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**AIM: OSU**  
**TSX: OSU**  
**PRESS RELEASE**  
13 November 2008

## **Orsu Metals Corporation**

### **Interim Results for the Period Ended 30 September 2008 and 2007 (Unaudited)**

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Orsu Metals Corporation ("Orsu", or the "Company") (TSX: OSU, AIM: OSU), the London-based base and precious metal mining, development and exploration company today reports its results for the quarter and six months ended 30 September 2008. All amounts are reported in United States Dollars unless otherwise indicated. Canadian Dollars are referred to herein as CAD\$.

#### **QUARTER OPERATIONAL HIGHLIGHTS**

- Orsu settled in advance its September to December 2008 gold forward contract obligations
- Orsu announced changes to the Board of Directors
- Orsu announced plans to procure a secondary low cost screener and crusher at the Varvarinskoye plant
- Orsu announced being served with a Statement of Claim

#### **POST QUARTER HIGHLIGHTS**

- Orsu announced an update regarding the Statement of Claim
- Orsu announced the reclamation of Rand 40.9 million (US\$3.65 million) MDM contractor advances.

#### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

A full Management's Discussion and Analysis of the results for the quarter and nine months ended 30 September 2008 and year ended 2007 ("MD&A") and Financial Statements ("Financials") for the Company for the nine months ended 30 September 2008 and year ended 2007 will soon be available on the Company's profile on SEDAR ([www.sedar.com](http://www.sedar.com)) or on the Company's website ([www.orsumetals.com](http://www.orsumetals.com)). These can also be obtained on application to the Company. The following information has been extracted from the MD&A and the Financials.

#### **FINANCIAL RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 2008**

For the three month period ended 30 September 2008, the Company incurred a net loss of \$4.0 million (compared to a loss of \$35.7 million for the same period in 2007) and a nine month loss of \$49.4 million (compared to a loss of \$44.5 million for the same period in 2007).

The financial results of the operations for the three months ended September 30 2008 from the Varvarinskoye Project have been included into the consolidated statements of operations.

Commercial production levels (defined by the Company as the earlier of the stage when mining and milling activities are operating at 65% of design capacity for a sustained period for not less than 30 days, or 30 June 2008) were achieved during the third quarter and accordingly the Company commenced recognising operating revenues and expenses for production activities with effect from 1 July 2008. All pre-commercial production operating expenses, including applicable stock compensation costs and interest, have been capitalised as development costs; pre-commercial production metal revenues have been credited against capitalised costs.

During the quarter the Company recognised revenues of \$15.5 million and a net gain on derivative instruments of \$19.1 million. These were offset by operational costs of \$27.7 million, administration costs of \$4.9 million, exploration expenditure of \$2.7 million, foreign exchange losses of \$1.7 million and other charges of \$1.6 million.



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**Revenues**

For the nine months ended 30 September 2008, the Company invoiced a gross amount totalling \$38.8 million which was revalued using a final settlement price for copper of \$2.25 per lb. This gave rise to a total settlement adjustment to revenue of negative \$5.7 million; \$2.4 million relating to the six months ended 30 June 2008 and \$3.3 million for the three months to 30 September 2008.

For the three month period to 30 September 2008, the Company invoiced \$21.2 million against which the aforementioned settlement adjustment of negative \$5.7 million was made resulting in revenues for the period of \$15.5 million.

Finally, the Company recognised sales on gold and copper concentrate as revenues for the three month period 30 September 2008. As a by product of the production process, a small amount silver was produced which generated sales totalling \$21,000. The Company does not recognise this as income and has been recorded as part of operating expenses.

**Derivative instruments**

During the three month ended 30 September 2008 the Company settled gold hedge contracts in cash at a cost of \$9.2 million (Nil for the same period in 2007). These have been recorded in the income statement as realised derivative losses for the quarter. Of this, the Company settled future contract hedges for the period October to December 2008 at a cost of \$5.0 million at a forward gold sales settlement price of \$794.75 per ounce.

Following a decrease in the spot market and forward price of gold during the third quarter (spot price gold 30 September 2008 \$884.50), the mark to market revaluation of the Company's remaining hedge contracts gave rise to unrealised derivative gains of \$28.3 million during the quarter (a loss of \$34.8 million for the same period in 2007).

**Operational costs**

The operational costs during the quarter of \$27.7 million include mining, processing and site costs totalling \$20.6 million; selling and distribution costs of \$2.2 million; depreciation and amortisation charges of \$4.6 million and accretion charges of \$0.3 million. Included with these are inventory write offs of \$4.4 million.

**Administration charges**

Administration costs for the nine month period include termination and redundancy costs of \$4.3 million relating primarily to changes in senior management in connection with the business combination. Legal and professional costs relating to the Lero acquisition of \$4.9 million are included as part of the Lero purchase consideration (not included within the Statement of Operations).

**Foreign exchange and interest income**

The Company successfully repatriated Rand 28.2 million in contractor advances (relating to MDM) along with accrued interest of Rand 12.7 million on 22 October 2008 at an exchange rate of Rand to the US(\$) of 11.21, \$3.65 million. The advances had been previously been recorded by Company at an exchange rate of Rand to US(\$) 6.75. As at 30 September 2008 the Company recorded a realised foreign exchange loss of \$1.7 million and accrued interest income of \$1.1 million.

**LIQUIDITY AND CAPITAL RESOURCES**

At 30 September 2008 the Company's main source of liquidity was unrestricted cash of \$17.9 million (2007 US\$25.2 million).

At 30 September 2008, the Company's consolidated working capital was a deficit of \$1.7 million (30 September 2007 working capital surplus of \$8.2 million; 31 December 2007 working capital deficit of \$1.6 million) comprising free cash, inventory, accounts receivable, prepayments, less accounts payable and current portion of the principal on long term debt. This represents a decrease of \$0.1 million versus 31 December 2007 and a decrease of \$8.3 million versus 30 September 2007. The movement during the nine months ended 30 September 2008, in the Company's consolidated working capital comprised a decrease in unrestricted cash of \$7.4 million, increase in inventories \$7.6 million, increase in accounts receivable and prepayments \$5.2 million, less an increase in accounts payable \$7.3 million and decrease in the current portion on the principle long term debt of \$1.8 million.



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## Going concern

At 30 September 2008 the Company had a working capital deficit of \$1.7 million, (31 December 2007 a working capital deficit of \$1.6 million), accumulated losses of \$267 million (31 December 2007 - \$218 million) and capital commitments for the Varvarinskoye Project amounting to \$4.7 million. In addition, the Company was served with a statement of claim in September 2008.

As at 30 September 2008 a total of \$61.0 million long-term debt had been drawn down under the Varvarinskoye limited recourse project finance debt facility with Investec Bank Limited, Nedbank Limited and Natixis Bank (the "Lenders"), of which \$36.1 million is due within one year, including a first tranche of \$16.65 million which is due 31 December 2008. The Company is currently seeking to negotiate an extension of the first tranche repayment. To date no waiver or extension of the first tranche repayment of \$16.65m due in December 2008 has been secured.

As a condition of the long-term debt facility, the Company entered into monthly US dollar flat forward gold sales (the "Varvarinskoye Hedge") over a term of 8 years. The Company has 372,478 ounces of unmargined forward gold sales contracts remaining at a strike price of \$574.25 per ounce as at 30 September 2008. To date the Company's monthly gold production has been insufficient to meet its forward contract commitments resulting in cash settlements of maturing contracts of \$20.5 million in the nine month period to 30 September 2008 (2007 – nil). Further cash payments are expected to be required to settle future commitments as they fall due.

While these financial statements have been prepared using Canadian GAAP applicable to going concern, which contemplates the realisation of assets and liquidation of liabilities during the normal course of operations, the conditions and events above cast significant doubt on the validity of that assumption. The ability of the Company to continue as a going concern is dependent upon achievement and maintenance of profitable levels of commercial production at Varvarinskoye and the ability of the Company to raise additional capital and financing to fund the Company's current commitments. The Company is attempting to secure short-term financing or project re-financing options acceptable to the Lenders. Whilst management has been successful in the past in raising new debt and equity financing, and modifying its debt repayment terms, there can be no assurance that they will be successful in the future.

These financial statements do not reflect adjustments to the carrying value of assets and liabilities, the reported revenues and expenses and balance sheet classifications used that would be necessary if the going concern assumption were not appropriate; such adjustments could be material.

## Commitments

The following table summarises the long-term commitments of the Company as 30 September 2008:

|                     | <b>Total<br/>\$000</b> | <b>2008<br/>\$000</b> | <b>2009<br/>\$000</b> | <b>2010<br/>\$000</b> |
|---------------------|------------------------|-----------------------|-----------------------|-----------------------|
| Long-term debt      | 61,000                 | 16,650                | 40,525                | 3,825                 |
| Capital commitments | 4,700                  | 4,700                 | -                     | -                     |

Under the terms of the Sub Soil Use Contract ("SSUC") with JSCV, the Company has agreed to repay certain historic costs totalling \$2.1 million (2007 - \$2.1 million) that the Republic of Kazakhstan incurred for a geological survey of the licence area.

These costs are repayable in annual instalments after both of the following events have taken place:

- i) the first discovery of a reserve in the licence area - complete as at 30 June 2007; and
- ii) the completion of the first year (not earlier than the year in which the discovery of a reserve occurs) during which the licensee has a net profit for tax purposes. As the Company has yet to complete a year in which a net profit for tax purposes is recorded, no liability has been recorded at September 30, 2008.

If and when the liability crystallizes, payments under the terms of the SSUC will be charged to operations as incurred.



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## **Related party transactions**

For the nine month period ended 30 September 2008 (and for the nine month period ended September 30 2007), the Company was party to the following transactions involving related parties, all of which have been recorded at the exchange amount:-

Dragon Management International Services Limited ("DIS") charged the Company a total of \$1,699,752 (2007 - \$450,576) in respect of the provision of office facilities, general office overheads and re-charged costs incurred on behalf of the Company. A. J. Williams, former Chairman and director of the Company, beneficially owns DIS.

Endeavour Financial Corporation ("EFC") charged the Company a total of \$3,612,391 (2007 - \$124,227) in respect of the provision of consulting services and related expenses of which \$3,539,778 has been recognised in the purchase consideration. A.J. Williams, former Chairman and director of the Company, is a shareholder of EFC. In addition, on 18 April 2008, EFC made a bridging loan of \$5 million to the Company for working capital purposes, which was then subsequently repaid to EFC. A total of 254,479 shares were issued to EFC as part of the fee for providing the bridging loan. EFC were also issued 500,000 purchase warrants, at an exercise price of CAD\$1.20, for advisory work on the Varvarinskoye debt renegotiation.

During the period ended 30 September 2008 Lero was charged \$357,000 for rent and service charges from Oriel PLC a company on which Sergey Kurzin, Executive Chairman of Orsu, served as a director (resigned 19 September 2008).

## **CORE ASSETS**

### **VARVARINSKOYE COPPER-GOLD MINE, KAZAKHSTAN**

Orsu's current projects include the Varvarinskoye open pit copper-gold mine and exploration projects at the Karchiga copper project in Kazakhstan and the Taldybulak-Talas licence area in Kyrgyzstan.

**Varvarinskoye Copper-Gold Mine, Kazakhstan** – Located in north-western Kazakhstan, the mine commenced production of gold doré and copper-gold concentrate during December 2007. During Q3 2008, the Varvarinskoye plant processed 768,663 tonnes of ore and produced a total of 375,022 grams (12,059 troy oz) of gold. Since production commenced, a total of 847,523 grams (27,231 troy oz) of gold has been produced. See "Review of Operations – Varvarinskoye Project Update" for further information.

Total metal production revenue to 30 September 2008 is approximately US\$ 38.6 million.

**Karchiga Copper Project, Kazakhstan** – The 47.3km<sup>2</sup> exploration licence contains the Karchiga volcanogenic massive sulphide (VMS) deposit. In April 2008, Orsu reported a NI 43-101 compliant mineral resource estimate for Karchiga. The mineral resource incorporates 1,879m of confirmation diamond drilling completed in Q4 2007 and 86 historical Soviet diamond drill holes and trenches totalling 10,330m. At a 0.50% copper cut-off, the Indicated mineral resource is 4.75Mt @ 2.46% Cu while the Inferred mineral resources total 2.81Mt @ 1.81% Cu. The deposit is situated 40km from the Chinese border, within the world-class Rudny Altai VMS belt. Management believes significant potential exists for the discovery of additional mineralisation along the 10km strike of the fertile VMS horizon contained within the licence perimeter.



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**Talas Exploration Licence Area, Kyrgyzstan** – The Talas mineral exploration licence area is located on the north slope of the Talas Valley, in the Talas Oblast, north-western Kyrgyzstan, at elevations of 1,800 to 3,000m. The area is accessible year round via the main Bishkek-Talas road (270km from Bishkek) and comprises four exploration licences, namely: Taldybulak-Talas, Korgontash, Kentash, and Barkol with a combined area of 371km<sup>2</sup>. In April 2008, Orsu reported a NI 43-101 compliant mineral resource estimate for Taldybulak-Talas. The mineral resource estimate incorporates all drilling data obtained for Taldybulak-Talas from the 2007-2008 drilling programmes. At a 0.30g/t gold cut-off, the Indicated mineral resource is 79Mt @ 0.63g/t Au and 0.17% Cu and the Inferred mineral resources of 163Mt @ 0.58g/t Au and 0.14% Cu. Within the Korgontash licence area, Orsu is also exploring the Tokhtonnisai copper-gold prospect. The Barkol exploration licence area, located immediately to the west of the Taldybulak-Talas licence, was granted in March 2007. The Barkol licence contains numerous occurrences of mineralisation, with one known copper-gold-molybdenum occurrence within a 2km<sup>2</sup> excision from the licence. All four licenses are subject to ongoing joint venture negotiations with Gold Fields.

**Tokhtazan Exploration Licence Area, Kyrgyzstan** - The Tokhtazan exploration licence area is located in the Jalal-Abad Oblast, western Kyrgyzstan and is covered by two exploration licences, Akdjol and Tokhtazan. Access to the deposit is via the main Bishkek-Osh bitumen road for 400 km, then 14km on a gravel road. The nearest town and railway station, Tash-Kumyr, is located 31km from the Tokhtazan deposit, whilst the Kurpsai hydro-power station on the Naryn River is situated approximately 18km by road from the deposit.



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## VARVARINSKOYE COPPER-GOLD MINE, KAZAKHSTAN

The 100% owned Varvarinskoye copper-gold mine is located 130km southwest of Kostanai in northern Kazakhstan. The mine produces for sale copper-gold concentrate and gold doré. Orsu's main focus has been the ramp-up of mining operations at Varvarinskoye where mining and milling activities are operating at or around 80% of design capacity.

### VARVARINSKOYE PROJECT UPDATE

#### Production

Varvarinskoye's production plant has seen significant increases in throughput and has now reached an operation capacity of 80% of design capacity. During Q3, the plant processed a total of 768,663 tonnes of ore compared to 634,485 tonnes in Q2 2008. The plant was not in operation during Q3 2007.

During Q3, Varvarinskoye mined a total of 3,930,900 tonnes compared to 2,319,200 tonnes mined in Q2. A total of 902,700 tonnes of ore was mined compared to a 596,400 tonnes in Q2 and approximately 400,000 tonnes in Q3 2007.

A total of 375,022 grams (12,059 troy oz) of gold was produced during Q3 compared to 349,522 grams (11,239 troy oz) in Q2. Gold grade of feed to the flotation circuit was 1.11g/t compared to 1.64g/t in Q2 and represents the main reason gold production was not significantly higher than Q2. Copper production during Q3 was 1,106 tonnes compared to 1,259 tonnes in Q2. Copper feed grade to the flotation circuit was 0.72% during the quarter compared to 0.99% in Q2. Gold feed grade to the leach circuit was 0.61g/t in the quarter compared to 0.60 in Q2.

| Varvarinskoye Production           | 1 <sup>st</sup> Quarter | 2 <sup>nd</sup> Quarter | 3 <sup>rd</sup> Quarter |
|------------------------------------|-------------------------|-------------------------|-------------------------|
|                                    | Actual                  | Actual                  | Actual                  |
| <b>Mining</b>                      |                         |                         |                         |
| Total mined tonnes                 | 2,738,400               | 2,319,200               | 3,930,900               |
| <b>Processing</b>                  |                         |                         |                         |
| <b>Flotation</b>                   |                         |                         |                         |
| Processed tonnes                   | 62,698                  | 184,948                 | 187,603                 |
| Grade Cu %                         | 0.46%                   | 0.99%                   | 0.72%                   |
| Grade Au g/t                       | 0.66                    | 1.64                    | 1.11                    |
| Recovery Cu to concentrate %       | 57.6%                   | 68.9%                   | 82.0%                   |
| Recovery Au to concentrate %       | 49.9%                   | 51.3%                   | 59.0%                   |
| <b>Leach</b>                       |                         |                         |                         |
| Processed tonnes                   | 173,308                 | 449,537                 | 581,060                 |
| Grade Au g/t                       | 0.79                    | 0.60                    | 0.61                    |
| Recovery Au (onto carbon) %        | 68.6%                   | 66.3%                   | 69.5%                   |
| <b>Metal Produced</b>              |                         |                         |                         |
| Concentrate tonnes                 | 1,105                   | 6,497                   | 6,036                   |
| Cu recovered to concentrate tonnes | 166                     | 1,259                   | 1,106                   |
| Total gold produced grams          | 122,979                 | 349,522                 | 375,022                 |

During Q3, the average ore hardness increased as feed from the mine was fresh un-weathered ore compared to the softer near-surface ore which was fed to the mill in Q2. The mill operated at an average of 73% of design capacity through the quarter compared to 60% in Q2.



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Within the main pit, mining has reached a high-grade copper-gold zone and management believes grades of mined ore expected over the next two quarters are therefore expected to be significantly higher than those of Q3. In addition, four new Caterpillar 777 haul trucks are due to be delivered to the mine in Q4. The addition of these four trucks to the mining fleet is expected to increase Varvarinskoye's mining capacity from the current 1.3Mt/month to the targeted 2.0Mt/month, a planned increase of some 44%.

### **Low Cost Project Upgrade**

The Company is implementing a plan to add a secondary low cost screening and crushing plant at Varvarinskoye which is expected to significantly increase throughput in the leach and flotation grinding circuits. Orway Mineral Consultants Pty Ltd (Australia) ("Orway") has been working with Varvarinskoye engineers since May 2008 in making improvements to the grinding circuits. With the assistance of Orway, Orsu has determined that both grinding circuits are highly dependent on the size distribution of feed ore. Ore originating from the mine lacks in fineness over the middle fraction and the intention is to screen the coarse ore from the jaw-crusher into three sizes and further crush the middle fraction of the screened product.

The additional crushing of the feed to the leach grinding circuit should increase the throughput to 3.6 million tonnes per annum ("mtpa") or 120% of design capacity. This would represent a 30% increase over what the grinding circuit is currently achieving.

Throughput of the flotation grinding circuit should be increased to 1.3mtpa, or 108% of design capacity. This would represent a 50% increase over what the grinding circuit is currently achieving. Overall capacity of the mill is expected to increase to 4.9mtpa or an increase of 17% over original design capacity. The cost of the proposed upgrade will total approximately US\$5 million and is due to be completed during Q2 2009.

This low cost project upgrade is expected to significantly increase throughput of the grinding circuits and in one step solves the current flotation grinding-circuit problems, providing the Company with a mill expansion. The Company does not anticipate having to significantly change the leach or flotation circuits post-grinding to accommodate the increased throughput and the mine is expected to meet production based on the sustaining capital costs already built into the life of mine model. An initial scoping study outlined two options for mill expansion; installation of an additional grinding circuit or modification of existing circuits to achieve capacities of 6mtpa and 5mtpa respectively. Management feels this second option provides an optimum increase. Additionally, this project upgrade is achievable in significantly less time than the two years it would likely take to engineer and construct a second grinding circuit.

### **Varvarinskoye hedge settlement**

As previously announced, on 3 September 2008 the Company settled in advance its September to December 2008 gold forward contract obligations (a total of 27,340 ozs) at a settlement price of USD\$794.75/oz, resulting in a settlement payment of USD\$6,028,000 net of the forward sales price of USD\$574.25/oz.

### **Update on production ramp up**

- Leach circuit grinding has been running at over 90% throughput with some days having achieved 100% throughput. Throughput is highly dependent on feed size distribution.
- Flotation circuit grinding appears to be limited to 110 tonnes per hour ("tph") compared to designed capacity of 155tph. This is due to the mentioned feed size distribution and the hardness of ore, along with the mill design which was marginal for the required design throughput.

To enable mine management to meet forecast operating profit, the grinding circuits may at times be switched to maximise the throughput in the flotation circuit which generates higher return per tonne of ore. This would allow higher concentrate production compared to what would be achieved by simply operating the regular circuits. The circuits will be switched according to feed available from the mine.



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Varvarinskoye's open pit continues to operate on a normal basis and steps are being taken to improve overall productivity by optimising truck positioning around the excavators and maximise the hours worked per day. Mine grades were lower in Q3 due to a lack of waste mining in the first two quarters of the year when previous management focused on high-grade ore production and shut down one of two shifts to conserve cash. This necessitated an increase in waste mining during Q3 and is expected to expose higher-grade ore for extraction in Q4, 2008.

Over the next few months, the operation is expected to continue with its ramp up by:

- Improving mining practices including productivity increases and improved grade control
  - Mining additional waste and lower-grade ore to access higher-grade copper ore, thereby catching up on the mine schedule which was delayed by the Company's decision in Q2 to mine on a single shift
  - Continuing to analyse the two grinding circuits with the possible implementation of additional design modifications
  - Increasing ball diameter for semi-autogenous grinding ("SAG") mill grinding in both flotation and leach circuits
  - Increasing the grinding throughput in the flotation circuit by improved ore blending and stockpile management
  - Fine-tuning the leach circuit and lab testing to improve leach kinetics and recovery

The mineral resource and mineral reserve estimates at Varvarinskoye were completed by William Kennedy a former director of the Company (EMC's President and Chief Executive Officer at the time) and a qualified person as defined by Canada's National Instrument 43-101 ("NI 43-101").

## **ORSU'S COPPER-GOLD EXPLORATION LICENCES IN KYRGYZSTAN & KAZAKHSTAN**

The Company is also exploring and developing several advanced staged gold and copper deposits in the Tien Shan metallogenic belt in Kyrgyzstan and the Rudny Altai metallogenic belt in Kazakhstan. The Tien Shan gold belt is host to some of the world's largest copper-gold porphyries, including a 93 Moz porphyry cluster at Almalyk in Uzbekistan. These exploration projects are held by Orsu through Lero.

## **TALAS EXPLORATION LICENCES, KYRGYZSTAN**

The Talas exploration area comprises the core assets of the Company in Kyrgyzstan including the Taldybulak, Kentash, Barkol and Korgontash licences. The primary exploration property is the Taldybulak copper-gold porphyry prospect.

For avoidance of confusion;

1. The Taldybulak copper-gold porphyry prospect within the Taldybulak exploration licence area is a separate asset from the Taldybulak Levoberezhny gold deposit previously owned by Central Asia Gold Limited, and
2. The Talas Copper Gold Limited Liability Company, holder of the Taldybulak licence, is a separate company from Talas Gold Mining Company, which was the owner of the Jerooy Gold Project.

## **TALDYBULAK-TALAS PROJECT (100% owned by Orsu via Talas Copper Gold LLP)**

### **Targeted Mineralisation**

Copper-gold porphyry and high sulphidation gold mineralisation is associated with Late Ordovician dioritic-dacitic stocks, intruding Lower Ordovician intermediate volcanoclastics. The Taldybulak-Talas copper-gold porphyry deposit was discovered during the Soviet era, but had been subject to limited exploration.

### **3rd Quarter Activity and Proposed Programme for 4th Quarter**

Q3 2008 saw Orsu finalise the drilling contracts with Spektra Jeotek, Turkey and Altyn Jilga, Kyrgyzstan, which has enabled the continuation of drilling with a total of 17,000m due to be completed in Q1 2009.

**Table 1: Proposed drilling within Taldybulak-Talas Exploration Licence**

| Licence Area | Purpose     | Target  | Proposed Metres |
|--------------|-------------|---|-----------------|
| Taldybulak   | Drill out   | Taldybulak Central  | 7,000m          |
|              | Exploration | Taldybulak west extension & Taldybulak Central deeps              | 2,000m          |
|              | Exploration | Taldybulak East   | 2,000m          |
| Barkol       | Exploration | Taldybulak West IP Anomaly  | 3,000m          |
| Kentash      | Exploration | Taldybulak East extension in to Mag & IP Anomaly                  | 800m            |
|              | Exploration | Lower Kentash (Dzhangiturmish SE extension) SW Soils & IP Anomaly | 1,000m          |
|              | Exploration | Kokkiya   | 400m            |
| Korgontash   | Exploration | Tokhtonnisai  | 800m            |
| <b>TOTAL</b> |             |   | <b>17,000m</b>  |

Wardell Armstrong International, UK ("WAI") has been commissioned to conduct a locked cycle test work on sulphide and transitional ores and bottle roll leach tests on oxide ores of Taldybulak. The test work on sulphide and transitional ores has returned positive preliminary results with recoveries from sulphide ores reaching 89-90% of both Au (head grade 0.6g/t) and Cu (head grade 0.18%).

Two main mineral material types were tested: primary sulphide and transitional. The primary sulphide responded very well to the flotation test, including locked cycle test. The primary sulphide sample was made up of core obtained from three separate drill holes in the Eastern, Central, and Western parts of Taldybulak with a final head grade of 0.17% Cu, 0.01% Mo, and 1.02 g/t Au. It was demonstrated that a concentrate grading 18.31% Cu, 0.27% Mo, 83.8 g/t Au and 92.64 g/t Ag can be produced with 70% to 90% recovery for Au and Cu. The transitional ore grading 0.28% Cu, 0.005% Mo, and 0.25 g/t Au reported poorer results to the floatation test, as expected. However, a concentrate grading 18.17% Cu, 0.16% Mo, and 28.12 g/t Au at recoveries of 50% to 80% was achieved. No penalty elements such as Cadmium or Arsenic were reported to be contained in the concentrate.

The Company is continuing test work on the oxide material from the system, which will involve bottle-roll acid leach test work.

The mineral resource estimates at Taldybulak were completed by Matthew Boyes (Senior Geologist, Lero), a qualified person as defined by Canada's NI 43-101, and Julian Woodcock (Chief Geologist, Lero). These results were reviewed and approved by WAI. However, WAI has relied upon the data presented by Lero in formulating its opinion. The complete technical report can be viewed on [www.sedar.com](http://www.sedar.com).

## **KENTASH PROJECT**

### **(100% owned by Orsu via Talas Copper Gold LLP)**

#### **Targeted Mineralisation**

Palaeozoic copper-gold porphyry and associated skarn and quartz vein hosted mineralisation.

#### **Q3 Activity and Proposed Programme for Q4**

Within the Kentash licence 3 PD-IP lines totalling 9.55km were completed over the SW anomaly. Two lines of DD-IP totalling 9.85km were completed within the Barkol licence. Year-to-date IP totals over 106km.

Approximately 1,000m in three drill holes IS planned for Q4 2008.



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**KORGONTASH PROJECT**  
**(100% owned by Orsu via Talas Copper Gold LLP)**

**Targeted Mineralisation**

Palaeozoic copper-gold porphyry and associated skarn and quartz vein hosted mineralisation.

**Q3 Activity and Proposed Programme for Q4**

A 15km<sup>2</sup> ground magnetic survey over the NW extents of the Korgontash license has been completed. The presence of magnetic highs to the west of the Aktash exclusion zone indicates potential for additional skarn type mineralisation as well as a potential deeper seated magnetic intrusive. Follow up work with additional IP lines mainly focussed on the area west of the Aktash exclusion zone is being planned. Location of drill sites for the Q4 programme will be decided on this basis.

**BARCOL EXPLORATION LICENCE, KYRGYZSTAN**  
**(100% owned by Orsu via Talas Copper Gold LLP)**

**Targeted Mineralisation**

Copper-gold porphyry mineralisation.

**Q3 Activity and Proposed Programme for Q4**

A total of 49.2 line km of DD-IP geophysics was completed on the Barkol licence during Q3 2007. Approximately half of this volume was used to identify Ordovician copper-gold mineralisation masked by Devonian volcanics in the east of the licence with the remainder conducted over the Barkol and Chonur prospects in western section of the licence.

All results from the geochemical programme completed in Q4 2007 have been received and outlined several anomalies, which are due to be investigated during Q4 2008.

An orientation Mobile Metal Ions geochemical sampling programme, aiming to identify concealed targets, was completed in June 2008. Results are pending.

Core drilling is planned for Q4 2008.

**TOKHTAZAN EXPLORATION LICENCE, KYRGYZSTAN**

**Tokhtazan Project**

**(100% owned by Orsu via Oriel in Kyrgyzstan LLP)**

**Q3 Activity and Proposed Programme for Q4**

Access road construction was conducted during Q3 2008. A diamond drilling programme, consisting of approximately 2,500m, commenced during Q3 2008.

**Akdzhol Project**

**(100% owned by Orsu via Oriel in Kyrgyzstan LLP)**

**Q3 Activity and Proposed Programme for Q4**

Access road construction was conducted during Q3 2008. A trenching programme, consisting of approximately 500m, started on the Kurpsai area within the licence area during Q3 2008. This will be supplemented by ground DD-IP geophysical survey.



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## **KARCHIGA EXPLORATION LICENCE, KAZAKHSTAN**

### **Karchiga Project (70% owned by Orsu via GRK MLD LLP)**

#### **Targeted Mineralisation**

Copper Volcanogenic Massive Sulphide ("VMS")

#### **Q3 Activity and Proposed Programme for Q4**

Drilling works during the period focused on the Main and Northeast lodes of Karchiga. The primary scope of the 2008 programme is to upgrade the previously reported mineral resource at the Karchiga project to Measured and Indicated categories under 43-101. The total drilling programme consists of 11,000m, of which 9,000m is to be drilled at Karchiga's Central and Northeast lodes, with additional 2,000m planned to test new exploration targets. By the end of Q3 2008, Orsu completed 8,000m of diamond drilling. All drilling works within the Main lode of Karchiga have been completed by the end of Q3 2008. Within the Main lode, data from 46 drill holes completed to date confirms that the general structure of the lode conforms to that of the Soviet data. At the same time, it revealed a number of peculiar characteristics, which may be of considerable importance. The new drilling works demonstrated that the total strike length of the Northeast lode is continuous for 659m, which was only partly included into the April resource model.

Trenching work commenced during the period to sample the oxide mineralization in the Main lode at Karchiga. This work is due to be completed early Q4 2008. Early results demonstrate that an oxidized zone was locally worked by ancient miners to a depth of 18 meters.

Sampling has been carried out, with 1,000 core samples due to arrive at the Alex Stewart's Karabalta lab (Kyrgyzstan), while geochemical samples have been already been sent to Australia.

Geochemistry has been completed over the entire licence area on soils on 100x20m grid. Samples have been sent to Ultratrace lab in Australia. An IP and resistivity survey was completed on 18 profiles during the period, totalling 63.55km. A preliminary interpretation was received in September and was used for positioning the exploration drill holes in two anomalous zones, similar to Karchiga, where a non-outcropping area of mineralisation is being targeted. The identification of these new targets is based on historical work plus recently acquired geochemical and induced polarization ("IP") geophysical data carried out by Orsu since obtaining the licence in 2006. The target areas lie approximately 5km along strike from the Central zone with the area exhibiting very similar geological terrain and structural characteristics. The Company started exploration drilling of the new anomalies in Q4 2008.

Metallurgical test work on Karchiga sulphide ores has been completed by the VNIITvsetMet Institute in Ust-Kamenogorsk with positive results suggesting that a 15.9% Cu concentrate can be produced from the Karchiga ores at 98% recovery. This result requires optimization of concentrate grade versus recovery. For the purposes of the feasibility study, three 400kg metallurgical samples are due to be collected. These samples will represent the three types of Karchiga ore (oxidized, primary disseminated and massive). The analysis of primary ores at Karchiga showed that 18% of ores are massive (1m average) and 82% of ores is disseminated (4.5 m average). It is also planned to study a variability of these ore types throughout the deposit. Metallurgical sampling is scheduled for the latter half of October 2008, with results of metallurgical test-work due approximately Q2 2009.

In September 2008, Micon International Co Limited was contracted to carry out a preliminary assessment (scoping study) of the Karchiga massive sulphide copper project. The scoping study is expected to be completed by mid December 2008 and is targeted to provide a preliminary estimate of resource/reserve conversion, an estimate of costs including capital costs, as well as preliminary estimate of environmental aspects of the project.

The mineral resource estimates at Karchiga have been completed by Matthew Boyes (Senior Geologist, Lero), a qualified person as defined by Canada's NI 43-101. These results were reviewed and approved by WAI. However, WAI has relied upon the data presented by Lero in formulating its opinion. The complete technical report can be viewed on [www.sedar.com](http://www.sedar.com).



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**Orsu Metals Corporation**  
**Consolidated Balance Sheets**  
**For the Period Ended 30 September 2008 (Unaudited) and 2007**

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|   | <b>September 30</b> | December 31 |
|---|---------------------|-------------|
|   | <b>2008</b>         | 2007        |
|   | <b>\$000</b>        | \$000       |
| <b>ASSETS</b>   |                     |             |
| <b>Current assets</b>                                   |                     |             |
| Cash and cash equivalents                               | 17,851              | 25,250      |
| Inventory   | 26,342              | 18,738      |
| Accounts receivable and prepaid expenses                | 6,187               | 1,032       |
|   | <b>50,380</b>       | 45,020      |
| <b>Restricted cash</b>                                  | 71                  | 127         |
| <b>Property, plant and equipment</b>                    | 384,644             | 220,476     |
| <b>Net investment in oil and gas residual interests</b> | 1,364               | 1,364       |
| <b>Contractor advances</b>                              | 3,650               | 4,180       |
|   | <b>440,109</b>      | 271,167     |
| <b>LIABILITIES</b>                                      |                     |             |
| <b>Current liabilities</b>                              |                     |             |
| Accounts payable and accrued liabilities                | 21,423              | 14,140      |
| Current portion of long term debt                       | 30,654              | 32,475      |
| Current portion of derivative liabilities               | 19,443              | 19,185      |
|   | <b>71,520</b>       | 65,800      |
| <b>Long-term debt</b>                                   | 22,320              | 17,645      |
| <b>Derivative liabilities</b>                           | 115,727             | 121,436     |
| <b>Future income tax</b>                                | 53,964              | 6,705       |
| <b>Asset retirement obligations</b>                     | 12,060              | 11,388      |
|   | <b>275,591</b>      | 222,974     |
| <b>SHAREHOLDERS' EQUITY</b>                             |                     |             |
| <b>Share capital</b>                                    | 361,306             | 204,553     |
| <b>Share purchase warrants</b>                          | 49,534              | 46,629      |
| <b>Share purchase options</b>                           | 18,370              | 13,567      |
| <b>Contributed surplus</b>                              | 1,956               | 1,399       |
| <b>Translation reserve</b>                              | 754                 | -           |
| <b>Retained losses</b>                                  | (267,402)           | (217,955)   |
|   | <b>164,518</b>      | 48,193      |
|   | <b>440,109</b>      | 271,167     |



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**Orsu Metals Corporation**  
**Consolidated Statements of Operations, Comprehensive Loss and Deficit**  
**For the Period Ended 30 September 2008 and 2007 (Unaudited)**

|   | Three months ended<br>September 30 |                  | Nine months ended<br>September 30 |                  |
|---|------------------------------------|------------------|-----------------------------------|------------------|
|   | 2008<br>\$000                      | 2007<br>\$000    | 2008<br>\$000                     | 2007<br>\$000    |
| <b>Sales revenues</b>   |                                    |                  |                                   |                  |
| Gold  | 11,955                             | -                | 11,955                            | -                |
| Copper  | 3,557                              | -                | 3,557                             | -                |
|   | <u>15,512</u>                      | <u>-</u>         | <u>15,512</u>                     | <u>-</u>         |
| <b>Cost of sales</b>  |                                    |                  |                                   |                  |
| Operating expenses  | (20,603)                           | -                | (20,603)                          | -                |
| Selling and distribution costs  | (2,215)                            | -                | (2,215)                           | -                |
| Depreciation, depletion and<br>amortization   | (4,560)                            | -                | (4,560)                           | -                |
| Accretion   | (311)                              | -                | (671)                             | -                |
|   | <u>(27,689)</u>                    | <u>-</u>         | <u>(28,049)</u>                   | <u>-</u>         |
| <b>Other (expenses) income</b>  |                                    |                  |                                   |                  |
| Unrealised derivative gains/ (loss)   | 28,271                             | (34,779)         | 5,451                             | (38,457)         |
| Realised derivative (losses)/gains  | (9,219)                            | -                | (20,512)                          | -                |
| General and administrative  | (4,885)                            | (1,626)          | (14,160)                          | (4,740)          |
| Exploration and development   | (2,770)                            | (74)             | (3,694)                           | (343)            |
| Stock based compensation  | (1,580)                            | (417)            | (1,744)                           | (2,861)          |
| Interest and finance fees   | (1,094)                            | -                | (1,531)                           | -                |
| Interest income   | 1,132                              | 429              | 1,387                             | 1,123            |
| Foreign exchange (losses)/ gains  | (1,678)                            | 723              | (2,064)                           | 432              |
|   | <u>8,177</u>                       | <u>(35,744)</u>  | <u>(36,867)</u>                   | <u>(44,846)</u>  |
| <b>Net loss before income tax</b>   | <b>(4,000)</b>                     | <b>(35,744)</b>  | <b>(49,404)</b>                   | <b>(44,846)</b>  |
| Future income tax   | (3)                                | -                | (43)                              | 300              |
| <b>Net loss and comprehensive loss<br/>for the period</b>                             | <b>(4,003)</b>                     | <b>(35,744)</b>  | <b>(49,447)</b>                   | <b>(44,546)</b>  |
| <b>Retained loss – Beginning of<br/>period</b>  | <b>(263,399)</b>                   | <b>(79,526)</b>  | <b>(217,955)</b>                  | <b>(70,724)</b>  |
| Transitional Adjustment   | -                                  | (69,641)         | -                                 | (69,641)         |
| <b>Retained loss - End of period</b>  | <b>(267,402)</b>                   | <b>(184,911)</b> | <b>(267,402)</b>                  | <b>(184,911)</b> |
| <b>Loss per share<br/>per common share</b>  | <b>\$(0.01)</b>                    | <b>\$(0.13)</b>  | <b>\$(0.16)</b>                   | <b>\$(0.16)</b>  |
| <b>Weighted average number<br/>of common shares (000's) – Basic<br/>&amp; diluted</b> | <b>310,152</b>                     | <b>279,764</b>   | <b>310,152</b>                    | <b>279,717</b>   |



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**Orsu Metals Corporation**  
**Consolidated Statements for Cash Flows**  
**For the Period Ended 30 September 2008 and 2007 (Unaudited)**

|  | Three months ended<br>September 30 |               | Nine months ended<br>September 30 |               |
|--|------------------------------------|---------------|-----------------------------------|---------------|
|  | 2008<br>\$000                      | 2007<br>\$000 | 2008<br>\$000                     | 2007<br>\$000 |
| <b>Cash flows from operating activities</b>  |                                    |               |                                   |               |
| Net loss for the period  | (4,003)                            | (35,744)      | (49,447)                          | (44,546)      |
| Items not affecting cash:-   |                                    |               |                                   |               |
| Depreciation , amortisation and deferred finance charges                             | 7,030                              | -             | 7,030                             | -             |
| Unrealized derivative loss/ (gain)   | (28,271)                           | 34,779        | (5,451)                           | 38,457        |
| Stock-based compensation   | 1,580                              | 418           | 1,744                             | 2,862         |
| Unrealised foreign exchange loss   | 1,097                              | (291)         | 1,661                             | -             |
| Inventory write offs   | 4,439                              | -             | 4,439                             | -             |
| Future income tax recovery   | -                                  | -             | -                                 | (300)         |
| Warrants issued to agents  | -                                  | -             | 185                               | -             |
| Accrued interest income  | (1,130)                            | -             | (1,130)                           | -             |
|  | (19,258)                           | (838)         | (40,969)                          | (3,527)       |
| Change in non cash working capital:-   |                                    |               |                                   |               |
| (Increase) decrease in contractor advances, accounts receivable and prepaid expenses | (2,965)                            | (242)         | (1,425)                           | 1             |
| Increase (decrease) in accounts payable and accrued liabilities                      | 7,302                              | (889)         | 4,529                             | (847)         |
| Cash used for operating activities   | (14,921)                           | (1,969)       | (37,865)                          | (4,373)       |
| <b>Investing activities</b>  |                                    |               |                                   |               |
| Expenditures on Varvarinskoye property, plant and equipment                          | (12)                               | (20,935)      | (23,763)                          | (56,323)      |
| Restricted cash  | -                                  | 3,651         | 56                                | 8,201         |
| Acquisition of Lero, net of cash acquired  | -                                  | -             | 29,753                            | -             |
| Cash provided by / (used for) investing activities                                   | (12)                               | (17,284)      | 6,046                             | (48,122)      |
| <b>Financing activities</b>  |                                    |               |                                   |               |
| Common shares issued   | -                                  | 5,338         | -                                 | 6,249         |
| Proceeds from exercise of stock options  | 102                                | -             | 1,324                             | -             |
| Proceeds from debt   | -                                  | -             | 5,000                             | -             |
| Proceeds from long term debt   | -                                  | 13,836        | 786                               | 44,732        |
| Lero cash advances to EMC pre acquisition  | -                                  | -             | 25,000                            | -             |
| Repayment of debt  | -                                  | -             | (5,000)                           | -             |
| Deferred financing costs   | (1,625)                            | -             | (2,690)                           | -             |
| Cash provided by/ (used for) financing activities                                    | (1,523)                            | 19,174        | 24,420                            | 50,981        |
| <b>Decrease in cash and cash equivalents</b>   | (16,456)                           | (79)          | (7,399)                           | (1,514)       |
| <b>Cash and cash equivalents - Beginning of period</b>                               | 34,307                             | 18,119        | 25,250                            | 19,554        |
| <b>Cash and cash equivalents - End of period</b>                                     | 17,851                             | 18,040        | 17,851                            | 18,040        |



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## **FORWARD LOOKING INFORMATION**

This press release 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 Company's anticipated rates of production and revenue there from; including expected levels of operating profits; the Company's planned implementation of a second low cost screener and crusher at Varvarinskoye and the expected increase in throughput expected; the estimated costs associated with the proposed upgrade to the screener and crusher; Management's expectations of increased grades of mined ore at Varvarinskoye over the next two financial quarters; the estimated value of gold-copper concentrate produced from Varvarinskoye; the expected levels of ore that will be treated at the Varvarinskoye mine; Management's beliefs with respect to the extent of potential which exists for the discovery of the additional mineralisation at the Karchiga copper project; the Company's expectations with respect to its planned operations over the next few months at Varvarinskoye and its other projects; the anticipated timing for completion of the Taldybulak-Talas drilling programme underway; completion of the follow-up work at Korgontash being planned; the expected timing of the commencement of investigations of the anomalies identified at Barkol and the Barkol core drilling programme; at Tokhtazan the diamond drilling programme; and at Akdzhol: undertaking of geophysical survey and completion of trenching programme; the expected timing of the completion of the scoping study at Karchiga and anticipated results; development and operational plans and objectives; the Company's expectation of reaching a satisfactory joint venture agreement ensuring Gold Fields' participation and financial support with respect to the Barkol, Kentash, Taldybulak and Korgontash licences; estimates of mineral resources and reserves; the proposed work programs for the Company's exploration properties and their respective costs and timing and the Company's expectations concerning the outcome of the pending litigation.

The forward-looking information in this press release 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 press release, the Company has made assumptions regarding, among other things, the Company's ability to generate sufficient cash flow from operations and capital markets to meet its future obligations, the regulatory framework in Kazakhstan and Kyrgyzstan with respect to, among other things, permits, licences, authorisations, royalties, taxes and environmental matters, the ability of management to establish a commercial mining operation at Varvarinskoye, and 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.

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: the grade and recovery of ore which is mined varying from estimates; capital and operating costs varying significantly from estimates; inflation; changes in exchange rates; fluctuations in commodity prices; delays in the development of, and the commencement of operations at, Varvarinskoye caused by unavailability of equipment, labour or supplies, climatic conditions, delays in the delivery and installation of plant and equipment or otherwise; termination or suspension of the Company's debt facility; uncertainty of the outcome of any litigation; inability to delineate additional mineral resources or reserves; and other factors including, but not limited to, those listed under "Risk and Uncertainties" in this press release.

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.



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Any mineral resource and mineral reserve figures referred to in this press release 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 resource and reserve estimates referred to in this press release are well established, by their nature resource and reserve estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such 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 about the risks and uncertainties of the Company's business is provided in its disclosure materials, including its Annual Information Form, available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## **ENDS**

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