Orsu Metals Corporation

Consolidated Financial Statements (Unaudited)

March 31, 2015 and 2014

(In thousands of US dollars)

Orsu Metals Corporation

Consolidated Balance Sheets (Unaudited)

(in thousands of US dollars)

	March 31 2015 $	December 31 2014 $
Assets		
Current assets		
Cash and cash equivalents	6,720	7,606
Prepaid expenses and receivables	647	545
Assets of Akdjol-Tokhtazan Project held for sale (note 4)	4,509	4,583
	11,876	12,734
Non-current assets		
Property, plant and equipment (note 6)	9,020	9,036
Other assets (note 7)	815	832
	9,835	9,868
Total assets	21,711	22,602
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	391	377
Deferred income (note 8)	400	400
Liabilities of Akdjol-Tokhtazan Project held for sale (note 4)	175	187
Lease obligations (note 9)	476	-
	1,442	964
Non-current liabilities		
Share warrant liability (note 10)	8	46
Other liabilities (note 11)	-	509
	1,450	1,519
Equity		
Share capital (note 12a)	382,576	382,576
Share purchase options (note 12b)	5,356	5,601
Contributed surplus	28,805	28,560
Non-controlling interest	(607)	(569)
Deficit	(395,869)	(395,085)
	20,261	21,083
Total equity and liabilities	21,711	22,602

Commitments (note 14)

Subsequent events (note 16)

Approved by the Board of Directors

(signed) Sergey Kurzin Executive Chairman

(signed) Alexander Yakubchuk Director

Orsu Metals Corporation

Consolidated Statement of Net Loss and Comprehensive Loss (Unaudited)

(in thousands of US dollars)

	Three months ended March 31	
	2015	2014
	$	$
Operating expenses		
Administration	(698)	(701)
Legal and professional	(38)	(26)
Exploration (note 5)	(30)	(132)
Foreign exchange losses	(28)	(198)
Net (loss)/ income from disposal group asset held for sale (note 4)	(58)	23
	(852)	(1,034)
Unrealized gain on share warrant liability (note 10)	38	25
Net of finance (expense) less finance income	(8)	(1)
	30	24
Net loss and comprehensive loss for the period	**(822)**	**(1,010)**
Net loss attributable to:		
Owners of the parent	(784)	(995)
Non-controlling interest	(38)	(15)
	(822)	(1,010)
Loss per share (US dollar per share)		
Basic	$(0.0045)	$(0.0055)
Diluted	$(0.0045)	$(0.0055)
Weighted average number of common shares (in thousands)	182,696	182,696

The accompanying notes are an integral part of these consolidated financial statements.

Orsu Metals Corporation

Consolidated Statement of Cash Flows (Unaudited)

(in thousands of US dollars)

	Three months ended March 31 2015 $	2014 $
Cash flows used by operating activities		
Net loss and comprehensive loss for the period	(822)	(1,010)
Items not affecting cash:		
Depreciation (note 6)	41	28
Onerous lease provision release	(33)	-
Unrealized derivative gain on share warrant liability (note 10)	(38)	(25)
Foreign exchange losses	28	201
	(824)	(806)
Changes in non-cash working capital:		
Accounts receivable and other assets	(34)	(471)
Accounts payable and accrued liabilities	11	159
Net cash used by operating activities	(847)	(1,118)
Cash flows used by investing activities		
Expenditures on property, plant and equipment (note 6)	(24)	(41)
Net cash used by investing activities	(24)	(41)
Net decrease in cash and cash equivalents in the period	**(871)**	**(1,159)**
Cash and cash equivalents – Beginning of period	7,607	11,343
Exchange losses on cash and cash equivalents	(15)	(7)
Cash and cash equivalents - End of period	6,721	10,177
Cash and cash equivalents per the consolidated balance sheets	**6,720**	**10,176**
Included in the Akdjol-Tokhtazan Project classified held for sale (note 4)	1	1

The accompanying notes are an integral part of these consolidated financial statements.

Orsu Metals Corporation

Consolidated Statements of Changes in Equity (Unaudited)

(in thousands of US dollars)

Consolidated statements of changes to equity as at March 31, 2015 and March 31, 2014:

	Share capital						
	Number of shares (000s')	**Share capital $**	**Share purchase options $**	**Contributed surplus $**	**Non-controlling interest $**	**Deficit $**	**Total equity $**
Balance as at January 1, 2014	182,696	382,576	5,687	28,474	(401)	(389,932)	26,404
Net loss and comprehensive loss for the period	-	-	-	-	(15)	(995)	(1,010)
Balance as at March 31, 2014	182,696	382,576	5,687	28,474	(416)	(390,927)	25,394
Balance as at January 1, 2015	182,696	382,576	5,601	28,560	(569)	(395,085)	21,083
Share options forfeited or lapsed (note 12b)	-	-	(245)	245	-	-	-
Net loss and comprehensive loss for the period	-	-	-	-	(38)	(784)	(822)
Balance as at March 31, 2015	182,696	**382,576**	**5,356**	**28,805**	**(607)**	**(395,869)**	**20,261**

The accompanying notes are an integral part of these consolidated financial statements.

1. General information

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 Kazakhstan and the FSU.

The Company is incorporated in the British Virgin Islands and domiciled in the United Kingdom. Its principal place of business is at 1 Red Place, London, W1K 6PL, United Kingdom.

Karchiga Project

The Company's principal and most advanced project is the property comprising a license area in eastern Kazakhstan containing the copper bearing Karchiga volcanogenic massive sulphide ("VMS") deposit which is part of the Rudny Altai polymetallic belt (the "Karchiga Project"). The Company indirectly holds a 94.75% interest in the Karchiga Project via its 100% interest in Eildon Enterprises Limited, the immediate parent of GRK MLD LLC, ("GRK MLD"), and the holder of the exploration license for the Karchiga exploration property. The Company is seeking to secure the finance required for the construction of a mine and processing facilities and concurrently looking at various alternative options in relation to the development of the Karchiga Project (note 6).

Kogodai Project

In August 2014, the Company completed the transfer of an exploration license to a newly formed subsidiary, Kogodai Joint Venture LLP ("Kogodai JV LLP"), an entity registered in Kazakhstan, for a prospect 70 km north west of the Karchiga Project identified as a VMS copper mineralization within the Kurchum-Kalzhir metamorphic terrain, the same tectonic unit that hosts the Karchiga deposit (the "Kogodai Project"). The Company holds an effective 51% interest in the Kogodai Project through its 63.75% subsidiary Harssin Management BV ("Harssin") which in turn holds a 100% interest in Orsu Metals Kazakhstan ("Orsu Kazakhstan") which has a majority 80% interest in Kogodai JV LLP. The exploration license for the Kogodai Project was transferred to Kogodai JV LLP from SPK Ertis JSC ("SPK Ertis"), a Kazakh state owned special enterprise company, which retains a 20% minority interest in Kogodai JV LLP (note 5).

Akdjol-Tokhtazan Project

The Company's exploration interest in Kyrgyzstan consists of the Akdjol and Tokhtazan exploration licenses (the "Akdjol-Tokhtazan Project") via its 100% interest in Tournon Finance Limited ("Tournon"), the parent of Oriel in Kyrgyzstan LLC ("OIK") the holder of the exploration license for the Akdjol-Tokhtazan Project. The Company considers the Akdjol-Tokhtazan Project a non core asset which is available for sale (see note 4 for details).

These interim consolidated financial statements were authorized by the Board of Directors on May 12, 2015.

2. Basis of preparation

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook") which requires publicly accountable enterprises to apply International Financial Reporting Standards, ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 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.

3. Critical accounting estimates and significant 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 these interim 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 Value Added Tax ("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, 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 has applied significant judgements in these interim consolidated financial statements which are the same as those applied in the Company's audited consolidated financial statements as at December 31, 2014 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 (see note 4).

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 (see note 6).

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 (see note 7).

(all tabular amounts are expressed in thousands of US dollars unless otherwise stated)

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.

4. Assets 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 David-Invest LLP ("David-Invest"), a Kyrgyz registered company, and a related company David Way Limited, a Hong Kong registered company (together 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 (note 8 "Deferred income") which expired in April 2015. In April, 2015, the Company entered into a new exclusivity agreement with the Potential Buyers on substantially the same terms, (see note 15 'Subsequent Events'). 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 (losses)/ income pertaining to the disposal group included in the consolidated statement of net loss and comprehensive loss for the three months ended March 31, 2015 and 2014 are shown below:

	Three months ended March 31,	
	2015	2014
	$	$
Administration expenses	(60)	(17)
Other income	-	59
Foreign exchange gain	2	(19)
Net (loss)/ income from disposal group held for sale	(58)	23

(all tabular amounts are expressed in thousands of US dollars unless otherwise stated)

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

	2015 $	2014 $
Cash and cash equivalents	1	1
Prepayments and other receivables	96	169
Mineral properties	4,392	4,392
Property, plant and equipment (note 6)	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

5. Exploration

The table below shows exploration expenditures for the three months ended March 31, 2015 and 2014:

	Three months ended March 31,	
	2015 $	2014 $
Kogodai Project	30	-
Balkhash Project	-	127
Karchiga Project	-	5
	30	132

Although the Company has taken steps to verify its title to mineral properties in which it has an interest, according to industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior undetected agreements or transfers and title may be affected by such defects.

Kogodai Project, Kazakhstan

The Company holds an effective 51% interest in the Kogodai Project through its 63.75% subsidiary, Harssin, which in turn holds a 100% interest in Orsu Kazakhstan which has a majority 80% interest in Kogodai JV LLP with a 20% minority interest retained by SPK Ertis on behalf of the Kazakh government.

The Company made an initial cash investment 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 are 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 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.

(all tabular amounts are expressed in thousands of US dollars unless otherwise stated)

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 estimates that the exploration programme will be fully financed from the Company's existing and future cash resources.

Balkhash Project, Kazakhstan
In September 2014, the Company elected not to continue joint exploration work with Asem Tas-N LLC, a privately owned Kazakh registered company, and holder of a license area in Eastern Kazakhstan, which is host to a 30km long Dzharyk-Taisogan cluster of copper-polymetallic occurrences (the “Balkhash Project”).

The Company incurred cumulative exploration expenditure from the fourth quarter of 2012 to December 31, 2014 of $3 million in relation to the Balkhash Project. The Company had no further funding obligations for the Balkhash Project.

6. Property, plant and equipment

Property, plant and equipment as at March 31, 2015 were:

	Karchiga Project development costs	Leasehold improvements	Vehicles	Other assets	Total
Cost	$	$	$	$	$
Cost brought forward - as at January 1, 2015	8,826	391	120	444	9,781
Additions (note i and ii)	22	-	-	2	24
Cost carried forward - as at March 31, 2015	8,848	391	120	446	9,805
Depreciation					
Accumulated depreciation - as at January 1, 2015	-	(315)	(66)	(364)	(745)
Depreciation for period (note ii)	-	(38)	(2)	-	(40)
Accumulated depreciation - as at March 31, 2015	-	(353)	(68)	(364)	(785)
Net book value as at December 31, 2014	8,826	76	54	80	9,036
Net book value as at March 31, 2015	8,848	38	52	82	9,020

Notes:

i) Karchiga Project
The Karchiga exploration license area contains the Karchiga VMS copper deposit and is located in the northeast of Kazakhstan. The Company’s interest in the Karchiga Project, via GRK MLD, is governed by an exploration and production contract until February 28, 2024. In April 2011, the Company received approval to commence mineral extraction within the Karchiga exploration license area for copper and is the initial step in obtaining all the necessary approvals and permits to commence mining operations. Subsequently in August 2012 the Company obtained the approval for the construction of a mining and processing complex for the Karchiga license area from the then Ministry of Industry and New Technologies, of Kazakhstan, but

(all tabular amounts are expressed in thousands of US dollars unless otherwise stated)

whose responsibilities were subsequently transferred in August 2014 to a newly created Investment and Development Ministry of Kazakhstan.

In March 2012, the Company successfully completed a technical feasibility and economic study for the Karchiga Project. Thereafter, in accordance with IFRS, IAS 16 "*Property, Plant and Equipment*", the Company capitalized costs incurred which directly related to the construction of a mining and processing facility at the Karchiga Project. Under IAS 16 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 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 qualifying asset. As at March 31, 2015 the Company had capitalised total development costs of $8.8 million ($8.2 million as at March 31, 2014).

ii) Akdjol-Tokhtazan Project
The table of property, plant and equipment for the three months ended March 31, 2015 excludes a fixed asset depreciation charge of $1,000 in relation to the Akdjol-Tokhtazan Project which is classified as held for sale and for which property, plant and equipment are a component of the assets held for sale shown separately in note 4.

Property, plant and equipment for the year ended December 31, 2014 were:

	Karchiga Project development costs	Leasehold improvements	Vehicles	Other assets	Total
Cost	$	$	$	$	$
Cost brought forward - as at January 1, 2014	8,664	391	163	446	9,664
Additions (note i)	162	-	-	1	163
Retirements (note i)	-	-	(43)	(3)	(46)
Cost carried forward - as at December 31, 2014	8,826	391	120	444	9,781
Depreciation					
Accumulated depreciation - as at January 1, 2014	-	(282)	(98)	(333)	(713)
Depreciation for the year (note i)	-	(33)	(11)	(34)	(78)
Retirements (note i)	-	-	43	3	46
Accumulated depreciation - as at December 31, 2014	-	(315)	(66)	(364)	(745)
Net book value as at December 31, 2013	8,664	109	65	113	8,951
Net book value as at December 31, 2014	8,826	76	54	80	9,036

Note:

i) Akdjol-Tokhtazan Project
The table of property, plant and equipment for the year ended December 31, 2014 excludes fixed asset additions of $8,000, depreciation charge of $4,000 and fixed asset retirements of $13,000 in relation to the Akdjol-Tokhtazan Project which is classified as held for sale and for which property, plant and equipment are a component of the assets held for sale shown separately in note 4.

(all tabular amounts are expressed in thousands of US dollars unless otherwise stated)

7. Other assets

A summary of the changes in the Company's other assets at March 31, 2015 and December 31, 2014 is shown below:

	2015 $	2014 $
Balance – Beginning of period	832	1,212
(Decrease)/ increase in period	(17)	18
Impact of currency devaluation of Kazakh Tenge (note i)	-	(189)
Present value adjustment (note ii)	-	(209)
Balance – End of period	815	832

The Company's other asset balances consist of VAT recoverable amounts for expenditures incurred in Kazakhstan and at its U.K. head office which are recoverable in the local currency.

i) In February 2014 the National Bank of Kazakhstan stopped maintaining the exchange rate for the Kazakh Tenge against the U.S. dollar at the same level. This resulted in an approximate 20% devaluation in the Tenge to U.S. dollar exchange rate and as a result the Company incurred a currency loss of $189,000 on its Kazakh denominated VAT recoverable amounts as at December 31, 2014.

ii) In relation to the VAT recoverable amounts in Kazakhstan, these include VAT expenditures which will be recoverable against future VAT liabilities in the event of the Karchiga Project being constructed and moving into production. As at December 31, 2014 the Company measured the present value of the future VAT recoverable amounts in relation to the Karchiga Project and recorded a charge of $209,000.

8. 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.

Thereafter, 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.

As at March 31, 2015 the Company entered into an exclusivity agreement with the Potential Buyers the key terms of which were:

- the Potential Buyers were granted the exclusive right to purchase the Akdjol-Tokhtazan Project until April 7, 2015 (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 had 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, would be applied against the consideration in the event of a sale;

(all tabular amounts are expressed in thousands of US dollars unless otherwise stated)

- the Potential Buyers would 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 had the right to terminate the Exclusivity Agreement at any time, and Orsu had the right to terminate the Exclusivity Agreement in the event of non-fulfillment of the obligation to fund the costs of maintaining the license.

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.

Subsequent to the period end, the Company entered into a new exclusivity agreement with Potential Buyers to purchase the Akdjol-Tokhtazan Project until December 31, 2015 (see note 15 “Subsequent events”).

9. Lease obligations

As at March 31, 2015 the Company re-classified $509,000 in relation to lease provisions from under “Other liabilities” (note 11) consisting of a dilapidation provision of $120,000 and a charge of $389,000 as a provision for an ‘onerous lease’ in relation to the partial sub-let of office space to Equus Petroleum plc (“Equus”), and a related party (see note 13b), who vacated the premises effective January 31, 2015.

A summary of the Company’s lease obligations as at March 31, 2015 is set out below:

	2015 $
Balance – Beginning of the period	-
Re-classified from “Other liabilities”	509
Released in period	(33)
Balance – End of the period	476

10. Share warrant liability

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.

(all tabular amounts are expressed in thousands of US dollars unless otherwise stated)

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:

	March 31, 2015			December 31, 2014		
	Warrants Outstanding 000s'	Value Assigned $	Average exercise price CAD$	Warrants Outstanding 000s'	Value Assigned $	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 $
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%

11. Other liabilities

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 £220,200 per annum.

Under IAS 37, '*Provisions, contingent liabilities and contingent assets*', in relation to the termination of the lease the Company recognised a dilapidation provision of $120,000 in previous reporting periods.

The Company entered into an agreement, dated June 1, 2012, with Equus, to partially sub-let office space at the head office property for a period up to February 2016. Under the terms of this sub-let agreement in August 2014 Equus served notice to vacate the premises effective January 31, 2015. The Company was unable to secure alternative arrangements to cover the cost of the office premises vacated by Equus and as a result for the year ended December 31, 2014 recorded a charge of $389,000, as a provision for an 'onerous lease', as defined under IAS 37, in relation to the office premises vacated by Equus.

As at March 31, 2015 as there remains less than 12 months until the expiry of the lease in February 2016 the Company re-classified the total lease provision of $509,000 as a current liability (note 9 "Lease obligations").

(all tabular amounts are expressed in thousands of US dollars unless otherwise stated)

A summary of the changes in the Company's other liabilities at March 31, 2015 and December 31, 2014 is set out below:

	2015 $	2014 $
Balance – Beginning of the period	509	120
Provision for onerous lease	-	389
Re-classified to "Lease obligations"	(509)	-
Balance – End of the period	-	509

12. Shareholders' equity

a) Authorized and Issued Share capital

The Company is authorized to issue 100,000,000,000 common shares of no par value. As at March 31, 2015 the total issued share capital of the Company were 182,696,049 common shares. A summary of the Company's issued share capital as at March 31, 2015 and December 31, 2014 is set out below:

	2015		2014	
	Number of shares 000's	Value $	Number of shares 000's	Value $
Balance	182,696	382,576	182,696	382,576

b) Share Purchase Options

The Company maintains an incentive stock option plan (the "Plan") covering directors, officers, employees and consultants of the Company and its subsidiary companies. The exercise price of an option is determined by the Board of Directors on the basis of the closing market price of the Company's shares on the trading day prior to the date of issue of the option. The Plan provides that options may be granted for a maximum period of ten years and the aggregate number of shares which may be issued and sold under the Plan may not exceed 10% of the issued and outstanding common shares from time to time, less options exercised since shareholder approval was last granted in respect of the Plan.

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

	2015			2014		
	Options 000's	Value assigned $	Average exercise price $	Options 000's	Value assigned $	Average exercise price $
Balance – Beginning of period	12,610	5,601	0.41	13,410	5,687	0.40
Options lapsed	-	-		(500)	(37)	
Options forfeited	(1,500)	(245)		(300)	(49)	
Balance – End of period	11,110	5,356	0.44	12,610	5,601	0.41

(all tabular amounts are expressed in thousands of US dollars unless otherwise stated)

Information relating to share options outstanding at March 31, 2015 is as follows:

Range of prices CAD$	**Number of options**	**Weighted average years to expire**	**Average exercise price CAD$**	**Number of exercisable options**	**Average exercise price CAD$**
0.25 – 2.39	10,825,000	0.15	0.25	10,825,000	0.25
2.40 – 4.99	30,000	0.49	2.40	30,000	2.40
5.00 – 9.99	255,000	0.28	8.30	255,000	8.30
	11,110,000	0.15	0.44	11,110,000	0.44

The fair values of the share options granted are based on the Black-Scholes option-pricing model which used the following range of assumptions when they were originally measured:

Average exercise price	C$0.42
Dividend yield	Nil
Risk free interest rate	1.03%-2.37%
Expected options life	2.8 – 3.0 years
Expected stock price volatility	89% – 140%

The expected stock price volatility is measured using the daily closing stock price, in CAD$, over a period equivalent to the vesting period of the stock options from the date of grant.

Subsequent to the period end, 9,750,000 stock options granted in April 2010 expired in accordance with the terms of those options (see note 15b "Subsequent events")

13. Related party transactions

(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 $	2014 $
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

(all tabular amounts are expressed in thousands of US dollars unless otherwise stated)

Key management compensation is denominated in currencies other than US$ (principally in GBP Sterling) 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 and the differences above arise entirely from movements in the relevant exchange rates (primarily GBP to US$).

(b) *Equus*

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

As stated in notes 9 and 11, in August 2014 Equus served notice to terminate the sub-lease, effective January 31, 2015.

(c) Commitments

The following table summarizes the commitments of the Company as at March 31, 2015:

	2015 $	2016 $	2017 $	2018 $	2019+ $	Total $
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 (note 9). The above figures are exclusive of business rates and service charges payable in relation to the offices.

(all tabular amounts are expressed in thousands of US dollars unless otherwise stated)

14. Segment information

Operating segments are based on the reports reviewed by the board of directors that are used to make strategic decisions.

The segment information provided to the board for the reportable segments for the three months ended March 31, 2015 is as follows:

	Mineral exploration and development (Kazakhstan) $	**Mineral exploration and development (Kyrgyzstan) $**	**Corporate (UK) $**	**Total $**
Administrative	(100)	-	(598)	(698)
Legal and professional	-	-	(38)	(38)
Exploration	(30)	-	-	(30)
Net foreign exchange losses	(27)	-	(1)	(28)
Net loss from disposal group asset held for sale	-	(58)	-	(58)
Unrealized gain on share warrant liability	-	-	38	38
Net off finance (expense) and income	-	-	(8)	(8)
Net loss for the period	(157)	(58)	(607)	(822)
Property, plant and equipment	8,974	-	46	9,020
Total assets	10,184	4,509	7,018	21,711
Capital expenditure	22	-	2	24

(all tabular amounts are expressed in thousands of US dollars unless otherwise stated)

The segment information for the three months ended March 31, 2014 is as follows:

	Mineral exploration and development (Kazakhstan) $	Mineral exploration and development (Kyrgyzstan) $	Corporate (UK) $	Total $
Administrative	(148)	-	(553)	(701)
Legal and professional	(3)	-	(23)	(26)
Exploration	(132)	-	-	(132)
Net foreign exchange (losses)/ gains	(211)	-	13	(198)
Unrealized gain on share warrant liability	-	-	25	25
Net income from disposal group asset held for sale	-	23	-	23
Net off finance (expense) and income	-	-	(1)	(1)
Net (loss)/ income for the period	(494)	23	(539)	(1,010)
Property, plant and equipment	8,320	-	108	8,428
Total assets	11,020	4,572	10,937	26,529
Capital expenditure	41	-	-	41

The amounts provided to the board with respect to total assets are measured in a manner consistent with that of the financial statements.

15. Subsequent events

a) In April 2015, the Company announced that it had entered into a new exclusivity agreement with the Potential Buyers for the sale of the Akdjol-Tokhtazan Project expiring on December 31, 2015. The terms of the new exclusivity agreement remain the substantially the same as those of the previous exclusivity agreement which expired on April 7, 2015 with the exception that, in addition to having he right to terminate at any time in the event of non-fulfilment of the obligation to fund the costs of maintaining the license, Orsu has the right to terminate the exclusivity agreement on serving notice between June 24 and 30, 2015, inclusive, and September 24 and 30, 2015 inclusive.

b) In April 2015, stock options in total of 9,750,000 originally granted in April 2010 expired in accordance with the terms of those options.

c) 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.