



## Orosur Mining Inc. - Fiscal Q3 2016 Results & Operating Update

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SANTIAGO, Chile, April 14, 2016. Orosur Mining Inc. ("Orosur" or the "Company") (TSX/AIM:OMI), a South American-focused gold producer, developer and explorer is pleased to announce the results for the third quarter of its fiscal 2016 ended February 29, 2016 ("Q3 FY16" or the "Quarter").

As previously announced, from July 2015 the Company implemented a strategic plan to reduce costs in line with the gold price environment. In line with expectations, the Company achieved a reduction in AISC below US\$1,000/oz in the Quarter as the benefits of the programme began to be realized. This represents a significant improvement from the previous year and previous quarters in FY16.

### Highlights

#### Financial

- All-in-sustaining-costs ("AISC") of US\$978/oz, representing a significant improvement over Q3 FY15 (US\$1,132/oz), Q1 FY16 (US\$1,166/oz) and Q2 FY16 (US\$1,095/oz).
- The Company reiterates its stated guidance of AISC below US\$1,000/oz for the remainder of the year and between US\$1,000-1,100/oz for the full year.
- Production of 7,274 oz compared with 13,760 oz in Q3 FY15.
- YTD production of 27,917 oz, ahead of the Company's 30,000 – 35,000 oz guidance for the full year.
- Operating cash costs of US\$803/oz, compared to Q3 FY15 (US\$876/oz).
- Average gold price received of US\$1,143/oz compared with US\$1,220/oz in Q3 FY15.
- Profit after tax was US\$3.1M compared to a loss of US\$1.9M in Q3 FY15.
- Total cash balance of US\$2.0M (compared with US\$2.6M at November 30, 2015) and debt of US\$0.4 million (compared to US\$0.8 million at November 30, 2015). The Company has US\$3.0M of undrawn lines of credit committed by Banco Santander available at February 29, 2016 and as of the date hereof.

#### Corporate

- Alejandra López, current Controller of Orosur, has been promoted to Interim CFO.
- In a show of support, the Ministers of Industry and Labour of Uruguay visited the San Gregorio complex in Minas de Corrales in early March.

#### Operational

- All required permits for San Gregorio Deeps ("SGD") have been granted.
- The Company is proceeding with the plan to commence mining SGD during FY17 with development work scheduled to start in Q4 FY16.
- The Company does not anticipate requiring any external funding for SGD, and intends to finance development with cash from operations.

### Ignacio Salazar, CEO of Orosur, said:

*"This quarter saw our strategic plan to reduce costs come to fruition, positioning the Company as a more resilient producer in this current gold price environment. As planned, we are very pleased to announce that, AISC was significantly reduced to below our target of US\$1,000/oz. This quarter the Company also returned to profit and fully repaid the Santander loan, leaving the Company practically debt-free."*

Additionally, the Company received all required permits to commence the development of San Gregorio Deeps without the need for external funding. We are also advancing our portfolio of exploration assets, prioritising our projects with near term returns in Uruguay, those of higher quality in Colombia and those which are already financed such as Anillo in Chile.

We are also delighted to announce the promotion of Alejandra Lopez, a long time Orosur employee, as our interim CFO. Alejandra possesses a strong skillset and knowledge of our operations, and her work in recent months has been extremely valuable.”

Operational & Financial Summary <sup>1</sup>		Q3 FY16	Q3 FY15	Diff	Q2 FY16	Diff
<b>Operating Results</b>						
Gold produced	Ounces	7,274	13,760	(6,486)	8,172	(898)
Operating cash cost <sup>3</sup>	US\$/oz	803	876	(73)	858	(55)
AISC	US\$/oz	978	1,132	(154)	1,095	(117)
Average price received	US\$/oz	1,143	1,220	(77)	1,100	43
<b>Financial Results</b>						
Revenue	US\$ '000	8,936	16,445	(7,509)	10,190	(1,254)
Gross profit/(loss)	US\$ '000	749	(643)	1,392	40	709
Net profit/(loss) after tax	US\$ '000	3,071	(1,884)	4,955	(870)	3,941
Cash flow from operations <sup>2</sup>	US\$ '000	4,804	3,045	1,759	924	3,880

Cash & Debt at the end of the period – Summary		February 29, 2016	May 31, 2015	Diff	November 30, 2015	Diff
Cash balance	US\$ '000	1,961	4,787	(2,826)	2,633	(672)
Total debt	US\$ '000	415	1,481	(1,066)	770	(355)
Cash net of debt	US\$ '000	1,546	3,306	(1,760)	1,863	(317)

<sup>1</sup> Results are based on IFRS and expressed in US dollars

<sup>2</sup> Before working capital movements

<sup>3</sup> Operating cash cost is total cost discounting royalties and capital tax on production assets.

### Q3 FY16 Financial Summary

Gross profit in the Quarter was US\$0.7 million compared to a loss of US\$0.6 million for Q3 FY15. Lower revenue was offset by the improvements in operating costs due to the implementation of the strategic cost reduction plan during Q2 and Q3 of FY16.

Net profit after tax was US\$3.1 million compared to a loss of US\$1.9 million in Q3 FY15. This was primarily as a result of the improvements in the operating costs of the business as well as a US\$2.5 million settlement agreement reached with the Government of Uruguay on February 29, 2016 pertaining to tax disputes. These funds are expected to be received by the Company during April 2016.

Cash flow from operations before changes in working capital was US\$4.8 million compared to US\$3.0 million for Q3 FY15.

The Company invested US\$0.9 million in capital expenditures and US\$0.6 million in exploration expenditures compared to US\$2.4 million and US\$1.5 million respectively in Q3 FY15.

The cash balance at the end of the Quarter was US\$2.0 million compared to US\$2.6 million at November 30, 2015. The Company's debt balance was US\$0.4 million compared to US\$0.8 million at November 30, 2015. The Company has US\$3.0 million of committed but undrawn lines of credit available at February 29, 2016 and as of the date hereof.

### Development and Exploration

#### Uruguay Development Projects: San Gregorio Deeps (“SGD”) and Veta Rey

Permits for SGD were granted by the Uruguayan mining authority (DINAMIGE) during February 2016 and from the environmental body (DINAMA) in July 2015. The de-watering of the main pit of San Gregorio, during the previous quarter, allowed the Company to mine approximately 1,500 ounces of gold from the pit during January and February, including some higher grade material from a north wall structure and some lower grade material located at the bottom of the pit.

During the Quarter, an initial infill reverse circulation (“RC”) drilling campaign of 500m was undertaken from the main ramp of the San Gregorio open pit mine with the intention of further defining reserves and optimising mine design. The weighted average grade of the intercepts was 2.35 g/t Au over widths of approximately 4 to 14 metres. The Company plans to complete a further infill drilling campaign of 5,000m from underground drilling stations as development progresses, in order to reduce costs, compared to drilling from the surface.

As previously announced, in June 2015, the board of directors of Orosur approved the construction, development and the sourcing of additional project funding for San Gregorio Deeps.

Following the implementation of the strategic plan to reduce costs in line with the gold price environment post July 2015, a significant restructuring has been achieved and the economics of SGD have been updated, also assuming a reduced initial investment as the Company plans to use the equipment from Arenal Deeps instead of purchasing new underground mining equipment. The Company intends to dovetail the beginning of production in SGD with the conclusion of operations at Arenal in order to facilitate these anticipated savings and plans for this to take place during FY17. Development work in SGD is scheduled to commence shortly during Q4 FY16.

An additional expected benefit of the revised plan is that SGD will require no further external financing and is to be developed using cash from operations.

At Quarter end, the Company commenced pre-stripping the relatively small Veta Rey open pit. The mine plan for Veta Rey targets approximately 8,000 oz of gold to be mined over the next 6 months. Approximately 70% of waste rock will be allocated to the new tailings dam, decreasing costs of loading and hauling.

### **Uruguay Brownfields Exploration**

The Company is currently focusing its brownfield exploration effort in Veta Rey and in Don Tito target,(located in the Sobresaliente district). As discussed, the Veta Rey project is currently at the pre-stripping stage.

Gold mineralization in Don Tito is hosted in a hydro thermally altered granite and associated with quartz veining. Exploration work done to date consists of 6 trenches (483m), 12 diamond core and RC drill holes (738m) and 65 pantera drill holes (648m).

Concurrently, the Company is advancing known target zones in Don Tito using NSAMT (Natural Source Audio-frequency Magnetotelluric Imaging) geophysics methods. The NSAMT program has been ongoing during March and April with results expected during Q4 FY16.

At Arenal Deeps, the Company is testing a down-plunge extension/ repetition of the Arenal mineralized structure. A 1,100m drilling campaign commenced in December 2015 and is expected to conclude during Q4 FY16.

### **Chile**

During the Quarter, a meeting of the Technical Committee of Anillo SPA was held (together with Asset Chile) to deliver the final results from the drilling campaign, multielement geochemistry, recommendations for follow-up and the exploration plan for the next phase.

- These intersects include anomalous association in zinc, lead and copper and multi-element geochemistry potentially indicating the presence of a high sulphidation system at the north-east sector and low sulphidation at the central-north and south sectors.
- Gold was encountered in the south and west sectors, opening up further exploration targets

- The south and north gold-silver intersects are located in a north-south structural corridor, which appears to be the natural orientation for the mineralized veins in the district.
- One of the intersects in the central-north sector is in line with the less mineralized sections of the Victoria vein at Yamana Gold's El Peñón's Augusta Victoria operation located 6 km north of the drilling area.
- Consistent anomalous silver values at the central north sector point to the possibility of an envelope of a potentially mineralized northwest structure
- Multi-element geochemistry shows anomalous associations including silver-cadmium-antimony-zinc-lead, which appears similar to one encountered at Au-Ag veins in El Peñón.
- All the gold and silver encountered during drilling were intersects in silica/quartz-rich resistivity CSAMT structures, further demonstrating the usefulness of this exploration tool to help source locations of potentially mineralized areas.

As previously announced, the process of returning the Pantanillo properties to Anglo American continues.

## **Colombia**

The Company continues to maintain a flexible and dynamic approach with regard to the high grade Anzá project, where Orosur is currently evaluating a number of options to advance the project via a smaller higher grade underground mine. This approach would be aimed at taking advantage of Orosur's development and operational expertise, while considering the potential of working with or in combination with partners.

## **Qualified Person's Statement**

The technical information related to the mining assets of Orosur Mining in this presentation has been reviewed by Michael Schwabe, an exploration consultant who is considered to be a Qualified Person under NI 43-101 reporting guidelines. Mr. Schwabe is a graduate in science, majoring in geology from the University of Tasmania and is a Fellow of the Australian Institute of Mining and Metallurgy, a Senior Fellow of the Society of Economic Geologists and a Professional Member of the Society for Mining, Metallurgy and Exploration. Mr. Schwabe has 47 years of professional experience in the field of mineral exploration, mine development and management.

## **Forward Looking Statements**

All statements, other than statements of historical fact, contained or incorporated by reference in this news release, including any information as to the future financial or operating performance of the Company, constitute "forward-looking statements" within the meaning of certain securities laws, including the "safe harbour" provisions of the Securities Act (Ontario) and the United States Private Securities Litigation Reform Act of 1995 and are based on expectations estimates and projections as of the date of this news release. There can be no assurance that such statements will prove to be accurate. Such statements are subject to significant risks and uncertainties, and actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements include, without limitation success of exploration activities; permitting time lines; the failure of plant; equipment or processes to operate as anticipated; accidents; labour disputes; requirements for additional capital title disputes or claims and limitations on insurance coverage. The Company disclaims any intention or obligation to update or revise any forward looking statements whether as a result of new information, future events and such forward-looking statements, except to the extent required by applicable law.

## **About Orosur Mining Inc.**

Orosur Mining Inc. is a fully integrated gold producer, developer and exploration company focused on identifying and advancing gold projects in South America. The Company operates the only producing gold mine in Uruguay (San Gregorio), and has assembled an exploration portfolio of high quality assets in Uruguay, Chile and Colombia. The Company is quoted in Canada (TSX:OMI) and London (AIM:OMI).

**For more information please visit [www.orosur.ca](http://www.orosur.ca) or contact:**

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**Orosur Mining Inc.**  
**Condensed Interim Consolidated Statements of Financial Position**  
Thousands of United States Dollars, except where indicated

	<b>As at February 29, 2016 (\$)</b>	<b>As at May 31, 2015 (\$)</b>
<b>Assets</b>		
Cash	1,961	4,787
Accounts receivable and other assets	4,102	1,775
Inventories	11,285	14,363
<b>Total current assets</b>	<b>17,348</b>	20,925
Accounts receivable and other assets	414	414
Property, plant and equipment and development costs	14,206	16,662
Exploration and evaluation costs	17,577	17,126
Deferred income tax assets	551	551
Restricted cash	219	239
<b>Total non-current assets</b>	<b>32,967</b>	34,992
<b>Total assets</b>	<b>50,315</b>	55,917

**Liabilities and Shareholders' Equity**

Trade payables and other accrued liabilities	9,690	13,832
Current portion of long-term debt	254	1,129
Environmental rehabilitation provision	112	112
<b>Total current liabilities</b>	<b>10,056</b>	15,073
Long-term debt	161	352
Environmental rehabilitation provision	6,465	6,606
<b>Total non-current liabilities</b>	<b>6,626</b>	6,958
<b>Total liabilities</b>	<b>16,682</b>	22,031
Capital stock	60,739	60,544
Warrants	62	62
Contributed surplus	5,852	5,824
Deficit	(31,812)	(32,287)
Currency translation reserve	(1,208)	(257)
<b>Total shareholders' equity</b>	<b>33,633</b>	33,886
<b>Total liabilities and shareholders' equity</b>	<b>50,315</b>	55,917

**Orosur Mining Inc.**

**Condensed Interim Consolidated Statements of Profit (Loss) and Comprehensive Profit (Loss)**  
Thousands of United States Dollars, except for loss per share amounts

	Three months ended		Nine months ended	
	February 29 2016 (\$)	February 28 2015 (\$)	February 29 2016 (\$)	February 28 2015 (\$)
Sales	8,936	16,445	33,591	50,375
Cost of sales	<b>(8,187)</b>	(17,088)	<b>(33,352)</b>	(52,487)
<b>Gross profit/(loss)</b>	<b>749</b>	(643)	<b>239</b>	(2,112)
Corporate and administrative expenses	<b>(474)</b>	(311)	<b>(1,664)</b>	(2,186)
Restructuring costs	<b>(217)</b>	-	<b>(1,911)</b>	-
Exploration expenses and exploration written off	<b>(3)</b>	(514)	<b>(14)</b>	(547)
Impairment of assets	-	(63)	-	(63)
Other income	<b>2,722</b>	150	<b>3,467</b>	538
Net finance cost	<b>(68)</b>	(73)	<b>(205)</b>	(222)
Net foreign exchange gain/(loss)	<b>378</b>	(154)	<b>560</b>	(129)
	<b>2,338</b>	(965)	<b>233</b>	(2,609)
<b>Profit (loss) before income tax</b>	<b>3,087</b>	(1,608)	<b>472</b>	(4,721)
Income tax (provision) recovery	<b>(16)</b>	(276)	<b>3</b>	313
<b>Total profit (loss) for the period</b>	<b>3,071</b>	(1,884)	<b>475</b>	(4,408)
<b>Other comprehensive loss</b>				
Foreign exchange differences on translating foreign operations	<b>(144)</b>	(351)	<b>(951)</b>	(871)
<b>Total comprehensive profit (loss) for the period</b>	<b>2,927</b>	(2,235)	<b>(476)</b>	(5,279)
<b>Profit (loss) per common share</b>				
<b>Basic</b>	<b>0.03</b>	(0.02)	<b>0.00</b>	(0.05)
<b>Diluted</b>	<b>0.03</b>	(0.02)	<b>0.00</b>	(0.05)

**Orosur Mining Inc.**  
**Condensed Interim Consolidated Statements of Cash Flows**

Thousands of United States Dollars, except where indicated

	Three months ended February		Nine months ended February	
	29	28	29	28
	2016 (\$)	2015 (\$)	2016 (\$)	2015 (\$)
<b>Net inflow/(outflow) of cash related to the following activities</b>				
<b>Cash flow from operating activities</b>				
Net profit (loss) for the period	3,071	(1,884)	475	(4,408)
<i>Adjustments to reconcile net income to net cash provided from operating activities:</i>				
Depreciation	1,378	3,748	5,006	11,430
Impairment of assets	-	63	-	63
Exploration and evaluation expenses	3	514	14	544
Accretion of asset retirement obligation	19	19	57	57
Deferred income tax assets	-	276	-	(317)
Stock based compensation	16	(74)	28	-
Gain on sale of property, plant and equipment	-	96	(15)	(60)
Other	317	287	337	97
<b>Subtotal</b>	<b>4,804</b>	3,045	<b>5,902</b>	7,406
<i>Changes in operating assets and liabilities</i>				
Accounts receivable and other assets	(2,832)	226	(2,325)	792
Inventories	1,135	719	3,137	3
Trade payables and other accrued liabilities	(1,902)	(910)	(4,142)	(260)
<b>Net cash generated from operating activities</b>	<b>1,205</b>	3,080	<b>2,572</b>	7,941
<b>Cash flow from financing activities</b>				
Loan payments	(356)	(237)	(1,066)	(2,745)
Proceeds on sale of common shares of Anillo SPA	-	-	710	-
<b>Net cash used in financing activities</b>	<b>(356)</b>	(237)	<b>(356)</b>	(2,745)
<b>Cash flow from investing activities</b>				
Purchase of property, plant and equipment and development costs	(880)	(2,253)	(2,638)	(6,759)
Environmental tasks	(23)	(143)	(198)	(562)
Proceeds from the sale of fixed assets	-	21	33	788
Exploration and evaluation expenditure assets	(618)	(1,476)	(2,239)	(3,674)
<b>Net cash used in investing activities</b>	<b>(1,521)</b>	(3,851)	<b>(5,042)</b>	(10,207)
<b>Decrease in cash</b>	<b>(672)</b>	(1,008)	<b>(2,826)</b>	(5,011)
Cash at the beginning of period	2,633	6,815	4,787	10,818
<b>Cash at the end of period</b>	<b>1,961</b>	5,807	<b>1,961</b>	5,807



**Orosur Mining Inc.**

**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**  
Thousands of United States Dollars, except where indicated

	<b>Nine months ended</b>	
	<b>February 29 2016 (\$)</b>	<b>February 28 2015 (\$)</b>
<b>Capital stock</b>		
Balance at beginning of period	60,544	55,184
Issued for Waymar acquisition	-	5,360
Termination consideration	195	-
Balance at end of period	60,739	60,544
<b>Broker Warrants</b>		
Balance at beginning of period	62	-
Issued for Waymar acquisition	-	62
Balance at end of period	62	62
<b>Contributed surplus</b>		
Balance at beginning of period	5,824	5,708
Stock based compensation recognized	28	(60)
Stock options issued for Waymar acquisition	-	94
Balance at end of period	5,852	5,742
<b>(Deficit) Retained earnings</b>		
Balance at beginning of period	(32,287)	22,088
Net profit (loss) for the period	475	(4,408)
Balance at end of period	(31,812)	17,680
<b>Currency translation reserve</b>	(1,208)	(871)
<b>Shareholders' equity at end of period</b>	<b>33,633</b>	<b>83,157</b>