



ORSU METALS CORPORATION

2009 ANNUAL INFORMATION FORM

MARCH 24, 2010

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All dollar amounts herein are expressed in US Dollars unless otherwise indicated. 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.

This Annual Information Form contains or refers to forward-looking information. All information, other than information regarding historical fact that addresses activities, events or developments that the Company believes, expects or anticipates will or may occur in the future is forward-looking information. Such forward-looking information includes, without limitation: the amount and timing of deferred consideration that may be payable to the Company by Polymetal pursuant to the sale of the Varvarinskoye Project; the transfer to the Company of the ownership of Three K's subsidiaries and the anticipated timing of same; the retention by the Company of a 40% interest in the JV Company; the Company's expectations with respect to the filing and timing of an application for a waiver of the Competent Authority's pre-emptive right with respect to the current trading of the Common Shares on the TSX and AIM and the Company's ability to obtain same; the execution and registration of the amended Karchiga Project Contract; the Company's ability to raise additional financing; the acquisition of exploration and development rights in the future; the continued exploration and the development of the Company's properties and the costs related thereto; the Company's intended compliance with all environmental regulations; future changes to the laws to which the Company is subject; mineral resource estimates; estimates relating to copper concentrate production at the Karchiga Project; the duration of any mining licence granted in respect of the Karchiga Project; the completion of a feasibility study on the Talas Project; exploration, development and operational plans and objectives; continued financial support from, and development efforts by, Gold Fields with respect to the Barkol, Kentash, Taldybulak and Korgontash licences; the proposed work programs for the Company's exploration properties and their respective timing; the timing and completion of a feasibility study for the Karchiga Project; the Company's expectation regarding the submission of a resource calculation study with an approved cut off grade to the Kazakh authorities with respect to the Karchiga Project and the receipt of an approval in connection therewith; the receipt and timing of a decision regarding the extension of the Akdjol and Tokhtazan licences and related agreements and land rights; the Company's plans with respect to carrying out further investigation drilling at the Tokhtazan Project; that the Company and the other defendants will not need to terminate the Settlement Agreement as a result of class members opting out of the settlement, the significance of any claims by members who opt out and the dismissal of the Claim and the Szuszkiewicz action; management's beliefs regarding the MDM claim; and the Company's expectations with respect to pursuing new opportunities.

The forward-looking information in this Annual Information Form 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 Annual Information Form, the Company has made assumptions regarding, among other things, the impact of the Varvarinskoye Project Disposition, the Company's ability to generate sufficient funds from capital markets to meet its future obligations (including expenditures to be made pursuant to the terms of the JV Agreement in order to retain the Company's interest in the Talas Project) following the disposition of the Varvarinskoye Project, the Company's business, the economy and the mineral exploration industry in general, the regulatory frameworks in Kazakhstan and Kyrgyzstan with respect to, among other things, royalties, taxes, environmental matters and the Company's ability to obtain, maintain, renew and/or extend required permits, licences, authorisations and/or approvals from the appropriate regulatory authorities (including the Company's ability to: (i) execute and register the amended Karchiga Project Contract; (ii) obtain an extension of the Taldybulak and Barkol licences beyond December 31, 2010; (iii) obtain an extension of the Tokhtazan and Akdjol licences and related agreements and land rights; and (iv) obtain a waiver of the Competent Authority's pre-emptive right relating to the Karchiga Project); the Company's ability to continue to obtain qualified staff and equipment in a timely and cost-efficient manner to meet the Company's demand, and has also assumed that no unusual geological or technical problems occur, plant and equipment work as anticipated, no material adverse change in the price of copper or gold 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; uncertainties in the interpretation of drill results; the possibility that future exploration, development or mining results will not be consistent with expectations; uncertainty of mineral resources estimates; the Company's

inability to obtain, maintain, renew and/or extend required licences, permits, authorizations and/or approvals from the appropriate regulatory authorities and other risks relating to the regulatory frameworks in Kazakhstan and Kyrgyzstan (including the failure to execute and register an amended Karchiga Project Contract or obtain the Competent Authority's waiver of its pre-emptive right relating to the Karchiga Project or the Company's inability to obtain the necessary extensions relating to its Taldybulak, Barkol, Tokhtazan and Akdjol licences and the agreements and rights, as applicable, related thereto); adverse changes in the laws governing the Company, its subsidiaries and their respective business activities; capital and operating costs varying significantly from estimates; inflation; changes in exchange and interest rates; adverse changes in commodity prices; the inability of the Company to obtain required financing; adverse changes with respect to the Talas joint venture; adverse general market conditions; the possibility of class members opting out of the settlement in respect of the Claim; the inability of the Company to delineate additional mineral resources and to delineate mineral reserves; future unforeseen liabilities and other factors including, but not limited to, those listed under "Risk Factors" in this Annual Information Form.

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.

Any mineral resource figures referred to in this Annual Information Form 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 estimates in respect of its properties are well established, by their nature mineral resource estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such mineral resource 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.

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 13 October 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 26 April 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 2 July 1994 and subsequently revived on 24 October 1994. By Articles of Amendment effective 28 September 1995, the Company's name was changed to "Kazakhstan Minerals Corporation".

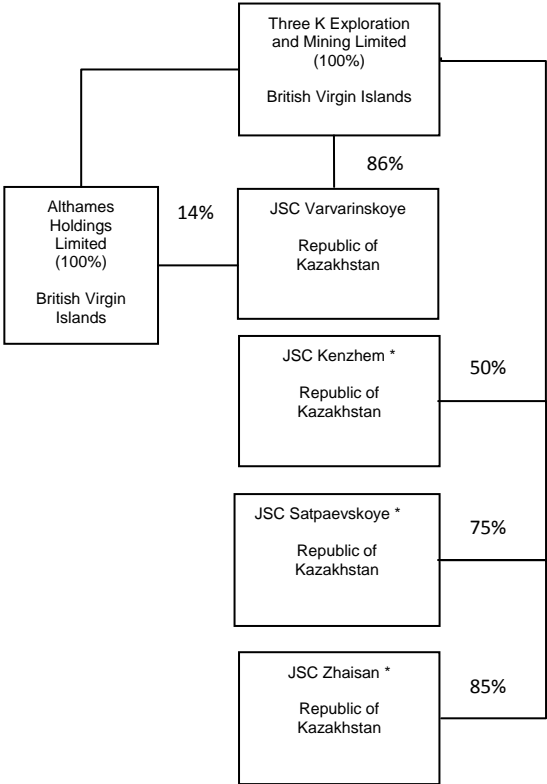
On 28 September 1995, the Company acquired all of the outstanding securities of Three K Exploration and Mining Ltd. ("Three K"), a private Barbados corporation, in exchange for common shares and common share purchase warrants of the Company and, as a result, was the subject of a reverse takeover by Three K. The corporate domicile of the Company was continued from Ontario to the Yukon Territory, Canada on 1 November 1995 under the *Business Corporations Act* (Yukon). By Articles of Amendment dated 29 June 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 24 July 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 8 April 2005 and in connection with such continuance the authorised capital of the Company was changed to 100,000,000,000 common shares.

On 19 June 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 of the Company pursuant to a statutory plan of arrangement (the "Lero Acquisition"). Following completion of this transaction, by Articles of Amendment effective 27 June 2008, the Company's name was changed to "Orsu Metals Corporation" and the Company's common shares (each, a "Common Share") began trading under its new name Orsu Metals Corporation and new symbol "OSU" on the AIM market of the London Stock Exchange ("AIM") on 4 July 2008 and on the Toronto Stock Exchange (the "TSX") on 14 July 2008.

The Company entered into a sale and purchase agreement (the “SPA”) dated June 13, 2009 with Open Joint Stock Company Polymetal (“Polymetal”), a Russian-based mining company, pursuant to which the Company agreed, subject to certain conditions, to sell to Polymetal 100% of the shares of its subsidiary Three K and, through such sale, the sale of Joint Stock Company Varvarinskoye (“JSCV”), the registered holder of the Company’s Varvarinskoye gold-copper mine in Kazakhstan (“Varvarinskoye” or the “Varvarinskoye Project”) (the “Varvarinskoye Project Disposition”).

As a result of the Varvarinskoye Project Disposition, the following subsidiaries of the Company were sold to Polymetal:

* Denotes dormant company



Pursuant to the SPA, the Company is committed to arranging the transfer of the dormant subsidiaries of Three K (JSC Kenzhem, JSC Satpaevskoye and JSC Zhaisan) back under the ownership of the Company and has begun this process, which is expected to take several months.

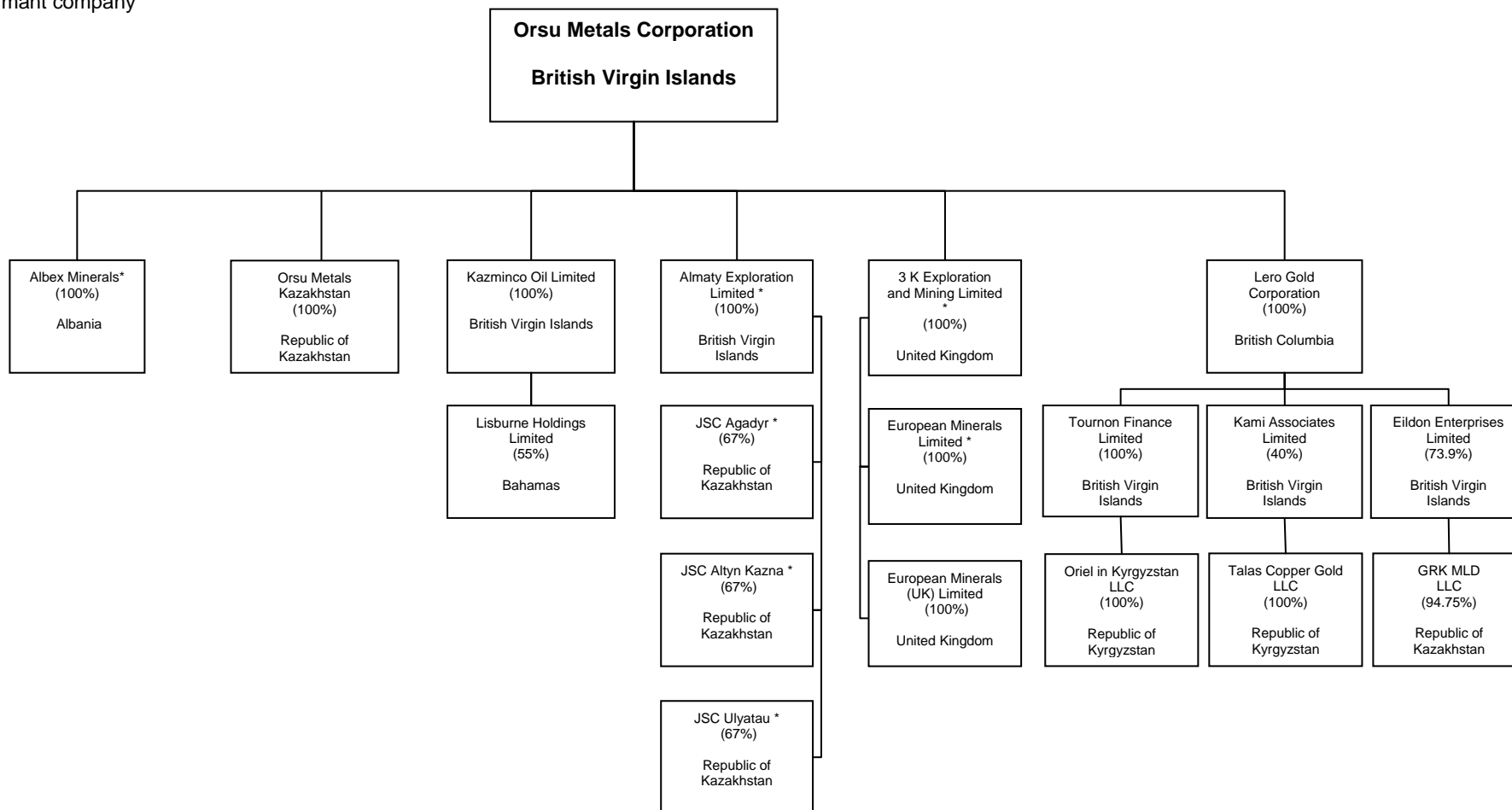
Please see Item 3 “General Development of the Business – Background to the Varvarinskoye Project Disposition”.

Orsu continues to be governed by the BVI Companies Act, 2004 and its principal office is located at 1 Red Place, London, W1K 6PL, England. Its registered office is located at Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, B.V.I. Orsu has a representative office in Almaty, Kazakhstan.

Intercorporate Relationships

References in this Annual Information Form to the business of the Company include the business conducted by its wholly-owned subsidiaries. The Company has the following direct and indirect subsidiaries, the beneficial ownership of which is indicated in the following corporate chart.

* Denotes dormant company



3. GENERAL DEVELOPMENT OF THE BUSINESS

The Company is a mineral exploration and development company holding interests in mineral projects in Kazakhstan and Kyrgyzstan through its various subsidiaries.

Three Year History

2007

- The construction of the Varvarinskoye Project was completed in October 2007 and commissioning of the process plant commenced at such time. The mine's processing plant commenced production of gold doré in December 2007 and copper-gold concentrate from the flotation circuit in March 2008.
- On December 18, 2007, the Company issued a total of 17,496,875 Common Shares of no par value at a price of \$1.28 per share, for aggregate gross proceeds of approximately \$22 million in connection with a private placement. Proceeds raised were used to fund advancement of its mineral projects and for general corporate purposes.

2008

- On May 9, 2008, the Company agreed to certain modifications to the debt facility which had been finalised on 19 December 2006 (the "Debt Facility") between JSCV and Investec Bank (UK) Limited, Investec Bank Limited, Nedbank Limited and Natixis Bank (collectively the "Lenders") to fund the debt portion of the construction of the Varvarinskoye Project.

The agreed modifications related to the Debt Facility repayment terms and rates to reflect the delayed commencement of commercial production compared with the Company's original expectations.

- On June 2, 2008, a class action suit was commenced in the Ontario Superior Court of Justice by Bernard Szuszkiewicz, as representative plaintiff, against EMC and two of its officers relating to the restatement of EMC's interim financial statements for the first three fiscal quarters of 2007. The claim was commenced by Mr. Szuszkiewicz on behalf of security holders having acquired securities of the Company during the period from 16 May 2007 to 31 March 2008.

Mr. Szuszkiewicz claimed general and special damages in the amount of CAD\$50,000,000 and punitive damages in the amount of CAD\$5,000,000. On 5 December 2008, the Company was served by a different plaintiff, Mr Roman Pysznyj with a new statement of claim (the "Claim") similar in nature to the original claim, effectively replacing the original claim. The Company defended the Claim until it was settled in November, 2009.

- On June 19, 2008, the Company completed the Lero Acquisition. Prior thereto, Lero was engaged in the exploration of gold and base metal assets in Kyrgyzstan and Kazakhstan, including several advanced stage gold and copper deposits in those countries.

As consideration for the Lero Acquisition, the Company issued the following securities:

- 152,101,766 Common Shares;
- 6,575,000 stock options, each such option entitling the holder the right to purchase one Common Share in accordance with its terms; and
- 3,105,881 common share purchase warrants, each such warrant entitling the holder the right to purchase a Common Share in accordance with its terms.

As a result of the Lero Acquisition, Lero became a wholly-owned subsidiary of the Company.

- On July 10, 2008 Orsu announced the first sale of copper-gold concentrate from Varvarinskoye.
- On December 3, 2008, Orsu signed a joint venture agreement (as amended on August 14, 2009) (the "JV Agreement") with Gold Fields Orogen Holdings BVI Limited, a subsidiary of Gold Fields Limited ("Gold Fields"), Lero Gold Corporation, Kami Associates Limited and Talas Copper Gold LLC, for the further exploration and the development of the Talas licence area, North West Kyrgyzstan. Please see Item 6 "*Project Details - Talas Copper-Gold Exploration Project, Kyrgyzstan*".

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- On December 29, 2008 the Company received conditional approval from the Lenders to defer the repayment of the first tranche of the Debt Facility of \$16.65 million, which was due on December 31, 2008, to March 31, 2009, subject to agreement from Export Credit Insurance Corporation of South Africa, the commercial and political insurer under the Debt Facility ("ECIC").

2009

- On January 30, 2009, Orsu announced the completion of a detailed review and update of the mineral reserve and resource estimates at Varvarinskoye. The updated National Instrument 43-101 mineral reserve estimate dated 1 January 2009 for Varvarinskoye reported a reduction of 763Kozs Au and 79Mlb Cu from the previously reported mineral reserve estimate dated December 2006.
- On February 27, 2009, Orsu received all necessary approvals from ECIC for the extension of the deadline for the Company's principal debt payment of \$16.65 million to March 31, 2009.
- On April 1, 2009, Orsu announced that it had not yet reached a definitive agreement with the Lenders regarding the restructuring of the Debt Facility and that JSCV had not met its interest, loan repayments or gold hedge (forward sales) contract settlement obligations due on or by March 31, 2009. In view of this, the Company began considering other alternatives to refinancing, including the possible disposal of the Varvarinskoye Project.
- In May 2009, Orsu signed an amended and restated offtake agreement with Trafigura Beheer B.V., Netherlands for the purchase of JSCV's copper concentrate product, with shipments to commence by mid May 2009.
- In June 2009, Orsu signed the SPA.
- In conjunction with the anticipated sale of the Varvarinskoye Project, Mr Randy Reichert resigned, effective September 4, 2009, from the position of Chief Operating Officer of the Company to pursue other business interests.
- On November 2, 2009, Orsu announced the closing of the Varvarinskoye Project Disposition. Please see "Background to Varvarinskoye Project Disposition".
- On November 12, 2009, Orsu announced the following changes to the Company's board of directors (the "Board of Directors") and management, effective from November 12, 2009, following the Varvarinskoye Project Disposition, to reflect the Company's focus on its exploration and development activities:
 - Mr Takhirzhan Baratov resigned as Executive Director of Orsu and was retained as an executive advisor to Orsu for its remaining and potential future exploration and development projects in the Republic of Kazakhstan; and
 - Dr Alexander Yakubchuk (formerly Orsu's Director of Exploration) was appointed as Orsu's Chief Operating Officer.
- On November 24, 2009, Orsu completed a consolidation of its Common Shares on a ten for one basis (the "Consolidation") effective November 24, 2009. Following the Consolidation, the total issued capital of the Company was 45,696,049 Common Shares.
- On November 27, 2009, Orsu announced that it had reached an agreement (the "Settlement Agreement") to settle, subject to court approval, the Claim for CAD\$2.2 million, to be shared equally between Orsu and Orsu's insurer. The Settlement Agreement was approved by the Ontario Superior Court of Justice in February 2010. In entering into the Settlement Agreement, neither the Company nor any of the other defendants have made any admission of liability, wrongdoing or fault in relation to the Claim.

2010

- In February 2010 Gold Fields completed the First Phase of the Talas joint venture in the Kyrgyz Republic, pursuant to which Gold Fields earned a 60% interest in the joint venture company, Kami Associates Limited, a subsidiary of the Company and the 100% owner of Talas Copper Gold LLC (the registered owner of the Talas licence area) (the "JV Company") by funding exploration expenditures of CAD\$10 million. Gold Fields subsequently notified the Company that it would not exercise the Second Phase Option to increase its interest in the JV Company from 60% to 70% through the funding of

additional exploration expenditures. As a result, the "Earning Period" under the JV Agreement was concluded and the Company retained a 40% interest in the JV Company, subject to the terms and conditions of the JV Agreement.

- In February 2010, the Settlement Agreement was approved by the Ontario Superior Court of Justice. The settlement became effective on March 22, 2010 following the expiry of a 30-day appeal period with no appeals having been received by the Company. The Company and the other defendants retain the right to terminate the Settlement Agreement if too many class members opt out during a 60-day opt out period, which will commence no later than April 6, 2010. However, at this time, it is not expected that this right will need to be exercised. Under the terms of the Settlement Agreement, the Szuszkiewicz action and the Claim will be dismissed.

Background to the Varvarinskoye Project Disposition

The Varvarinskoye Project produced gold doré and copper-gold concentrate. The mine commenced production of gold doré in December 2007 and copper-gold concentrate in March 2008.

For the year ended December 31, 2008, the Varvarinskoye Project incurred losses (before income taxes) of \$220.5 million after asset impairment write-down charges of \$189 million. For the nine months ended September 30, 2009, the Varvarinskoye Project incurred losses of \$40.6 million.

As at September 30, 2009, the Company had (directly and/or through its subsidiaries) outstanding debt and hedging settlement obligations in an aggregate amount of over \$223 million, which amounts were owing to the Lenders under the Debt Facility arranged by the Lenders in favour of JSCV to facilitate the construction and development of the Varvarinskoye Project. The Company was the guarantor of such debt and of the obligations of European Minerals (UK) Limited ("EM Limited"), a wholly-owned subsidiary of the Company, under gold hedge (forward sales) contracts (the "Hedge Contracts") relating to the Varvarinskoye Project (collectively, the "Varvarinskoye Project Debt").

The Company was unable to meet the first two repayment tranches under the Debt Facility of \$16.65 million, which was originally due on December 31, 2008 and was subsequently extended to March 31, 2009, and \$19.4 million due on June 30, 2009. The Company was also in breach of the permitted indebtedness covenants under the Debt Facility with respect to its trade creditors, both in respect of amounts and terms. In addition, the Company was unable to meet its settlement obligations under the Hedge Contracts, which amounted to \$20.7 million immediately prior to the Varvarinskoye Project Disposition.

While the Company, assisted by Endeavour Financial International Corporation, worked with the Lenders throughout January, 2009 through to May, 2009 to refinance the Varvarinskoye Project Debt, which included proposals to the Lenders in respect of same, satisfactory arrangements could not be reached. During this time, the need for additional capital to fund the Varvarinskoye Project increased and, prior to entering into the SPA, the Company estimated that \$15 million of additional capital (comprised of \$5 million working capital and \$10 million for essential capital projects) was required to maintain continued operations at the Varvarinskoye Project.

As an alternative to refinancing the Varvarinskoye Project Debt, management of the Company investigated the possibility of disposing of the Varvarinskoye Project as well as the Varvarinskoye Project Debt. Management undertook this investigation as a result of the length of time that continued discussions with the Lenders required, in light of the lack of refinancing alternatives generally available to the Company as a result of the global credit and equity market conditions at the time and the Company's continuing default under the Varvarinskoye Project Debt, and with the desire to maximise shareholder value in the face of alternative scenarios.

On June 13, 2009, the Company entered into the SPA and, at an annual and special meeting of shareholders held at Orsu's London offices on July 10, 2009, the shareholders of the Company authorised the Varvarinskoye Project Disposition.

All conditions of the SPA were satisfied and the Varvarinskoye Project Disposition was completed on October 30, 2009. As a result:

- EM Limited novated its Hedge Contracts and related obligations with respect to the Varvarinskoye Project to Three K;
- the Company was released from its obligations as guarantor of the Varvarinskoye Project Debt;
- the Company completed an inter-company debt reorganisation such that there is no longer any outstanding indebtedness between the Company or any of its remaining subsidiaries and Three K or any of its subsidiaries; and
- Polymetal thereafter acquired 100% of the issued and outstanding share capital of Three K from the Company in exchange for a cash payment of \$8 million on closing and deferred consideration of up

to \$12 million (contingent on the hedging program entered into by the purchaser, future gold and copper metal prices and the future cash flows of JSCV), the first instalment, if any, of which would be received by the Company in 2011, based upon the aforementioned contingent factors, including gold and copper price movements during the calendar year 2010.

As a result of the Varvarinskoye Project Disposition, the Company and its remaining subsidiaries no longer have any outstanding long-term debt or hedging obligations.

4. DESCRIPTION OF BUSINESS

General

Orsu Metals Corporation is a dual listed (TSX: OSU; AIM: OSU) London-based precious and base metals exploration and development company exploring gold and copper deposits in the Tien Shan gold belt in the Kyrgyz Republic and Rudny Altai belt in the Republic of Kazakhstan. The Company also previously operated the Varvarinskoye Project in the Urals belt in northern Kazakhstan until its disposal to Polymetal on October 30, 2009.

One of the Company's material exploration assets is its property in northwest Kyrgyzstan, which is comprised of four licence areas within the Tien Shan gold belt of north western Kyrgyzstan: the Taldybulak, Barkol, Korgontash and Kentash licences (the "Talas Project"). Wardell Armstrong International Ltd. ("WAI") was contracted by Orsu in early 2010 to complete an independent audit and review of an updated mineral resource estimate in relation to the Talas Project, from which WAI completed its own mineral resource estimate. WAI's complete technical report titled "Updated Technical Report on the Taldybulak Property held by Orsu Metals Corporation, Kyrgyzstan", dated March 22, 2010 and prepared by J C Osmond and M L Owen, can be viewed under the Company's profile on SEDAR at www.sedar.com.

The Company's other material exploration project is the property comprising a 47.3km² licence area in eastern Kazakhstan (the "Karchiga Project"), which is part of the Rudny Altai polymetallic belt. WAI was contracted by Orsu in early 2010 to complete an independent review and audit of Orsu's updated mineral resource estimate for the Karchiga Project, from which WAI completed its own mineral resource estimate. WAI's complete technical report titled "Updated Report on the Karchiga Property held by Orsu Metals Corporation, Kazakhstan", dated March 22, 2010 and prepared by M L Owen and L S Carroll, can be viewed under the Company's profile on SEDAR at www.sedar.com.

Further information relating to the Talas Project and the Karchiga Project mineral resource estimate updates are available under Item 6 "Project Details – Talas Project, Kyrgyzstan" and "Project Details – Karchiga Project, Kazakhstan" respectively.

Approximately 100km to the south west of the Talas Project lies the Company's other exploration property, the Tokhtazan licence area comprising the Akdjol and Tokhtazan licences (the "Tokhtazan Project"). Further information relating to the Tokhtazan Project is available under Item 6 "Project Details – Tokhtazan Project, Kyrgyzstan".

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 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.

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 the 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, 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 31 December 2009, the Company had a total of 60 employees (within the United Kingdom, Kyrgyzstan and Kazakhstan, Orsu employs a total of 19 Kazakh and 31 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.

Cyclical nature of operations

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

5. RISK FACTORS

Readers of this Annual Information Form should give careful consideration to the information included in this document. The following describes some of the risks that could affect Orsu. There may be additional risks unknown to Orsu and other risks, currently believed to be immaterial, could turn out to be material and impair the Company's operations. These risks, whether they materialise individually or simultaneously, could significantly adversely affect the Company's business and financial condition.

Such risks include risks associated with the estimate of mineral resources; risks related to exploration and development operations; 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 political and legal environment 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 gold or copper and foreign currency fluctuations; risks related to obtaining required financing and operating permits on a timely basis; and the inability to economically or fully insure against certain risks. Additional risks not currently known to the Company, or that the Company currently considers immaterial, may also adversely affect or impair the Company's operations and financial condition. 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 recognised geological, production and potential to host economic returns.

Working Capital and Liquidity

The Company's liquidity at December 31, 2009 is insufficient to meet the Company's corporate, administrative and exploration costs and commitments for the next twelve months, if not sooner in the event of any unexpected events. The Company's main funding requirements are for its corporate overheads and continuation of its mineral property and project licence obligations, including funding of its 40% pro-rata share of the Talas Project exploration funding requirements. As a result, the Company is actively seeking additional sources of equity financing and has begun planning in this respect. While the Company has been successful in raising such financing in the past, the Company's ability to raise additional equity 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 "Risk Factors" section of this Annual Information Form, and there can be no assurance that the Company will be successful in obtaining any additional financing required to continue its business operations.

The Company's ability to continue its business operations is dependent on management's ability to secure additional financing. The Company's only source of liquidity is cash and cash equivalent balances. Liquidity requirements are managed based upon forecast cash flows to ensure that there is sufficient working capital to meet the Company's obligations.

Additional 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, will require substantial additional financing. Failure to obtain sufficient financing 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 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. Failure to raise capital when needed would have a material adverse effect on the Company's business, financial condition and results of operations. Global securities markets are currently experiencing volatility, which may result in difficulty in raising equity capital and market forces may render it difficult or impossible for the Company to secure purchasers of the Company's securities at prices which will not lead to severe dilution to existing shareholders, or at all.

Risks relating to the Karchiga Project Contract

Notwithstanding the former Ministry of Energy and Mineral Resources of the Republic of Kazakhstan (the "Former MEMR") having approved the amendments relating to the Karchiga Project Contract (as defined and discussed below under Item 6 "Project Details - Karchiga Project, Kazakhstan"), in the absence of the execution and registration of the amended Karchiga Project Contract reflecting such amendments, GRK (as defined below) may be technically in breach of its contractual obligations under the Karchiga Project Contract. In addition, as a result of the delay in obtaining the execution and registration of the amended Karchiga Project Contract, GRK has not obtained from the Former MEMR the formal annual approval required for its work program for 2009 (as required by Kazakhstan laws) and therefore, may have technically conducted its activities in 2009 in breach of the Karchiga Project Contract and in violation of Kazakhstan laws. As of the date hereof, GRK has not received any notification letter from the Former MEMR or Competent Authority (as defined below) that GRK conducted its activities in violation of either the Karchiga Project Contract or Kazakhstan laws. Every significant violation by GRK of its obligations under the Karchiga Project Contract may cause the suspension or termination of the Karchiga Project Contract and the materiality of any given violation is not established under Kazakh law and, as a result, is determined at the discretion of the Competent Authority. If the amended Karchiga Project Contract is not executed by, and registered with, the Competent Authority, the Karchiga Project Contract may be deemed terminated effective as of February 28, 2010. Accordingly, there is a risk that GRK will lose its interest in the Karchiga Project and its rights to conduct subsoil operations under the Karchiga Project Contract, which may have a material adverse effect on the Company, its financial condition, results of operations and the trading price of the Common Shares.

"Competent Authority" means the state agency (or agencies), which is (or are) designated by the Government of Kazakhstan and acts on behalf of the State to exercise rights related to the execution and performance of contracts, recently, the Former MEMR, which was dissolved on March 12, 2010. On this same date, the Ministry of Oil and Gas of the Republic of Kazakhstan ("MOG") was created and the Ministry of Industry and Trade of the Republic of Kazakhstan was re-organized into the Ministry of Industry and New Technologies of the Republic of Kazakhstan ("MINT", and together with MOG, the "New Ministries"). These changes involved, among other things, the transfer of the Former MEMR's functions and authorities in the mining industry to the New Ministries.

The Government of Kazakhstan's pre-emptive rights, waiver and consent of the Competent Authority

Article 71 of Kazakhstan's Law No. 2828 "On Subsoil and Subsoil Use" dated January 27, 1996 (the "Subsoil Use Law") provides the State of Kazakhstan with a statutory pre-emptive right, exercisable in the event that the Company attempts to sell or otherwise transfer any shares or other equity interest in (A) a legal entity holding a Kazakh subsoil use right or (B) a legal entity which may directly or indirectly make decisions and/or exert influence on decisions adopted by a Kazakh subsoil user if the main activity thereof is connected to subsoil use in Kazakhstan, to purchase such rights or equity interests on terms no less beneficial than those offered to the current purchasers. The Competent Authority in subsoil has the right to terminate a subsoil user contract if a transaction takes place in breach of the requirements of Article 71 of the Subsoil Use Law, which applies both to Kazakh and overseas entities.

Also, under Article 14 of the Subsoil Use Law, any transfer of subsoil use rights to any third party, in whole or in part, may be made only with the prior consent of the Competent Authority. A transfer of subsoil use rights may occur in a number of different manners, including by way of assignment, in whole or in part, of subsoil use rights under a subsoil contract; the disposition of shares in a subsoil user; a contribution to the charter capital of a newly established legal entity; a transfer of subsoil use rights as part of a transfer of a property complex; the alienation of subsoil use rights under bankruptcy proceedings in the event of a subsoil user's bankruptcy; and a pledge of subsoil use rights. Although the Subsoil Use Law does not state that the consent of the Competent Authority applies to transfers of shares in ultimate shareholders (such as Orsu) of a subsoil user, the Competent Authority interprets the relevant provision of the Subsoil Use Law broadly so as to apply to transfers of shares in subsoil users or any of their direct or indirect parent entities.

This statutory pre-emptive right applies not only to initial issuances of shares from the Company's or any of its subsidiaries' treasury, but also to any subsequent trading of such shares, including, in the case of the Common Shares, trading through the facilities of the TSX or AIM. While it is unclear whether such a pre-emptive right is valid at law in respect of offshore transactions, it purports to have extra-jurisdictional effect.

Consequently, as a matter of Kazakh public policy, future acquisitions of assets and/or equity interests in such assets in Kazakhstan will be subject to such law. Furthermore, the State of Kazakhstan, acting through the Competent Authority, has the unilateral right to terminate a subsoil use contract for a violation of its pre-emptive right. Accordingly, the State of Kazakhstan may be able to enforce extra-territorial breaches of its pre-emptive right by terminating the underlying subsoil use contract in the event of any such breach. In the event that the State of Kazakhstan exercises its pre-emptive rights in respect of any transfer of subsoil use rights or related equity interests within, to or from the Company, such exercise may have a material adverse effect on the Company, its financial condition, results of operations and the trading price of the Common Shares.

The Company has in the past obtained waivers which were required for the issuance from treasury and/or the transfer of shares of its subsidiaries. However, the Company has not obtained a waiver in respect of the subsequent trading of the Common Shares. The Company is in the process of preparing an application for a waiver of the application of the State of Kazakhstan's pre-emptive right with respect to the current trading of the Common Shares on the TSX and AIM and expects to make such application within the next few weeks. While the Company expects to obtain such waiver in due course, there can be no assurance that the Company will be successful in obtaining such waiver and, accordingly, there is a risk of the State of Kazakhstan enforcing its pre-emptive right by terminating the Company's subsoil use contract due to the Company's breach of the Subsoil Use Law. 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 Use Law. In the event that the State of Kazakhstan exercises its pre-emptive rights in respect of the current trading of the Common Shares on the TSX and AIM, such exercise may have a material adverse effect on the Company, its financial condition, results of operations and the trading price of the Common Shares.

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, licences, permits and registrations from various regulatory authorities, governmental and otherwise, and/or renewals or extensions thereof (including, but not limited to, extensions of the Taldybulak and Barkol licences after December 31, 2010, the approval by the Competent Authority of the Company's application for a waiver of the Competent Authority's pre-emptive right with respect to the Karchiga Project and the current trading of the Common Shares on the TSX and AIM, the execution and registration with the Competent Authority of the amended Karchiga Project Contract, the approval of the Kazakh authorities in order to proceed with a feasibility study on the Karchiga Project, the extensions of the Tokhtazan and Akdjol licences, related agreements and land rights after February 20, 2010). No assurance can be given that approvals, consents, licences, 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 not 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, licences, permits and registrations. There is no assurance that Orsu will be able to obtain, maintain, renew or extend all necessary approvals, consents, licences, permits and registrations that may be required and/or that all consents, licences, permits and registrations specific to the Company's exploration 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.

Gold Fields Joint Venture

Under the terms of the JV Agreement, dilution provisions apply if either party decides not to contribute to approved, budgeted expenditure in accordance with its pro-rata share. As a result, if the Company is unable to fund its pro-rata share of project expenditure, the Company's interest in the JV Company, and therefore the Talas Project, will be reduced according to the dilution provisions of the JV Agreement. This will reduce the Company's share of any potential future revenues and profits generated by the Talas Project if and when the exploration stage is satisfactorily completed and the project becomes an operating asset.

Although the Company expects that it will contribute to expenditures in accordance with its pro-rata share, no assurance can be given in this respect, as the Company's liquidity at December 31, 2009 is insufficient to meet the Company's corporate, administrative and exploration costs and commitments for the next twelve months, if not sooner in the event of any unexpected events. While the Company has been successful in raising additional financing in the past, the Company's ability to raise additional equity 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, economic downturn and those other factors listed under this "Risk Factors" section of this Annual Information Form. There can be no assurance that the Company will be successful in obtaining any additional financing required to maintain its properties or interests therein and to

continue its business operations. As a result, the Company's interest in the Talas Project may be diluted from the present 40% if the Company is unable to make its pro-rata contribution to the Talas Project at any time in the future. If the Company's interest is reduced to 10% or less, then such interest will be substituted for a 2% net smelter returns royalty.

Risks Relating to Kazakhstan

Uncertain Political Environment in Kazakhstan

Kazakhstan was a constituent republic of the former Soviet Union. 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 gold or copper exports. All of these factors could have a material adverse effect on the Company's business and financial condition. In addition, since the dissolution of the Soviet Union, a number of other former Soviet republics have experienced periods of political instability, civil unrest, military action or incidents of violence. Kazakhstan has not experienced any such unrest and, to date, this regional instability has not affected Kazakhstan or the Company's operations in Kazakhstan. However, future political instability, civil unrest or continued violence in the region could affect the political or economic stability of Kazakhstan, and could have an adverse effect on the Company's business, financial condition, results of operations or prospects.

Adverse Economic Conditions in Kazakhstan

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

Uncertain Legal Environment in Kazakhstan

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

It is often difficult to obtain all necessary information about required permits, approvals and licences 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 programme 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 licences 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 for injunctive relief or to obtain damages, are still relatively undeveloped 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.

Recent Changes in Kazakh Subsoil Use Law and Regulatory Authorities

On February 17, 2010, the Mazhilis (the lower chamber of the Kazakhstan Parliament) approved a new Kazakhstan law "On Subsoil and Subsoil Use" (the "New Subsoil Law"), which will become effective if and when approved by both the Senate (the upper chamber of the Kazakhstan Parliament) and the President of the Republic of Kazakhstan. As the text of the New Subsoil Law is not currently publicly available, any potential impact it may have on the Company and the Company's business operations in Kazakhstan is currently unknown. However, any changes to the laws governing the Company and its business operations could have a material adverse effect on the profitability, results of operations and financial condition of the Company.

In addition, on March 12, 2010, the Former MEMR was dissolved and the MOG was created. On this same date, the Ministry of Industry and Trade of the Republic of Kazakhstan was re-organized into the MINT. These changes involved, among other things, the transfer of the Former MEMR's functions and authorities in the mining industry to the New Ministries.

In light of the proposed changes in legislation, the changes in the relevant regulatory authorities in Kazakhstan and the absence of regulations governing the activities of the New Ministries, it is not clear which of MOG or MINT will regulate GRK and the Company's business operations in Kazakhstan. Accordingly, it is not clear whether new approvals of a new regulatory body will be required for the execution and registration of the amendments to the Karchiga Project Contract.

Risks and Uncertainties Relating to the SPA and the Varvarinskoye Project Disposition

Pursuant to the terms of the SPA, the Company has given Polymetal certain customary warranties regarding title, its ability to sell Three K and the business of JSCV. These warranties are subject to certain limitations, including specified time periods within which claims relating to such warranties can be brought and individual and aggregate claims thresholds and liability caps 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 certain dormant subsidiaries of Three K which have been transferred to Polymetal in connection with the transaction but which are to be transferred back to the Company.

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.

In addition, whilst Orsu has received the initial consideration of \$8 million for the Varvarinskoye Project Disposition, there exists significant uncertainty in relation to whether the Company will receive any deferred consideration proceeds. Deferred consideration proceeds are based upon and affected by the hedging program entered into by the purchaser, future gold and copper metal prices and the future cash flows of JSCV, and these key factors are not under the control or influence of Orsu. A failure to receive such proceeds could have an adverse effect on the Company's financial position.

Estimates of Mineral Resources

The mineral resource estimates published from time to time by the Company (including those referred to in this Annual Information Form) are estimates only and no assurance can be given that any particular level of recovery of gold or other minerals from mineral resources will in fact be realized or 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. Estimates of mineral resources 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, 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, grades, stripping ratios or recovery rates may affect the economic viability of projects. Mineral resources are reported as general indicators of mine life. Mineral resources 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 corresponding grades being mined or dedicated to future production. Until ore is actually mined and processed, mineral resources and grades must be considered as estimates only. In addition, the quantity of mineral resources may vary depending on mineral

prices. Any material change in mineral resources, grades or stripping ratios will affect the economic viability of the Company's projects.

Subsoil use rights

In Kyrgyzstan and Kazakhstan, 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 licencing or contractual obligations, which include periodic payment of royalties to the governments and the satisfaction of mining, environmental, 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" and "Risks relating to the Karchiga Project Contract".

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 full 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. Orsu cannot give any assurance that its current and future exploration activities will result in the discovery of mineral deposits containing mineral reserves.

Whether a precious metal or a base 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.

Risks related to Kyrgyz legislation and Kyrgyz legal system

The legislation of the Kyrgyz Republic is not stable and is regularly amended and modified. The following risks create uncertainties to business entities 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; the possible adoption of a new tax code which might adversely affect companies doing exploitation business in the Kyrgyz Republic; discrepancies and confusion surrounding the powers of different governmental agencies; and excessive discretion. There is also no assurance that the Company's legal rights to use or operate any property in which it invests in Kyrgyzstan will be recognised by the relevant government or other authorities.

No assurance can be given that the uncertainties associated with the existing and future laws and regulations in Kyrgyzstan generally will not have a material adverse effect on the Company's investments or operations. Governmental authorities have a high degree of discretion in the Kyrgyz Republic and at times act selectively or arbitrarily, without hearing or prior notice, and sometimes in a manner that is contrary to law or influenced by political or commercial considerations. Moreover, the government also has the power in certain circumstances, by regulation or governmental act, to interfere with the performance of, nullify or terminate contracts.

Class Action Claim

Pursuant to the Claim, general and special damages in the amount of CAD\$50,000,000 and punitive damages in the amount of CAD\$5,000,000 have been claimed against Orsu. While Orsu has entered into the court-approved Settlement Agreement, which became effective on March 22, 2010, class members have the right thereafter to opt out of the settlement during a 60-day opt-out period, which will commence no later than April 6, 2010. If class members opt out of the settlement, they will be permitted to file individual actions against the Company. Furthermore, the Company and the other defendants have the right to terminate the Settlement Agreement if too many class members exercise their opt-out rights. While the Company, at this time, does not anticipate that class members will opt out of the Settlement Agreement, there can be no assurance that this will be the case. Any opt-out by a class member would result in further Company resources, both financial and personnel, being redirected from the Company's business and, while the Company, at this time, does not expect that the individual claims of any opt-out members would be significant, any such claims may have a material adverse effect on Orsu's financial condition.

In addition, the enforceability of the Settlement Agreement against class members who are not residents of Canada, even following the expiry of the opt-out period, will be subject to the various jurisdictional laws of the respective countries in which such persons are located or bring any further action. In any class action involving potential class members in foreign countries, there is always the possibility that some of those class members (who did not exercise their opt-out rights within the allocated time) may still be able to pursue individual claims and seek recovery in the courts of their respective countries. While the Company does not anticipate that any individual claims by foreign class members will be significant, there can be no assurance and any such claims may have a material adverse effect on Orsu's financial condition.

Exploration and New Projects

The Company may seek to identify new mining operations and downstream processing facilities through active exploration and acquisition programmes. There is no guarantee, however, that expenditure on such programmes will be recouped. Failure to do so could have a material and adverse impact on the Company's financial results and prospects. Increasing regulatory, environmental and social approvals are, however, required which can result in significant increases in construction costs and/or significant delays in construction. These increases could materially and adversely affect the economics of a project and, consequently, the Company's asset values, costs, future earnings and cash flows.

Kazakhstan Tax Legislation

The taxation system in Kazakhstan as a market oriented economy is at an early stage of development. Tax legislation is evolving and is subject to different and changing interpretations as well as inconsistent enforcement at both the local and state levels. The uncertainty and the evolution of tax laws creates a risk of excessive payment of tax by companies operating in Kazakhstan, which could have a material adverse effect on the Company's financial condition and results of operations.

All legal entities carrying on activities in Kazakhstan must be registered with the tax inspectorate. Taxes in Kazakhstan include an income tax, an excess profits tax, a mineral extraction 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 licences and customs fees and duties.

Additional payments, such as signing bonuses, commercial discovery bonuses, production bonuses, royalties and excess profits taxes, may be required from gold and copper producers. A signing bonus is a one-time payment for the rights to explore, develop and produce resources. A 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.

An excess profits tax is also payable by gold and copper producers when their profits are in excess of a specified rate of return as set forth in the contract for the specific project. The amount of these special payments are negotiated on a project-by-project basis and are typically set forth in subsoil use contracts concluded between the operator and the Kazakhstan government.

Precious Metal and Base Metal Prices

The profitability of any precious or base metal mining operation in which Orsu may have an interest will be significantly affected by changes in the market price of precious and base metals. Precious and base 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 precious and base metals and stability of exchange rates can all cause significant fluctuations in precious and base 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 precious and base 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.

Foreign Operations

The Company's material properties are located in Kazakhstan and Kyrgyzstan 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, 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

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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

Recent market events and conditions, including 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, 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 U.S., Canadian and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions have caused the broader credit markets to further deteriorate and stock markets to decline substantially. In addition, general economic indicators have deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty about corporate earnings. These unprecedented disruptions in the current 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 resource exploration and development companies such as the Company. These 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 been experiencing 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 in prices which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Most significantly, the share price of many natural resources companies have experienced an unprecedented decline in value and 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 to purchase 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 to develop its exploration 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 regulators 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.

Exchange rates

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. All of the Company's revenue is earned in United States dollars. 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 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 but no assurance can be given that such rights will not be revoked, or significantly altered, to the detriment of the Company.

Acquisitions

The Company has grown partly through the acquisition of other businesses. Business combinations commonly entail a number of risks and the Company cannot be sure that management will be able to effectively integrate businesses acquired or generate the cost savings and synergies anticipated. Failure to do so could have a material and adverse impact on the Company's costs, future earnings and cash flows. Furthermore, the Company may, under the terms of the acquisition, be liable for the past acts or omissions of the acquired businesses in circumstances where the price paid does not adequately reflect the eventual cost of these liabilities.

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 Annual Information Form 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.

Other Tax Related Risks

In 2005, Orsu was continued to the British Virgin Islands and, as a result, ceased to be a resident of Canada for purposes of the Income Tax Act (Canada) (the "Tax Act"). A corporation that ceases to be a resident of Canada for Canadian tax purposes may be liable to pay certain "departure" taxes under the Tax Act and applicable provincial or territorial legislation. Orsu believes that no such taxes were payable having regard to the fair market value and tax cost of its property and the paid-up capital of its common shares. However, as Orsu has not yet received a final determination in relation to its "departure", there remains a risk that Canada Revenue Agency (the "CRA") or a provincial or territorial taxing authority could assert that departure taxes were payable on the basis that the fair market value (or cost) of Orsu's property was greater (or less) than that determined by Orsu or the paid-up capital of its Common Shares was less than that determined by Orsu. If the CRA and/or provincial or territorial taxing authority were successful, this could have a material adverse effect on Orsu's financial condition. In addition, Orsu has submitted a number of United Kingdom corporation tax returns after the due date for making such filings. The Company believes that no material United Kingdom corporation tax is payable and late filing penalties will be minimal. The late filing of the returns may, however, lead to increased scrutiny of Orsu from the United Kingdom taxing authority.

6. PROJECT DETAILS

The Company is a mineral exploration and development company holding interests in mineral projects in Kazakhstan and Kyrgyzstan. The Company is currently focused on exploring its material properties, the Karchiga Project in Kazakhstan and its Talas Project in Kyrgyzstan. The Company is also exploring its Tokhtazan Project in Kyrgyzstan.

Qualified Person

Except for the technical information derived from the technical reports referred to in this Annual Information Form, Mr Matthew Boyes, who is Mineral Resources Manager for Orsu and a “qualified person” (as such term is defined in National Instrument 43-101), has reviewed and approved the technical information in this Annual Information Form. Mr Boyes has verified the data disclosed in this Annual Information Form in respect of exploration results, including sampling and analytical data underlying the information.

KARCHIGA COPPER PROJECT, KAZAKHSTAN

WAI was contracted by Orsu in early 2010 to complete an independent review and audit of Orsu’s updated mineral resource estimate for the Karchiga Project, from which WAI completed its own mineral resource estimate. A National Instrument 43-101 mineral resource estimate for Karchiga was reported during March 2010 (Table 4) in the report titled “Updated Report on the Karchiga Property held by Orsu Metals Corporation, Kazakhstan”, dated March 22, 2010 and prepared by M L Owen and L S Carroll (who are both employees of WAI), a copy of which has been filed and is available under the Company’s profile on SEDAR at www.sedar.com. Information in this form has been derived from the above mentioned report.

Project Description and Location

Location and size

The Karchiga licence covers an area totalling 47.3km².

The Karchiga copper volcanogenic massive sulphide (“VMS”) project is located in the extreme east of the Republic of Kazakhstan, within 40km of the Chinese border. The deposit is situated within the north west striking, mid-Palaeozoic, Rudny Altai VMS terrain, the host of numerous world class VMS deposits, including the Leninogorsk (also known as Ridder-Sokolnoye), Zyryanovsk, and Maleevskoye deposits. The Rudny Altai is ranked in the top four VMS belts of the world.

Nature of the Company’s Title

The Company’s interest (through its indirect subsidiary GRK MLD LLP (“GRK”)) in the Karchiga Project is governed by an exploration and production contract (the “Karchiga Project Contract”) granted to GRK by the Former MEMR until February 28, 2022. Pursuant to the Karchiga Project Contract, GRK was granted the right to explore and produce copper within the boundary of the contract area. If, during exploration, the mineralisation is found to extend beyond the existing licence boundaries, the limits of the existing contract area may be modified, subject to agreement between the Kazakh authorities and GRK, to include the additional mineralised areas.

The Company’s interest in Karchiga is outlined below:



The original exploration period under the Karchiga Project Contract was for a period of three years until February 28, 2010 (the “Exploration Period”). However, the Karchiga Project Contract provides that the Exploration Period may be further extended for two additional two year periods if GRK can prove that extra time is required to fully evaluate the mineral prospectivity before mining can commence. After completion of the required work commitments and submission to the relevant Kazakh authorities of a completed feasibility study, a mining permit can be applied for (the initial term of which will be 12 years from the date of approval). The mining permit can be extended if both parties (including Kazakh authorities) agree to do so.

On September 23, 2008, GRK made an application to the Former MEMR to: (i) approve an increase to the work program under the Karchiga Project Contract; and (ii) delay the obligation to return the contract area until the expiration of the Exploration Period (the “First Application”). On November 25, 2008, the Former MEMR approved the First Application (including the delay of the obligation to return the contract area until September 28, 2010) and ordered that the Karchiga Project Contract be amended accordingly (the “First Amendments”) and registered with the Former MEMR before February 20, 2009 in order to give effect to the First Application.

On November 26, 2009, prior to the expiration of the Exploration Period, GRK made a further application to the Former MEMR to approve an extension of the Exploration Period for two years until February 28, 2012 (the "Second Application"). In February 2010, GRK was notified by the Former MEMR that the Second Application had been approved, that an extension of the Exploration Period had been granted until February 28, 2012 and that the execution and registration of such amendment (the "Second Amendment", and the Second Amendment together with the First Amendments, the "Karchiga Amendments") was to occur before May 29, 2010.

As of the date hereof, the Karchiga Amendments have not been executed or registered with the Former MEMR (or its successor, the Competent Authority). The Company is currently negotiating the execution of the amended Karchiga Project Contract with the Competent Authority. Reference should be made to the heading "Risks relating to the Karchiga Project Contract" under "Risk Factors" for a discussion of the potential implications of the Company's failure to register an executed amended Karchiga Project Contract with the Former MEMR or Competent Authority.

Anticipated expenditure obligations of GRK on the Karchiga Project are outlined below:

Table 1: Anticipated Karchiga Project Contract Expenditure Obligations

Year	\$ Expenditure
2007	700,000
2008	800,000
2009	1,000,000
2010 ⁽¹⁾	425,000
2011 ⁽¹⁾	425,000

⁽¹⁾ The further payment during 2010 and 2011 of an aggregate of \$850,000 is a condition to the Second Amendment, which has not yet been executed or registered with the Competent Authority.

In addition, under the Karchiga Project Contract, GRK is required to submit a year-end report on an annual basis outlining the works completed and expenditure made during the year. Before exploration work can commence for the following year, a work program is required to be submitted and approved by the Competent Authority. As a result of the delay in the registration of the First Amendments, GRK has not obtained from the Former MEMR the formal annual approval required for its work program for 2009. In addition, GRK has yet to obtain formal approval for its work program for 2010. Reference should be made to the heading "Risks relating to the Karchiga Project Contract" under "Risk Factors" for a discussion of the potential implications of the Company's failure to obtain formally approved work programs for 2009 and 2010.

Liabilities and historic costs

Historic liabilities associated with the Karchiga Project amount to \$700,000. The Company has paid 1% (\$7,000) of the total liability with the outstanding debt to be paid in full within five years of commencement of commercial production.

Tax and Royalties

In addition to the above, in compliance with the provisions of the laws of the Republic of Kazakhstan on taxes and other obligatory payments to the Kazakhstan budget, current at the date of this Annual Information Form, GRK must make special subsoil-user payments under the Karchiga Project Contract. These include:

- A "Signature bonus" of \$60,000 payable no later than 30 days after receiving the licence approval, (this sum has been paid);
- GRK is obligated to pay a "Commercial Discovery Bonus" for each commercial discovery within the licence area, including discovery of mineral resources during additional exploration that results in the increase of initially established reserves. The amount of the "Commercial Discovery Bonus" is calculated at a rate of 0.1 per cent of the value of approved mineral reserves in reference to world market prices. So far the Company has not made any payments as it has not met these thresholds;
- GRK is obligated to pay "Mineral Extraction Tax" (which was introduced in 2009) separately for each type of mineral resource (commodity) mined on the territory of the Republic of Kazakhstan;
- Mineral Extraction Tax on copper applies at the rate of 5.7% in 2010-2012, 7% in 2013, and 8% in 2014 and hereafter. The tax base is calculated as the value of extracted mineral resources during the tax period (calendar quarter) in reference to the market price. The market price is determined as an arithmetic average of the daily quotations of copper on London Metal Exchange or London Precious Metals Exchange during a tax period; and
- GRK is obligated to pay "Excess profit tax" on the portion of net income earned under each subsurface use contract for the tax period exceeding 25 per cent of deductions for Excess Profit

Tax purposes. Excess Profit Tax rate is a progressive scale of rates ranging from 10 per cent to 60 per cent. The Company has not yet made any payments as there have not yet been any revenues on the property.

The rates applied are listed below:

Table 2: Excess profit tax (EPT) schedule, Republic of Kazakhstan

Accrued income to accrued costs ratio	Rate
Less than 1.25	0%
From 1.25 to 1.3	10%
From 1.3 to 1.4	20%
From 1.4 to 1.5	30%
From 1.5 to 1.6	40%
From 1.6 to 1.7	50%
Over 1.7	60%

Environmental liabilities

The Company's current exploration activities in Kazakhstan are subject to various environmental regulations relating to preservation and protection of the environment in the areas immediately affected by exploration activities and areas surrounding the deposit location. No outstanding liabilities affect the Karchiga property.

Permitting

All permits have been approved and granted to continue exploration under the Karchiga Project Contract for 2010. Please see "Risks relating to the Karchiga Project Contract" under "Risk Factors".

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access and proximity to population

The Karchiga Project area is accessed by a well developed network of paved and unsealed roads. The contract area location is approximately 330km by road south east of the regional centre of Ust-Kamenogorsk. The village of Altai is situated 8km in line of site from the Karchiga deposit and 16km by road. Officially, 157 people are registered as residents in Altai. Karoi is the other village within close proximity to the contract area. It has a registered population of 427 although the actual number of residents in both villages may be less due to significant relocation to the major regional centre of Ust-Kamenogorsk.

Ust-Kamenogorsk has a population in excess of 300,000 and is located 330km north west of the deposit. Access to Ust-Kamenogorsk is via paved and gravel roads, with road closures in the winter months common.

Climate

The climate is continental with cold winters (-40C) and dry hot summers (+36C), annual precipitation is limited and averages in the order of 550mm, snow cover in the winter months is usually 1.5m-2.0m. Exploration work ceases in winter and recommences from mid April through to December, although it is envisaged that mining of the deposit will not be impeded greatly during the winter months once infrastructure is in place and mining operations will take place year round.

Power Supply

A power line of unknown capacity runs approximately 7km south from site and provides power to Altai and the neighbouring village of Karoi.

Water

Perennial rivers and streams can provide significant quantities of fresh water and pass within 4km of the site.

Available Land and Mining Personnel

Ample flat land is located close to the deposit for construction of plant and processing facilities. This includes tailings storage areas, ROM pads, etc. Skilled labour can be sourced from the Rudny Altai area as significant numbers of operating mines exist in the area. Local villages would be able to supply unskilled labour. Unemployment in the area is high, with the majority of locals obtaining income from livestock and limited vegetable and grain production.

Topography, Elevation and Vegetation

The regional terrain is typically undulating (southern slopes of the Kurchum range and its branches), with elevation ranging between 900 and 1,500m above sea level and local elevation differences between 200m and 400m and slope angles exceeding 25°. The drainage network consists of the Kalzhir River and its tributaries (Karachag, Berektas, Groza, Shandy-Bulak and others), flowing through narrow, steep V-shaped valleys. Locally, the topography is less extreme and comprises sparsely vegetated steppe grassland. The

higher areas are covered with shrubs, whilst reed beds, briar and less commonly clumps of birch and aspen occur in the valleys. Fauna include bears, wolves, foxes, hoofed animals (elk, deer and goat) and rodents (woodchuck, ground squirrel, hares).

History

The deposit was originally exploited in ancient times. It was re-discovered in 1913 and further explored in 1936. It was then actively explored in 1940-1942 when the first resource estimate was completed. In the 1950's, it was extensively explored by Soviet expeditions, with the work culminating in 1956 with submission of a report to the State Committee on Reserves.

Exploration works prior to the acquisition of the Karchiga Project by GRK included:

1. Diamond drilling 104 holes totalling 18,463.5 m
2. Surface trenching 33 totalling 1,970m
3. One 40m shaft and minimal UG excavation work including a small drift not in excess of 20m horizontally from the base of the shaft

GRK was granted the Karchiga Project Contract on January 16, 2006 by the Former MEMR following a positive outcome of the tender committee hearing on the same day. The final registration of the Karchiga Project Contract with the State Committee for Subsoil Use was granted on February 28, 2007. The Company's interest in the Karchiga Project Contract resulted from the Lero Acquisition. Lero had entered into an agreement on December 1, 2006 to acquire 73.9% of Eildon Enterprises Ltd, effectively acquiring 70% of GRK. The Karchiga Project has no previous ownership history.

No historic production from the area covered by the Karchiga Project Contract has ever been registered, and no active mining is in progress or was in progress at the date GRK was granted the Karchiga Project Contract.

Geological Setting

The Karchiga copper deposit is located in the extreme east of the Republic of Kazakhstan within the mid-Palaeozoic Rudny Altai terrain which hosts numerous world class VMS deposits, including the Leninogorsk (also known as Ridder-Sokolnoye), Zyryanovsk, and Maleevskoye deposits. The Rudny Altai is ranked in the top four volcanic-hosted massive sulphide belts of the world. The deposit appears to be geologically robust and has significant justified potential for the discovery of additional mineralisation along 10 strike km of the fertile VMS horizon, contained within the licence area. The licence area contains numerous geophysical and geochemical anomalies which have not previously been adequately evaluated.

Exploration

The Company commenced exploration works at the Karchiga Project in June 2007, and the schedule of works completed for 2008 is listed below in Table 3.

Table 3: Exploration works at Karchiga, including geochemistry, geophysics, drilling, trenching and assaying

Type of Work	As of 31 December 2008	
	Actual	% 2008 Programme
Geochemistry (aerial)	3,373	100
Geophysics (profiles)	63.55km	100
Core Drilling	10,599.8m	100
Trenching	15 trenches (1,074.4m)	100
Exploration Drilling	1,349.9m	92
Core Sampling (incl. core cutting)	1,858 (1,580 cut samples)	100
Channel Sampling	971 + 50 check samples	100
Lab assaying	3,613 geochemical samples sent Q3	100
	1,858 core samples sent Q4	
	1,021 channel samples sent Q4	100
Radio-ecological Study	1.2km ² of gamma-survey, 5 samples collected for testing	100

Drilling works during 2008 focused on the Central and North East lodes of Karchiga. The primary scope of the 2008 exploration programme was designed to upgrade the previously reported historical mineral resource at the Karchiga Project to Measured and Indicated resource categories under NI 43-101. The total 2008 drilling programme consisted of 10,559m, of which 9,804m was drilled at Karchiga's Central and North East lodes, with an additional 785m to test new exploration targets. No additional exploration activity has been conducted by GRK on the Karchiga Project since December 31, 2008.

Metallurgical Testwork

In 2008, preliminary metallurgical test work on Karchiga sulphide ores was completed by the VNIITsvetMet Institute in Ust-Kamenogorsk with positive results suggesting that a 15.9% Cu concentrate can be produced from the Karchiga ores at 98% recovery. The Company is of the opinion that the testwork methodology requires optimisation of the concentrate grade versus the recovery as too much emphasis was placed upon achieving a high recovery which was detrimental to the final concentrate grade produced.

In 2009 for the purposes of the proposed feasibility study, three more 400kg metallurgical samples were collected from existing diamond drill core and submitted for additional testwork. The 2009 programme also included an optimization study to test variability of the oxidized, primary disseminated and massive ore types throughout the deposit. Metallurgical testwork was completed by the VNIITsvetMet Institute in Ust-Kamenogorsk and demonstrated that 20-25% Cu concentrates from Karchiga ores can be produced through the use of standard flotation technology, the overall recovery was estimated at 89% Cu.

Mineralisation

Karchiga mineralisation represents a copper VMS with banded sulphides within medium to high grade metamorphic units, predominantly amphibolite schists and mica schists. The predominant sulphide assemblages are Pyrite, Chalcopyrite and Pyrrhotite with minor sulphides including Sphalerite, Galena, Vallerite and Stannite. The mineralised widths have been intersected up to 30m in thickness and along a strike length of 1,200m. The dip of the known mineralisation varies between 30 degrees in the north west to 60 degrees in the south east and has been tested to depths of 200m below the current surface.

The mineralisation is located within a series of stacked shallow-dipping massive and disseminated sulphide bodies, primarily consisting of chalcopyrite-pyrrhotite and pyrite mineralisation. The lodes have a strike of in excess of 1km and are intersected at depths reaching 200m. The majority of the high grade sulphide mineralisation is concentrated within 100m from surface. Indication of the presence of easterly-plunging higher grade copper shoots was identified during the 2008 modelling and further enhanced in 2009 on the basis of representative 2008 results.

Drilling and Trenching

A 10,599m programme of diamond drilling (including 9,804.7m of exploration and 795.1m of scout and metallurgical drilling) was completed at the Karchiga Project during 2008. The 2008 drilling programme was completed by a local contractor (Iskander), and the quality of work provided is of a high standard. Minimal core loss was noted with the average overall recovery reported as being >98.5%.

This new drilling data was used in the resource modelling of mineralisation at Karchiga Central and Karchiga North East mineralised zones during 2009. Upon receiving all assay data, a QAQC programme and validation of the geological database was completed by the Company.

A trenching programme consisting of 15 trenches (1,074.4m) was carried out in order to examine the outcropping oxide part of the Main lode. Nine hundred and seventy one channel samples of 5x10cm in section and 50 control samples have been taken. All assays and assay checks were received during 2009.

Sampling and Analysis

Sampling

All the samples were crushed to 1mm and then pulverised to 95% passing 74 microns. Drill core and trench samples with anomalous spectral Au values (>0.1ppm) were submitted for quantitative analysis for Cu, Zn, Pb, Au, Ag and Cd. Au was analysed by fire assay. The lower limit of detection for fire assay was approximately 0.1ppm Au. It is likely that most fire assay samples had a gravimetric finish although it is reported that some samples were subjected to an atomic absorption (AA) finish. Copper values were also read by AA.

Samples from trenches and drill holes comprise a single, unbroken numerical sequence with no mixing of two number sequences in a single trench or drill hole. The mixing of samples invites confusion and database errors. Sample journals are prepared that record all the relevant information for each type of sampling. The sample journal can be used for all samples, including drill core, trenching, soil geochemistry, rock chip, etc. For rock chip, soil and stream geochemical samples the coordinates of the sample are written in the book and for trench and drill core samples the hole number and sample interval are recorded. The collection date is noted in both instances.

The sample preparation schemes outlined below have been followed by GRK for all drill core, trench and rock chip samples. To minimise assay bias due to the "nugget effect" the company has ensured that the 2.5kg half core sample is crushed in its entirety to -1mm prior to splitting off a 500g split for pulverising to -0.074mm.

Analyses

The total number of core samples submitted from the 2008 programme totalled 1859. In addition to the half core samples the Company submitted 223 standards and 109 blank samples for quality control purposes. On receipt of the final assay results all crushed rejects were requested from the lab and then renumbered and resubmitted as duplicate control samples, a 10% precision or better was obtained for 83% of all submitted duplicate samples. Standard samples were acquired from Geostats Ltd, Australia, these standards included base metal and gold standards. All samples are analysed utilising Fire Assay (Au) and ICP-MS (Multi-elements) and supervised by a qualified person (National Instrument 43-101 compliant). Drill core, trench and rock chip samples were submitted to Alex Stewart Assayers ("ASA") laboratory in Kara Balta, Kyrgyzstan for both sample preparation and analysis. ASA is a private British-based analytical company with a quality system that is accredited by ISOQAR Ltd.

Security

All sampling procedures and drill core logging is reviewed by a qualified person (National Instrument 43-101 compliant), ensuring samples are taken and results from all labs checked in line with National Instrument 43-101 guidelines. A stringent QAQC programme has been put in place to satisfy National Instrument 43-101 and JORC requirements.

2010 Mineral Resource and Mineral Reserve Estimates

WAI was contracted by Orsu in early 2010 to complete an independent review and audit of Orsu's updated mineral resource estimate for the Karchiga Project, from which WAI completed its own mineral resource estimate. A National Instrument 43-101 mineral resource estimate for the Karchiga Project was reported during March 2010 (Table 4) in the report titled "Updated Report on the Karchiga Property held by Orsu Metals Corporation, Kazakhstan", dated March 22, 2010 and prepared by M L Owen and L S Carroll, a copy of which has been filed and is available under the Company's profile on SEDAR at www.sedar.com. At a 0.50% copper cut-off, the Indicated Sulphide mineral resource is 7.56Mt @ 2.02% Cu, at a 0.50% copper cut-off, the Indicated Oxide mineral Resource is 0.93Mt @ 1.39% Cu and at a 0.50% copper cut-off, the Inferred mineral resources total 1.79Mt @ 1.62% Cu. The "qualified persons" (as such term is defined in National Instrument 43-101) responsible for these updated mineral resource estimates are Mr. M L Owen and L S Carroll (who are both employees of WAI).

Table 4: Karchiga Cu VMS Project NI 43-101 Mineral Resource Estimate, March 22, 2010

Indicated Mineral Resources for Karchiga Cu VMS Project						
Cut-off Cu (%)	Area	Type	Tonnes (Mt)	Grade Cu (%)	Metal Cu (t)	Metal Cu (Mlb)
0.3	Central + North East	Sulphide	8.05	1.93	154,958	342
0.5	Central + North East	Sulphide	7.56	2.02	153,000	337
0.3	Central	Oxide	1.09	1.25	13,545	30
0.5	Central	Oxide	0.93	1.39	12,868	28

Inferred Mineral Resources for Karchiga Cu VMS Project*						
Cut-off Cu (%)	Area	Type	Tonnes (Mt)	Grade Cu (%)	Metal Cu (t)	Metal Cu (Mlb)
0.3	North East	Sulphide	1.83	1.60	29,260	65
0.5	North East	Sulphide	1.79	1.62	29,120	64

*Inferred resources are quoted completely exclusively of Indicated resources

Indicated and Inferred mineral resources were categorized based upon a block model utilising 5m by 10m by 5m blocks respectively. Grades were estimated utilising the Inverse Distance cubed algorithm with interpolation parameters based upon the results of Geostatistical modelling completed for the relevant oxide and sulphide data sets. WAI carried out database verification and a review of the orebody modelling and domaining for each individual mineralised zone.

The estimation was completed using 2m downhole composite drillhole samples selected within a hard boundary Cu grade wireframe. All wireframe models were constructed from sectional interpretation of geological and grade boundaries with each of the 12 individual wireframe models utilised to domain the blocks within the grade estimation model. Material types and samples data were subsequently extracted and subset within these discrete domains and grade interpolation was constrained to each individual domain separately. Specific gravity measurements were carried out for the different material types collected from Karchiga diamond drill core and an in-situ bulk density value assigned to the block model based upon observed grade to bulk density relationships.

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At Karchiga the drill hole spacing has now been infilled to approximately 60m by 40m pattern within the Indicated classified material of the Central and North East zones, spacing approximately 80m by 120m within the Inferred classified zones in the North East.

Internal Kazakh approvals and ongoing site works

In December 2009, GRK submitted a resource calculation study to the Kazakh authorities. This work consists of an initial study outlining various options for potentially economic cut-off copper grades to be followed by the actual resource calculation study on the basis of approved cut-off grade. The work and approvals are expected to be completed during Q2 2010.

The Company has now commenced both Hydrological and Environmental baseline studies which will continue for the next 12 months.

Anticipated 2010 Work Programme

Table 5: Anticipated Karchiga Project Expenditure 2010-2011

Category	US\$000
Karchiga (GRK MLD LLP)	
Office Costs	330
Environmental Studies	100
Grinding Study	50
Drilling (1,500m at US\$160/m) & Assays	270
Wardell (NI 43-101)	50
Updated Resource - Submission/Approvals by GKZ	150
Consultants	74
Feasibility Study	500
Feasibility Study - Submission/Approvals by GKZ	500
Sub-total	2,024

Further work anticipated by Orsu for 2010, includes completion of 200m³ of trenching, topographic survey, hydrogeological study (and monitoring of underground and surface water conditions), laboratory and process testwork and environmental studies related to the updated resource estimate.

TALAS COPPER-GOLD EXPLORATION PROJECT, KYRGYZSTAN

The information that follows relating to the Talas Copper-Gold Exploration Project is derived from a technical report titled “Updated Technical Report on the Taldybulak Property held by Orsu Metals Corporation, Kyrgyzstan”, dated March 22, 2010 and prepared by Mr J C Osmond and Mr M L Owen, a copy of which has been filed and is available under the Company’s profile on SEDAR at www.sedar.com.

Project Description and Location

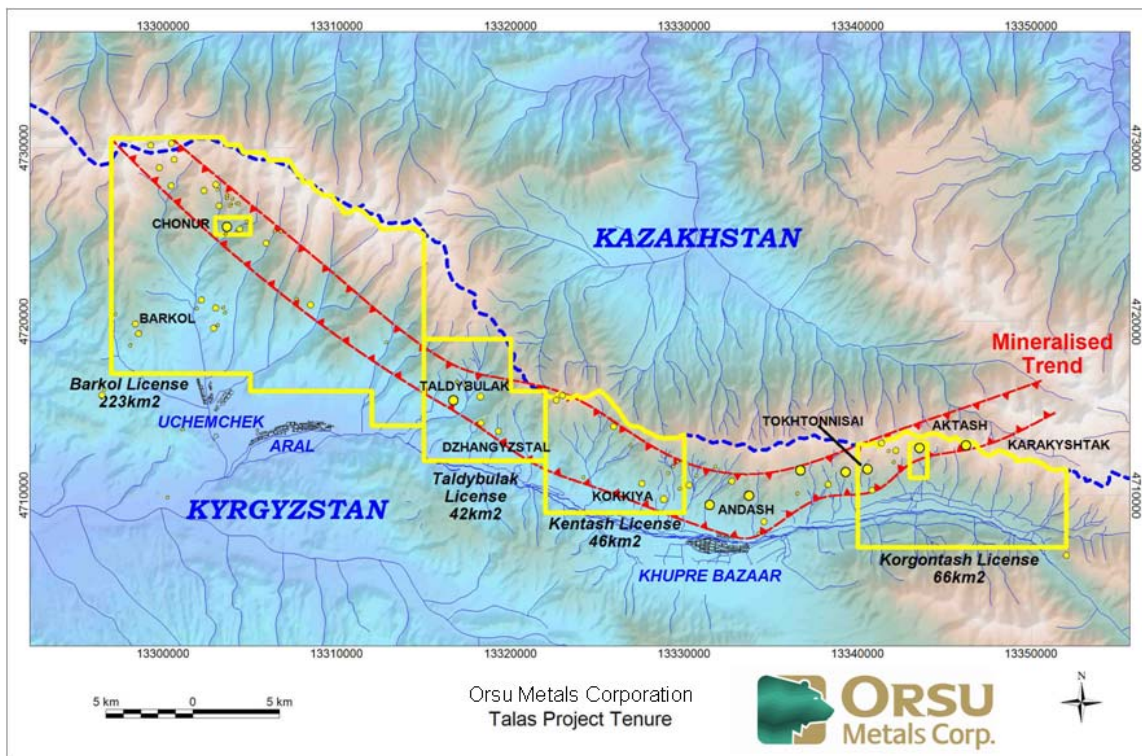
Kyrgyzstan is host to the Tien Shan metallogenic belt, one of the largest and most prolific gold belts in the world. The geology of Kyrgyzstan is dominated by the complex sequences that comprise the Tien Shan mountain belt, itself forming the south western part of the Central Asian supercollage. The mountains form an arc, running through the country from west to east, with sub-parallel ranges separated by intermountain basins and valleys. It is within this fold belt that the Company’s Talas Project is situated.

The Talas Project comprises four almost contiguous licences situated along the southern slope of the Western Kyrgyz Range, on the north side of the Talas Valley. The licences are held by Talas Copper Gold LLC (“TCG”), a Kyrgyz registered company and an indirect, partially-owned subsidiary of the Company through the JV Company.

The Talas Project comprises the core assets of the Company in Kyrgyzstan and includes (from west to east) the Barkol, Taldybulak-Talas, Kentash, and Korgontash licences. Detailed descriptions of each licence, tenure status and areas comprised are given below.

Licences

The Taldybulak deposit has been the main focus of exploration activity on the Taldybulak-Talas licence, which covers an area of 42km². The Kentash licence is situated immediately east of Taldybulak-Talas licence and covers an area of 46km². The Korgontash licence which covers an area of 66km² is located approximately 25km east of Taldybulak-Talas. The Barkol licence is the Taldybulak-Talas westernmost licence, located immediately west of Taldybulak-Talas and covers an area of 223km². The licence was previously held by Kentor Gold Ltd but was relinquished in late 2006 and acquired by TCG in March 2007 by the way of new application. The licence was acquired at the request of Gold Fields which in December 2008 signed the JV Agreement with the Company for the further exploration and the development of the Talas Project.



The Nature of the Company's Title

Since the acquisition of the Taldybulak-Talas licence, TCG has added three additional licences to the Project portfolio. Kentash and Korgontash licences located to the east of Taldybulak were acquired during 2005 and have subsequently been granted three year extensions. The 2km² Aktash licence situated over the Aktash copper-gold skarn prospect is excised from the Korgontash licence.

The Barkol licence had earlier been held by an Australian company, Kentor Gold Ltd, who relinquished the licence during late 2006. The 2km² Chonur licence, located on the Chonur gold prospect, is excised from the Barkol licence. However TCG had an agreement with the licence holder to conduct geophysical works over the excision during 2010 and 2011.

For avoidance of confusion:

- The Taldybulak-Talas copper-gold porphyry is a separate deposit from the Taldybulak Levoberezhny gold deposit previously owned by Central Asia Gold Limited; and
- TCG is a separate company from Talas Gold Mining Company which was the owner of the Jerooy Gold project.

Joint Venture with Gold Fields

Pursuant to the JV Agreement Gold Fields is the project operator for the Talas Project. Under the JV Agreement, following the completion of a bankable feasibility study relating to the Talas Project and if the board of directors of the JV Company determines, Gold Fields is to act as the lead arranger to obtain any further project financing for development and mining operations of the Talas Project, for which Gold Fields will receive a 1.5% arrangement fee. Gold Fields and the Company will otherwise contribute to the project requirements on a pro-rata basis through to project development.

In February 2010, Gold Fields earned a 60% interest in the JV Company which is the direct holder of TCG, the registered owner of Taldybulak, Barkol, Kentash and Korgontash, by funding exploration expenditure of CAD\$10 million on the Talas Project.

Gold Fields has advised the Company that it intends to continue developing the Talas Project in accordance with the JV Agreement. Under the terms of the JV Agreement, both parties are required to fund on a pro-rata basis further project expenditures, required to continue exploration activities, complete a feasibility study and complete the project development in accordance with approved programmes and budgets to be set by Gold Fields. Dilution provisions apply under the terms of the JV Agreement if either party decides not to contribute to expenditures in accordance with its pro-rata share.

The Licence Terms and Areas for Each Individual Licence Held by TCG

Table 6: Talas Valley Project Licence Summary

Licence No	Name of Licence	Licence Holder	Area (km ²)	Date Granted	Expiry Date	Extension Granted until
АП-1005	Barkol	Talas Cu-Au LLC	223	16/03/2007	31/12/2010	
AP-24	Taldybulak	Talas Cu-Au LLC	42	14/06/2005	31/12/2010	
АП-23	Kentash	Talas Cu-Au LLC	46	14/06/2005	31/12/2009	31/12/2012
АП-61	Korgontash	Talas Cu-Au LLC	66	02/09/2005	31/12/2009	31/12/2012

On 15 February 2010, the Ministry for Natural Resources of the Kyrgyz Republic granted an extension on the Kentash and Korgontash licenses until December 31, 2012. Both Taldybulak and Barkol licenses remain valid for one more year until December 31, 2010.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access

Despite its mountains, the Kyrgyz Republic has advanced infrastructure, the capital Bishkek is well serviced via a comprehensive network of paved roads and International airport with links directly to Europe, the Former Soviet Union ("FSU") states and Russia.

The Talas Project is readily accessible by good quality bitumen road from Bishkek. The route is via the Tuiya pass (3,200m above sea level) down into the Suusamyр valley and then, by paved road over the Ut-Mayok pass (3,300m ASL) and down a paved road into the Talas valley. Along the southern rim of the Talas licence areas is the gravel road, passing within 3km of the site. Total distance from Bishkek is approximately 250km with a travel time of approximately 3.5 hours. Alternatively, the site can be accessed from Taraz (previously called Zhambyl) in Kazakhstan, proceeding south and east up the Talas Valley.

The nearest town is the provincial capital Talas, located 45km from the Taldybulak prospect, while the nearest settlement of Aral is situated 7km from the Project. Talas has an airport for small (50-seater) aircraft. The nearest railway stations are Maimak (140km) and Taraz (152km), both stations are located across the border in Kazakhstan and are connected to the prospect by bitumen road. A major train line enters Kyrgyz territory to the west of Talas before re-entering into Kazakhstan, two small towns are located on this rail line, with an established railhead for transport and shipping of product.

Climate

The climate is typically continental. Average temperatures in winter (January) are around -5°C with precipitation of 32mm, whilst in summer (July), temperatures typically average 19°C with 48mm of rain. The Company expects mining operations to be possible 365 days per year once all infrastructure is in place. Exploration drilling continued practically without interruption during the 2007-2008 and 2008-2009 seasons, but exploration programmes are designed to compensate for any time lost during winter months, by intensifying exploration activities during the summer months.

Proximity of population

Talas Oblast has a population of approximately 210,000 of which approximately 30,000 reside in the town of Talas. Talas is located on the north western part of the Kyrgyz Republic on the border with Kazakhstan. The leading industries are food-processing, light industry, manufacture of reinforced concrete products, and a brick-making plant. Industrial enterprises are concentrated in the town of Talas, which accounts for about 75 percent of the regional industrial output.

The Talas Oblast is predominantly agrarian, with agriculture accounting for nearly 90% of the domestic product. The population is principally engaged in stock breeding, sheep, cattle and horses, as well as the cultivation of seasonal cereal and vegetable crops. The region has a potential for developing food-processing, non-ferrous metallurgy, gold mining, machine building, and manufacture of construction materials.

Gold mining is a relatively young industry in Kyrgyzstan, with only one major operating gold mine at Kumtor, owned and operated by the Canadian group Centerra Gold. The Kumtor mine currently produces in excess of 500,000 ozs of gold per annum. Mining activity in Soviet times was focused on extraction of mercury, antimony, and coal.

Power and Water

Electrification of the Kyrgyz Republic is good because of hydroelectric power stations. A 10-35kV line is located on the main road 7km south of the deposit. Suitable water could be supplied from Talas River (3-5m³/sec) and a number of smaller creeks crossing the area in vicinity to the prospect.

Physiography

The Talas Project licences are located on the north side of the Talas valley at elevations ranging from 1,800m to a maximum of approximately 3,000m, where the Kyrgyz-Kazakh border follows the crest of the Kyrgyz Range. The Taldybulak deposit is located at approximately 2,000m ASL within an area of moderately hilly relief.

Vegetation comprises short seasonal grasses, sporadic small briar bushes and more succulent species growing along the banks of small streams. Summer crops are grown in Quaternary sediments on the valley floor.

History

A Soviet report, containing drilling data (20 holes), was completed in 1980. It reflects the works of 1977-1980. This report contains two historic Soviet non-JORC or NI 43-101 compliant estimates, calculated @ 0.1%Cu COG for 253t Au (0.71 g/t Au), 751kt Cu (0.2% Cu), 30.2kt Mo (0.009% Mo) and @ 0.15% Cu COG for 126t Au (0.91 g/t Au), 384.5kt Cu (0.24% Cu), 15.5kt Mo (0.01% Mo).

In 1996-1997, British Commonwealth Minerals (BCM) drilled 11 shallow reverse circulation drill holes (1326m), through their local entity Alatoo Gold Company, which confirmed the grades, but did not test the system at depth.

In 2003-2004, the project was held by a local Kyrgyz company, which did not carry out any exploration work on the licences during the time it was held.

In 2005, the licence was obtained by TCG, a direct subsidiary of Kami Associates ("Kami"). Also in 2005, Oriel Resources plc ("Oriel") entered into an option agreement with Kami to explore the Taldybulak, Kentash and Korgontash licences. During 2005, Oriel undertook a diamond drilling programme at Taldybulak. One of the first holes duplicated vertical Soviet Hole 6BIS, confirming the above-mentioned Soviet results, intersecting 103.8m @ 1.21 g/t Au and 0.29% Cu (TBDD05-04). Four angled diamond drill holes were drilled

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with best intercepts of 86m @ 1.35g/t Au and 0.20% Cu (TBDD02), including 35m @ 2.13g/t Au and 0.22%Cu. In 2006, a programme of six holes was scheduled to continue testing the system. Drill results of 2005 indicated presence of 800m long and 150 m wide zone of +1 g/t Au mineralisation.

On July 26, 2006, Oriel divested all its gold assets into Lero via a reverse takeover. Oriel retained a 50% interest in Lero. Lero exercised its option to acquire Kami Associates (October 6 2006), thereby gaining control of TCG and three licences held at that time in the Talas Valley.

In November 2006, Gold Fields participated in a private placement of Lero for 5,000,000 shares and received an option to enter into a joint venture with Lero on the Talas assets after CAD\$2,000,000 of the proceeds from the private placement had been spent.

In March 2007, TCG acquired the Barkol licence which was previously held by Kentor Gold, until it returned its licence to the government at the end of 2006 as part of its internal restructuring.

In May 2008, a National Instrument 43-101 mineral resource estimate for the Taldybulak-Talas copper-gold porphyry deposit was completed by Lero.

In June 2008, the Lero Acquisition was completed and, as a result, the Company obtained the Taldybulak-Talas, Korgontash, Kentash and Barkol licences.

In December 2008, the Company signed the JV Agreement with Gold Fields for the further exploration and the development of the Talas Project.

In February 2010 Gold Fields earned a 60% interest in the JV Company which is the indirect owner of the Talas Licences.

Geological Setting

Regional Geology Talas Valley

The geology of Kyrgyzstan is dominated by the complex sequences that comprise the Tien Shan mountain belt, itself forming the south western part of the much larger Central Asian supercollage. The mountains form an arc running through the country from west to east, with sub-parallel ranges separated by intermountain basins and valleys. The Fergana Range in south central Kyrgyzstan runs more in a north west-south easterly direction, and marks the divide between the principal tectonic blocks that are separated by a major regional fault, the Nikolayev Lineament. This effectively divides the Tien Shan. To the north, the Northern Tien Shan is made up of folded Caledonian sequences, while south of the lineament lie younger Hercynian rocks. This area of the country can be further subdivided into the Central and Southern Tien Shan on account of their differing histories of formation.

The region identified by the Northern Tien Shan Mountains lies in a zone in which crustal movements have taken place since the Archaean. In consequence, it contains a wide variety of igneous, sedimentary and metamorphic rocks, formed at different periods under different geodynamic conditions. The mechanism of fold belt formation varied from time to time, with the northern section showing clear signs of polycyclic fold development, in which the Early Palaeozoic cycle was predominant, while in the Central Tien Shan, Late Palaeozoic structures dominate in a two-stage process. Further to the far south and west, single-stage Late Palaeozoic folding took place in rocks associated with the Palaeo-Tethys Ocean, while those to the north originated in the Palaeo-Asian Ocean. A clear distinction can also be drawn between the intensely complex pre-Mesozoic rocks, which form the core of the modern Tien Shan mountains, and later Mesozoic-Cainozoic rocks, mainly of continental sedimentary origin, that fill the basins between the mountain ranges.

The Kyrgyz republic has significant potential in many mineral resources, which consist of gold, mercury, antimony, rare earth, tin, tungsten and coal, together with potentially mineable quantities of iron, titanium, vanadium, aluminium, copper, molybdenum, and beryllium.

The Tien-Shan Belt contains a number of large gold deposits, including Muruntau and Kumtor. Numerous other gold and base metals deposits have been discovered in the Tien-Shan Belt, many of which are either being mined or still under investigation. The Muruntau deposit in Uzbekistan is currently being mined in the world's largest open pit gold mine with production believed to be of the order of two million ounces per annum, operated by the Navoi Mining Combine, owned by the government of Uzbekistan. The Kumtor open pit in Kyrgyzstan produces some 500,000oz Au per annum, operated by TSX-listed Centerra Gold.

Exploration

Nature and extent of all exploration work conducted

In 2005 and 2006, a total of 14 diamond drill holes (1,905m) were completed and a total of 49 surface trenches (3,797m) were excavated.

From 2007 to March 2008, diamond holes drilled during term of Lero's agreement with Gold Fields totalled 20 holes for a total of 5,259m. During this period, the Company completed geological mapping, geophysical surveys, soil and rock chip geochemical sampling, an independent petrographic study and contracted various consultants specialising in the field of porphyry geology to visit the Talas Project and complete their own investigations of the Talas Project. Re-interpretation of historic Soviet geophysical data has also been completed and incorporated into the exploration model for the Talas Project.

In 2008, the Company started a new aggressive drilling campaign aiming to delineate a mineral resource of the Taldybulak Cu-Au porphyry deposit with 80x80 m drill spacing. Scout drilling was performed in the adjacent licences to test exploration targets. In total, TCG contractors drilled 23,000 m from May 2008 until November 2009. All field exploration works were suspended in November 2009. In late 2009, TCG started an internal resource calculation. In early 2010, the Company engaged WAI to undertake an audit of a new mineral resource prepared by TCG.

Mineralization

The majority of the Cu-Au mineralisation appears to be hosted by, or closely associated with the recently recognised haematite alteration zone but extends through the sericite, clay and chlorite alteration zones. Copper mineralisation forms an elliptical outline encompassing the alteration zone of the porphyry whilst high grade gold mineralisation occurs as a series of east-west ribbons through the centre of the porphyry shows the surface continuity of the gold mineralisation and its E-W extension as well as the representation of the significant trachyte dyke and major faults. The hydrothermal (quartz-tourmaline) breccia zone occurs at the eastern end of the deposit and contains clasts of the mineralised porphyry. The breccia zone is intersected by postmineralisation trachyte dykes, which may represent the latest phase in the evolution of the system. The main copper minerals include chalcopyrite and bornite. Drilling results (2008) from the Taldybulak Central area reveal the presence of two mineralised porphyries at Taldybulak Central East (discovered in 1978) and Taldybulak Central West (discovered in 2007). These porphyries are separated by the fault zone and less well mineralised, sedimentary breccias, containing on average a gold content of less than 0.3g/t Au. It is therefore possible that Taldybulak Central West and Taldybulak Central East are parts of single porphyry, dextrally offset for some 300m. A continuous combined zone of significant copper-gold mineralisation with dimensions of 1,000m (strike) by 350m (width) and over 650m (depth, proven by drilling) has now been delineated at Taldybulak Central.

2010 Mineral Resource Estimates

WAI was contracted by Orsu in early 2010 to complete an independent audit and review of an updated mineral resource estimate in relation to the Talas Project, from which WAI completed its own mineral resource estimate. A National Instrument 43-101 mineral resource estimate for the Taldybulak-Talas licence area of the Talas Project was reported during March 2010 (Table 7) in the report titled "Updated Report on the Taldybulak Property held by Orsu Metals Corporation, Kyrgyzstan" dated March 22, 2010 and prepared by J C Osmond and M L Owen, a copy of which has been filed and is available under the Company's profile on SEDAR at www.sedar.com. Mr Osmond and Mr Owen are independent of Orsu. The Indicated Resources reported at 0.3 g/t Au Cut-off are 141Mt @ 0.66 g/t Au, 0.17% Cu and 0.01% Mo and Inferred Resources reported at 0.3 g/t Au Cut-off are 153Mt @ 0.66 g/t Au, 0.15% Cu and 0.012% Mo. The "qualified persons" (as such term is defined in National Instrument 43-101) responsible for these updated mineral resource estimates are M L Owen and J C Osmond (who are both employees of WAI).

Table 7: Taldybulak-Talas Gold-Copper Porphyry Project, Resource estimate (WAI) March 22, 2010

WAI Indicated Resources across all domains (WAI March 22, 2010)							
Cut Off (Au g/t)	Tonnes (Mt)	Au (g/t)	Contained Au (Moz)	Cu (%)	Contained Cu (Mlb)	Mo (ppm)	Contained Mo (Mlb)
0.0	446	0.31	4.45	0.15	1474	81	80
0.3	141	0.66	2.99	0.17	527	96	30

WAI Inferred Resources across all domains (WAI March 22, 2010) *							
Cut Off (Au g/t)	Tonnes (Mt)	Au (g/t)	Contained Au (Moz)	Cu (%)	Contained Cu (Mlb)	Mo (ppm)	Contained Mo (Mlb)
0.0	384	0.35	4.32	0.13	1100	99	84
0.3	153	0.66	3.24	0.15	506	120	40

*All inferred resources are reported exclusively of indicated mineral resources. Mineral resources are shown at a 0.0 g/t Au cut-off for comparison purposes only, Orsu does not expect the mineral resources to be economically extractable at this cut-off grade. Mineral resources are shown at a 0.3 g/t Au as this is a possible economic cut-off grade for this deposit; although, economic and mining studies are required to determine the actual cut-off grade. Mineral resources are reported without mining constraints other than the cut-off grade, no pit shell, mine design, or minimum mining width has been used to restrict the reported mineral resources.

All estimates are based upon a Kriged 20m by 20m by 10m block model which is constrained by geological and grade wireframes created in section from interpretation of all available drillhole and channel sampling data. A total of 36,988m of diamond drilling, 1326m of reverse circulation drilling and 12,615m of surface trenching data was taken into consideration when constructing geological and grade boundaries, subsequently the surface trenching and reverse circulation drilling results were not utilised for the grade interpolation process. WAI carried out a full database verification and a geostatistical interpretation and modelling exercise during the model validation and audit.

The results of this latest resource estimation represent an increase, at 0.30g/t Au cut-off, in terms of contained Au ounces for the Indicated category of 1.38 Moz's or 86% increase, and in terms of contained Cu the increase was 226Mlb's or 57%:

Drilling

A 2008/2009 drilling programme was completed to better delineate the extent and geometry at Taldybulak and assess the additional tonnage potential through the testing of peripheral targets along strike to the east, north west and south of the central high grade core. Since the inception of the joint venture CAD\$10 million has been expended on exploration activities, all of which has been contributed by Gold Fields at the Talas Project.

In November 2009, TCG has completed ~22,000m of drilling since the commencement of the Joint Venture programme. The majority of drilling completed has been infill drilling within the area of known mineralization at Taldybulak. TCG has initiated a reinterpretation of the geology and identified mineralization.

TCG is undertaking a bulk metallurgical study of the various ores from the Taldybulak porphyry.

Sampling and Analysis

Historic drill core sampling, predominantly NQ (47.6mm diameter) and recent HQ has been drilled on the Talas projects. The core after removal from the core barrel is placed into numbered wooden boxes each capable of storing up to 5m NQ and 4m HQ of core sample. The core is lithologically logged in detail and samples selected for assay based on the observed rock type and mineralisation/alteration present. The core is then split longitudinally with a diamond core saw and one quarter of the HQ core is taken for assaying, the remaining core is then stored for future reference.

Soil samples, taken from the in situ weathered bedrock by digging pits that traverse the transported soil profile and expose the underlying in situ material. Samples in the region of 1kg are collected and dried, then screened. The spacing of soil sampling grid varies from property to property although usually a grid spacing of 200m x 50m has been applied. At each sample site a hole was manually dug to 30-50cm depth from which 2 x 100g samples of -80 mesh (-0.177mm) material was collected from the 'B' soil horizon, that is, beneath the humic layer. Material from the selected soil horizon was screened in the field using Flexistack sieves and nylon mesh. A description of the material sampled was recorded at each site, as well as the

actual sample location, depth of sampling and any other information deemed relevant. The samples were packaged in wire topped paper geochem packets, one sample for dispatch to the laboratory and one for archive. Duplicate -80 mesh samples were collected at a rate of approximately 1:25.

Trenches were dug down 1m to 2m below surface to expose the underlying bedrock and samples were collected by cutting a trench of equal width and depth along the base of the trench. The samples were then bagged and sent for analysis.

Quality Control and Sample Security

A stringent quality control programme is implemented for all sample types collected from the Talas Project. External Gold and Base Metal Certified Standards are sourced from GEOSTATS Ltd in Australia and submitted to the laboratory. Standards and blanks (material sourced from nearby barren Devonian limestone) are inserted at irregular intervals in each batch submitted to the laboratory with a frequency of approximately one for every 20. The quality control practices were implemented immediately after the acquisition of the Talas licences. All diamond drill core, geochemical soil, rock chip and trench samples are shipped to Ultratrace Laboratories in Perth, Australia or Alex Stewart Labs Bishkek respectively in sealed plastic bags which are then inserted into sealed taped boxes.

TCG currently uses two labs to analyse samples collected from the Talas projects. All core, rock chip and trench samples are assayed at Alex Stewart Laboratories in Bishkek, Kyrgyzstan with the low level detection soil samples assayed at Ultratrace Laboratories in Perth, Australia. Alex Stewart is accredited by ISOQAR Ltd. In early 2010, the entity changed its name to Stewart Labs. Ultratrace laboratories is an ISO accredited laboratory.

Upon receiving all laboratory assay data TCG verifies whether the quality of the data through analysis of the performance of standard and duplicate results. Standard results are checked against the supplier's certified values and a result exceed the 2 standard deviation limits are considered a fail. The samples from the previous standard and to the next standard are then sent for reanalysis. Blanks are checked and returned values for more than 3 times the detection limits of copper and gold are checked and more than 6 times detection limit are considered a fail. Analysis of at least 5% of all drill core samples at a third party laboratory is to be carried out. Samples are analysed for Au and a suite of multi-elements.

Mining Operations

The Talas Projects has not undergone extraction of mineral resources or undergone any form of mining. Small scale mining has been carried out historically on the Aktash licence (excised area within Korgontash Licence area).

TOKHTAZAN EXPLORATION LICENCE AREA, KYRGYZSTAN

Project Description and Location

Location and size

The Tokhtazan exploration licence area contains the Akdjol (108km²) and Tokhtazan (4km²) licences, both of which are held 100% by Oriel in Kyrgyzstan LLC ("Oriel"), the Company's indirect subsidiary. The licences and related agreements and land rights expired on December 31, 2009 and were extended for 2 months until February 20, 2010. During 2009, Oriel had fulfilled its financial obligations but had not fully completed its work commitments under the licences, which is a violation of Kyrgyz laws and could impact Oriel's ability to receive a further extension of the licences and related agreements and land rights. On February 19, 2010, Orsu filed progress reports with the Ministry of Natural Resources of the Kyrgyz Republic with respect to exploration works at both of the Tokhtazan and Akdjol licences. The Company expects a decision on the extension of the licences and related agreements and land rights to be made by the end of March 2010.

Nature of the Company's Title

The Company holds its interest in the licence area via Oriel.

2008-2009 Exploration Results

Within the 2008/2009 exploration programme, works undertaken within the Tokhtazan licence included 1,540m³ of trenching and road cutting, with 640 samples being collected. In addition, a 642.5m reverse circulation ("RC") and diamond drilling programme was completed.

Table 8 shows assay results from core and RC drilling which confirm the presence of the previously interpreted mineralised structure at Tokhtazan.

Table 8: Significant Mineral Intersections from Drilling Works within the Tokhtazan Licence

ID	Type	From (m)	To (m)	Length (m)	Au g/t
TDD08-01	Diamond Drill hole	6	22	16	1.01
TDD08-01B	Diamond Drill hole	0	23	23	1.36
TDD08-07	Diamond Drill hole	76	80	4	0.63
TDD08-07	Diamond Drill hole	130.2	134.2	4	2.21
TTR08-07	RC Drill hole	67	99	32	1.89
TTR08-07	RC Drill hole	112	125	13	0.94
TTR08-08	RC Drill hole	2	3	1	1.00
TTR08-08	RC Drill hole	57	80	23	2.04
TTR08-08	RC Drill hole	84	85	1	1.85
TTR08-08	RC Drill hole	94	95	1	0.52
TTR08-08	RC Drill hole	119	125	6	1.02

Note: Estimated true widths vary from 70-75% of drilled width.

Trenching

Trenching continued within the Bulderek area of the Akdjol licence, located 3.5 km south-southwest from the Tokhtazan licence. The Company also performed trenching and road cut sampling. The works were accompanied by geophysical exploration, including:

- 12.8 km of Dipole Dipole Induced Polarisation survey;
- 41.45 km of magnetic survey; and
- 43.3 km of gamma-ray spectrometry.

Table 9 shows assay results received in 2009 for the 2008 channel sampling.

Table 9: Significant Mineral Intersections from 2008 Trenching Works at the Bulderek Prospect, Akdjol License

Trench ID	From (m)	To (m)	Thickness (m)	Au g/t	Cu %
TR 08-06	2.0	9.0	7	1.63	0.47
	22.0	28.0	6	-	0.40
TR 08-07	50.0	58.0	8	0.78	0.2
	82.0	133.0	51	-	0.41
TR 08-08	36.0	38.0	2	1.86	0.28
	43.0	46.0	3	-	0.58
	69.0	84.0	15	0.95	0.31
	95.0	99.0	4	4.39	0.18
TR 08-10	106.0	119.0	13.0	-	0.55
	7.0	23.0	16	0.78	0.24
TR 08-11	2.0	23.0	21	-	0.26
	11.0	22.0	11	-	0.50
	46.0	50.0	4	-	0.42
TR 08-12	63.0	64.0	1	3.47	1.2
	16.0	20.0	4	0.51	0.37
	37.0	53.0	16	-	0.78
TR 08-13	9.0	14.0	5	-	0.37
	61.0	65.0	4	-	0.61
TR 08-14	1.0	37.0	36	0.18	0.19
	59.0	63.0	4	0.23	5.2
	88.0	95.0	7	-	0.40
TR 08-15	2.0	20.0	18	0.61	0.40
	27.0	33.0	6	-	1.15
TR 08-23	2.0	6.0	4.0	-	0.26
	9.0	19.0	10.0	-	0.27
	32.0	34.0	2	0.46	0.36
TR 08-24	3.0	4.0	1.0	1.28	0.17
	7.0	8.0	1	1.01	0.22
	15.0	17.0	2	1.58	0.21
TR 08-27	26.0	27.0	1	4.69	0.21
	1.0	5.0	4	1.22	0.46
	6.0	12.0	6	-	0.27
	23.0	52.0	29	3.02	0.53

Based on current geological observations, the trenched sample widths are considered to be representative of the true width of the outcropping mineralisation, although the true thickness of the mineralisation down dip is yet to be confirmed. The 2009 field investigations revealed a lens-shaped nature of this mineralization. This fact, in combination with steep topography, led to the Company's decision not to proceed with drill testing of the Bulderek prospect.

Security of Samples

All sampling procedures and drill core logging is reviewed by a qualified person (National Instrument 43-101 compliant) ensuring samples are taken and results from all labs checked in line with National Instrument 43-101, a stringent QAQC programme has been put in place to satisfy National Instrument 43-101 and JORC requirements.

Mining Operations

The Tokhtazan licence area has not undergone extraction of mineral resources or undergone any form of mining to date.

2010 Exploration Programme

The Company intends to carry out further investigative drilling during the 2010 exploration season at both the Tokhtazan and Akdjol licenses. On February 4, 2010, the Company received a protocol from the Ministry of Natural Resources of the Kyrgyz Republic which outlines provisional licence obligations in order to continue exploration on the Tokhtazan and Akdjol licenses. The 2010 exploration works at the Tokhtazan Project will include 1200 m of drilling and 1500 m³ of trenching, with minimum expenditure of \$225,000. At the Akdjol license, the programme will include 700 m of drilling, 2000 m³ of trenching, and 10 km of IP geophysics with a minimum budget of \$111,000.

7. DIVIDENDS

The Company's Articles of Association provide that 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 any shares of Orsu 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

The Company is authorised to issue a maximum of 100,000,000,000 Common Shares of no par value of a single class. Each 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 the Consolidation on a ten (10) for one (1) basis. This reduced the issued and outstanding Common Shares from 456,959,226 to 45,696,049 immediately following the Consolidation.

As at the date hereof, there are 45,696,049 Common Shares issued and outstanding.

Stock Options and Warrants

As at the date hereof, 20,112,500 stock options (each, an "Option") and 128,547,520 Common Share purchase warrants (each, a "Warrant") of the Company are outstanding.

The Consolidation resulted in an adjustment to the exercise price and to the number of Common Shares that are issuable upon exercise of the Warrants and Options. The exercise price of each of the Warrants and Options has been multiplied by 10 and the number of Common Shares that are issuable in connection with each whole Warrant or Option will be divided by 10 (subject to any further adjustment in the case of 12,302,150 Warrants pursuant to the terms of the instruments governing such Warrants). No fractional Common Shares will be issued on exercise of the Warrants or Options as a result of the Consolidation. Accordingly, up to approximately 2,011,250 Common Shares are issuable upon exercise of the Options and up to approximately 12,854,752 Common Shares are issuable upon exercise of the Warrants.

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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 10: Figures Relating To Trading Of Common Shares on the TSX

Period	High (CAD\$)	Low (CAD\$)	Volume
December 2009 ¹	0.74	0.40	2,268,696
November 2009 ¹	0.78	0.05	26,033,194
October 2009	0.075	0.045	10,381,892
September 2009	0.075	0.04	24,868,753
August 2009	0.07	0.04	5,958,372
July 2009	0.07	0.055	4,054,448
June 2009	0.115	0.065	25,925,138
May 2009	0.14	0.06	19,810,886
April 2009	0.085	0.06	19,128,192
March 2009	0.095	0.065	9,101,767
February 2009	0.125	0.075	16,122,632
January 2009	0.16	0.075	31,727,334

Note:

(1) The Consolidation was effective November 24, 2009.

The following tables set forth information relating to the trading of Orsu's "OSU.WT.A" and "OSU.WT.B" Warrants, respectively, on the TSX for the periods indicated.

Table 11: Figures Relating To Trading Of Warrants (OSU.WT.A) on the TSX

Period	High (CAD\$)	Low (CAD\$)	Volume
December 2009	-	-	-
November 2009	0.005	0.005	225,000
October 2009	-	-	-
September 2009	0.005	0.005	100,000
August 2009	0.005	0.005	60,000
July 2009 ⁾	0.005	0.005	129,000
June 2009	0.010	0.005	1,590,871
May 2009 ⁾	0.025	0.005	1,083,750
April 2009	0.010	0.005	481,190
March 2009	0.020	0.005	465,100
February 2009	0.030	0.010	763,442
January 2009	0.035	0.010	958,458

Orsu Metals Corporation**Annual Information Form for the year ended 31 December 2009****Table 12: Figures Relating To Trading Of Warrants (OSU.WT.B) on the TSX**

Period	High (CAD\$)	Low (CAD\$)	Volume
December 2009	0.010	0.005	1,045,500
November 2009	0.010	0.005	713,250
October 2009	-	-	-
September 2009	0.005	0.005	3,000
August 2009	0.005	0.005	20,000
July 2009	0.015	0.005	561,800
June 2009	0.015	0.005	721,933
May 2009	0.040	0.005	232,000
April 2009	0.015	0.005	348,734
March 2009	0.020	0.005	44,500
February 2009	0.040	0.010	311,146
January 2009	0.040	0.010	3,036,463

Prior Sales

The only securities that the Company has outstanding that are not listed or quoted on a marketplace are Options granted under the Company's stock option plan and certain Warrants. No Options or Warrants were issued during the most recently completed financial year.

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 or until such director's successor is elected and qualified, or until the director's earlier death, resignation or removal.

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Name, Residence and Position with Orsu	Principal Occupation During Prior Five Years	Director Since
Dr Sergey V Kurzin, Sussex, United Kingdom, Executive Chairman	Executive Chairman of Oriel Resources plc (chrome and nickel mining company) from December 2003 to September 2008. Chairman of Lero Gold Corp. (gold and copper exploration company) from July 2006 to June 2008. Executive Chairman for Orsu from June 2008 to present.	18 June 2008
Dr Alexander Yakubchuk, London, United Kingdom, Chief Operating Officer	Exploration Manager for Europe and the CIS for Gold Fields International Services Ltd from 2003 to 2008. CEO of Lero Gold Corp. from January to June 2008. Chief Executive Officer of EMC from June 2008 to July 2008. Director of Exploration for Orsu Metals Corporation from July 2008 to November 2009. Chief Operating Officer for Orsu from November 12, 2009 to present.	18 July 2008
Mr Massimo Carello (1) (2) (3), London, United Kingdom, Non-Executive Director	Currently Non-Executive Director of Uranium One (uranium producer), Canaccord Financial ("Canaccord"), (financial services firm), Velo Energy Inc. (an oil and gas company). Non Executive Director of Anker Plc (International IT and Software company) from December 2004 to August 2005.	25 September 2008
Mr Mark Corra (1) (2) (3), Vancouver, Canada, Non-Executive Director, Lead Independent Director	Senior VP Finance and CFO of B2Gold Corp. from April 2007 to present. VP Finance of Bema Gold from 1997 to April 2007.	7 July 2008
Mr Timothy Hanford (1) (2) (3), London, United Kingdom, Non-Executive Director	Currently Director of Orsu from 2006. Currently Managing Director at J.C. Flowers & Co., (private equity investment firm). Co-Head of FPK Capital (private equity investment firm) from June 2006 to December 2008. Head of Private Equity at Dresdner Bank from January 2003 to June 2006.	28 September 2006
Mr Petro Mychalkiw, Surrey, United Kingdom, Chief Financial Officer	Head of Group Corporate Finance of Oriel Resources plc. From November 2007 to May 2008, Regional Finance Director (Kazakhstan) of Oriel Resources plc from October 2006 to October 2007. Divisional Finance Director for Tribal Group plc (a consultancy, support and delivery services provider) from October 2003 to June 2006. Chief Financial Officer for Orsu from June 2008 to present.	Not Applicable
Mrs Tania Tchedaeva, London, United Kingdom, Company Secretary	Assistant Company Secretary for Lero from August 2006 to June 2008. Assistant Company Secretary for Oriel Resources plc from April 2004 to May 2008. Company Secretary for Orsu from June 2008 to present.	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

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As of the date hereof, the directors and executive officers of Orsu as a group beneficially own, control or direct, directly or indirectly, 161,450 Common Shares, representing 0.35% of the issued and outstanding Common Shares as of the date hereof.

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 Kazakhstan.
- Eurasia Mining plc – PGM projects in Russia.

Dr Alexander Yakubchuk – Chief Operating Officer

Dr Yakubchuk joined Lero in January 2008, bringing more than 14 years 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 International Services Ltd. (“Gold Fields International”). 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, Magadan, Russia. Dr Yakubchuk has previously consulted companies such as BHP-Billiton, Norlisk Nickel, Goldcorp, Rio Tinto, World Bank and Inco.

Mr Mark Corra – Non-Executive Director, Lead Independent Director

Mr Corra has been Senior VP Finance and CFO of B2Gold Corp. (“B2 Gold”) since April 2007. 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, he oversees financial reporting, cash management, tax planning and is a member of the management committee for B2Gold. 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 Massimo Carello – Non-Executive Director

Mr Carello currently holds a Non-Executive position with Canaccord and Uranium One Inc. and is a member of the Uranium One and Canaccord audit committees. Mr Carello has over 30 years of international senior management and director level experience. He was a director within the past five years of UrAsia Energy Ltd and Anker Systems plc and was a former Chairman and CEO of Fiat UK and Diners Club UK. In October 2009 he joined the Board of Velo Energy Inc.

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Mr Petro Mychalkiw – Chief Financial Officer

Mr Petro Mychalkiw was previously Oriel's Treasurer and Head of Corporate Finance, where he was responsible for strategic financial and tax planning, treasury, mergers and acquisitions, debt and equity financing. Prior to that position, he was Oriel's Regional Finance Director, Kazakhstan, responsible for tax planning, contract negotiations and financial reporting and was a vital part of the team which not only secured the December 2006 US\$120m project financing deal for the Voskhod chrome project with the Eurasian Development Bank, Bayerische Hypo- und Vereinsbank AG and WestLB AG, but was awarded the prestigious 2006 European Mining Deal of the Year award from Project Finance Magazine. Prior to joining Oriel, he held the position of Divisional Finance Director for Tribal Group plc, the LSE listed provider of consulting, IT and professional support services.

Tania Tchedaeva – Company Secretary

Mrs Tania Tchedaeva is a Chartered Company Secretary and a member of the Institute of Chartered Secretaries and Administrators (ICSA). She graduated with a Masters in Finance from the London Business School in July 2008. Tania worked as Assistant Company Secretary at Oriel for four years and coordinated such transactions as the November 2006 reverse takeover of IPH Polychrom Holdings B.V. and the takeover of Oriel by Mechel OAO. She also held the position of part-time Assistant Company Secretary with Lero until the Lero Acquisition.

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 or executive officer of any company (including Orsu) that, while that person was acting in that capacity, 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; or
- (b) an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the Company being the subject of 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.

Penalties or Sanctions

No director or executive officer of Orsu, and no shareholder holding a sufficient number of securities of Orsu to affect materially the control of Orsu, 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, and no shareholder holding a sufficient number of securities of Orsu to affect materially the control of Orsu:

- (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. To the best of Orsu's knowledge, there are no known existing or potential material conflicts of interest among Orsu or its subsidiaries and a director or officers of Orsu or its subsidiaries as a result of their outside business interests 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.

11. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Class Action Claim

On 2 June 2008, a class action suit (Court File No. 58422CP) was commenced in the Ontario Superior Court of Justice by Bernard Szuszkiewicz against EMC and two of its officers, CEO, William G. Kennedy, and CFO, James Cole, as a proposed representative plaintiff in a proposed class proceeding on behalf of persons who acquired securities of EMC during the period from 16 May 2007 until March 31, 2008. The claim related to the announcement by EMC on March 31, 2008 that it was reviewing its accounting for derivatives to ensure compliance with certain provisions of the CICA Handbook and that it anticipated that such review would result in a restatement of EMC's interim financial statements for the first three fiscal quarters of 2007. The financial statements were restated and were subsequently issued by EMC on 11 April 2008 and filed on SEDAR (www.sedar.com). Mr. Szuszkiewicz claimed general and special damages in the amount of CAD\$50,000,000 and punitive damages in the amount of CAD\$5,000,000. On 5 December 2008, Orsu announced that the original claim by Mr. Szuszkiewicz had been effectively replaced by the Claim (Court File No. 59650CP), a new claim similar in nature commenced by Mr. Roman Pysznyj as representative plaintiff, and had on that day been served with the Claim.

On 27 November 2009, Orsu announced that the Company had, subject to court approval, reached the Settlement Agreement, pursuant to which it was agreed that the Claim would be settled for CAD\$2.2 million, to be shared equally between Orsu and Orsu's insurer. In entering into the Settlement Agreement, neither the Company nor any of the other defendants have made any admission of liability, wrongdoing or fault in relation to the Claim.

On 23 February 2010, Orsu announced that the settlement of the Claim was approved by the Ontario Superior Court of Justice. The settlement became effective on March 22, 2010 after expiry of a 30-day appeal period. The Company and the other defendants retain the right to terminate the Settlement Agreement if too many class members opt out during a 60-day opt out period, which will commence no later than April 6, 2010. However, at this time, it is not expected that this right will need to be exercised. Under the terms of the Settlement Agreement, the Szuszkiewicz action and the Claim will be dismissed.

MDM Litigator Claim (Pertaining to JSCV)

In January 2006, further to the termination of the lump sum turnkey contract with MDM Ferroman (Pty) Limited ("MDM"), Orsu was notified that MDM was the subject of insolvency proceedings. Prior to being placed into provisional liquidation, MDM assigned all of its rights and obligations under its contracts with suppliers to JSCV under a cession agreement (the "Cession"). The liquidator of MDM claimed the Cession gave rise to the Company receiving a benefit in preference to other creditors and claimed this could be set aside under South African insolvency law. As a result, certain suppliers requested indemnification from JSCV for any losses suffered by them based on action taken against these suppliers by the liquidator. The liquidator issued summons to pursue a claim against JSCV in the South African courts in February 2007 for between Rand 10 to 12 million arising for the Cession, and did seek to embargo funds held in South Africa by the Company. The attempt to embargo funds was successfully opposed, and the funds repatriated to the Company in October 2008. However, the liquidator is still pursuing the claim against JSCV in the South African courts for Rand 10 to 12 million but any judgement of a South African court will have to be recognised and enforced in Kazakhstan. All claims and actions instituted lie against JSCV and not Orsu and management believes that there is no legal basis for extending a claim to Orsu.

12. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer or principal shareholder of Orsu and no associate or affiliate 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.

13. TRANSFER AGENTS 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 2010 financial year and has not entered into any material contract since 1 January 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") and the contracts set forth below:

1. Agreement of 13 June 2009 for the sale and purchase of 100% of the issued shares of Three K, as amended on 11 September 2009 and 13 October 2009, between Orsu and Polymetal pursuant to which the Varvarinskoye Project was sold to Polymetal; and
2. Joint venture agreement of 3 December 2008, as amended on August 14, 2009, with Gold Fields Orogen Holdings BVI Limited, a wholly owned subsidiary of Gold Fields Limited, Lero Gold Corporation, Kami Associates Limited and Talas Copper Gold LLC, for the further exploration and the development of the Talas licence area, north west Kyrgyzstan.

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 Matthew Boyes, Mineral Resource Manager of Orsu.
- Mr Mark Lyndhurst Owen (BSc, MSc, MCSM, FGS, CGeol, EurGeol), Technical Director, UK, of Wardell Armstrong International Ltd.
- Mr Jason Che Osmond (BSc, MSc, MCSM, ProfGradIMMM, CGeol, FGS, EurGeol) Principal Geologist of Wardell Armstrong International Ltd.
- Miss Liv Sorcha Carroll (ARSM, BSc, MSc, DIC, MIMMM, CGeol, FGS), Senior Geologist of Wardell Armstrong Ltd.

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 British Columbia.

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 year ended December 31, 2009.

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, is contained in the Company's management information circular relating to the annual and special meeting of shareholders of the Company which was held on July 10, 2009.

17. AUDIT COMMITTEE INFORMATION

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

Orsu Metals Corporation

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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	Senior VP Finance and CFO of B2Gold Corp. 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 oversees financial reporting, cash management, tax planning and has also acted as CFO for Consolidated Puma Minerals Corp., Victoria Resources Corp. and Consolidated Westview Resource Corp.
Timothy Hanford	Yes	Yes	Mr Hanford 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 BSc. in Chemical Engineering from Birmingham University.
Massimo Carello	Yes	Yes	Mr Carello has over 30 years of entrepreneurial, international senior management and director level experience. He was a director within the past five years of UrAsia Energy Ltd (now Uranium One) and Anker Systems plc. In October 2009, he joined the Board of Velo Energy Inc. M Carello is a member of the Audit Committee of all the companies in which he is a director (Orsu, Uranium One, Canaccord Financial, Velo Energy Inc.). Mr Carello holds a BSc in Political Science from Turin University.

Audit Committee Oversight

During the fiscal year ended December 31, 2009, 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, Canada, (250 Howe Street, Suite 700, Vancouver, British Columbia, V6C 3S7), the auditors of Orsu in each of the fiscal years ended 31 December 2009 and 2008.

Service description	Actual Fees Billed 2009	Actual fees Billed 2008
Audit Fees	543,596	570,000
Audit related fees	17,000	44,076
Tax fees	338,065	1,885
Total fees	898,661	615,961

ENDS

Exhibit 1

Audit Committee Charter (as adopted by the Board of Directors of the Corporation on 3 July, 2008)

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 European Minerals 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 outside 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 to 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 III 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 Toronto Stock Exchange, the Alternative Investment Market of the London Stock Exchange, 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 generally accepted accounting principles ("**GAAP**") and are prepared in accordance with the requirements of *Multilateral Instrument 52-107 - Financial Disclosure*, and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. 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 significantly 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.