Company's expectations relating to the continued and future maintenance, exploration, development and financing for, as applicable, of the Karchiga Project, and the Kogodai Project and the timing related thereto and its acquisition and development of new mineral exploration licenses, properties and projects; the Company's ability to satisfy certain future expenditure obligations; mineral resource and mineral reserve estimates; estimated project economics, cash flow, costs, expenditures, revenue, capital payback, performance and economic indicators and sources of funding; the estimate, use and sufficiency of the Company's working capital and the Company's ability to fund its working capital requirements; the re-negotiation of a new debt mandate with UniCredit and/or another senior debt provider and the potential participation by other debt providers; the potential raising of additional funding through the disposition of the Akdjol-Tokhtazan Project and the proposed uses thereof; the estimated mine life, NPV and IRR for, and forecasts relating to tonnages and amounts to be mined from, and processing and expected recoveries and grades at, the Karchiga Project as well as the other forecasts, estimates and expectations relating to the Karchiga Definitive Feasibility Study Report; the mine design and plan for the Karchiga Project, including mining at, and production from the Karchiga Project; the Company's intention to recognize the $400,000 non-refundable deposit from the Potential Buyers as income in the future; the future political and legal regimes and regulatory environments relating to the mining industry in Kazakhstan and/or Kyrgyzstan; the Company's expectations and beliefs with respect to the waiver of the State's pre-emptive right with respect to the Karchiga Project and the past placements of the Common Shares being covered thereby; the significance of any individual claims by non-Ontario residents with respect to the Claim; 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 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 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 to meet its future expected obligations and planned activities (including, with respect to financing for the Karchiga Project, the ability of the Company to obtain such financing on terms acceptable to the Company or otherwise), the Company's business (including the continued exploration and development of, as applicable, the Karchiga Project and the Kogodai Project and the timing and methods to be employed with respect to same), the estimation of mineral resources and mineral reserves, the parameters and assumptions employed in the Karchiga Definitive Feasibility Study Report, 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 Competent Authority 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, the Company's ability to continue to obtain qualified staff and equipment in a timely and cost-efficient manner, assumptions relating to the Company's critical accounting policies, and has also assumed that no unusual geological or technical problems occur, and that equipment works as anticipated, 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: risks normally incidental to exploration and development of mineral properties and operating hazards; uncertainties in the interpretation of results from drilling and metallurgical test work; the possibility that future exploration, development or mining results will not be consistent with expectations; uncertainty of mineral resource and mineral reserve estimates; technical and design factors; uncertainty of capital and operating costs, production and economic returns; uncertainties relating to the estimates and assumptions used, and risks in the methodologies employed, in the Karchiga Definitive Feasibility Study Report; adverse changes in commodity prices; the inability of the Company to obtain required financing on favourable terms at all or arrange for the disposition of 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, including (without limitation) the Company's inability to obtain (or a delay in obtaining) the necessary construction and development permits for the Karchiga Project and other risks relating to the regulatory frameworks in Kazakhstan and Kyrgyzstan; 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 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 "Risks and Uncertainties" in this MD&A.

Any mineral resource and mineral reserve figures referred to in this MD&A are estimates and no assurances can be given that the indicated levels of minerals will be produced. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that the mineral resource and mineral reserve estimates in respect of its properties are well established, by their nature mineral resource and mineral reserve estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such mineral resource and mineral reserve 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. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

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.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company is reported within the time periods specified under securities laws and ensure that information is communicated to management of Orsu, including the Chief Operating Officer (acting as Chief Executive Officer) and Chief Financial Officer, to allow timely decisions regarding required disclosure. The Company has performed an evaluation of the effectiveness of the Company's disclosure controls and procedures (as defined in National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings). Based on that evaluation, the Chief Operating Officer (acting as Chief Executive Officer) and the Chief Financial Officer of Orsu have concluded that the design and operation of the Company's disclosure controls and procedures were effective as at the date of this MD&A.

Internal Controls over Financial Reporting ("ICFR")

The Chief Operating Officer (acting as Chief Executive Officer) and Chief Financial Officer of Orsu are responsible for establishing and maintaining adequate ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reports and/or statements for external purposes in accordance with IFRS. The Chief Operating Officer (acting as Chief Executive Officer) and Chief Financial Officer of Orsu directed the assessment of the design and operating effectiveness of the Company's ICFR as at the date of this MD&A and based on that assessment determined that the Company's ICFR, no matter how well designed, has inherent limitations. Therefore, the ICFR can only provide reasonable assurance with respect to financial statement preparation and may not prevent all misstatements, errors or fraud.

Material weakness relating to design and operation of ICFR

During the assessment of the design and operating effectiveness of the Company's ICFR, it was noted that, due to the limited number of financial staff at some of the Company's locations, it was not feasible to achieve complete segregation of duties with respect to all internal control functions and processes. This failure to achieve complete segregation of duties combined with the decentralised nature of the Company's operations increases the risk of misstatement. This risk is proactively managed and mitigated through regular internal reporting of financial transactions, maximum use of system-generated transaction audit reports, stringent staff selection policies and employer references and by the Chief Financial Officer continuing to regularly visit and review the activities of the Company's overseas finance departments.

While management of the Company has put in place certain plans and procedures to mitigate the risk of a material misstatement in the Company's financial reporting, a system of internal controls can provide only reasonable, not absolute, assurance that the objectives of the control system are met, no matter how well conceived or operated. There were no changes made to the Company's ICFR during the three months ended March 31, 2015 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

OTHER INFORMATION

Additional information:
Additional information relating to the Company, including the Company's Annual Information Form dated March 27, 2015 may be accessed through SEDAR on the internet at www.sedar.com or on the Company's website at www.orsumetals.com.

Disclosure of Outstanding Share Data
The following table sets forth information concerning the outstanding securities of the Company as at May 12, 2015:

Outstanding Securities	**Number in issue**	**Number of new shares if exercised in full**
Common Shares	182,696,049	N/A
Old share purchase options[(1)]	2,850,000	285,000
New share purchase options[(2)]	1,075,000	1,075,000
		1,360,000
New share purchase warrants[(3)]	12,500,000	12,500,000

Notes:
1. For share purchase options granted prior to the 10:1 share consolidation on November 24, 2009, up to 285,000 Common Shares are issuable upon the exercise of such share purchase options.
2. For share purchase options granted after November 24, 2009, up to 1,075,000 Common Shares are issuable on exercise of such share purchase options.
3. For the share purchase warrants granted to Gold Fields on July 24, 2013, up to 12,500,000 Common Shares are issuable on exercise of such share purchase warrants.

END