Orsu Metals Corporation

Consolidated Financial Statements (Unaudited)

September 30, 2014 and 2013

(In thousands of US dollars)

Orsu Metals Corporation

Consolidated Balance Sheets (Unaudited)

(in thousands of US dollars)

	September 30, 2014 $	December 31, 2013 $
Assets		
Current assets		
Cash and cash equivalents	8,536	11,342
Prepaid and receivables	855	807
Assets of Akdjol-Tokhtazan Project held for sale (note 5)	4,599	4,578
	13,990	16,727
Non-current assets		
Deferred finance costs (note 4)	1,052	1,052
Property, plant and equipment (note 8)	8,479	8,414
Other assets	1,011	1,212
	10,542	10,678
Total assets	24,532	27,405
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	652	622
Deferred income (note 9)	400	-
Liabilities of Akdjol-Tokhtazan Project held for sale (note 5)	176	99
	1,228	721
Non-current liabilities		
Share warrant liability (note 10)	91	160
Other liabilities	120	120
	1,439	1,001
Equity		
Share capital (note 11a)	382,576	382,576
Share purchase options (note 11b)	5,638	5,687
Contributed surplus	28,523	28,474
Non-controlling interests	(443)	(401)
Deficit	(393,201)	(389,932)
	23,093	26,404
Total equity and liabilities	24,532	27,405

Commitments (note 13)

Subsequent events (note 15)

Approved by the Board of Directors

(signed) Sergey Kurzin Executive Chairman

(signed) Alexander Yakubchuk Director

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

Orsu Metals Corporation

Consolidated Statement of Net Loss and Comprehensive Loss (Unaudited)

(in thousands of US dollars)

	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
	$	$	$	$
Operating expenses				
Administration	(623)	(809)	(2,058)	(2,606)
Legal and professional	(122)	(104)	(406)	(430)
Exploration (note 7)	(331)	(706)	(682)	(1,189)
Stock based compensation - non employees (note 11b)	-	(1)	-	(6)
Net foreign exchange (losses)/ gains	(21)	102	(191)	66
Net (loss)/ gain from disposal group asset held for sale (note 5)	(11)	14	(58)	14
	(1,108)	(1,504)	(3,395)	(4,151)
Unrealized gain on share warrant liability (note 9)	36	249	69	249
Loss on derivative receivable (note 6)	-	(1,202)	-	(506)
Net of finance income less finance expense	12	45	15	51
	48	(908)	84	(206)
Net loss and comprehensive loss	(1,060)	(2,412)	(3,311)	(4,357)
Net loss attributable to:				
Owners of the parent	(1,038)	(2,401)	(3,269)	(4,313)
Non-controlling interests	(22)	(11)	(42)	(44)
	(1,060)	(2,412)	(3,311)	(4,357)
Loss per share				
Basic	$(0.01)	$(0.01)	$(0.02)	$(0.03)
Diluted	$(0.01)	$(0.01)	$(0.02)	$(0.03)
Weighted average number of common shares (in thousands)	182,696	176,174	182,696	163,923

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

Orsu Metals Corporation

Consolidated Statement of Cash Flows (Unaudited)

(in thousands of US dollars)

	Nine months ended September 30, 2014	2013
	$	$
Cash flows used by operating activities		
Net loss and comprehensive loss for the period	(3,311)	(4,357)
Items not affecting cash:		
Depreciation (note 8)	62	92
Unrealized derivative gain on share warrant liability (note 10)	(69)	(249)
Loss on derivative receivable (note 6)	-	506
Share-based payments (note 11b)	-	6
Fixed asset retirements	-	2
Foreign exchange losses/ (gains)	218	(94)
	(3,100)	(4,094)
Changes in non-cash working capital:		
Increase in accounts receivable and other assets	(76)	(342)
Increase/ (decrease) in accounts payable and accrued liabilities	513	(825)
Net cash used by operating activities	(2,663)	(5,261)
Cash flows used by investing activities		
Expenditures on property, plant and equipment (note 8)	(124)	(1,358)
Cash proceeds of CAD$10 million from Subscription (note 6)	-	9,636
Net cash used by investing activities	(124)	8,278
Cash flows used for financing activities		
Deferred finance costs	-	(117)
Net cash used for financing activities	**-**	(117)
Net (decrease)/ increase in cash and cash equivalents in the period	**(2,787)**	2,900
Cash and cash equivalents - Beginning of period	11,343	9,771
Exchange (losses)/ gains on cash and cash equivalents during period	(19)	94
Cash and cash equivalents - End of period	8,537	12,765
Cash and cash equivalents per the consolidated balance sheets	**8,536**	12,764
Included in the Akdjol-Tokhtazan Project classified held for sale (note 5)	1	1

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

Orsu Metals Corporation

Consolidated Statements of Changes in Equity (Unaudited)

(in thousands of US dollars)

Consolidated statements of changes to equity as at September 30, 2014 and September 30, 2013:

	Share capital						
	Number of shares (000s')	**Share capital** **$**	**Share purchase options** **$**	**Contributed surplus** **$**	**Non-controlling interests** **$**	**Deficit** **$**	**Total equity** **$**
Balance as at January 1, 2013	157,696	380,145	5,887	28,268	(348)	(384,199)	29,753
Shares issued (note 11a)	25,000	2,431	-	-	-	-	2,431
Share-based payments	-	-	6	-	-	-	6
Share options forfeited or lapsed	-	-	(180)	180	-	-	-
Net loss and comprehensive loss for the period	-	-	-	-	(44)	(4,313)	(4,357)
Balance as at September 30, 2013	182,696	382,576	5,713	28,448	(392)	(388,512)	27,833
Balance as at January 1, 2014	182,696	382,576	5,687	28,474	(401)	(389,932)	26,404
Share options forfeited or lapsed (note 11b)	-	-	(49)	49	-	-	-
Net loss and comprehensive loss for the period	-	-	-	-	(42)	(3,269)	(3,311)
Balance as at September 30, 2014	182,696	**382,576**	**5,638**	**28,523**	**(443)**	**(393,201)**	**23,093**

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

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

1. General information

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

Karchiga Project

The Company's principal and most advanced project is the property, within Kazakhstan, comprising a license area in eastern Kazakhstan containing the Karchiga volcanogenic massive sulphide ("VMS") deposit which is part of the Rudny Altai polymetallic belt (the "Karchiga Project"). The Company is seeking to secure the finance required for the construction of a mine and processing facilities and concurrently is also looking at alternative financial options in relation to the Karchiga Project.

Kogodai Project

In August 2014, the Company completed the transfer of an exploration license to a newly formed subsidiary, Kogodai Joint Venture LLP (or "Kogodai JV LLP"), an entity registered in Kazakhstan, for a prospect 70 km north west of the Karchiga Project identified as a VMS copper mineralization within the Kurchum-Kalzhir metamorphic terrain, the same tectonic unit that hosts the Karchiga deposit (the "Kogodai Project"). The Company's has an effective 51% interest in the Kogadai Project through it 63.75% subsidiary, Harssin BV ("Harssin") a company incorporated in the Netherlands, which in turn holds a 100% interest in Orsu Metals Kazakhstan LLP, (or "Orsu Kazakhstan"), which has a majority 80% interest in Kogodai JV LLP (see note 7 for details). The exploration license for the Kogodai Project was transferred to Kogodai JV LLP from SPK Ertis JSC ("SPK Ertis"), a Kazakh state owned special enterprise company, which retained a 20% interest in Kogodai JV LLP.

Balkhash Project

In September 2014, the Company elected not to continue joint exploration work under an exclusivity agreement with Asem Tas-N LLC ("Asem Tas"), a privately owned Kazakh registered company and holder of a license area in Eastern Kazakhstan, which is host to a 30km long Dzharyk-Taisogan cluster of copper-polymetallic occurrences (the "Balkhash Project", see note 7 for details).

Akdjol-Tokhtazan Project

The Company's exploration interest in Kyrgyzstan is the Akdjol-Tokhtazan exploration license (or the "Akdjol-Tokhtazan Project") via its 100% interest in Tournon Finance Limited ("Tournon"), the parent of Oriel in Kyrgyzstan LLC ("OIK") the holder of the exploration license for the Akdjol-Tokhtazan Project. The Company considers the Akdjol-Tokhtazan Project a non core asset which is available for sale (see note 5 for details).

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

These interim consolidated financial statements were authorized by the Board of Directors on November 12 2014.

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

2. Basis of preparation

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

These interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") IAS 34 "*Interim Financial Reporting*". The accounting policies applied in these interim consolidated financial statements are the same as those applied in the Company's audited consolidated financial statements as at December 31, 2013 with the exception of the following:

Consolidation

Following the transfer of the exploration license for the Kogodai Project to Kogodai JV LLP the Company has fully consolidated Kogodai JV LLP along with its intermediate holding companies, Orsu Kazakhstan and Harssin. The Company has an effective 51% interest in Kogodai JV LLP and has allocated 49% of the losses of Kogodai JV LLP to non-controlling interests as at September 30, 2014.

3. Critical accounting estimates and significant judgements

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

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

Specifically, the Company has applied significant judgements in these interim consolidated financial statements which are the same as those applied in the Company's audited consolidated financial statements as at December 31, 2013 for following:

Disposal group asset held for sale

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

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

Development expenditure in relation to the Karchiga Project

In relation to the property, plant and equipment the Company followed guidance under IAS 36, *"Impairment of assets"*, and applied significant judgement to determine if impairment was required. In concluding its judgement, the Company evaluated the market capitalisation of the Company, future copper price, estimates of the future net present value of the project, the potential access to both debt and equity financing to fund the future development of the project and the Company ability to continue to fund the project until such financing for the project is achieved (see note 8).

Deferred finance costs in relation to the Karchiga Project

In relation to the deferred finance costs the Company followed guidance under IAS 39, *"Financial instruments: Recognition and measurement"*, and applied significant judgement to determine if impairment was required. In concluding its judgement, the Company evaluated the share price of the Company, the potential availability of debt finance to the Company to fund the Karchiga project, the future economic factors which may affect the Company's ability to raise the remaining equity finance required for the Karchiga Project, whether the deferred finance costs incurred to date as at September 30, 2014 will remain attributable to completing debt finance and the Company's ability to continue to fund the project until such financing is achieved (see note 4).

Estimated mineral reserves and resources

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

4. Deferred Finance Costs

In relation to the Karchiga Project, following the successful completion of a feasibility study in March 2012 the Company is in the process of seeking to secure debt financing for the construction of a mining and processing facility. As a result under IFRS, IAS 39 *Financial Instruments: Recognition and Measurement*, the legal and professional fees incurred in the process of securing the debt finance have been capitalized. These capitalized costs along with future financing costs capitalized, in relation to the Karchiga Project, will be amortised over the term of any proposed debt. As at September 30, 2014 the Company had capitalized in total \$1.1 million (\$1.1 million for the year ended December 31, 2013) of costs incurred in the process of securing debt finance for the Karchiga Project. In the event that the costs no longer meet the criteria for deferral, then the capitalized amount as at the relevant time will be written off.

5. Assets Held for Sale

The exploration license area for the Akdjol-Tokhtazan Project is located in the Jelal-Abad Oblast, western Kyrgyzstan and comprises the Akdjol license and Tokhtazan license. During 2010, the Company identified the Akdjol license area as a gold-silver epithermal prospect and the Tokhtazan license area as a gold prospect. The Akdjol and Tokhtazan licenses will expire on December 31, 2015.

In 2011, the Company determined the Akdjol-Tokhtazan Project to be a non core asset which was made available for sale and to have met the criteria to be classified as "held for sale" and under IFRS 5, "Non-current Assets Held For Sale and Discontinued Operations". The Company has continued to classify the assets and liabilities related to the Akdjol-Tokhtazan Project (the disposal group) as held for sale and at December 31, 2013 the Company re-measured the net assets at the estimated fair value, less cost to sell, at \$4.5 million based on the lower end of a range of prospective sale prices discussed with all interested parties (see note 9 "Deferred income"), taking into account current and future forecast gold prices and the good standing of the license. As at September 30, 2014 the Company had entered into an exclusivity agreement with David-Invest LLP ("David-Invest"), a Kyrgyz registered company, and a related company David Way

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Limited, a Hong Kong registered company (together the "Potential Buyers") for the potential sale of the Akdjol-Tokhtazan Project for a consideration of $4.5 million (see note 9) and considers that fair value of the project to be $4.5 million.

As the Company has been unable to dispose of the Akdjol-Tokhtazan Project since classifying it as "held for sale" in 2011, under IFRS 5, the Company will be required to re-appraise the probability of any potential sale of the Akdjol-Tokhtazan Project and hence if it is appropriate to continue to classify the Akdjol-Tokhtazan Project as an asset held for sale during the three months ended December 31, 2014. If the Company concludes that it is no longer appropriate to classify the Akdjol-Tokhtazan Project as an "asset held for sale" then it will reassess the carrying value of the property and record an impairment charge if required against the carrying net asset value of the Akdjol-Tokhtazan Project as at December 31, 2014.

The net losses pertaining to the disposal group included in the consolidated statement of net loss and comprehensive loss for the nine months ended September 30, 2014 and 2013 are shown below:

	2014 $	2013 $
Administration expenses	(55)	-
Other expenses	(5)	-
Foreign exchange gains	2	14
Net (loss)/ gain from disposal group held for sale	(58)	14

The net assets of the disposal group as at September 30, 2014 and December 31, 2013 are shown below:

	2014 $	2013 $
Cash and cash equivalents	1	1
Prepayments	184	155
Mineral properties	4,392	4,392
Property, plant and equipment	22	30
Total Assets	4,599	4,578
Accounts payable and accrued liabilities	(176)	(99)
Net assets of disposal group held for sale	4,423	4,479

6. Derivative receivable

In July 2012 the Company sold its 40% interest in a property in northwest Kyrgyzstan (the "Talas Project") to a wholly owned subsidiary of Gold Fields Limited ("Gold Fields" or collectively with certain of its subsidiaries, the "Gold Fields Group") for cash consideration of $10 million.

At the same time the Gold Fields Group 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 of the Company (a "Common Share") and one half of one common share purchase warrant (each whole warrant, a "Warrant"), each Warrant being exercisable for a period of three years from the date of issue to acquire one Common Share at a price of CAD$0.50. 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. Until the completion of the Subscription the Company had accounted for this as a derivative receivable.

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On July 24, 2013 the Company successfully obtained the Kazakh Formal Waiver satisfying all the conditions of the Subscription. As a result the Company completed the Subscription and subsequently received in cash the gross proceeds from the Subscription of CAD$10 million, $9.6 million, and a further CAD$35,446 accumulated interest and recognized a loss on $506,000 in the nine months ended September 30, 2013. The Company subsequently accounted for the Warrants issued to Gold Fields as a derivative instrument (see note 10).

7. Exploration

The table below shows the exploration expenditures for the nine months ended September 30, 2014 and 2013:

	Nine months ended September 30,	
	2014	2013
	$	$
Balkhash Project	663	1,166
Karchiga Project	9	23
Kogodai Project	10	-
	682	1,189

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

Kogodai Project, Kazakhstan

The exploration license for the Kogodai Project is held through the Company's subsidiary, Kogodai JV LLP, in which the Company has an effective 51% interest. The exploration license for the Kogadai Project was transferred from SPK Ertis to Kogodai JV LLP in which Orsu Kazakhstan has a majority 80% interest and SPK Ertis JSC has a 20% minority interest.

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

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

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

2) The minimum funding obligation for exploration work at the Kogodai Project is in total $2.6 million over a period of three years as follows:

i. $525,100 for the first year commencing with the grant of the license;

ii. $803,900 for the second year and,

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

4) Orsu will be required to fund all of the exploration work at the Kogodai Project.

It is expected that the exploration programme will be financed from the Company's existing cash resources.

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Balkhash Project, Kazakhstan

The Company originally entered into an exclusivity agreement with Asem Tas in November 2012 to jointly undertake exploration work at the Balkhash Project.

In September 2014 the Company elected not to continue joint exploration work at the Balkhash Project and hence allowed the exclusivity agreement with Asem Tas to expire.

From 2012 to the third quarter of 2014, the Company undertook and fully funded an exploration programme at the Balkhash Project. During the third quarter of 2014 the Company made an extensive assessment of the results of the exploration programme to date and based on the geological results, as well as taking into consideration the geopolitical situation in the region, decided not to commit any further funds towards the next stage of exploration and also elected not to exercise the option to purchase an interest in the project on the terms set out in an exclusivity agreement announced on March 11 2014, which expired in September 2014 following the extension announced on July 3, 2014.

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 had no further funding obligations for the Balkhash Project as at September 30, 2014.

8. Property, plant and equipment

Property, plant and equipment as at September 30, 2014 were:

	Karchiga Project development costs	Leasehold improvements	Vehicles	Other assets	Total
Cost	$	$	$	$	$
Cost brought forward - as at January 1, 2014	8,127	391	163	446	9,127
Additions (note i and ii)	124	-	-	-	124
Retirements	-	-	(43)	(3)	(46)
Cost carried forward - as at September 30, 2014	8,251	391	120	443	9,205
Depreciation					
Accumulated depreciation - as at January 1, 2014	-	(282)	(98)	(333)	(713)
Depreciation for the period (note ii)	-	(31)	(8)	(20)	(59)
Retirements	-	-	43	3	46
Accumulated depreciation - as at September 30, 2014	-	(313)	(63)	(350)	(726)
Net book value as at December 31, 2013	8,127	109	65	113	8,414
Net book value as at September 30, 2014	8,251	78	57	93	8,479

Notes:

i) Karchiga Project

The Karchiga exploration license area contains the Karchiga VMS copper deposit and is located in the northeast of Kazakhstan. The Company indirectly holds a 94.75% interest in the Karchiga Project via its 100% interest in Eildon Enterprises Limited (“Eildon”), the parent of GRK MLD LLC (“MLD”) and the holder of the exploration license for the Karchiga exploration property. The Company’s interest in the Karchiga Project, via MLD, is governed by an exploration and production contract until February 28, 2024. In April 2011, the Company received approval to commence mineral extraction within the Karchiga

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exploration license area for copper and is taking the initial step in obtaining all the necessary approvals and permits to commence mining operations. Subsequently in August 2012 the Company obtained the approval from the Ministry of Industry and New Technologies of Kazakhstan in relation to the construction of a mining and processing complex for the Karchiga license area.
In March 2012, the Company successfully completed a technical feasibility and economic study for the Karchiga Project. At the same time and subsequently the Company incurred costs directly related to the construction of a mining and processing facility at the Karchiga Project. Under IAS 16 costs are capitalized during the development phase, defined as being from the date that an economic study is completed and the date the asset is deemed to be available for use and are those that can be directly attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended by the Company. Under IAS 16 IAS 16 "*Property, Plant and Equipment*", these development costs are capitalized, as they meet the criteria for the capitalization for a qualifying asset. As at September 30, 2014 the Company had capitalized total development costs of $8.2 million ($8.1 million as at December 31, 2013, see table below).

ii) Depreciation

A depreciation charge of $3,000 in relation to the Akdjol-Tokhtazan Project classified as held for sale (note 5) are excluded from the table above for the nine months ended September 30, 2014 (nil for the nine months ended September 30, 2013).

Property, plant and equipment for the year ended December 31, 2013 were:

	Karchiga Project development costs	Leasehold improvements	Vehicles	Other assets	Total
Cost	$	$	$	$	$
Cost brought forward - as at January 1, 2013	6,673	388	163	462	7,686
Additions (note i)	1,454	3	-	15	1,472
Retirements	-	-	-	(31)	(31)
Cost carried forward - as at December 31, 2013	8,127	391	163	446	9,127
Depreciation					
Accumulated depreciation - as at January 1, 2013	-	(224)	(70)	(316)	(610)
Depreciation for the year (note i)	-	(58)	(28)	(47)	(133)
Retirements	-	-	-	30	30
Accumulated depreciation - as at December 31, 2013	-	(282)	(98)	(333)	(713)
Net book value as at December 31, 2012	6,673	164	93	146	7,076
Net book value as at December 31, 2013	8,127	109	65	113	8,414

i) Depreciation

Fixed asset additions of $1,000 and depreciation charge of $1,000 in relation to the Akdjol-Tokhtazan Project classified as held for sale (note 5) are excluded from the table above as at December 31, 2013.

9. Deferred income

In November 2012 the Company entered into an exclusivity agreement with David-Invest for the potential sale of the Akdjol-Tokhtazan Project for a consideration of $4.5 million which expired on September 1, 2013 and a successor exclusivity agreement which expired on December 31, 2013.

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Thereafter, following the expiry on January 31, 2014 of a new 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 on the same terms as the previous exclusivity agreement which expired on July 1, 2014.

As at September 2014, the Company had entered into a new exclusivity agreement with the Potential Buyers for further month after receiving a further $100,000 as a non-fundable deposit in September 2014. Under the terms of this new exclusivity agreement the Potential Buyers were granted an 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 US$100,000 on or before each of October 4, November 4, December 4, 2014 and January 4, 2015. The exclusivity agreement would automatically expire in the event of non-payment of any of the additional deposits by the specified dates.

As at September 30, 2014, the Company recorded the total non-refundable deposits received from the Potential Buyers as a deferred income liability of $400,000. Subsequent to the period end, the exclusivity agreement with the Potential Buyers lapsed in October 2014 (see note 15 “Subsequent events”).

10. Share warrant liability

The Company’s derivative share warrant liability consists of 12.5 million Warrants issued to the Gold Fields Group, after the Company successfully obtained the Kazak Formal Waiver in July 2013, as part of the Subscription (see note 6). Prior to the Warrants being issued to Gold Fields the fair value of the Warrant was measured and netted off against the derivative receivable (see note 6). The Warrants are exercisable over a period of three years from the date of issue to acquire one Common Share of the Company at a price of CAD$0.50.

A summary of the Warrants outstanding as at September 30, 2014 is set out below:

Exercise Price CAD$	Expiry date	Number 000’s	Value $000’s
0.50	July 25, 2016	12,500	91

The Company measured the fair value of the Warrants issued to Gold Fields based on the Black-Scholes option-pricing model using the following assumptions as at September 30, 2014 and as at December 31, 2013:

	September 30, 2014	December 31, 2013
Stock price	CAD$0.03	CAD$0.05
Exchange rate CAD$/ US$	1.1176	1.063
Risk free interest rate	1.06%	1.30%
Expected warrant life	1.82 years	2.57 years
Volatility (assuming a dividend yield of nil)	138.77%	122.19%

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

A summary of the changes in the Company's share purchase warrants as at September 30, 2014 and December 31, 2013 are set out below:

	2014			2013		
	Warrants Outstanding 000s'	Value Assigned $	Average exercise price CAD$	Warrants Outstanding 000s'	Value Assigned $	Average exercise price CAD$
Balance – Beginning of period	12,500	160	0.50	-	-	-
Warrants granted to Gold Fields	-	-		12,500	440	
Fair value re-measurement	-	(69)		-	(280)	
Balance – End of period	12,500	91	0.50	12,500	160	0.50

11. Shareholders' equity

a) Authorized Share Capital

The Company is authorized to issue 100,000,000,000 common shares of no par value. As at September 30, 2014 the total issued share capital of the Company was 182,696,049 common shares. A summary of the Company's issued share capital as at September 30, 2014 and December 31, 2013 is set out below:

	2014		2013	
	Number of shares 000's	Value $	Number of shares 000's	Value $
Balance – Beginning of period	182,696	382,576	157,696	380,145
Common Shares issued to Gold Fields	-	-	25,000	2,431
Balance – End of period	182,696	382,576	182,696	382,576

Note:

In July 2013 the Company issued 25 million Common Shares to Gold Fields at a price of C$0.40 per Common Share. The Company measured the fair value of these Common Shares as at July 25, 2013 based on a closing stock price of C$0.10 per Common Share of the Company and an exchange rate of C$1.028/ US$. Following the issue of the Common Shares, the Gold Fields Group holds in total, 26,134,919 Common Shares representing a 14.31% interest in the issued and outstanding Common Shares of the Company on an undiluted basis. The new Common Shares rank pari passu with existing Common Shares of the Company.

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

b) Share Purchase Options

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

A summary of the changes in the Company's share purchase options as at September 30, 2014 and December 31, 2013 are set out below:

	2014			2013		
	Options 000's	Value assigned $	Average exercise price $	Options 000's	Value assigned $	Average exercise price $
Balance – Beginning of period	13,410	5,687	0.41	14,910	5,887	0.40
Options granted September 2011 (note i)	-	-		-	6	
Options lapsed	-	-		(500)	(40)	
Options forfeited	(300)	(49)		(1,000)	(166)	
Balance – End of period	13,110	5,638	0.41	13,410	5,687	0.41

Notes:

i/ On September 21, 2011 the Company granted 500,000 options to an employee of the Company for a period of 5 years at an exercise price of CAD$0.25 and vesting between March 21, 2012 and September 21, 2013.

Information relating to share options outstanding at September 30, 2014 is as follows:

Range of prices CAD$	**Number of options**	**Weighted average years to expire**	**Average exercise price CAD$**	**Number of exercisable options**	**Average exercise price CAD$**
0.25 – 2.39	12,825,000	0.61	0.25	12,825,000	0.25
2.40 – 4.99	30,000	0.99	2.40	30,000	2.40
5.00 – 9.99	255,000	0.78	8.30	255,000	8.30
	13,110,000	0.61	0.42	13,110,000	0.42

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

The fair values of the share options granted are based on the Black-Scholes option-pricing model using the following assumptions as at September 30, 2014:

	2014
Average exercise price	C$0.41
Dividend yield	Nil
Risk free interest rate	1.03%-2.37%
Expected options life	2.8 – 3.0 years
Expected stock price volatility	89% – 140%

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

12. Related party transactions

(a) *Key management compensation*

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

	Nine months ended September 30, 2014 $	2013 $
Directors		
Dr Sergey V Kurzin	201	188
Dr Alexander Yakubchuk	193	180
Mr Mark Corra	22	21
Mr Timothy Hanford	22	21
Mr Massimo Carello	22	21
Mr David Rhodes	22	21
	482	452
Other senior officers		
Mr Kevin Denham	163	150
Mr Christopher Power (appointed February 28, 2013)	168	146
Mr Raymond Oates (resigned January 16, 2013)	-	30
	331	326
Other key management personnel	128	140
Total	941	918

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

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

(b) *Directors loan*

As at September 30, 2013 the Company had a non-interest bearing, un-secured loan outstanding of $51,000 to Mr Bolat Kabaziev, a director of a subsidiary of the Company, which was due for repayment by December 31, 2013. The loan was to assist in financing medical treatment and was subsequently waived in December 2013 in view of Mr Kabaziev's long standing service to the Company.

(c) *Equus Petroleum plc*

The Company and Equus Petroleum plc ("Equus") have a director, Dr Sergey Kurzin, in common. Dr Kurzin is Executive Chairman of Orsu and Non-Executive Chairman of Equus, having been previously Executive Chairman of Equus until June 11, 2014, and is considered to be a member of key management for both companies as defined under IFRS, IAS24 *"Related Party Disclosures"*.
The Company charges Equus for services relating to property rent, administration support and office service expenses. As at September 30, 2014 the total receivable was $553,539 ($522,220 as at September 30, 2013). The amounts receivable from Equus accrue interest of 4% per annum, above the Barclays Base Rate, from the due date of payment until the date of payment. The charges for all the services provided to Equus, as well as the interest charged on overdue payments from Equus, are considered to be on normal commercial terms. The total outstanding receivable from Equus as at September 30, 2014 and as at December 31, 2013 is shown on the table below:

	2014 $	2013 $
Balance – beginning of period	525	61
Recharges to Equus	470	590
Settlement received	(441)	(126)
Balance – end of period	554	525

In November 2014, the Company received $162,640 from Equus against the outstanding balance as at September 30, 2014.

In July 2014 Equus served notice to terminate the offices rented from the Company, pursuant to the terms of the sub-lease agreement dated June 1, 2012, which will end effective January 31, 2015. In the event that Company is unable to secure alternative arrangements to cover the cost of the office premises, to be vacated by Equus, then will it recognize a liability for an 'onerous lease' on that part of the premises.

(d) *Endeavour Financial Limited*

The Company and Endeavour Financial Limited ("Endeavour") share a director, David Rhodes, in common who is considered to be a member of key management for both companies as defined under IFRS, IAS24 *"Related Party Disclosures"*.
During the nine months ended September 30, 2014 the Company did not incur any charges from Endeavour ($71,770 for the nine months ended September 30, 2013) for financial advisory services in relation to project debt finance for the Karchiga Project. The Company terminated its financial advisory agreement with Endeavour effective May 31, 2013 and there have been no other transactions with Endeavour following the termination. Under the terms of the agreement Endeavour remained entitled to a success fee, equivalent to 1.5% of the total debt finance less a $100,000 milestone fee paid in 2012, for any transactions concluded, in relation to debt finance for the Karchiga Project, within 12 months of the termination where the financing

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parties were introduced by Endeavour under the advisory agreement. This entitlement expired in June 2014. The fees paid to Endeavour are considered to be on normal commercial terms.

13. Commitments

The following table summarizes the commitments of the Company as at September 30, 2014:

	2014 $	2015 $	2016 $	2017 $	2018+ $	Total $
Lease obligations	89	357	59	-	-	505

The Company's lease obligations are for its London head office property rents, payable under a lease agreement expiring in February 2016.

14. Segment information

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

The segment information provided to the board for the reportable segments for the nine months ended September 30, 2014 is as follows:

	Mineral exploration and development (Kazakhstan) **$**	**Mineral exploration and development (Kyrgyzstan)** **$**	**Corporate (UK)** **$**	**Total** **$**
Administrative	(383)	-	(1,675)	(2,058)
Legal and professional	(6)	-	(400)	(406)
Exploration	(682)	-	-	(682)
Net foreign exchange (losses)/ gains	(152)	-	(39)	(191)
Unrealized gain on share warrant liability	-	-	69	69
Net loss from disposal group asset held for sale	-	(58)	-	(58)
Net finance income	-	-	15	15
Net loss for the period	(1,223)	(58)	(2,030)	(3,311)
Property, plant and equipment	8,392	-	87	8,479
Total assets	11,093	4,599	8,840	24,532
Capital expenditure	124	-	-	124

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

The segment information for the nine months ended September 30, 2013 is as follows:

	Mineral exploration and development (Kazakhstan) $	Mineral exploration and development (Kyrgyzstan) $	Corporate (UK) $	Total $
Administrative	(1,151)	-	(1,455)	(2,606)
Legal and professional	(54)	-	(376)	(430)
Exploration	(1,189)	-	-	(1,189)
Stock-based compensation	-	-	(6)	(6)
Net foreign exchange gains/ (losses)	(40)	-	106	66
Net loss from disposal group asset held for sale	-	14	-	14
Net finance income	-	-	51	51
Unrealized gain on share warrant liability	-	-	249	249
Loss on derivative receivable	-	-	(506)	(506)
Net loss for the period	(2,434)	14	(1,937)	(4,357)
Property, plant and equipment	8,198	-	142	8,340
Total assets	11,161	4,495	13,103	28,759
Capital expenditure	1,354	-	4	1,358

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

15. Subsequent events

Subsequent to the period end, the Company did not receive a non refundable deposit of $100,000 from the Potential Buyers and as a result the exclusivity agreement with the Potential Buyers lapsed. As at September 30, 2014 the Company recorded the total non-refundable deposits received of $400,000 from the Potential Buyers as a deferred income liability. Following the lapse of the exclusivity agreement in October 2014 the Company intends to recognize income of $400,000, previously classified as a deferred income liability, in the three months ending December 31, 2014. The Company continues to hold discussions with the Potential Buyers on a non-exclusive basis for the sale of the Akdjol-Tokhtazan Project. In the event of any eventual sale to the Potential Buyers the sale proceeds will be reduced by $400,000.

If the Company is unable to progress the sale of the Akdjol-Tokhtazan Project to either the Potential Buyers, or any other interested parties, then the Company will re-appraise whether the Akdjol-Tokhtazan Project continues to meet the criteria, under IFRS 5, to be classified as “held for sale” (as per note 5 *“Asset held for sale”*) and will then undertake a test for impairment and may record an impairment charge if required against the carrying value of net assets of the Akdjol-Tokhtazan Project as at December 31, 2014. In the event that ongoing discussions with the Potential Buyers do not lead to positive conclusion then the

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Company will recognize as income the non-refundable deposits of $400,000 classified as a deferred income liability as at September 30, 2014.