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AIM: OSU
TSX: OSU
PRESS RELEASE
August 11, 2011

Orsu Metals Corporation

Interim results for the period ended June 30, 2011 (Unaudited)

Orsu Metals Corporation ("Orsu" or the "Company" or the "Group"), the dual listed (TSX: OSU; AIM: OSU) London-based precious and base metals exploration and development company today reports its unaudited results for the period ended June 30, 2011.

A full Management's Discussion and Analysis of the results for the period ended June 30, 2011 ("MD&A") and Consolidated Financial Statements ("Financials") will soon be available on the Company's profile on SEDAR (www.sedar.com) or on the Company's website (www.orsumetals.com). Copies of the MD&A and Financials can be also be obtained upon request to the Company Secretary.

The Financials for the interim period ended June 30, 2011 have been prepared under in accordance with International Financial Reporting Standards ("IFRS").

All amounts are reported in United States Dollars unless otherwise indicated. Canadian Dollars are referred to herein as CAD\$ and British Pounds Sterling are referred to as GBP£.

The following information has been extracted from the MD&A and the Financials. Reference should be made to the complete text of the MD&A and the Financials.

BUSINESS REVIEW OF THE THREE MONTHS ENDED JUNE 30, 2011

For the three months ended June 30, 2011 the Company was able to complete key operational and financial objectives in which the Company continued to focus on its principle exploration project, the Karchiga Project, and achieved key milestones including the following:

- The Company received permission from the Ministry of Industry and New Technologies (MINT) of Kazakhstan to commence mineral extraction for copper;
- The Company received results of the final metallurgical test work undertaken on the oxide mineral resource and the sulphide mineral resource from the Central and North. The results from the sulphide test work showed indicated copper recoveries of 91.59% and 96.2% with copper concentrate grades of 21.6% and 24.15% for the Karchiga North East sulphide and Karchiga Central Oxide lodes respectively. The test work from the oxide mineral resource showed indicated copper recoveries of 69% and 98% of leachable material being recovered over a period of 104 days (see "Operational Review" – "Karchiga Copper Project Kazakhstan");
- The Company received updated pit constrained mineral resource estimates for the Karchiga Project prepared by SRK Consulting (UK) Limited ("SRK") which showed indicated mineral resources of 7.1 million tonnes with mineralization grading of 1.85% copper for 131,860 tonnes of contained copper and inferred mineral resources of 1.2 million tonnes with mineralization grading 1.68% copper for 19,860 tonnes of contained copper (see "Operational Review" – "Karchiga Copper Project Kazakhstan") and,
- As a result of the positive metallurgical test results for the oxide mineral resource the Company announced that it would undertake an additional oxide drilling program with the objective of converting the oxide resource (previously considered to be waste) into a mineral reserve and to be included into the Karchiga Definitive Feasibility Study.
- In addition to the oxide drilling the Company has also announced that it will carry out in the time available this year a limited additional sulphide drilling program on the North East Lode to increase tonnage in the indicated mineral resource (see "Operational Review" – "Karchiga Copper Project Kazakhstan").

During the three months to June 30, 2011 the Company reported net income of \$2.0 million. In April the Company completed the acquisition of the remaining 26.1% of Eildon Enterprises Limited ("Eildon"), which owns 94.75% of GRK MLD LLC ("GRK") the holder of the exploration license for the Karchiga Project for a cash consideration of \$6,187,500 (the "Karchiga Acquisition").

In July 2011, the Company reached an agreement with OJSC Polymetal ("Polymetal") for the early and final settlement for its deferred consideration entitlement under the for \$5.5 million cash to be received by the end of September 2011 pursuant to the terms of the sale and purchase agreement date June 13, 2009 (the "SPA") and recorded the transaction in the financial statements as at June 30, 2011.

QUARTER HIGHLIGHTS

- April 2011 – the Company announced that, pursuant to a sale and purchase agreement entered into on May 20, 2010 (the “Karchiga SPA”), it had increased its interest in the Karchiga Project to 94.75% by completing the acquisition of the remaining 26.1% interest in its indirect subsidiary, Eildon, which owns 94.75 per cent of GRK, for a cash consideration of \$6,187,500.
- April 2011 – the Company announced that it had received permission from the MINT to commence mineral extraction for copper at the Karchiga Project.
- April 2011 – the Company announced the results of final metallurgical test work, which was carried out by the Eastern Research Institute for Base Metals (“VNIITsvetMet”) based in Ust-Kamenogorsk, Kazakhstan, under the direction of SRK Consulting (UK) Limited (“SRK”) as part of the ongoing definitive feasibility study for the Karchiga Project (the “Karchiga Definitive Feasibility Study”). Please see “Operational Review – Karchiga Copper Project, Kazakhstan” of the Company’s MD&A for further information.
- May 2011 – the Company announced updated pit-constrained mineral resource estimates for its Karchiga Project, prepared by SRK as part of the ongoing Karchiga Definitive Feasibility Study. Please see “Operational Review – Karchiga Copper Project, Kazakhstan” of the Company’s MD&A for further information.

POST QUARTER HIGHLIGHTS

- July 2011 – the Company announced the commencement of 1,700m infill drilling of the Karchiga Central Oxide and an additional 2,000m infill drilling of the Karchiga North East Sulphide as part of the Karchiga Definitive Feasibility Study.
- July 2011 - the Company announced that it has reached an agreement (the “Deferred Consideration Agreement”) with Polymetal to receive \$5.5 million in cash by the end of September 2011 as early and final settlement of its outstanding deferred consideration entitlement, pursuant to the terms of the SPA.

OPERATIONAL REVIEW

The Company’s principal and most advanced exploration project is the property comprising a 47.3km² licence area in eastern Kazakhstan containing the Karchiga volcanogenic massive sulphide (“VMS”) deposit (the “Karchiga Project”), which is part of the Rudny Altai polymetallic belt. The Company’s other principal exploration asset 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 (collectively, the “Talas Project”). Approximately 100km to the south west of the Talas Project is the Akdjol-Tokhtazan licence area comprising the Akdjol and Tokhtazan licences (the “Akdjol-Tokhtazan Project”).

KARCHIGA COPPER PROJECT, KAZAKHSTAN

2011 Exploration Programme

In light of the positive heap leach metallurgical test results for the oxide mineral resources and the increased (pit-constrained) mineral resource estimates, the Company believes there is the potential for including the Karchiga Central Oxide into the Karchiga Definitive Feasibility Study and for upgrading the inferred mineral resource estimate into an indicated mineral resource estimate for the Karchiga North East Sulphide, which is expected to maximize the additional value from the Karchiga Project.

Comparison with Previous Pit-Constrained Estimates

The table below shows a comparison between the SRK 2011 Mineral Resource Estimates and previously reported mineral resource estimates in the Karchiga Scoping Study, both pit-constrained. The cut-off grade of 0.34% copper used in the mineral resource estimates in the Karchiga Scoping Study was back-calculated based on the economic parameters used in the Karchiga Scoping Study and shown in the table below. It should be noted that the SRK 2011 Mineral Resource Estimates are reported without dilution and loss, while the mineral resource estimates contained in the Karchiga Scoping Study were reported allowing for 5% mining loss and 5% mining dilution.

Comparison of Pit-Constrained Mineral Resource Estimates for the Karchiga Project

Indicated Mineral Resources								
Estimate	Effective Date	Cut-off Cu (%)	Lode	Type	Tonnes (Mt)	Grade Cu (%)	Metal Cu (t)	Metal Cu (Mlb)
SRK 2011	May 6, 2011	0.34	Central & North East	Sulphide	7.1	1.85	131,789	290.5
Micon 2010	May 25, 2010	0.34	Central & North East	Sulphide	6.5	1.97	127,804	281.7

Inferred Mineral Resources								
Estimate	Effective Date	Cut-off Cu (%)	Lode	Type	Tonnes (Mt)	Grade Cu (%)	Metal Cu (t)	Metal Cu (Mlb)
SRK 2011	May 6, 2011	0.34	North East	Sulphide	1.2	1.68	19,849	43.8
Micon 2010	May 25, 2010	0.34	North East	Sulphide	1.1	1.71	18,810	41.5

Additional Oxide Drilling Program 2011

The table below shows results from locked cycle tests performed on the Central and North East Composites from the Central and North East lodes, respectively, and the respective potential pits of the Karchiga deposit. The Central Composite is a blend of 15% massive and 85% disseminated mineralizations, whereas the North East Composite is a blend of 25% massive and 75% disseminated mineralizations.

Locked cycle test for the Central and North East Composites

Lode	% Mass of Mineralization	% Cu Grade in Concentrate	% Zn Grade in Concentrate	g/t Au in Concentrate	% Cu Recovery	% Zn Recovery	% Au Recovery
Central	10.34	24.15	1.28	0.34	96.20	73.97	28.18
North East	9.98	21.60	7.20	1.65	91.59	86.93	54.95

In July 2011, the Company announced the commencement of a 1,700 m drilling programme at the Karchiga Central Oxide. As reported by the Company in the Karchiga Technical Report on March 22, 2010, the Karchiga Central Oxide has an indicated mineral resource of 0.93Mt mineralization (at 0.5% Cu cut-off) grading 1.39% Cu and containing 12,868 t Cu. However, due to its relatively small tonnage, the Karchiga Central Oxide mineral resource estimate was not included in the economic evaluations contained in the Karchiga Scoping Study. The Karchiga Scoping Study proposed that the mineralized oxide material be mined as waste material during the first years of operation at the Central lode to allow access to its sulphide material. However, taking into account current copper prices and the positive results of the recent metallurgy test work, Orsu believes that there is potential for the Karchiga Central Oxide material to be treated economically via heap leaching, and therefore potentially represents an important uplift in the economic value of the Karchiga Project. As a result of the inclusion of the oxide mineralisation, the Company expects the Karchiga Definitive Feasibility Study to be completed in November 2011.

Additional Sulphide Infill Drilling Program

A 2,000m infill drilling programme in the Karchiga North East Sulphide was commenced in July, 2011 and aims to convert between 0.5Mt and 1Mt of sulphide mineralization from inferred to indicated mineral resource categories. The Company expects that the 2,000m infill drilling programme will be completed in August 2011 and that final assays will be received in September 2011. The Company anticipates new resource modeling and reserve optimization will be performed thereafter.

Karchiga Feasibility Study program and expenditure to completion

The Company originally estimated 2011 expenditure on the Karchiga Definitive Feasibility Study of \$4.1 million, but due to increased resource drilling work covering the additional oxide and sulphide drilling programme mentioned above, the Company now expects to incur expenditure of \$6.4 million for 2011, which it expects to fund from its available cash. As at June 30, 2011, the Company had incurred expenditure of \$1.8 million relating to the Karchiga Definitive Feasibility Study.

The milestones for the Karchiga Definitive Feasibility Study are expected to be:



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- Q2 2011 – finalisation of the metallurgical flow sheet (completed);
- Q2 2011 – updated NI 43-101 mineral resource, incorporating 2010 drilling results (completed);
- Q3 2011 – Finalisation of metallurgical flow sheet for oxide heap leaching;
- Q3 2011 – Completion of oxide and sulphide drilling programs;
- Q3 2011 – Completion of geological remodelling with the inclusion of the results from the new drilling;
- Q3 2011 – start of detailed mine design;
- Q4 2011 – completion of the locally commissioned Kazakh Feasibility Study and submission for approval;
- Q4 2011 – review of the Karchiga Project financing options;
- Q4 2011 – completion of the Karchiga Definitive Feasibility Study;
- Q1 2012 – approval of the Kazakh Definitive Feasibility Study and;
- Q2 2012 – start of construction.

TALAS COPPER-GOLD-MOLYBDENUM PROJECT, KYRGYZSTAN

Exploration Programme

Pursuant to the joint venture agreement dated December 3, 2008, as amended on August 14, 2009, between the Company, Gold Fields Orogen Holding BVI (“Gold Fields”), Lero, Kami Associates Limited (the “JV Company”) and Talas Copper Gold LLC (“TCG”) (the “JV Agreement”), Gold Fields is the project operator for the Talas Project. Pursuant to the JV Agreement Gold Fields has a 60% interest in the Talas Project and is the project operator and the Company retains a 40% in the Talas Project.

For the Talas Project, Orsu and Gold Fields have approved a 2011 exploration programme and expenditure budget of \$3.6 million. As per the terms of the JV Agreement, the Company is required to fund its 40% pro rata share of approximately \$1.4 million. The majority of the licence expenditures are expected to be incurred in connection with environmental, social, metallurgical and resource studies, as well as a ground magnetic survey at the Taldybulak licence. As at June 30, 2011 the Company had contributed \$364,000 of its 40% share of expenditure.

AKDJOL-TOKHTAZAN PROJECT, KYRGYZSTAN

Progress update of the Akdol-Tokhtazan Project

In July 2011, the Company initiated a ground magnetic survey programme at the Akdjol-Tokhtazan Project. The programme is designed to complete mapping of the magnetic anomalies. The results are expected to help in interpretation of structural controls of gold mineralisation in the project area. The Company plans to undertake, in the third quarter of 2011, a drilling programme consisting of 2,200 m of drilling at the Tokhtazan licence and 600 m of drilling at the Akdjol licence. In order to complete the planned drilling program the Company has estimated potential drilling costs of \$659K for the Tokhtazan licence and \$91K for the Akdjol licence to meet the obligations which will be funded from the Company’s available funds.



FINANCIAL RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2011

For the three months ended June 30, 2011 the Company recorded net income of \$2.0 million.

The net income of \$2.0 million consisted of deferred consideration of \$1.9 million and unrealized derivative gains of \$2.5 million, partially offset by administrative costs of \$0.8 million, legal and professional expenses of \$0.3 million, exploration costs of \$1.1 million, a stock-based compensation charge of \$0.1 million and the Company's share of the Talas Joint Venture losses of \$0.1 million (see "Financial Review" section of the Company's MD&A for details).

In July 2011, the Company entered into the Deferred Consideration Agreement, pursuant to which the Company is to receive \$5.5 million in cash from Polymetal by the end of September 2011 as early and final settlement of its outstanding deferred consideration entitlement, pursuant to the SPA relating to the sale of the Varvarinskoye Project. As a result, the Company has recorded deferred consideration income of \$1.9 million in the three months ended June 30, 2011.

In respect of the Company's cash flows, cash and cash equivalents decreased \$8.8 million from \$19.6 million as at December 31, 2010 to \$10.8 million as at June 30, 2011. The decrease of \$8.8 million was due primarily to the Karchiga Acquisition for approximately \$6.2 million, exploration expenditure primarily for the Karchiga Project of \$1.7 million, corporate expenditure of \$2.3 million and Orsu's pro-rata funding for the Talas Project of \$0.4 million, partially offset by deferred consideration received of \$1.5 million and royalty income in respect of the Company's investment in the Tasbulat Oil Corporation of \$0.3 million.

FINANCIAL POSITION AS AT JUNE 30, 2011 AND DECEMBER 31, 2010

As at June 30, 2011, the Company's net assets were \$37.9 million, compared with \$40.4 million as at December 31, 2010, of which \$10.8 million consisted of cash and cash equivalents (\$19.6 million as at December 31, 2010).

The decrease of \$2.5 million was due to the Karchiga Acquisition of \$6.2 million, the Company's 40% share of losses in the Talas Joint Venture of \$0.4 million and corporate and exploration expenditure of \$3.7 million partially offset by a \$5.9 million decrease in derivative warrant liabilities and deferred consideration income of \$1.9 million.

In accordance with IFRS, IAS 27, the Company has accounted for the Karchiga Acquisition as a change in a non-controlling interest and as such has attributed the cost, \$6,187,500, to the shareholders of the Company (see "Consolidated Statements of Changes in Equity" of the Company's unaudited financial statements as at June 30, 2011).

A summary of the carrying value of the Company's equity investment in the Talas Joint Venture as at June 30, 2011 is set out below:

	\$000s
Fair value of equity investment as at January 1, 2011	10,221
Funding provided by the Company during the six months ended June 30, 2011	364
Less: Company's 40% share of operating losses for the six months ended June 30, 2011	(443)
Fair value of equity investment as at June 30, 2011	<u>10,142</u>

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2011 the Company's main source of liquidity was unrestricted cash of \$10.8 million, compared with \$19.6 million as at December 31, 2010.

The Company measures its consolidated working capital as comprising free cash, accounts receivable, prepayments and other receivables, less accounts payable and accrued liabilities. As at June 30, 2011, the Company's consolidated working capital was \$16.8 million (compared with a consolidated working capital of \$21.5 million as at December 31, 2010).

The Company's working capital needs as at June 30, 2011 included the maintenance of the Company's interests in, and the further exploration and the development of, the Company's mineral properties in Kyrgyzstan (minimum license expenditure obligations of approximately \$2.2 million for 2011), the completion of the Karchiga Definitive Feasibility Study (budgeted expenditures of approximately \$6.4 million for 2011), and the funding of general corporate expenses (budgeted expenditures of approximately \$4.2 million for 2011). The Company also expects the receipt of \$5.5 million in cash by the end of September 2011 from the Deferred Consideration Agreement which it expects to use towards its working capital requirements as well as the contribution towards the pursuit of future growth opportunities (which may include acquiring one or more additional assets), if and when such opportunities arise.



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The future advancement, exploration and development of the Company's properties, including continuing exploration and development projects, and the construction of mining facilities and commencement of mining operations, if any, will require substantial additional financing in the future. To the extent that such funding is required in the future, the Company expects that it would try to raise such funding through debt and equity financing if and when required. Whilst the Company has been successful in raising debt and equity financing in the past, the Company's ability to raise additional debt and 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 that are listed under "Risks and Uncertainties" on the Company's MD&A.

CONVERSION TO IFRS FROM CANADIAN GAAP

Effective January 1, 2011, the Canadian Accounting Standards Board required all publicly listed companies to prepare their financial statements in accordance with IFRS from the previous Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). The Company has prepared in the interim financial statements as at June 30, 2011 a restated consolidated balance sheet as at June 30, 2010, and statements of net income/ (loss) and comprehensive income/ (loss) for the three and six months ended June 30, 2010 (note 3. "Transition to IFRS" of the financial statements).

Impact on the consolidated balance sheet and equity

The following table summarises the impact of conversion to IFRS on the Company's consolidated equity, as previously reported under Canadian GAAP for the six months ended June, 2010 and the year ended December 31, 2010:

	June 30 2010 \$000	December 31 2010 \$000
Equity as previously reported under Canadian GAAP as at January 1, 2010	24,833	24,833
Reclassification of share purchase warrants to derivative liabilities	(42,041)	(42,041)
Expense of share issue costs prior to January 1, 2009	(4,598)	(4,598)
Re-measurement of fair value of derivative warrant liabilities	35,411	35,411
Re-stated Equity under IFRS as at January 1, 2010	13,605	13,605
Share issue (net of share issue and broker warrant issue costs)	18,705	18,705
Share purchase warrants issued	1,131	1,131
Share based payments	843	1,817
Net loss as previously reported under Canadian GAAP for the period	(4,653)	(4,622)
Re-measurement of fair value of derivative warrant liabilities in period	12,428	11,184
Expense of share issue costs from 2010	(793)	(793)
Reversal of future income tax adjustments	-	(639)
Equity under IFRS	41,266	40,388

Details and further discussion of the impact of the significant accounting policy changes on transition to IFRS can be found in the Company's MD&A under "Financial Review – Transition to IFRS" and the financial statements as at June 30, 2011 under note 3 "Transition to IFRS".

DERIVATIVE FINANCIAL INSTRUMENTS

The Company's derivative instruments consist of derivative assets in the form of deferred consideration relating to the sale of the Varvarinskoye Project, discontinued operations, and derivative warrant liabilities in relation to its share purchase warrants.

Deferred consideration

On October 30, 2009, the Company completed the sale of its Varvarinskoye Project to Polymetal for an initial consideration of \$8 million with deferred consideration of up to \$12 million and, as a result, the Company was released from all of its financial and guarantor obligations relating to the Varvarinskoye Project.

As at December 31, 2010, the Company recognized a deferred consideration receivable asset of \$5.1 million, representing the net present value of the Company's estimated future deferred consideration earnings, based upon the Company's forecast of future gold and copper metal prices and adjusted for



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counterparty credit risk. Of the \$5.1 million deferred consideration receivable asset as at December 31, 2010 the Company recorded \$1.5 million as a current deferred consideration receivable and \$3.6 million as a long term deferred consideration receivable asset.

In July 2011, the Company entered into Deferred Consideration Agreement with Polymetal pursuant to which the Company is to receive \$5.5 million in cash by the end of September 2011 as early and final settlement of its outstanding deferred consideration entitlement, pursuant to the SPA relating to the sale of the Varvarinskoye Project. As a result, the Company has recorded deferred consideration income of \$1.9 million for the three months ended June 30, 2011 and \$5.5 million as a current deferred consideration receivable asset in the financial statements as at June 30, 2011.

Derivative warrant liabilities

In prior years the Company has issued listed share purchase warrants in conjunction with public offerings for the purchase of common shares of the Company. These share purchase warrants were issued with an exercise price in Canadian dollars, rather than U.S. dollars (the reporting and Functional Currency (as defined in "Critical accounting policies and estimates" in the Company's MD&A) of the Company), were only issued to participants in these public share offering, are not able to be tracked by the Company and are transferable by the warranty holder. Such share purchase warrants are considered to be derivative instruments and the Company is required to re-measure the fair value of these at the reporting date. As at June 30, 2011 the Company calculated a fair value for its warrant derivative liabilities of \$0.3 million, and recorded an unrealized derivative gain to \$2.5 million to net income for the three months ended June 30, 2011.



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Consolidated Statements of Net Income, and Comprehensive Income (Unaudited)
 (Prepared in accordance with IFRS)

	3 months ended June 30,		6 months ended June 30,	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Income/ (expenses)				
Administration	(829)	(1,060)	(1,599)	(1,787)
Legal and professional	(327)	(975)	(618)	(1,299)
Exploration	(1,140)	(64)	(1,680)	(263)
Stock based compensation	(55)	(740)	(192)	(842)
Stock based compensation - non employees	(13)	(1)	(35)	(1)
Unrealized derivative gains	2,572	2,212	5,916	12,428
Foreign exchange gains/ (losses)	38	(823)	135	(876)
Net income/ (loss) from operations	246	(1,451)	1,927	7,360
Deferred consideration income	1,908	-	1,908	-
Company's share of Talas Joint Venture losses	(133)	(172)	(443)	(386)
Finance income	14	-	31	8
Net income/ (loss) and comprehensive income/ (loss) for the period	2,035	(1,623)	3,423	6,982
Net income/ (losses) attributable to:				
Shareholders of the Company	2,374	(1,542)	3,955	7,110
Non-controlling interest	(339)	(81)	(532)	(128)
	2,035	(1,623)	3,423	6,982
Earnings/ (losses) per share				
Basic	\$0.01	\$(0.02)	\$0.02	\$0.10
Diluted	\$0.01	\$(0.02)	\$0.02	\$0.10
Weighted average number of common shares (in thousands)	157,696	73,170	157,696	73,170



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Consolidated Balance Sheets (Unaudited)
(Prepared in accordance with IFRS)

	June 30	December 31
	2011	2010
Assets	\$000	\$000
Current assets		
Cash and cash equivalents	10,847	19,596
Current deferred consideration receivable	5,500	1,500
Prepaid and receivables	1,091	1,217
	<hr/>	<hr/>
	17,438	22,313
Non-current assets		
Deferred consideration receivable	-	3,592
Exploration properties	10,458	10,458
Property, plant and equipment	432	449
Equity investment in Talas Joint Venture	10,142	10,221
Other assets	392	392
	<hr/>	<hr/>
	21,424	25,112
Total assets	<hr/> 38,862	<hr/> 47,425
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	563	672
Current portion of derivative warrant liabilities	329	-
	<hr/>	<hr/>
	892	672
Non-current liabilities		
Derivative warrant liabilities	-	6,245
Other liabilities	120	120
	<hr/>	<hr/>
	1,012	7,037
Equity		
Share capital	380,145	380,145
Share purchase warrants	4,897	4,897
Share purchase options	5,932	5,904
Contributed surplus	22,682	22,483
Non-controlling interest	(289)	(773)
Deficit	(375,517)	(372,268)
	<hr/>	<hr/>
	37,850	40,388
Total equity and liabilities	<hr/> 38,862	<hr/> 47,425

Consolidated Statements of Cash Flows (Unaudited)
(Prepared in accordance with IFRS)

	Six months ended June 30,	
	2011	2010
	\$000	\$000
Operating activities		
Income for the period	3,423	6,982
Items not affecting cash:		
Company share of Talas Joint Venture losses	443	386
Depreciation and amortization	63	75
Deferred consideration	(1,908)	-
Share-based payments	227	843
Unrealized foreign exchange (gains)/ losses	9	(30)
Unrealized derivative gains	(5,916)	(12,428)
	<u>(3,659)</u>	<u>(4,172)</u>
Changes in non-cash working capital		
Accounts receivable and other assets	(128)	55
Accounts payable and accrued liabilities	(115)	(271)
Net cash used by the operating activities	<u>(3,902)</u>	<u>(4,388)</u>
Cash flows (used by)/ from investing activities		
Expenditures on property, plant and equipment	(46)	(3)
Proceeds from net investment in residual oil and gas interests	251	241
Deferred consideration received	1,500	-
Funding of investment in Talas Joint Venture	(364)	(338)
Acquisition of Eildon minority interest	(6,188)	-
Net cash used by investing activities	<u>(4,847)</u>	<u>(100)</u>
Cash flows from financing activities		
Gross proceeds of share issue	-	27,646
Share issue costs	-	(1,609)
Cash flows from financing activities	<u>-</u>	<u>26,037</u>
Net (decrease)/ increase in cash and cash equivalents	<u>(8,749)</u>	<u>21,549</u>
Cash and cash equivalents - Beginning of period	19,596	3,386
Cash and cash equivalents - End of period	<u>10,847</u>	<u>24,935</u>



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Consolidated Statements of changes in Equity (Unaudited)
 (Prepared in accordance with IFRS)

Consolidated statements of changes to equity as at December 31, 2010 and June 30, 2011:

	Share capital		Share purchase warrants	Share purchase options	Contributed surplus	Non-controlling interest	Deficit	Total equity
	Number of shares (000s')	Share capital \$						
Balance as at January 1, 2010	45,696	361,440	6,609	12,550	11,177	-	(378,171)	13,605
Share issue	112,000	21,445	-	-	-	-	-	21,445
Share issue costs	-	(1,862)	-	-	-	-	-	(1,862)
Broker Warrant issue costs	-	(878)	-	-	-	-	-	(878)
Share-based payments	-	-	-	1,817	-	-	-	1,817
Share purchase warrants issued	-	-	1,131	-	-	-	-	1,131
Share purchase warrants lapsed	-	-	(2,843)	-	2,843	-	-	-
Share options forfeited or lapsed	-	-	-	(8,463)	8,463	-	-	-
Net income/ (loss) for the period	-	-	-	-	-	(773)	5,903	5,130
Balance as at December 31, 2010	157,696	380,145	4,897	5,904	22,483	(773)	(372,268)	40,388
Share-based payments	-	-	-	227	-	-	-	227
Share options forfeited or lapsed	-	-	-	(199)	199	-	-	-
Eildon minority interest acquisition	-	-	-	-	-	1,016	(7,204)	(6,188)
Net income/ (loss) for the period	-	-	-	-	-	(532)	3,955	3,423
Balance as at June 30, 2011	157,696	380,145	4,897	5,932	22,682	(289)	(375,517)	37,850



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FORWARD-LOOKING INFORMATION

The Company' MD&A and 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, statements relating to: the continued and future maintenance, exploration and development of the Company's properties, including the proposed work programs, anticipated milestones and the timing related thereto; development and operational plans and objectives; the Company's ability to satisfy its future expenditure obligations on mineral properties in which it has an interest; mineral resource estimates and updates and upgrades relating thereto as well as the impact thereof on the value of certain of the Company's projects; estimated project economics, cash flow, costs, expenditures, and sources of funding; the sufficiency of the Company's current working capital for the next twelve months and estimates relating thereto; the estimated LOM, NPV and IRR for, and forecasts relating to tonnages and amounts to be mined from, and average recoveries and grades at, the Karchiga Project and/or Taldybulak as well as the other forecasts, estimates and expectations relating to the Karchiga Scoping Study, the SRK 2011 Mineral Resource Estimates, the NI 43-101 Taldybulak Scoping Study Report and the Taldybulak Scoping Study set out above in "Operational Review" of the Company's MD&A; future prices and trends relating to copper, gold and molybdenum; the completion of the Karchiga Definitive Feasibility Study (and the expected mineral resource estimates to be included therein) and the potential start of construction at the Karchiga Project (including the expected timing for same); the anticipated completion of a mineral reserves estimate for, the production of marketable concentrates from, and a reduction in future transportation costs at, the Karchiga Project; the potential for further enlarging the mineral endowment and improving metal grades at, and completion of a pre-feasibility study for, the Taldybulak deposit; the Company's belief that the results from the mineralogical study relating to the Akdjol-Tokhtazan Project suggest that gold should be metallurgically accessible; the future political and legal regimes and regulatory environments relating to the mining industry in Kyrgyzstan and/ or Kazakhstan; the expected use of the net proceeds from the Offering; the Company's expectations and beliefs with respect to the waiver of the State's pre-emptive right with respect to the Karchiga Project and the past placements of the Common Shares being covered thereby; the Company's anticipated receipt of deferred consideration from Polymetal in connection with the Deferred Consideration Agreement and the timing related thereto; the significance of any individual claims by non-Ontario residents with respect to the Claim; and the Company's future growth (including new opportunities and acquisitions) and its ability to raise new funding.

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 funds from capital markets to meet its future expected obligations and planned activities, the Company's business (including the continued exploration and development of its properties and the methods to be employed with respect to same), the estimation of mineral resources (as set out above under "Operational Review" of the Company's MD&A), the parameters and assumptions employed in the Karchiga Scoping Study, the SRK 2011 Mineral Resource Estimates, the NI 43-101 Taldybulak Scoping Study Report and the Taldybulak Scoping Study, the economy and the mineral exploration industry in general, the political environments and the regulatory frameworks in Kazakhstan and Kyrgyzstan with respect to, among other things, the mining industry generally, royalties/MPTs, 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, that the waiver granted by the Competent Authority covers any pre-emptive right that the Competent Authority or State has in respect of any past placements, future capital costs and cash flow discounts, anticipated mining and processing rates, the Company's ability to continue to obtain qualified staff and equipment in a timely and cost-efficient manner and to engage international and Kazakh companies to carry out additional studies for the Karchiga Definitive Feasibility Study and to obtain Kazakh Feasibility Study approval, the treatment of the Varvarinskoye Project as discontinued operations, assumptions relating to the Company's critical accounting policies, that the Company has identified all of the key issues to be investigated in connection with the Karchiga Definitive Feasibility Study, and has also assumed that no unusual geological or technical problems occur, and that equipment works as anticipated, no material adverse change in the price of copper, gold or molybdenum occurs and no significant events occur outside of the Company's normal course of business.

Forward-looking information is subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking information, and even if such actual results are realised or substantially realised, there can be no assurance that they will have the expected consequences to, or effects on, the Company. Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to: risks normally incidental to exploration and development of mineral properties; uncertainties in the interpretation of results from drilling and metallurgical test work; the possibility that future exploration, development or mining results will not be consistent with expectations; uncertainty of mineral resources estimates; uncertainty of capital and operating costs, production and economic returns; uncertainties relating to the estimates and assumptions used, and risks in the methodologies employed, in the Karchiga Scoping Study, the SRK 2011 Mineral Resource



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Estimates, the NI 43-101 Taldybulak Scoping Study Report and/or the Taldybulak Scoping Study and that the completion of additional work on the Karchiga Project and/or Taldybulak, as the case may be, could result in changes to the estimates relating to the Karchiga Scoping Study, the SRK 2011 Mineral Resource Estimates, the NI 43-101 Taldybulak Scoping Study Report and/or the Taldybulak Scoping Study, as applicable; a delay in the completion of the Karchiga Definitive Feasibility Study; 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; adverse changes in the political environments in Kazakhstan and Kyrgyzstan and the laws governing the Company, its subsidiaries and their respective business activities; inflation; changes in exchange and interest rates; adverse 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; lack of availability at a reasonable cost or at all, of equipment or labour; inability to attract and retain key management and personnel; the possibility of non-resident class members commencing individual claims in connection with the Claim; the Company's inability to delineate additional mineral resources and delineate mineral reserves; the Company's failure to receive the anticipated deferred consideration in connection with the Deferred Consideration Agreement from Polymetal; and future unforeseen liabilities and other factors including, but not limited to, those listed under "Risk and Uncertainties" in the Company's MD&A.

Any mineral resource figures referred to in the Company's MD&A 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. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The Karchiga Scoping Study, the NI 43-101 Taldybulak Scoping Study Report and/or the Taldybulak Scoping Study are preliminary in nature, and include inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the conclusions of the Karchiga Scoping Study, the NI 43-101 Taldybulak Scoping Study Report and/or the Taldybulak Scoping Study will be realized.

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.

ENDS

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