ORSU METALS CORPORATION

2014 ANNUAL INFORMATION FORM

MARCH 27, 2015

Annual Information Form for the year ended December 31, 2014

CONTENTS

All dollar amounts herein are expressed in US Dollars or $ unless otherwise indicated unless otherwise indicated Canadian Dollars are referred to herein as CAD$ and British Pounds Sterling are referred to as GBP£. The accounts of Orsu Metals Corporation ("Orsu" or the "Company") are maintained in US Dollars.

1. CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Capitalized terms used in this section and not otherwise defined have the meanings ascribed to them in subsequent sections of this Annual Information Form ("AIF").

This AIF contains, refers to and incorporates by reference 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 Kogadai 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 or another senior debt provider and the potential participation by other debt providers; the potential raising of additional funding through the disposition of the Company's Kyrgyz assets 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 States Waiver and CA Consent 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 AIF 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 AIF, 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 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 Kogadai 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 that the previous States Waiver and CA Consent 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 "Risk Factors" in this AIF.

Any mineral resource and mineral reserve figures referred to or incorporated by reference in this AIF 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.

Additional information relating to the Company is available on SEDAR at www.sedar.com or from the Company's website at www.orsumetals.com.

2. CORPORATE STRUCTURE

The Company was incorporated under the *Business Corporations Act* (Ontario) on October 13, 1987 under the name "Dorchester Resources Inc.", at which time the Company was engaged in the business of mineral exploration. By Articles of Amendment dated April 26, 1990, the Company changed its name to "Xxpert Rental Tool Inc.", at which time the Company became involved in a retail tool rental business. Xxpert Tool Rental Inc. was dissolved on July 2, 1994 and subsequently revived on October 24, 1994. By Articles of Amendment effective September 28, 1995, the Company's name was changed to "Kazakhstan Minerals Corporation".

On September 28, 1995, the Company acquired all of the outstanding securities of Three K Exploration and Mining Ltd. ("Three K"), a private Barbados corporation, in exchange for common shares and common share purchase warrants of the Company and, as a result, was the subject of a reverse takeover by Three K. The corporate domicile of the Company was continued from Ontario to the Yukon Territory, Canada on November 1, 1995 under the *Business Corporations Act* (Yukon). By Articles of Amendment dated June 29, 2000, the Company's authorised capital was increased to an unlimited number of common shares without par or nominal value. By Articles of Amendment effective July 24, 2001, the Company's name was changed to "European Minerals Corporation" ("EMC"). The corporate domicile of the Company was continued from the Yukon Territory to the British Virgin Islands on April 8, 2005 and in connection with such continuance the authorised capital of the Company was changed to 100,000,000,000 common shares (each a "Common Share").

On June 19, 2008, the Company acquired all of the outstanding securities of Lero Gold Corp. ("Lero"), a British Columbia mining company, in exchange for securities of the Company on a one-for-one basis (which included the issuance of 152,101,766 Common Shares pursuant to a statutory plan of arrangement (the "Lero Acquisition")). Following completion of the Lero Acquisition, by Articles of Amendment effective June 27, 2008, the Company's name was changed to "Orsu Metals Corporation" and the Common Shares began trading under its new name Orsu Metals Corporation and new symbol "OSU" on the Alternative Investment Market of the London Stock Exchange ("AIM") on July 4, 2008 and on the Toronto Stock Exchange (the "TSX") on July 14, 2008.

Pursuant to a sale and purchase agreement entered into on May 20, 2010 (the "Karchiga SPA"), the Company increased its interest in the Karchiga Project (as defined below) in April 2011 to 94.75% by completing the acquisition of the remaining 26.1% interest in its indirect subsidiary, Eildon Enterprises

Limited, which owns 94.75 per cent of GRK MLD LLC ("GRK"), for cash consideration of $6,187,500 (the "Karchiga Acquisition").

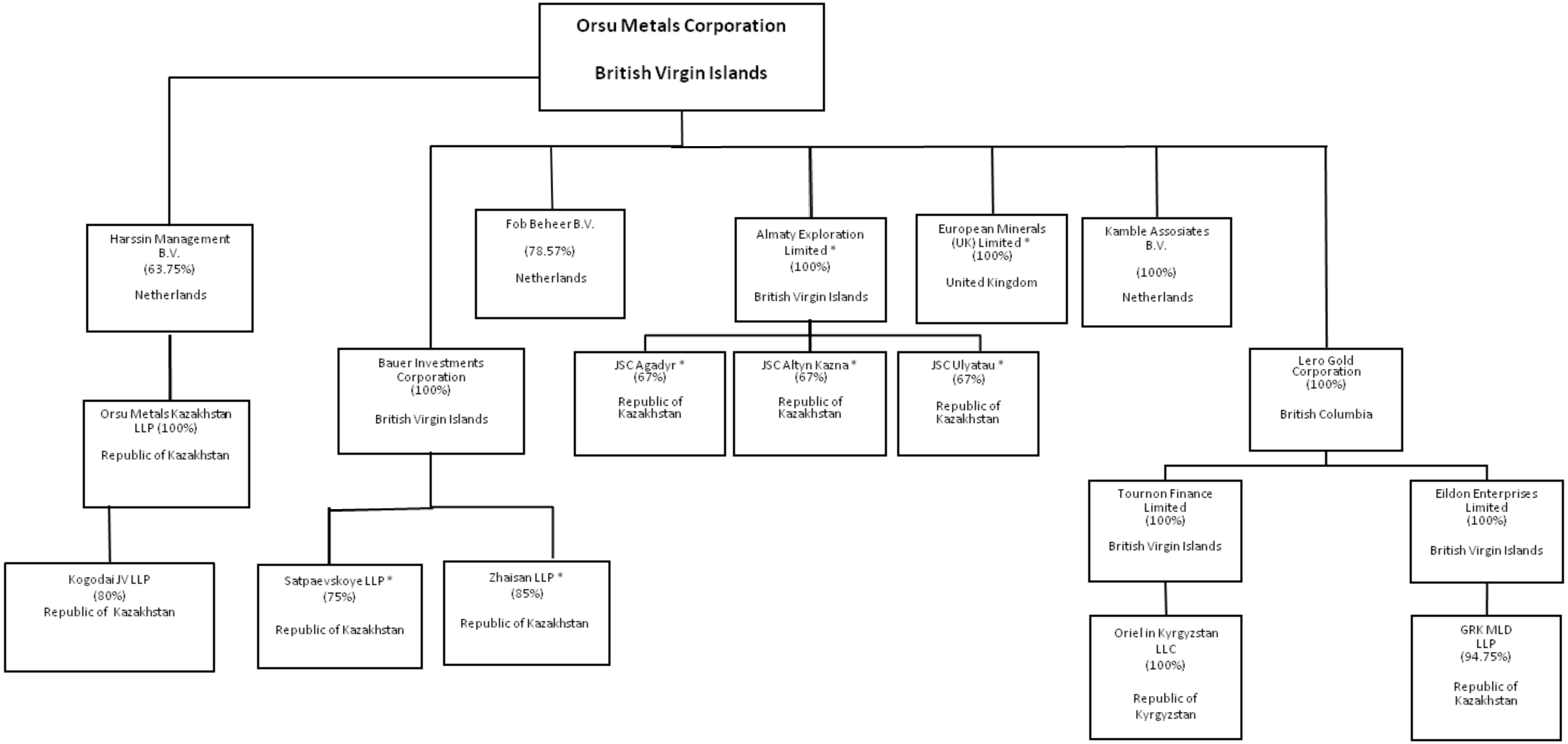
Orsu entered into a sale and purchase agreement, dated as of July 13, 2012 with a wholly-owned subsidiary of Gold Fields Limited ("Gold Fields" or collectively with certain of its subsidiaries the "Gold Fields Group"), Lero, Kami Associates Limited (the "JV Company") and Talas Copper Gold LLC ("TCG"), a subsidiary of the JV Company, pursuant to which the Company agreed, subject to certain conditions, to sell to Gold Fields its 40% interest in the JV Company and through that sale, its interest in TCG and the Talas gold-copper-molybdenum project in Kyrgyzstan (the "Talas Project").

After being granted an exploration license by the government of the Republic of Kazakhstan ("Kazakhstan") in August 2014 for a prospect 70 km north west of the Karchiga Project, identified as a volcanogenic massive sulphide ("VMS") copper mineralization within the Kurchum-Kalzhir metamorphic terrain, the same tectonic unit that hosts the Karchiga deposit (the "Kogodai Project"), the Company completed the transfer of the exploration license for the Kogodai Project to its newly formed subsidiary, Kogodai Joint Venture LLP, an entity registered in Kazakhstan, ("Kogodai JV LLP"). The exploration license for the Kogadai Project was transferred from SPK Ertis JSC, a Kazakh State-owned special enterprise company, to Kogodai JV LLP in which the Company's 63.75% owned subsidiary, Orsu Metals Kazakhstan LLP ("Orsu Kazakhstan"), has a majority 80% interest and SPK Ertis JSC has a 20% minority interest, giving Orsu an effective 51% interest in Kogodai JV LLP.

Orsu continues to be governed by the BVI Companies Act, 2004 and its head office is located at 1 Red Place, London, W1K 6PL, England. Its registered office is located at Nemours Chambers, Qwomar Complex 4/F, P.O. Box 3170, Road Town, Tortola, British Virgin Islands. Orsu has representative offices in Almaty and Ust-Kamenogorsk, Kazakhstan.

Intercorporate Relationships

References in this AIF to the business of the Company include the business conducted by its wholly-owned subsidiaries. The Company has a number of direct and indirect subsidiaries, the beneficial ownership of which is indicated in the corporate chart on the page 5 of this AIF.


Orsu Metals Corporation
British Virgin Islands
Harssin Management B.V. (63.75%) Netherlands
Fob Beheer B.V. (78.57%) Netherlands
Almaty Exploration Limited * (100%) British Virgin Islands
European Minerals (UK) Limited * (100%) United Kingdom
Kamble Assosiates B.V. (100%) Netherlands
Orsu Metals Kazakhstan LLP (100%) Republic of Kazakhstan
Bauer Investments Corporation (100%) British Virgin Islands
JSC Agadyr * (67%) Republic of Kazakhstan
JSC Altyn Kazna * (67%) Republic of Kazakhstan
JSC Ulyatau * (67%) Republic of Kazakhstan
Lero Gold Corporation (100%) British Columbia
Tournon Finance Limited (100%) British Virgin Islands
Eildon Enterprises Limited (100%) British Virgin Islands
Kogodai JV LLP (80%) Republic of Kazakhstan
Satpaevskoye LLP * (75%) Republic of Kazakhstan
Zhaisan LLP * (85%) Republic of Kazakhstan
Oriel in Kyrgyzstan LLC (100%) Republic of Kyrgyzstan
GRK MLD LLP (94.75%) Republic of Kazakhstan

3. GENERAL DEVELOPMENT OF THE BUSINESS

The Company is a base and precious metals exploration and development company holding interests in mineral projects in Kazakhstan and the Kyrgyz Republic (or "Kyrgyzstan") through its various subsidiaries.

Three Year History

2012

- In February 2012, the Company announced the completion of the then ongoing definitive feasibility study for the Karchiga Project (the "Karchiga Definitive Feasibility Study") and in connection therewith, the report entitled the "Karchiga Feasibility Study, NI 43-101 Technical Report" (referred to as the "Karchiga Definitive Feasibility Study Report") prepared by SRK Consulting (UK) Limited ("SRK") which reported for the Karchiga Project a total production of 149kt (328 Mlb) of copper over an estimated life of mine (or "LOM") of 11.5 years, a post tax net present value (or "NPV") of $150 million and an internal rate of return (or "IRR") of 30% based on 100% equity financing and a copper price of $3.25/lb Cu. In addition, the Company announced a probable mineral reserve estimate of 8.5 million tonnes of sulphide ore in the central and north east pits containing 145,227 t (320Mlb) of copper at an average grade of 1.71% Cu to be amenable to flotation 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. See Item 6. - *"Project Details – Karchiga Copper Project, Kazakhstan"* for further information.

- In March 2012, the Company announced the filing of the Karchiga Definitive Feasibility Study Report on www.sedar.com.

- In May 2012, Orsu announced the appointment of Mr. Kevin Denham as Chief Financial Officer effective May 1, 2012 replacing Mr. Petro Mychalkiw.

- June 2012 – the Company announced the extension of its financial advisory services agreement with Endeavour Financial Limited ("Endeavour") with the aim of securing debt finance for the Karchiga Project.

- In July 2012, the Company announced that it had sold its 40% interest in the Talas Project to the Gold Fields Group for cash consideration of $10 million (the "Sale") and that the Gold Fields Group had also agreed to subscribe 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 and one half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable until July 24, 2016 from the date of issue to acquire one Common Share at a price of CAD$0.50. Completion of the Subscription was conditional on the Company obtaining a formal waiver of the Kazakh Government's pre-emptive right and requirement for consent for the issuance of Common Shares pursuant to the Subscription (the "Kazakh Formal Waiver"), the application for which was submitted in September 2012. The Subscription completed in July 2013 (as described below).

- In July 2012, the Company announced that it had appointed Barclays Bank plc ("Barclays") and UniCredit Bank AG ("UniCredit") as co-coordinating mandated lead arrangers to use commercially reasonable efforts to secure a project finance facility of up to $90 million to finance the Karchiga Project subject to commercially acceptable terms for the facility being agreed and for Barclays and UniCredit obtaining all necessary internal approvals. As described below, the agreement subsequently lapsed (see below "*2015 – In March 2015"*).

- In August 2012, the Company announced that Canaccord Genuity Limited had been appointed as the Company's Nominated Advisor and Broker with immediate effect. This followed the completion of the acquisition of Collins Stewart Hawkpoint plc by Canaccord Financial Inc and change of name of Collins Stewart Europe Limited to Canaccord Genuity Limited.

- In August 2012, the Company announced that it had received an approval for the Karchiga technical project ("Karchiga Technical Project"), from the relevant Kazakh authorities, relating to the development of a mining and processing complex at the Karchiga Project. This approval was granted by the Central Commission for Exploration and Mining of Mineral Resources at the then Ministry of Industry and New Technologies of the Republic of Kazakhstan ("MINT") and is the principal document which confirms the compliance of the Karchiga Technical Project with technical, economic and environmental standards of Kazakhstan.

- In November 2012, the Company announced that it had entered into an exclusivity agreement with David-Invest LLP ("David-Invest"), a Kyrgyz registered company, with a view to the potential sale of the Company's interest in the Akdjol and Tokhtazan exploration licenses in Kyrgyzstan (the "Akdjol-Tokhtazan Project"). Pursuant to the terms of the exclusivity agreement, David-Invest was granted the exclusive right until September 1, 2013 to acquire the Akdjol-Tokhtazan Project for a consideration of $4.5 million through the acquisition of Orsu's wholly-owned subsidiary, Tournon Finance Limited ("Tournon"), which indirectly owns the gold exploration licenses for the Akdjol-Tokhtazan Project through its 100% ownership interest in Oriel in Kyrgyzstan LLC ("OiK LLC"). This exclusivity agreement was superseded in September 2013 and subsequently expired in accordance with its terms as described below.

- In November 2012, the Company announced that it had entered into an exclusivity agreement with Asem Tas-N LLC, a privately owned Kazakh registered company ("Asem Tas"), to jointly explore a license area owned by Asem Tas of approximately 6,000km^2 in Kazakhstan, which is host to a 30km long Dzharyk-Taisogan cluster of copper-polymetallic occurrences (the "Balkhash Project"). As described further below, this exclusivity agreement was superseded in 2013 and again in 2014, following which the Company decided not to pursue exploration of the Balkhash Project.

- In November 2012, the Company announced that it had signed a non-binding term sheet with RK Mine Finance (Master) Fund II LP ("RK Mine Finance"), a part of the Red Kite Group. The principal terms included, subject to certain conditions, the provision of sub-ordinated secured debt finance facilities of up to $25 million for the Karchiga Project, comprising a $15 million sub-ordinated loan and a sub-ordinated standby facility of up to $10 million, as well as an off-take agreement for 100% of any future annual production of copper concentrate at the Karchiga Project, for the life of the mine. However, in the first quarter of 2013, the Company and RK Mine Finance by mutual agreement decided not to progress this non-binding term sheet for the sub-ordinated debt loan and sub-ordinated standby facility and off take agreement.

2013

- In April and September 2013, the Company announced that it had entered into a new exclusivity agreement with Asem Tas in respect of the Balkhash Project, superseding its existing exclusivity agreement from April 2013. Under the new exclusivity agreement, the Company agreed to continue joint exploration work with Asem Tas, and agreed to an amended work programme for the remainder of 2013 in respect of which Orsu agreed to fund approximately $1.4 million (which included $0.9 million already spent in 2013). Under the terms of the new exclusivity agreement, the exclusivity period was extended to March 2014. As described further below, in 2014 the Company decided not to pursue exploration of the Balkhash Project.

- In April 2013, the Company announced the appointment of Mr. Christopher Power as Technical Director, replacing Mr. Raymond Oates who resigned for personal reasons.

- In July 2013, the Company announced that Gold Fields had completed the Subscription for gross proceeds to the Company of CAD$10 million following receipt of the Kazakh Formal Waiver by the Company. Following the completion of the Subscription, the Gold Fields Group held in total 26,134,919 Common Shares, representing a 14.31% interest in the issued and outstanding Common Shares of the Company.

- In September 2013, the Company announced that, following the expiry on September 1, 2013 of the exclusivity agreement with David-Invest from November 2012, the Company had entered into a new exclusivity agreement pursuant to which David-Invest was granted the exclusive right until December 31, 2013 to acquire the Akdjol-Tokhtazan Project, through the acquisition of Tournon or OiK LLC, for $4.5 million in return for funding an exploration programme until such date. This exclusivity agreement subsequently expired in 2014 as described below.

2014

- In January and February 2014, the Company announced the expiry of the exclusivity agreement with David-Invest and David Way Limited, a Hong Kong registered company, (together the "Potential Buyers") for the potential sale of the Akdjol-Tokhtazan Project. This followed a previously announced and separate exclusivity agreement with David-Invest which expired on December 31, 2013.

- In April 2014 and September 2014, in April the Company announced that it had entered into an exclusivity agreement with the Potential Buyers which expired on July 1, 2014 after receiving a $300,000 non-refundable deposit. Thereafter, in September 2014 the Company announced that it had received a further $100,000 non-refundable deposit and had entered into a new exclusivity agreement with the Potential Buyers with a view to the potential sale of the Akdjol-Tokhtazan Project. Under the terms of the exclusivity agreement, announced in September 2014, the Potential Buyers were granted the exclusive right to purchase the Akdjol-Tokhtazan Project until February 4, 2015 conditional upon the Potential Buyers making four further non-refundable deposit payments in the amount of $100,000 on or before each of October 4, November 4, December 4, 2014 and January 4, 2015 (see below).

- In August 2014, the Company announced that Kogodai JV LLP had been granted the exploration license for the Kogodai Project. The exploration license for the Kogadai Project was transferred from SPK Ertis JSC in which the Company's 63.75% owned subsidiary, Orsu Metals Kazakhstan LLP ("Orsu Kazakhstan"), has a majority 80% interest and SPK Ertis JSC has a 20% minority interest, giving Orsu an effective 51% interest in Kogodai JV LLP. The exploration license is for a period of 5 years, which can be extended and has a minimum funding obligation for exploration work at the Kogodai Project of an aggregate of $3.75 million over five years which will be funded by the Company (see Item 6. under the section entitled *"Project Details – Kogodai Project, Kazakhstan"*).

- In September 2014, the Company announced that it had suspended joint exploration work at the Balkhash Project with Asem Tas. This followed a previous announcement in March 2014 when the Company entered into an exclusivity agreement with Asem Tas, ending in July but subsequently extended to September 2014, and agreed to fully fund an exploration programme for a total of $0.5 million of expenditures. After an extensive assessment of the results of the exploration programme funded by Orsu, the Company determined not to exercise the option to purchase an interest in the Balkhash Project on the terms set out in the exclusivity agreement announced in March 2014. Based on the geological results and the geopolitical situation in the region, the Company was unwilling to commit further funds towards the next stage of exploration in order to secure a further exclusivity period. The Company has no residual funding obligation as a result of this decision.

- In October 2014, the Company announced that pursuant to the terms of the exclusivity agreement in September 2014 with the Potential Buyers, in respect of the Akdjol-Tokhtazan Project, the Company did not receive the first of the non-refundable deposit payments of $100,000 due on or before October 4, 2014 and as a result the exclusivity agreement with the Potential Buyers lapsed (as described below).

- In November 2014, the Company announced that it had entered into a new exclusivity agreement with the Potential Buyers for the sale of the Akdjol-Tokhtazan Project (the "Akdjol-Tokhtazan Exclusivity Agreement") following the lapse of the previous exclusivity agreement in October 2014. Pursuant to the terms of the Akdjol-Tokhtazan Exclusivity Agreement the Potential Buyers were granted the exclusive right to acquire the Akdjol-Tokhtazan Project until April 7, 2015 (the "Exclusivity Period"), for a gross consideration of $5 million less the previous non-refundable deposits totaling $400,000 paid in 2014 by the Potential Buyers, conditional upon the Potential Buyers continuing to fund the costs of maintaining the Akdjol-Tokhtazan Project licenses (see Item 6. under the section entitled *"Project Details - Akdjol-Tokhtazan Project, Kyrgyzstan")*.

- In December 2014, the Company announced the results of a 457 meter drilling programme at the Kogodai Project for mineralized intercepts at 0.3% cut off copper (see Item 6. under the section entitled *"Project Details – Kogodai Project, Kazakhstan"*).

2015

- 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 coordinating 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.

4. DESCRIPTION OF BUSINESS

General

Orsu Metals Corporation 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 Kazakhstan and in Kyrgyzstan and continues to seek opportunities to acquire and develop new exploration licenses in both Kazakhstan and FSU.

Three year business overview

The economic environment over the past three years has continued to be a very challenging environment for the mining sector, particularly in relation to securing financing to develop assets. However, within the context of this economic climate, during the past three years the Company continued to operate its exploration activities and remain in a strong position to develop new and existing exploration licenses. It has achieved this by focusing on three objectives which are to acquire and develop new exploration licenses of potential in Kazakhstan, continue to try to secure the necessary financing for the Karchiga Project, to improve the Company's cash financial position through the disposal of its 40% interest in the Talas Project and to reduce the Company administration expenditures. In addition, the Company is also looking to improve it cash position through the potential sale of the Akdjol-Tokhtazan Project.

In relation to the Karchiga Project, the agreement entered into in 2012 with Barclays and UniCredit to secure debt finance of up to $90 million had lapsed and Company was not able to secure the finance required for the project. The Company is continuing to seek to secure the finance required for the construction of a mine and processing facilities and to concurrently actively consider alternative financing options. Completing the total required financing package has remained extremely difficult as providers of equity and debt finance remain cautious of investing in the natural resources sector, especially junior mining companies, or focused on alternative investment opportunities. Until such time as it is able to secure the required financing, the Company will not enter into any contracts to place advance orders for mining equipment or construction materials and, accordingly, the Company is unable to determine the expected timing for the commencement of construction at this time.

In 2014 the Company completed the transfer of the exploration license for the Kogodai Project to its Kazakh subsidiary Kogodai JV LLP after being granted the exploration license by the Kazakh government. The Kazakh government has retained a 20% minority interest in Kogodai JV LLP through its state owned subsidiary SPK Ertis JSC. Under the terms of the exploration license, the exploration license has a term of five years (which can be extended) and has a minimum funding obligation for exploration work at the Kogodai Project of an aggregate of $3.75 million over five years which is expected to be funded by the Company.

In September 2014, the Company suspended joint exploration work at the Balkhash Project with Asem Tas. After an extensive assessment of the results of the exploration programme funded by Orsu, the Company determined not to exercise the option to purchase an interest in the Balkhash Project on the terms set out in the exclusivity agreement announced in on March 2014. The Company has no residual funding obligation as a result of this decision. The Company incurred cumulative exploration expenditure from the fourth quarter of 2012 to September 30, 2014 of $3 million in relation to the Balkhash Project. The Company has no further funding obligations for the Balkhash Project.

Over the past three years a financial objective of the Company has been to improve its cash position. This has been achieved by generating cash income through the sale of existing assets as well as undertaking steps to reduce it expenditures. In 2012 the Company completed the Sale to Gold Fields of its 40% interest in the Talas Project in Kyrgyzstan for an initial cash consideration of $10 million. Thereafter in addition Gold Fields agreed to the Subscription which was completed in July 2013 and which resulted in gross proceeds of CAD$10 million received by the Company.

During 2013 and 2014 the Company reviewed its cost base and took a number of steps to reduce expenditures which included a reduction of non-essential staff at the Karchiga Project and at its London corporate head office. The impact of this has been to put the Company in a relatively strong cash position within the junior mining sector where conditions for raising finance remain very challenging.

In relation to the Company's remaining exploration interest in Kyrgyzstan, the Akdjol-Tokhtazan Project, the Company has continued to hold discussions with various parties for the sale of the project. Since November 2012 the Company entered a number of exclusivity agreements initially with David-Invest and subsequently from February 2014 with the Potential Buyers. After receiving non-refundable deposits, totalling $400,000, from the Potential Buyers during 2014 the Company entered into a new exclusivity agreement in November 2014 expiring in April 2015 for the potential sale of the project to the Potential Buyers for a consideration of $5 million less the $400,000 non-refundable deposits already paid. It remains the Company's intention to sell the Akdjol-Tokhtazan Project during 2015.

For the remainder of 2015, the Company's intends to continue exploration work at the Kogodai Project, continue to seek to secure the remaining required finance for the construction of mine and processing facilities, to concurrently look at alternative options to progress the Karchiga Project and continue to look for suitable new exploration opportunities in Kazakhstan. The Company will also look to improve its cash position through the potential sale of the Akdjol-Tokhtazan Project.

The Company's audited Consolidated Financial Statements for the year ended December 31, 2014 were prepared in accordance with International Financial Reporting Standards (or "IFRS") as issued by the International Accounting Standards Board. The audited Consolidated Financial Statements have been prepared on a going concern basis which assumes that the Company and its subsidiaries will continue in operational existence for the foreseeable future.

Further information relating to the Karchiga Project, Kogodai Project and Akdjol-Tokhtazan Project are available in Item 6. under the sections entitled - *"Project Details – Karchiga Copper Project, Kazakhstan", "Project Details – Kogodai Project, Kazakhstan"* and *"Project Details – Akdjol-Tokhtazan Project, Kyrgyzstan",* respectively.

Competitive Conditions

The mineral exploration and mining business is competitive in all of its phases. Orsu 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 to attractive mineral properties. Orsu's ability to acquire exploration and development rights to properties in the future will depend not only on its ability to develop the properties in which it currently has exploration and development rights, but also on its ability to select and acquire exploration and development rights in suitable additional properties. There is no assurance that Orsu will compete successfully in acquiring exploration and development rights in such properties and such inability could have a material adverse effect on Orsu's business and financial condition.

Environmental Considerations

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, releases or emissions of various substances related to mining industry operations, which could result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require submissions in respect of and approvals of environmental impact assessments. Environmental legislation is evolving, which means stricter standards and enforcement, and that fines and penalties for non-compliance may become more stringent. Non-compliance could have a material adverse effect on Orsu's results of operations. Orsu cannot 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 Orsu, which could have a material adverse effect on Orsu's business, financial condition and/or competitive position. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to remain fully compliant with all environmental regulations.

Employees

As at December 31, 2014 the Company had a total of 36 employees (13 UK personnel, 17 Kazakh and 6 Kyrgyz personnel) and also utilised the services of several professionals on a part-time contract or consulting basis. The Company seeks to employ individuals and utilise the services of consultants who have international mining experience and is able to identify such individuals through its industry contacts and reputable recruitment consultancies specialising in the mining sector. Please also see Item 5. *"Risk Factors - Key Personnel"*.

Cyclical nature of operations

The majority of the Company's exploration and development operations and associated expenditure are incurred between March and November, to take advantage of the favourable weather conditions during these months.

5. RISK FACTORS

Readers of this AIF should give careful consideration to the information included in this document and the Company's audited consolidated financial statements for the year ended December 31, 2014 and notes thereto. 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 TSX and AIM markets, 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 AIF, 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, instability 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 Ministry of Energy and Mineral Resources of the Republic of Kazakhstan (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. Thereafter 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 Factors"* section of this AIF. 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, TCG.

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 may 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 AIF) 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 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 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, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions have in the recent past caused the broader credit markets to deteriorate and stock markets to decline. In addition, general economic indicators also deteriorated, including declined consumer sentiment, increased unemployment and declined economic growth and uncertainty about corporate earnings. 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 AIF 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.

6. PROJECT DETAILS

The Company is a mineral exploration and development company which currently holds interests in mineral projects in Kazakhstan and Kyrgyzstan. The Company is currently focused on developing its principal and most advanced project, the Karchiga Project, and exploration at the Kogodai Project in Kazakhstan.

Qualified Person

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 National Instrument 43-101 ("NI 43-101") have reviewed and approved the information in this AIF relating to the results of the Karchiga Definitive Feasibility Study Report and the SRK December 2011 Pit-Constrained Mineral Resource Estimates.

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 AIF relating to the Kogodai Project and the Akdjol-Tokhtazan Project.

KARCHIGA COPPER PROJECT, KAZAKHSTAN

The Karchiga Project is the subject of the Karchiga Definitive Feasibility Study Report. The following disclosure relating to the Karchiga Project is derived from the Karchiga Definitive Feasibility Study Report, a copy of which can be viewed under the Company's profile on SEDAR at www.sedar.com. The disclosure contained in this AIF has been reviewed by, and prepared with the consent of, Mr. Michael Beare, Dr. Michael Armitage and Ms. Tracey Laight and SRK. Set out below is certain information relating to the Karchiga Project from the Karchiga Definitive Feasibility Study Report; however, reference is made to the full text of the Karchiga Definitive Feasibility Study Report, which is incorporated herein by reference and forms an integral part hereof.

Summary Information relating to the Karchiga Project

The following summary has been reproduced from the Karchiga Definitive Feasibility Study Report:

EXECUTIVE SUMMARY

INTRODUCTION

SRK was requested by Orsu to produce a Karchiga Definitive Feasibility Study Report for the Karchiga Project in which the Company has a 94.75% share holding. The Karchiga Project is located in north eastern Kazakhstan in the Kurchumskiy region, approximately 40 km west of the Chinese-Kazakh border. The effective date of the Karchiga Definitive Feasibility Study Report is March 27, 2012.

GEOLOGY AND MINERAL RESOURCES

As part of the Karchiga Definitive Feasibility Study, SRK produced a mineral resource estimate for the Karchiga Project effective as at December 8, 2011 (the "SRK December 2011 Pit-Constrained Mineral Resource Estimates") and includes all the drilling data available to that date.

It is located within the Vavilon-Karchiga metallogenic zone of the Rudny Altai geological province. The Karchiga deposit is considered to be an advanced stage VMS deposit. The Karchiga Project comprises two ore bodies referred to as the Central Lode and the North East Lode. The Karchiga Project is predominantly a copper (Cu) project with some associated gold (Au). The Karchiga Project is amenable to open pit mining and this was the focus of the Karchiga Definitive Feasibility Study.

The Karchiga Project was rediscovered in 1913 following mining in ancient times by artisans. A period of exploration in 1936 was followed by further detailed exploration activities in 1941 - 1942 which led to the production of a resource estimate. More extensive exploration programmes were undertaken in the 1950's, 70's and 80's by Soviet exploration expeditions. The Karchiga license area was granted to GRK by the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan in 2007 who with Lero undertook exploration. Following its acquisition of Lero in 2008, Orsu has undertaken detailed exploration on the Karchiga Project to date.

With respect to the regional geology the Karchiga deposit is located on the western side of the Irtysh terrane, part of the Altai-Mongol superterrane, which extends from Northwest China to Eastern Kazakhstan and is sandwiched between the Irtysh Fault to the north east and the Kalba Narym Fault to the south west. The terrane rocks have been subjected to tectonic movement and greenschist and amphibolites facies metamorphism. The local geology is dominated by the Palaeozoic Kurchum subterranean and comprises mainly gneisses and amphibolites (amphibolites and greenschist facies) with the most metamorphised rocks occurring close to the Irtysh Fault.

The mineralization at Karchiga is located in the Central and North East Lodes, typically associated with the amphibolites and gneisses. The two lodes have a strike length in excess of 1km and have been intersected down to depths of 200m below surface, varying in dip between 15º to 60º towards the northeast over the majority of their strike-lengths. The Central Lode is expressed at surface in recessive linear topography over its oxide zone. The North East Lode does not have any surface expression. The Central Lode and North East Lode are separated by a unit of metamorphosed terrigenous sediments and amphibolites, more than 100 m thick. The rocks and ores of the deposit have been altered during prograde and retrograde metamorphism. Episodes of extensional and contraction tectonics pre and post mineralization are evident at Karchiga, and, as a result, the deposit is affected by folding with small scale micro folds and larger scale folds. The North East Lode is synformal towards its northern end and it is possible that the northern part of the Central Lode may also be synformal.

The Central Lode comprises a single lens at its southern extent and in the middle part of the lode the mineralization is located within a series of shallow dipping massive and disseminated sulphide bodies/lenses stacked at four stratigraphic levels; smaller discontinuous pods of mineralization have also been identified. At its northern extent the mineralization is within two stacked lenses. The mineralization in the Central Lode includes oxide, transition and sulphide ores; the supergene enrichment is not continuous throughout the Central Lode.

The North East Lode differs from the Central Lode as the ore is mainly localised within the gneisses. The mineralization is located within two sub parallel bodies (upper and lower) of massive and disseminated sulphide lenses in the south of the deposit which dip at 45˚ and become more shallow-dipping and moderately folded as it extends northward producing a syncline, the limbs of which dip between 20 and 30˚ northeast and southwest. There is no evident transition or oxide zone in the North East Lode.

Chalcopyrite is the main ore mineral at Karchiga and detailed studies done on the mineralogy by Orsu have shown that its content varies from trace amounts to 70%. Gold is variable throughout both the Central and North East Lodes and is more common in the North East Lode.

In total 347 holes for some 41,600 m have been drilled at Karchiga since Soviet times. In addition to this 51 trenches for 2,167 m have been undertaken as well as geochemical and geophysical surveys.

SRK modelled the deposit using a 0.1% Cu raw data shell in 2D and 3D using the available data from 1956 to 2011 including the 51 trenches and 325 drill holes. In total 4 domains were created in the Central Lode and two in the North East Lode. In addition 6 domains representing ancient workings were also modelled in the Central Lode. A regional topography was provided to SRK by Orsu and in addition two surfaces were created for the Central Lode which represented the base of oxide/top of transition and base of transition/top of sulphide. The data for creating the weathering surfaces were sourced from the logged weathering data from the 2007, 2008 and 2011 drill holes verified against the core photographs.

Classical statistical analysis was undertaken on the raw and composited data and geostatistics were undertaken on the (2 m) composited data. A single rotated block model was created covering both the Central and North East Lodes.

Grade (Cu and Au), specific gravity (SG) and acid solubility percentage were estimated into the block model using an Ordinary Kriging (OK) algorithm. The oxide, transition and sulphide weathering surfaces were used to constrain the grade estimates. In order to align the mineral resource reporting more closely with the results of metallurgical test work carried out prior to the date of the Karchiga Definitive Feasibility Study Report, it was deemed appropriate by SRK that all material with an acid solubility in excess of 40% would be reported as treatable by heap leaching whilst all material with acid solubility of less than 40% would be reported as suitable for processing in the flotation circuit under consideration.

SRK produced the SRK December 2011 Pit-Constrained Mineral Resource Estimates for the Karchiga deposit using the guidelines of the Canadian Institute of Mining, Metallurgy and Petroleum CIM Standards on Mineral Resources and Reserves ("CIM Standards") and the guidelines of NI 43-101. The SRK December 2011 Pit-Constrained Mineral Resource Estimates are constrained to the portion of the Karchiga model which falls within an optimised open-pit shell, taking into account a reasonable long term Cu price, mining and processing costs and geotechnical parameters which are sourced from a combination of SRK's technical studies and information from Orsu. The optimised pit shell used for reporting the SRK December 2011 Pit-Constrained Mineral Resource Estimates is designed to satisfy reporting with reasonable prospects for eventual economic extraction by an open-pit mining method. The optimised pit shell is not the same as that which has been used to estimate the mineral reserve estimates (see Table 3) and determine the mining schedule.

SRK reported an indicated mineral resource of 10.8 Mt of ore at a grade of 1.73% Cu, and an open-pit inferred mineral resource of 0.02 Mt of ore at a grade of 1.28% Cu constrained by an open pit. The SRK December 2011 Pit-Constrained Mineral Resource Estimates are presented in Table 1.

Table 1: SRK December 2011 Pit-Constrained Mineral Resource Estimates for mineralization within an open-pit, reported at a cut-off grade of 0.7% Cu for Oxide and Transition and 0.3% Cu for Sulphide. Heap Leach (HL) >40% Acid Solubility, Flotation (FL) <40% Acid Solubility (effective December 8, 2011).

Classification	Lode	Zone	Process	Cu Cut off	Tonnage (Mt)	Cu Grade (%)	Au Grade (ppm)	Cu Metal (M lbs)	Cu Metal (Kt)	Au Metal (k oz)	SG
			HL	0.7	1.5	1.24	0.06	40.0	18	2.7	2.53
		Oxide	FL	0.3	0.3	1.15	0.11	7.0	3	1	2.73
			HL	0.7	0.1	3.39	0.06	7.3	3	0.2	2.70
		Transition	FL	0.3	0.1	3.19	0.06	7.3	3	0.2	2.83
			HL	0.7	0.2	1.72	0.14	7.3	3	0.85	2.96
Indicated	Central	Sulphide	FL	0.3	3.8	1.87	0.13	154.9	70	16	3.15
	North		HL	0.7	-	-	-	-	-	-	-
Indicated	East	Sulphide	FL	0.3	4.9	1.75	0.21	188.9	86	33	3.28
Total Indicated Central + NE Lode		All Zones	HL + FL	-	10.8	1.73	0.16	413	188	54	3.10
			HL	-	-	-	-	-	-	-	-
		Oxide	FL	-	-	-	-	-	-	-	-
			HL	-	-	-	-	-	-	-	-
		Transition	FL	-	-	-	-	-	-	-	-
			HL	-	-	-	-	-	-	-	-
Inferred	Central	Sulphide	FL	-	-	-	-	-	-	-	-
	North		HL	-	-	-	-	-	-	-	-
Inferred	East	Sulphide	FL	0.3	0.02	1.28	0.2	0.7	0.3	0.2	3.25
Total Inferred	Central + NE	All zones	FL	0.3	0.02	1.28	0.2	0.7	0.3	0.2	3.25

MINERAL RESERVE ESTIMATES

SRK completed the 2012 mineral reserve estimates on the Karchiga Project as part of the Karchiga Definitive Feasibility Study. As is the case with the SRK December 2011 Pit-Constrained Mineral Resource Estimates, this was reported using the CIM Standards and is effective February 29, 2012.

SRK derived optimised pits for the Karchiga Project based on the material reported as indicated mineral resources in the SRK December 2011 Pit-Constrained Mineral Resource Estimates.

Table 2 below presents the mineral reserve estimate parameters. The mineral reserve pits have been optimised on a long term price forecast of $6,600/t.

Table 2: Economic Parameters assumed in reserve estimation for Karchiga Project

PARAMETER	VALUE
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
MINERAL EXTRACTION TAX	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)

Using only the indicated mineral resource estimates from the SRK December 2011 Pit-Constrained Mineral Resource Estimates, the life of mine plan supports 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 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. The tonnes and grades have been reported with appropriate factors for recovery and dilution applied.

The 2012 mineral reserves estimates classified in accordance with the CIM Standards are summarised below in table 3.

Table 3: 2012 mineral reserve estimates, for the Karchiga Project

Ore body	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

The qualified person with overall responsibility for the preparation and for reporting of the above mineral reserves is Mr Michael Beare, C.Eng, B.Eng (Mining), MIMMM, who is an employee of SRK. Michael Beare is a mining engineer with 20 years experience in the mining industry and has been involved in the reporting of mineral reserves on various properties in Europe and Africa during the past eight years.

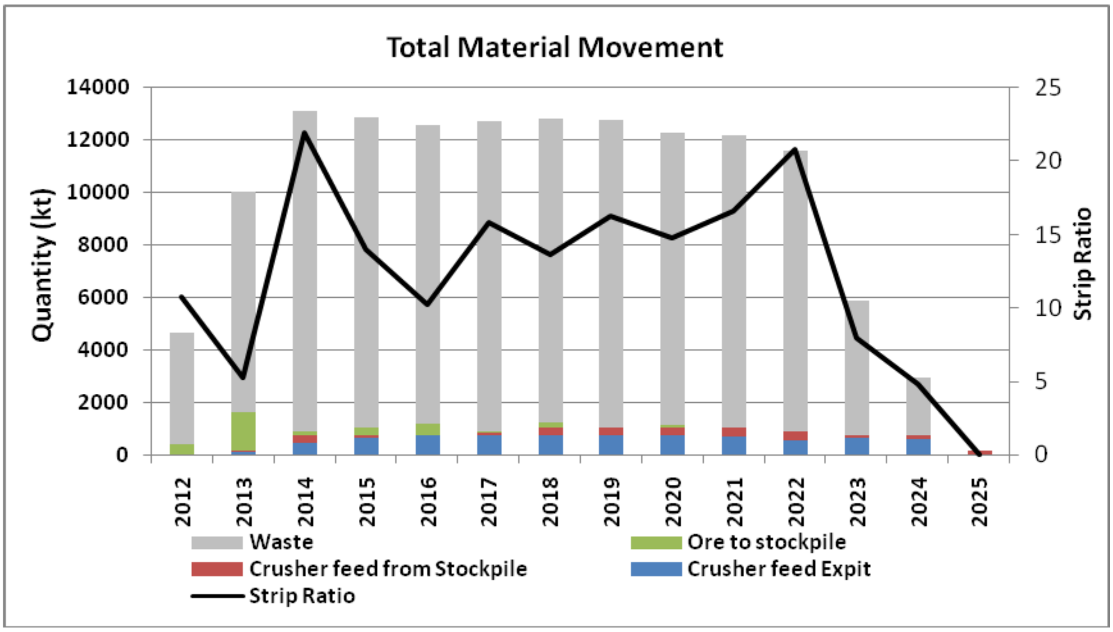
MINING METHODS

Pit Optimization and Schedule

Using the pit shell with a revenue factor of 1.0, final pit designs were completed on the Central and North East pits. The combined areas contain 133,513 kt of material, of which 123,513 kt is classified as waste, 8,503 kt defined as fresh sulphide ore and 1,498 kt as an oxide ore with copper grades of 1.71% and 1.43%, respectively.

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 123.5 Mt of waste with a stripping ratio of 1:12.4 over the mine life. The average mining rate of the operation is 750kt of ore per annum.

Annual total material movement to each final destination is shown in the figure below.



Material Movement

Three waste dumps (North-West, West and South-West) have been engineered based on storage requirements from the pits. A swell factor of 30% has been used to estimate the Loose Cubic Metres (LCM). The total available dump capacity is 54.4LCM.

PROJECT INFRASTRUCTURE

Project infrastructure will include mainly the elements as follows:

- Camp;
- Workshops;
- Administration building;
- Boiler plant for heating in winter;
- Contractor's storage facilities;
- Utility block;
- Quality control laboratory;
- Garage for heavy duty vehicles;
- Car wash; and
- Fuel storage with a fuelling station.

Details and drawings of the facilities are given in the Litera 3 report, the details of which can be found in the Karchiga Definitive Feasibility Study Report.

ENVIRONMENTAL STUDIES, PERMITTING AND SOCIAL OR COMMUNITY IMPACT

An Environmental and Social Impact Assessment study (the "ESIA") was completed by Wardell Armstrong International Limited ("WAI") in tandem with the Karchiga Definitive Feasibility Study. Key points from the study are presented below:

- Fauna and flora are typical for the region;
- The site is placed 7 km away from the southern border of the Markakol Nature Reserve with some active projects, including organizations like World Wildlife Fund (WWF);
- The site experienced seismic activity about 20 years ago;
- The geochemical analysis concludes that the majority of waste materials generated by the project are unlikely to be acid forming;
- The tailings facility requires lining due to the acid generating potential of the sulphide ore. Careful monitoring will be undertaken throughout the life of the facility;
- Appropriate ditching and deflection berms have been incorporated into the site design in order to minimise the potential to contaminate ground and surface water;
- It is considered that any potential environmental impacts can be reduced to a low or moderate level;
- Socio-economic impacts range from low to high magnitude, positive and negative impacts, both pre and post mitigation;
- A framework Social and Environmental Management System has been developed by Orsu;
- A framework Community Management Plan (CMP) and Reclamation and Closure Plan have been developed as part of the ESIA; and
- An indicative closure plan has been developed as part of the Karchiga Definitive Feasibility Study.

CAPITAL COSTS

A summary of the capital expenditure estimated for the Karchiga Project is presented in the table below:

Table 4: Summary of Capital Costs

Calendar Year	Units	Totals	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Production Year			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
CAPITAL EXPENDITURES																	
Project																	
Mining	(USDm)	21.5	18.8	2.4	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-
Processing	(USDm)	66.4	16.5	22.2	-	-	1.6	18.0	8.3	-	-	-	-	-	-	-	-
Infrastructure	(USDm)	25.2	10.5	11.2	-	-	-	-	-	-	-	-	-	-	-	1.8	1.8
Contingency	(USDm)	11.3	4.6	3.6	0.0	0.0	0.2	1.8	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2
Subtotal	(USDm)	124.5	50.3	39.3	0.0	0.0	1.7	19.8	9.1	0.1	0.0	0.0	0.0	0.0	0.0	2.0	2.0
Sustaining																	
Mining	(USDm)	21.4	-	-	0.1	2.8	-	-	0.4	-	0.9	6.7	9.8	0.3	0.4	-	-
Processing	(USDm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	(USDm)	1.2	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-
Subtotal	(USDm)	22.7	-	-	0.2	2.9	0.1	0.1	0.5	0.1	1.0	6.8	9.9	0.4	0.5	0.1	-
Total Capital cost	**(USDm)**	**147.2**	**50.3**	**39.3**	**0.2**	**3.0**	**1.8**	**19.9**	**9.7**	**0.2**	**1.0**	**6.8**	**9.9**	**0.4**	**0.6**	**2.1**	**2.0**

The estimated total project capital expenditure over the mine life is $147 million, which includes $29 million to construct a solvent extraction with electrowinning ("SXEW") plant to treat the oxide ores after a payback on initial capital expenditure for the Karchiga Project ("CAPEX") is achieved. The estimated initial CAPEX is approximately $115 million, which includes:

- $21.1 million for mining equipment and pre-production development;
- $38.7 million for copper in concentrate processing plant and equipment;
- $21.7 million for mine site facilities and infrastructure;
- $8.1 million contingency; and
- $25.4 million pre-production operating costs.

OPERATING COSTS

MINING

The average unit operating cost for the Karchiga Project is estimated to be 1.71 $/$t_{TOTAL}$ and 22.99 $/$t_{ORE}$.

PROCESSING

The operating costs for the sulphide concentrator including crushing $10.1/t. The corresponding cost for the oxide concentrator including crushing is $17.8/t.

The power cost used is 0.055 $/kWh.

UNIT COST OF PRODUCTION

The average production cost (excluding tax) is estimated to be $1.47/lb over the life of the Karchiga Project.

ECONOMIC ANALYSIS

A Karchiga Definitive Feasibility Study level Technical Economic Model ("TEM") has been developed for the Karchiga Project. The Karchiga Project considers flotation processing of the sulphides along with the inclusion of heap leaching the oxide ore.

The table below provides a summary of the key technical and economic aspects of the Karchiga Project and assumes 100% equity financing for the Karchiga Project.

Table 5: Summary Table of key performance indicators for the Karchiga Project

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 (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 (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

Table 6: Summary of key economic indicators for the Karchiga Project

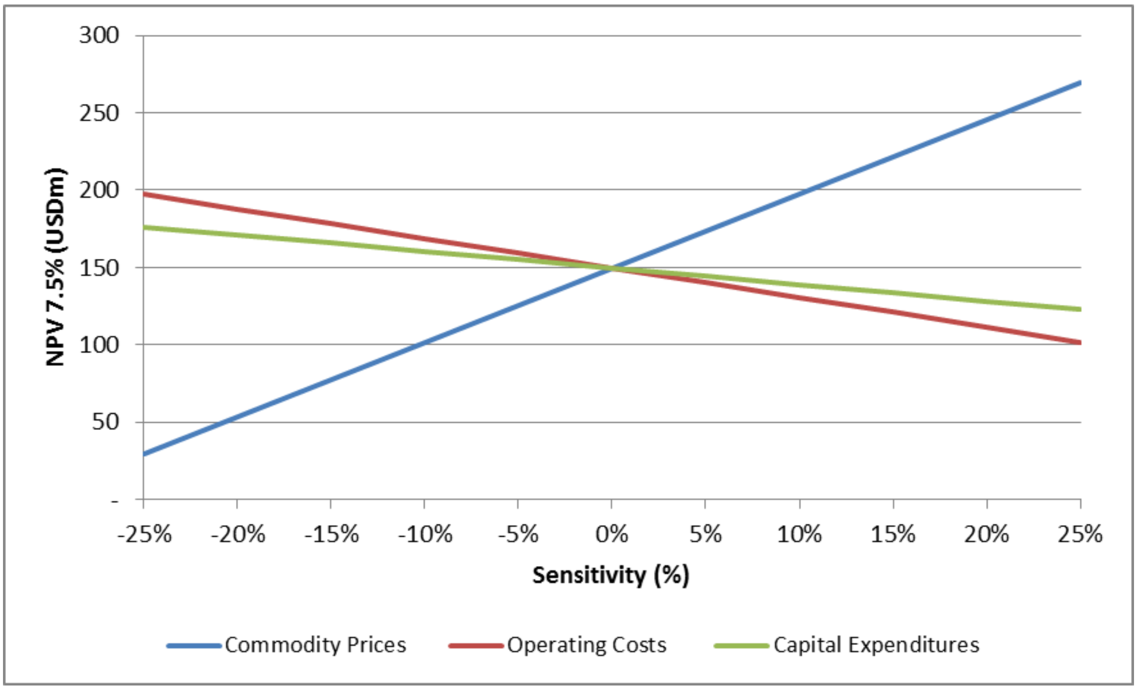
Parameter	Units	Key Economic Indicator
Project CAPEX	$M	147
Total Initial CAPEX	$M	115
Total Gross Revenue	$M	970.5
Sulphide and Oxide Case @ US$3.25/lb Cu:		
- Post-Tax $NPV_{7.5}$	$M	150
- Post-Tax IRR	%	30
- Payback period	Years	2.75
Sulphide Only Case @ US$3.25/lb Cu:		
- Post-Tax $NPV_{7.5}$	$M	136.1
- Post-Tax IRR	%	30
- Payback period	Years	2.75
Sulphide and Oxide Case @ US$3.00/lb Cu:		
- Post-Tax $NPV_{7.5}$	$M	113
- Post-Tax IRR	%	25
- Payback period	Years	3

The NPV, IRR and payback results for the base case scenario are presented in Table 7 below.

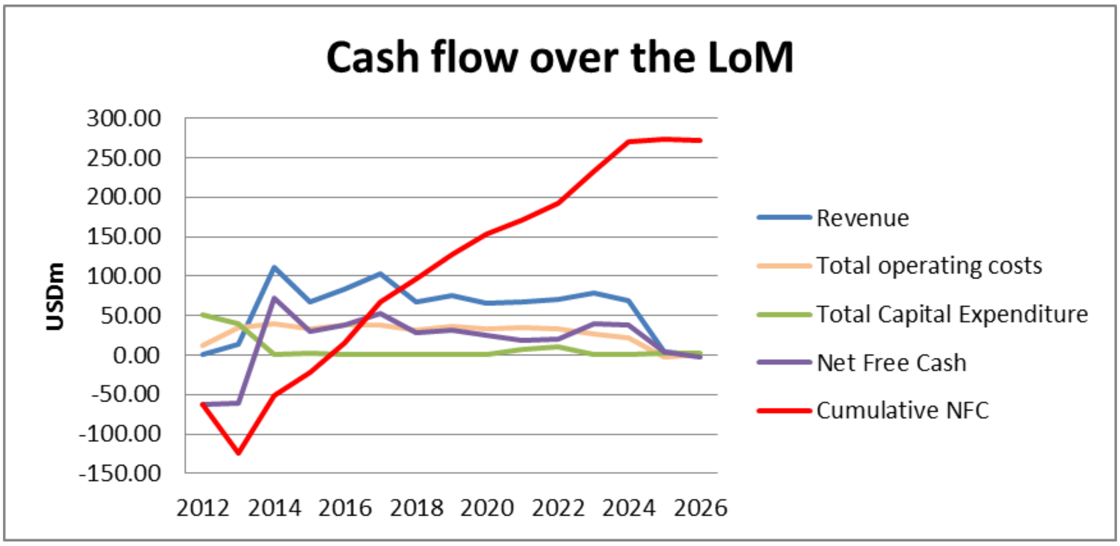
Table 7: TEM Results – Base Case

Parameter	Units	Option 1 Concentrator + Heap Leach
Capital expenditure	($m)	147
Revenue	($m)	970
Total operating costs	($m)	440
Tax	($m)	79
Free Cash flow	($m)	305
NPV	**($m)**	**150**
IRR	**(%)**	**30%**
Payback	**(years)**	**2.75**
LOM (ore processing)	(years)	11.5
Ore tonnage mined	(Mt)	10

Graphical results of this analysis (Figure below), which has been calculated post-CIT/EPT, is presented below. The curve for price sensitivity has the most influence on project economics (steepest curve).



Sensitivity to Key Variables
The base case assumes a copper price of $3.25/lb and the Heap Leach and Concentrator Plant scenario. A graphical illustration of revenue, costs, and cash flow over the LOM is presented in the cashflow over the LOM in the graph in the figure below.



GEOTECHNICAL CONSIDERATIONS
The Karchiga Project comprises two open pits, namely the Central and North East Pits, which are planned to be 1300 m and 1120 m long, 380 m and 477 m wide and maximum depths are 200 m and 180 m, respectively.

Based on a program of cost logging and laboratory test work to international standards, an analysis of wedge failure was performed to determine suitable sized bench-berm configurations.

The following geotechnical slope design parameters have been used for the Central and North East Pits:

Table 8: Geotechnical Parameters for Pit Design

	FW		N Wall	HW	
PARAMETERS SUMMARY	**Central Pit**	**NE Pit**	**NE Pit**	**Central Pit**	**NE Pit**
INTER-RAMP SLOPE ANGLE	50°	47⁰	47⁰	50⁰	52⁰
STACK HEIGHT	80m	80m	80m	80m	80m
FACE HEIGHT	20m	20m	20m	20m	20m
FACE ANGLE	75°	75⁰	75⁰	75⁰	75⁰
BERM WIDTH	11.5m	13m	13m	11.5m	10m
GEOTECHNICAL BERM WIDTH	20m	20m	20m	20m	20m
OVERALL SLOPE ANGLE WITH NO RAMPS INCLUDED	49°	47⁰	47⁰	49⁰	51⁰
RAMP					
WIDTH	20m	20m	20m	20m	20m
GRADE	10%	10%	10%	10%	10%

Water Management

SRK has undertaken detailed feasibility level studies into hydrology and hydrogeology for the Karchiga Project. The results of these investigations indicate that there is sufficient water for the needs of the Karchiga Project. A range of facilities have been designed to collect or deflect run off, collect seepage and store water.

Tailings

SRK has provided review and design input into the Tailings Storage Facility (TSF) design process which has been carried out by Litera3, a Kazakh design institute. It has been proposed that the best option for the disposal of the tailings would be storage of wet sulphide tailings within the downstream embankment built using the mine waste rock material. A feasibility level design has been completed for the Karchiga Definitive Feasibility Study. The final design of TSF will be a subject to a detailed design study.

KEY CONCLUSIONS

Based on the work undertaken as part of the Karchiga Definitive Feasibility Study, SRK has concluded the following:

Geology and Mineral Resources

- The work undertaken at the Karchiga Project to date has enabled SRK to report an indicated mineral resource using CIM Standards for the combined Central and North East Lode of 10.8 Mt at a mean grade of 1.73%Cu for some 187.2Kt of Cu Metal and an inferred mineral resource of 0.02 Mt at a mean grade of 1.28% Cu for 0.31 Kt of Cu metal. The Karchiga mineralization is considered to be amenable to open pit mining.
- SRK considers the exploration to date to have been undertaken in an appropriate and professional manner and that sufficient data of sufficient quality is available to enable SRK to classify its resulting estimate as a combination of indicated and inferred mineral resources as defined by the CIM Standards.
- It is understood that the extents of the Karchiga ore body are established and therefore there is little potential for the Central and North East Lodes to extend along strike although it is unknown if there is potential within the surrounding area to host mineralization.

Mining

- The material quantities for the Central and North East pit designs have been evaluated using a copper ore equivalent marginal cut-off grade of 0.8% and 0.29% for oxide and sulphide respectively and 10Mt of Probable Mineral Reserves have been classified as part of the Karchiga Definitive Feasibility Study;
- The three waste dump designs have a combined capacity of 54.4 million LCM;
- The Karchiga Project has nearly 12 years of ore production along with 15 months of pre-production;
- Two $10m^3$ hydraulic, three $3.4m^3$ and one $5m^3$ front-end loaders will be required along with a maximum of eleven 91 tonne haul trucks.
- The cutback designs and the three waste dump designs have been created along with the haulage network for all stages of the mine life. These designs have been used to create a mining schedule which produces 750ktpa of copper ore feed to the crusher for approximately 12 years. Equipment, blasting, and labour requirements have been estimated from the mining schedule to determine capital and operating costs for the Karchiga Project.

Financial Evaluation

- The Karchiga Definitive Feasibility Study results indicate the Karchiga Project is technically and economically feasible;
- Capital costs have an impact on NPV and warrant close control and competitive tendering on key contracts in order to maximise Karchiga Project returns;
- Operating costs are significant in terms of labour, power and fuel and any efforts to reduce these will have a positive benefit to the project economics; and
- The Karchiga Project shows sensitivity to the revenue stream. The Karchiga Project is less sensitive to capital expenditures and operating costs.

KEY RECOMMENDATIONS

Based on the work undertaken as part of the Karchiga Definitive Feasibility Study, SRK made the following recommendations.

Geology and Mineral Resources

- Further mapping and sampling of the ore bodies during mining so as to understand the oxide/transition/sulphide boundary better.
- Further sampling during mining for grade control purposes and so that reconciliation with the model and the SRK December 2011 Pit-Constrained Mineral Resource Estimates is possible.

Mining

- The schedule generated by SRK is feasibility study level considered appropriate for long term mine planning. More detailed short and medium term scheduling needs to be completed using the results of grade control drilling to formulate short term mining and cut back plans;
- The equipment operating costs require further refinement with manufacturer specific data for spare parts and major rebuilds;
- The performance of the CAT 777 equivalent trucks from China require ongoing monitoring to verify the assumption that they will perform to the same level as the CAT units;
- Grade control in the pit will be very important to maintain a feed grade as high as possible for the heap leach activities; and
- In the last production year (2025) the crusher will be fed only from stockpile and there will be no more mining activities. To load trucks with an available wheel loader of 5m3 bucket capacity, a platform will be needed so the loader can reach the height of 91t type truck.

Financial Evaluation

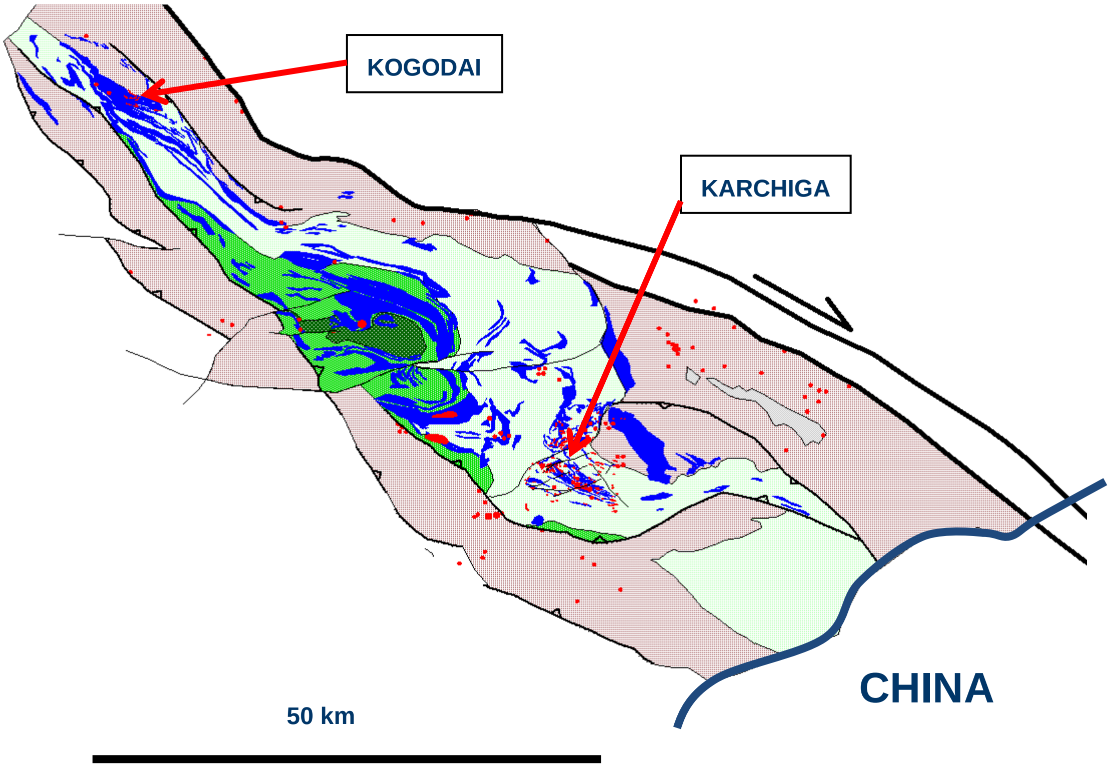
- Costs are controlled carefully during project implementation to optimise project value; and
- Further financial analyses are carried out as the project progresses and to evaluate the impact of any new data.

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.

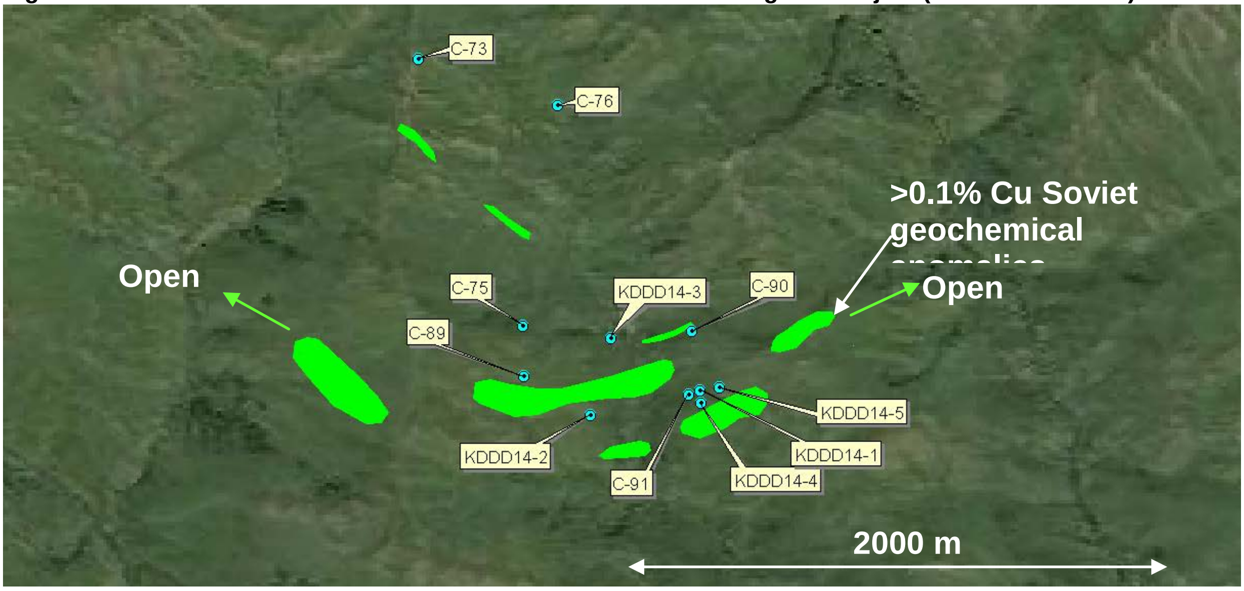
The Soviet drill hole results, disclosed above, are from a report by A.A. Shatobin dated 1971 and titled "Geological report on exploration works of the South Altay exploration party, Ministry of Geology, of the Kazakh Soviet Socialist Republic".

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 mineralised 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 9), 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 9. 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 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 Kazakhstan, which in turn holds an 80% interest in 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, the Kazakh State-owned special enterprise company, which will holds 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 existing and future cash resources.

AKDJOL-TOKHTAZAN PROJECT, KYRGYZSTAN

Project Description and Location

The Akdjol-Tokhtazan Project is located in the Jelal-Abad Oblast, western Kyrgyzstan. Access to the project is via the main Bishkek-Osh bitumen road for 400 km, then 14km on a gravel road.

Licenses

The Akdjol-Tokhtazan Project contains the Akdjol (108km^2) and Tokhtazan (4km^2) exploration licenses, both of which are held by OiK LLC in which the Company holds an indirect 100% interest through its wholly owned subsidiary, 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 in Table 10.

Table 10: 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

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 which expired on December 31, 2013.

Thereafter, following the expiry on January 31, 2014 of an exclusivity agreement with the Potential Buyers for the potential sale of the Akdjol-Tokhtazan Project on the same terms as the previous exclusivity agreements between the Company and David-Invest, the Company entered into a new exclusivity agreement with the Potential Buyers dated March 28, 2014 after receiving a non refundable deposit in the amount of $300,000 on April 1, 2014 which expired on July 1, 2014. Subsequently, in September 2014, the Company entered into another exclusivity agreement with the Potential Buyers after receiving a further non-refundable deposit of $100,000 which lapsed in October 2014.

In November 2014, the Company entered into the Akdjol-Tokhtazan 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;
- 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 at any time, and Orsu has the right to terminate the Exclusivity Agreement in the event of non-fulfilment of the obligation to fund the costs of maintaining the license.

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.

7. DIVIDENDS

The Company's Articles of Association provide that the board of directors of the Company (the "Board of Directors") may declare dividends, provided that, following such declaration, the value of Orsu's assets will exceed its liabilities and the Company will be able to pay its debt as it becomes due. However, no cash dividends or distributions have been paid or declared over the three most recently completed financial years and it is not contemplated that any dividends will be paid on the Common Shares in the immediate future, as it is anticipated that all available funds will be reinvested in Orsu to finance the growth of its business. Any decision to pay dividends on the Common Shares in the future will be made by the Board of Directors on the basis of the earnings, financial requirements and other conditions existing at such time.

8. CAPITAL STRUCTURE

Common Shares

The Company is authorised to issue a maximum of 100,000,000,000 Common Shares of no par value of a single class. Each Common Share carries with it the right to vote and the right to an equal share in any dividends declared or surplus assets of the Company upon its liquidation.

The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights.

Effective November 24, 2009, the Company completed a share consolidation on a ten (10) for one (1) basis (the "Consolidation"). This reduced the issued and outstanding Common Shares from 456,959,226 to 45,696,049 immediately following the completion of the Consolidation.

In July 2013 the Company issued 25 million Common Shares to Gold Fields upon completion of the Subscription.

As at the date hereof, there are 182,696,049 Common Shares issued and outstanding.

Stock Options, Warrants and Joint Share Ownership Plan

As at the date hereof, stock options (each, an "Option") to acquire 12,610,000 Common Shares are outstanding and Warrants to acquire 12,500,000 Common Shares are outstanding.

Stock Options

The Consolidation resulted in an adjustment to the exercise price and to the number of Common Shares that are issuable upon exercise of the outstanding Options granted prior to November 24, 2009 (the "Old Share Purchase Options"). The exercise price of each of the Old Share Purchase Options has been multiplied by 10 and the number of Common Shares that are issuable in connection with each whole Old Share Purchase Option has been divided by 10. No fractional Common Shares will be issued on exercise of the Old Share Purchase Options as a result of the Consolidation. Accordingly, up to approximately 285,000 Common Shares are issuable upon exercise of the Old Share Purchase Options. Each of the Options granted after November 24, 2009 (the "New Share Purchase Options",) are exercisable, upon payment of the applicable exercise price, on the basis of one Common Share for each New Share Purchase Option. Up to 12,325,000 Common Shares are issuable on exercise of such New Share Purchase Options.

Warrants

On July 24, 2013 the Company issued to Gold Fields 25 million Common Shares at a price of CAD$0.40 per Common Share and 12.5 million Warrants. Each Warrant is exercisable for a period of three years, upon payment of the applicable exercise price of CAD$0.50 per Warrant, on the basis of one Common Share for each Warrant.

Joint Share Ownership Plan

The Company established a joint share ownership plan (the "JOP") which it anticipates will: (i) focus and drive the executive management team to grow the value of the Company; (ii) align the interests of the executive management team with that of investors; (iii) assist management in recruiting and retaining talent; and (iv) provide a tax efficient alternative to the Company's existing stock option plan (the "Option Plan") for certain eligible employees and officers of the Company who reside in England. The JOP is a security based compensation arrangement designed to allow award recipients to participate in an increase in the value of the Common Shares in a tax efficient manner. The rules of the TSX require that all security based compensation arrangements must be approved by a majority of the Company's directors and by its shareholders. On April 11, 2011 the Company's board of directors approved the implementation of the JOP, subject to the JOP being approved by shareholders at the annual general meeting.

At the annual general meeting of the Company held on May 18, 2011 a resolution was passed to authorise the adoption of the JOP. Awards may be made under the JOP (or "JOP Awards") to selected employees and or officers of the Company (each, a "Participant") at the discretion of the board of directors. No JOP Award may be made after the tenth anniversary of the date on which the JOP is adopted. The JOP prohibits any JOP Awards being made within three trading days of the end of a "black-out" period. Any corporate governance guidelines applicable to the Company will also be considered prior to any JOP Award being made. Subsequently, on July 7, 2011 the Company also received notification that all relevant documentation had been received by the TSX and had been approved.

Under the rules of the TSX, the JOP must be approved by a majority of the Company's directors and by its shareholders on the third anniversary following the adoption of the plan. At the annual general meeting of the Company held on June 26, 2014 a resolution was passed to re-approve the adoption of the JOP.

JOP Awards may be granted in parallel with Options granted pursuant to the Option Plan ("Parallel Options"). In the event a Parallel Option is granted in connection with a JOP Award, the Participant will only be able to realize value under the JOP Award to the extent that the Parallel Options are not exercised. In addition, each Parallel Option granted in connection with a JOP Award will expire immediately prior to such JOP Award being realized.

9. MARKET FOR SECURITIES

The Common Shares are listed for trading on the TSX and quoted on AIM under the symbol "OSU".

Price Range and Trading Volume

The table below sets forth information relating to the trading of the Common Shares on the TSX for the periods indicated.

Table 11: Figures Relating To Trading Of Common Shares on the TSX

Period	High (CAD$)	Low (CAD$)	Volume (000s')
January 2014	0.08	0.06	685.7
February 2014	0.06	0.05	888.3
March 2014	0.06	0.04	1,359.9
April 2014	0.04	0.04	1,472.2
May 2014	0.04	0.03	2,472.9
June 2014	0.04	0.04	661.6
July 2014	0.04	0.03	403.5
August 2014	0.04	0.03	2,793.5
September 2014	0.03	0.03	3,489.1
October 2014	0.04	0.03	1,836.3
November 2014	0.04	0.02	4,240.4
December 2014	0.03	0.03	806.6

10. DIRECTORS & OFFICERS

The following table sets forth, as of the date hereof, the name and residence of each director and executive officer of Orsu, as well as such individual's position with Orsu, principal occupation within the five preceding years and period of service as a director (if applicable). Each director will hold office until the next annual meeting of shareholders of Orsu, unless the office is earlier vacated in accordance with the Articles of Association and the provisions of the *BVI Business Companies Act 2004*, as amended (British Virgin Islands).

Name, Residence and Position with Orsu	Principal Occupation During Prior Five Years	Director Since
Dr Sergey V Kurzin, London, United Kingdom, Executive Chairman	Executive Chairman of Orsu since June 2008. Currently non-executive chairman of Equus Petroleum Plc ("Equus"), which operates oil and gas exploration and production activities in central Kazakhstan. Dr Kurzin founded Equus in September 2011 and served as its Executive Chairman until June 11, 2014.	June 18, 2008
Dr Alexander Yakubchuk, London, United Kingdom, Chief Operating Officer	Chief Operating Officer for Orsu from November 12, 2009 to present. Director of Exploration for Orsu from July 2008 to November 2009.	July 18, 2008
Mr Massimo Carello (1) & (3) London, United Kingdom, Non-Executive Director	A businessman and investor who is currently a Non-Executive Director of Canaccord Genuity Group Inc. (a financial services firm) from August 2008 to present and Canadian Overseas Petroleum Limited (an oil and gas company) from 2009 to present.	September 25, 2008
Mr Mark Corra (1) & (2) Vancouver, British Columbia, Canada, Non-Executive Director, Lead Independent Director	Currently a director at Energold Drilling Corp., a drilling company in the mining and energy sectors, since June 2014 as well as Sunridge Gold Corp., a junior exploration company, since July 2008 and at Uracan Resources Ltd, a junior uranium exploration company listed on the TSX-V, since May 2014. Mr Corra was previously Senior VP Finance and CFO of B2Gold Corp. (a precious metals production company) from April 2007 to April 2014.	July 7, 2008
Mr Timothy Hanford (1),(2) & (3) London, United Kingdom, Non-Executive Director	Currently Managing Director at J.C. Flowers & Co. (an investment firm).	September 28, 2006
Mr David Rhodes Kent, United Kingdom, Non-Executive Director	Currently Managing Director of Endeavour Financial Ltd (a financial services advisory firm) since 2004.	December 7, 2010
Mr Kevin Denham, Hertfordshire, United Kingdom, Chief Financial Officer and Company Secretary	Chief Financial Officer of Orsu from May 2012 to present and Company Secretary of Orsu from June 2012 to present. Previously a capital markets partner at Baker Tilly, a Top 8 UK accountancy practice which he joined in 1997, becoming a partner in 2005 and held this post until April 2012.	Not Applicable

Notes:
(1) Member of the Audit Committee, of which Mr Mark Corra is the Chairman
(2) Member of the Compensation Committee, of which Mr Timothy Hanford is the Chairman
(3) Member of the Governance and Nominating Committee, of which Mr Massimo Carello is the Chairman

As of the date hereof, the directors and executive officers of Orsu as a group beneficially own, control or direct, directly or indirectly, 4,386,900 Common Shares, representing 2.40% of the issued and outstanding Common Shares.

The following are short biographies of the directors and executive officers of the Company:

Dr Sergey V Kurzin – Executive Chairman
Dr Kurzin is a Russian-born research engineer who moved to the United Kingdom in 1990 and has played a key role in initiatives to acquire and progress several important FSU mining assets. These include Julietta (a high grade gold deposit in Magadan, Russia with Bema Gold Corporation ("Bema")), Kupol (a high grade epithermal gold deposit in Chukotka, Russia also with Bema), the Voskhod chromite deposit (acquired by Mechel OAO, Moscow) and the Varvarinskoye Project with EMC.

He also played a key role in establishing UrAsia Energy Ltd, a uranium producer with mining operations in the Republic of Kazakhstan. He was founder and Executive Chairman of Oriel Resources Plc and also held the position of Chairman of Lero.

Dr Kurzin has been an officer and consultant for the following companies' active in the FSU:

- Bema – consultant on Kupol and Julietta gold developments.
- Arian Resources Corp. (acquired by Bema) – executive VP Corporate Development.
- EMC – executive VP Corporate Development.
- Consolidated Puma Minerals Corp. – PGM in Kola Peninsula, Russia.
- Zincox – Zinc project in Kazakstan.
- Eurasia Mining plc – PGM projects in Russia.

Dr Kurzin is currently a non-executive chairman of Equus.

Dr Alexander Yakubchuk – Chief Operating Officer
Dr Yakubchuk joined Lero in January 2008, bringing experience gained in Australia, Canada, China, some European Union countries, Mongolia, Russia and the states of the FSU including Kyrgyzstan and Kazakhstan. Prior to the Lero Acquisition, he was CEO of Lero and he was also an Exploration Manager for Europe and the Commonwealth of Independent States for Gold Fields Ltd. Dr Yakubchuk also held the position of Chief Geologist for QGX Ltd in Mongolia and Branch Manager for BHP Minerals International Exploration Inc. in Russia and lectured as an Associate Professor at Lomonosov Moscow State University for 5 years. While with Gold Fields International he negotiated the Talas joint venture exploration alliance with Lero and the placement by Gold Fields International into EMED Mining. In the 1990's he co-discovered the +3Moz Degdekan Gold Deposit in Magadan, Russia. Dr Yakubchuk has previously consulted companies such as BHP-Billiton, Norlisk Nickel, Goldcorp, Rio Tinto, World Bank and Inco.

Mr Massimo Carello – Non-Executive Director
Mr Carello is a businessman and investor who currently holds a Non-Executive position with Canaccord Genuity Group Inc. and is a member of its audit committee. Mr Carello has over 30 years of international senior management and director level experience. Mr Carello is also currently on the Board of Canadian Overseas Petroleum Limited (formerly Velo Energy Inc.) since joining in October 2009. He was a Non-Executive Director of Uranium One Inc. until December 2010. He was a director within the past five years of UrAsia Energy Ltd and was a former Chairman and CEO of Fiat UK Ltd and Diners Club UK Ltd.

Mr Mark Corra – Non-Executive Director, Lead Independent Director
Mr Corra is currently a director of Energold Drilling Corp., a drilling company in the mining and energy sectors, since June 2014 as well Sunridge Gold Corp. (a junior exploration company) since July 2008 and at Uracan Resources Ltd, a junior uranium exploration company listed on the TSX-V, since May 2014. Previously, Mr Corra was Senior VP Finance and CFO of B2Gold Corp. ("B2 Gold") from April 2007 to April 2014. Prior to this he spent 17 years with Bema, first as Controller when he joined in 1990 and was later appointed Vice President Finance in 1995. Mr. Corra started his career at Placer Dome where he spent 11 years in various positions in the accounting department. A Certified Management Accountant, with a diploma in financial management from the British Columbia Institute of Technology. Over the years he has also acted as CFO for Consolidated Puma Minerals Corp., Victoria Resources Corp. and Consolidated Westview Resource Corp.

Mr Timothy Hanford – Non-Executive Director
Mr Hanford joined Orsu from EMC where he also held the position of Non-Executive Director. He is currently Managing Director at J.C. Flowers & Co., a financial services focused private equity investment firm. Mr Hanford previously worked at Dresdner Bank as a member of the Institutional Restructuring Unit's Executive Committee and Head of Private Equity. Until 2002 Mr Hanford worked with Charlemagne Capital and prior to that as a Board Director of Schroders, based in Hong Kong and Tokyo and was responsible for structured finance. He holds an MS from Stanford University's Graduate School of Business, where he was a Sloan Fellow, and a B.Sc. in Chemical Engineering from Birmingham University.

Mr David Rhodes – Non-Executive Director
Mr Rhodes is the Managing Director at Endeavour Financial Ltd since 2004. His experience in the natural resource business spans more than twenty five years, having arranged, structured and advised on over $4.5 billion of resource related projects around the world. Mr Rhodes' career prior to joining Endeavour Financial Limited was at Standard Bank, Barclays Capital and Royal Bank of Scotland. At Standard Bank and Barclays Capital, he sourced, structured and syndicated finance for resource projects and companies on a

global basis. Having lived and worked in London and New York, he has international experience of the CIS, North/South American, European and African markets. Mr. Rhodes is a member of the Institute of Financial Services and has a BSc (Hons) in Financial Services.

Mr Kevin Denham – Chief Financial Officer and Company Secretary
Mr Kevin Denham joined Orsu in May 2012. He is currently Chief Financial Officer and Company Secretary of Orsu. Previously he was a capital markets partner at Baker Tilly, a Top 8 UK accountancy practice which he joined in 1997, becoming a partner in 2005. During that time, Kevin led the reporting accountant teams for numerous IPOs and other transactions by listed companies from all around the world, and in more recent years developed a particular focus on countries within the FSU and Asia. Kevin was also a member of Baker Tilly's dedicated Natural Resources Group, and acted for a number of clients in the mining sector. Kevin is a Fellow of the Institute of Chartered Accountants in England and Wales and holds its Corporate Finance qualification.

Corporate Cease Trade Orders
No director or executive officer of Orsu is, or within the ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including Orsu) that was subject to:

(a) a cease trade order or similar order or an order that denied the relevant company access to any exemptions under securities legislation for a period of more than 30 consecutive days in each case that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days, in each case after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Penalties or Sanctions
No director or executive officer of Orsu or, to the best knowledge of the Company's directors and officers, no shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

(a) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Bankruptcies
No director or executive officer of Orsu or, to the best knowledge of the Company's directors and officers, no shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including Orsu) that, while such person was acting in that capacity or within a year of such person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Conflicts of Interest
The directors of Orsu are required by law to act honestly and in good faith with a view to the best interest of Orsu and to disclose any interests that they may have in any project or opportunity of Orsu. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict is required to disclose his interest and abstain from voting on such matter.

In June, 2012, the Company reported a related party transaction with its financial advisor Endeavour, being the provision of financial advisory services, and the possible conflict of interest relating to the Company's non-executive director, Mr David Rhodes, who holds a non-controlling interest in the issued share capital of Endeavour. This agreement was terminated in 2013 and all residual rights in relation to that agreement lapsed in June 2014.

The directors of the Company, with the exception of Mr Rhodes who abstained from voting, considers that, having consulted with its nominated advisor, Canaccord Genuity Limited, the terms of the transaction are fair and reasonable in so far as the shareholders of the Company are concerned.

Consequently, Mr Rhodes resigned from the Audit and Compensation Committees of Orsu.

Mr Rhodes was re-appointed to the Audit Committee in June 2014 following the expiry of the residual rights under the agreement between Endeavour and Orsu.

To the best of Orsu's knowledge, there are no other known existing or potential material conflicts of interest among Orsu or its subsidiaries and a director or officer of Orsu or its subsidiaries at the date hereof.

However, certain of the directors and officers serve as directors, officers, and members of management of other public resource companies. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of Orsu. The directors and officers of Orsu have been advised of their obligations to act at all times in good faith in the interest of Orsu and to disclose any conflicts to Orsu if and when they arise. The Company has also adopted corporate governance policies which outline procedures for directors, officers and employees to follow in the event of an actual or perceived conflict of interest.

11. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

As at the date hereof, Orsu is not a party to, and none of Orsu's properties are the subject of, any material legal proceedings.

To the best of the knowledge of the Company's directors and executive officers, there were no penalties or sanctions imposed against the Company or its subsidiaries by a court relating to securities legislation or by a securities regulatory authority during the Company's most recently completed financial year, nor were there any other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision, and no settlement agreements have been entered into by the Company before a court relating to securities legislation or with a securities regulatory authority during the Company's most recently completed financial year. Please see Item 5 – "Risk Factors – Class Action Claim".

12. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer or, to the best of the knowledge of the Company's directors and officers, any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 per cent of the Common Shares, and no associate or affiliate of any of the foregoing persons, have had a material interest, direct or indirect, in any transaction in which Orsu has participated within the three most recently completed financial years or the current financial year that has materially affected or is reasonably expected to materially affect Orsu. See "General Development of the Business – Three Year History – July 2012 and July 2013" for a description of the Sale and Subscription.

13. TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for Orsu, Computershare Investor Services Inc., maintains a register of the Common Shares in Toronto, Ontario.

14. MATERIAL CONTRACTS

The Company did not enter into any material contracts during the most recently completed financial year or the current 2015 financial year and has not entered into any material contract since January 1, 2002 and before the most recently completed financial year that is still in effect, other than material contracts entered into in the ordinary course of business that are not required to be filed under National Instrument 51-102 - Continuous Disclosure Obligations ("NI 51-102").

15. INTEREST OF EXPERTS

The following persons and firms are named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under NI 51-102 by the Company during, or related to, the Company's most recently completed financial year:

- Mr Mark Lyndhurst Owen (BSc, MSc, MCSM, FGS, CGeol, EurGeol), Technical Director, UK, of WAI.
- Miss Liv Sorcha Carroll (ARSM, BSc, MSc, DIC, MIMMM, CGeol, FGS), Senior Geologist of Wardell Armstrong Ltd.
- Mr Geraint Harris (MAusIMM), Senior Mining Engineer of Micon International Co Limited.
- Mr Jonathan Steedman (MAusIMM), Economic Geologist of Micon International Co Limited.
- Mr David T. Wells (MIMM CEng), Senior Metallurgist of Micon International Co Limited.

- Mr Rodney Smith (BSc, MAusIMM), Principal Consultant of Metallurgy of Coffey Mining Pty Ltd.
- Mr Michael Beare, Corporate Consultant with SRK.
- Dr Michael Armitage, CEng, CGeol, Group Chairman and Corporate Consultant (Resource Geology) with SRK.
- Ms Tracey Laight, MSc, CGeol, FGS, Senior Consultant (Mining Geology) with SRK.

To the best of the Company's knowledge, the aforementioned persons and firms, and any designated professional, director, officer or employee of such firms, each hold less than 1% of any outstanding securities of the Company or of any associate or affiliate of the Company.

None of the aforementioned persons or firms, nor any designated professionals, directors, officers or employees of such firms, are currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

PricewaterhouseCoopers LLP has advised the Company that it is independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of England and Wales.

16. ADDITIONAL INFORMATION

Additional information concerning the Company may be found on SEDAR at www.sedar.com or at the Company's website at www.orsumetals.com.

Additional financial information is contained in the Company's financial statements and management discussion and analysis for the years ended December 31, 2014 and 2013.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of securities of the Company, and securities authorised for issuance under equity compensation plans, if applicable, is contained in the Company's management information circular relating to the annual meeting of shareholders of the Company which was held on June 26, 2014.

17. AUDIT COMMITTEE INFORMATION

The text of the current charter of the Audit Committee of the Board of Directors is attached hereto as Exhibit "1".

Composition of the Audit Committee
The following table provides information relating to each member of the Audit Committee, including his name, a description of whether he is (i) independent of Orsu and (ii) financially literate, and a summary of his relevant education and experience*.*

Name	Independent of Orsu	Financially Literate	Relevant Education and Experience
Mark Corra	Yes	Yes	Currently a Director of Energold Drilling Corp., a drilling company in the mining and energy sectors, since June 2014 as well Sunridge Gold Corp., a junior exploration company, since July 2008 and at Uracan Resources Ltd, a junior uranium exploration company listed on the TSX-V, since May 2014. Prior to this Mr Corra was Senior VP Finance and CFO of B2Gold until April 2014. Mr Corra has extensive experience in finance, particularly with respect to the natural resource sector. A Certified Management Accountant, with a diploma in financial management from the British Columbia Institute of Technology. He has also acted as CFO for Consolidated Puma Minerals Corp., Victoria Resources Corp. and Consolidated Westview Resource Corp.
Massimo Carello	Yes	Yes	Currently a Director and member of the Audit Committee of Canaccord Genuity Group Inc. and Canadian Overseas Petroleum Limited. Previously, a Director for Uranium One from June 2007 to December 2010. Mr. Carello was the Chairman and Chief Executive Officer of Diners Club UK Ltd. from 2001 to 2004 and was the Chairman and Chief Executive Officer of Fiat UK Ltd. from 1990 to 2001. Mr. Carello served as a member of the Confederation of British Industry (CBI) President's Committee from 1998 to 2003 and was a member of the CBI European Committee. He was Vice President of the Italian Chamber of Commerce in the UK from 1998 to 2005.

David Rhodes	Yes	Yes	Mr Rhodes is the Managing Director at Endeavour Financial Ltd since 2004. His experience in the natural resource business spans more than twenty five years, having arranged, structured and advised on over $4.5 billion of resource related projects around the world. Mr Rhodes' career prior to joining Endeavour Financial Limited was at Standard Bank, Barclays Capital and Royal Bank of Scotland. At Standard Bank and Barclays Capital, he sourced, structured and syndicated finance for resource projects and companies on a global basis. Having lived and worked in London and New York, he has international experience of the CIS, North/South American, European and African markets. Mr. Rhodes is a member of the Institute of Financial Services and has a BSc (Hons) in Financial Services.

Audit Committee Oversight
During the fiscal year ended December 31, 2014, all recommendations of the Audit Committee to nominate or compensate the external auditors were adopted by the Board of Directors.

Pre-Approval Policies and Procedures
Included as part of the Audit Committee's charter is the responsibility of the Audit Committee to pre-approve all non-audit services to be provided to Orsu by its external auditors.

External Auditor Service Fees
The following table summarises the fees paid to PricewaterhouseCoopers LLP as auditor of Orsu for the fiscal years ended December 31, 2014 and 2013.

Service description	**Estimated Fees 2014 GBP£000**	**Actual Fees Billed 2013 GBP£000**
Audit Fees	52-57.0	74.5
Tax Fees	25.0	33.2
Total Fees	**77-82.0**	**107.7**

Note:
The 2014 audit fees subject to any additional work undertaken by the auditor.

ENDS

Exhibit 1

Audit Committee Charter (as adopted by the Board of Directors of the Corporation on November 12, 2013)

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

1. PURPOSE

The Audit Committee (the **"Committee"**) is appointed by the Board of Directors (the **"Board"**) of Orsu Metals Corporation (the **"Corporation"**) to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The Committee's primary duties and responsibilities are to:

a) conduct such reviews and discussions with management and the independent auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;

b) assess the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;

c) ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel;

d) review the quarterly and annual financial statements and management's discussion and analysis of the Corporation's financial position and operating results and report thereon to the Board for approval of same;

e) select and monitor the independence and performance of the Corporation's external auditors (the **"Independent Auditors"**), including attending at private meetings with the Independent Auditors and reviewing and approving all renewals or dismissals of the Independent Auditors and their remuneration; and

f) provide oversight of related party transactions entered into by the Corporation.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditors as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part 3 of this Charter.

2. COMPOSITION AND MEETINGS

a) The Committee and its membership shall meet all applicable legal and listing requirements, including, without limitation, those of the TSX and the AIM exchanges and all applicable securities regulatory authorities.

b) The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair.

c) Each member of the Committee must be "independent" (as defined under *Multilateral Instrument 52-110 - Audit Committees* (**"MI 52-110"**)).

d) Each member of the Committee must, to the satisfaction of the Board, be "financially literate" (as defined under MI 52-110).

e) The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two and at least 50% of the members of the Committee present either in person or by telephone shall constitute a quorum.

f) Unless otherwise agreed, notice of each meeting of the Committee, confirming the venue, time and date together with an agenda of items to be discussed and any supporting papers, shall be forwarded to each member of the Committee and any other person invited to attend, no fewer than five business days prior to the date of the meeting.

g) If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.

h) If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.

i) The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by, the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.

j) Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.

k) The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.

l) The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as it may see fit, or other persons, from time to time, to attend at meetings of the Committee.

m) The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.

n) Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. The Chair shall not have a casting vote on all matters in the event of an equality of votes. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. All decisions or recommendations of the Audit Committee shall require the approval of the Board prior to implementation.

3. RESPONSIBILITIES

A. Financial Accounting and Reporting Process and Internal Controls

a) The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with IFRS applicable to the relevant reporting period. The Committee shall also review the interim financial statements. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the Independent Auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not erroneous, misleading or incomplete and that the audit function has been effectively carried out.

b) The Committee shall review management's internal control report and the evaluation of such report by the Independent Auditors, together with management's response.

c) The Committee shall review management's discussion and analysis relating to annual and interim financial statements and any other public disclosure documents, including annual and interim earnings press releases, that are required to be reviewed by the Committee under any applicable laws prior to their being filed with the appropriate regulatory authorities.

d) The Committee shall ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than disclosure addressed in paragraph 3 above, and must periodically assess the adequacy of those procedures.

e) The Committee shall meet no less frequently than annually with the Independent Auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, deems appropriate.

f) The Committee shall inquire of management and the Independent Auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management, has taken to minimize such risks.

g) The Committee shall review the post-audit or management letter containing the recommendations of the Independent Auditors and management's response and subsequent follow-up to any identified weaknesses.

h) The Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel.

i) The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls and auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

j) The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former Independent Auditors.

k) The Committee shall provide oversight to related party transactions entered into by the Corporation.

B. Independent Auditors

a) The Committee shall recommend to the Board the Independent Auditors to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation.

b) The Committee shall recommend to the Board the compensation of the Independent Auditors and shall review fees paid by the Corporation to the Independent Auditors and other professionals in respect of audit and non-audit services on an annual basis.

c) The Committee shall be directly responsible for the oversight of the Independent Auditors, including the resolution of disagreements between management of the Corporation and the Independent Auditors regarding financial reporting and the Independent Auditors shall report directly to the Committee.

d) The Committee shall pre-approve all audit and non-audit services not prohibited by law to be provided by the Independent Auditors to the Corporation and its subsidiary entities.

e) The Committee shall monitor and assess the relationship between management and the Independent Auditors and monitor, confirm, support and assure the independence and objectivity of the Independent Auditors.

f) The Committee shall review the Independent Auditor's audit plan, including scope, procedures and timing of the audit.

g) The Committee shall review the results of the annual audit with the Independent Auditors, including matters related to the conduct of the audit.

h) The Committee shall obtain timely reports from the Independent Auditors describing critical accounting policies and practices, alternative treatments of information within GAAP that were discussed with management, their ramifications, and the Independent Auditors' preferred treatment and material written communications between the Corporation and the Independent Auditors.

C. Reporting Responsibilities

a) The Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

b) The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

D. Other Responsibilities

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

4. AUTHORITY

The Committee is authorised to:

a) engage independent counsel and other advisors as it determines necessary to carry out its responsibilities;

b) set and pay the compensation for any advisors employed by the Committee; and

c) communicate directly with the internal auditors of the Corporation as well as with the Independent Auditors.