



Orosur Mining Inc. – Full Year 2017 Results: US\$9.7M Cash from Operations, US\$2M Profit before tax

SANTIAGO, Chile, August 29, 2017. Orosur Mining Inc. (“Orosur” or “the Company”) (TSX: OMI) (AIM: OMI), the South American-focused gold producer, developer and explorer is pleased to announce the results for the fiscal year ended May 31, 2017 (“FY17”).

Highlights

Financial & Operational Results

- FY17 production of 35,371 oz (within stated guidance of 35-40 koz) following a significant increase in production in Q4 (10,748 oz).
- FY17 Operating cash cost guidance of US\$829 (confirmed within stated guidance of US\$800 - 900/oz) and representing an improvement on FY16: US\$877.
- Average gold price received of US\$1,258/oz (FY15: US\$1,154/oz).
- Cash flow generated by operations was US\$9.7M (FY16: US\$7.6M) due to better operating performance and gold price in FY17.
- Profit before tax was US\$2.0M (FY16: loss of US\$3.2M) due to higher gold price at \$1,258/oz (FY16: \$1,154/oz) and lower overall costs of sales.
- Successfully built and developed the San Gregorio West underground mine in Uruguay (“SGW UG”) from internally generated funds (total investment in SGW UG during FY17 was US\$5.9M).
- The Company invested US\$10.8M in capital and US\$2.6M in exploration (FY16: US\$3.9M and US\$2.8M, respectively). In addition to the construction of the SGW UG mine, the Company invested in the completion of the construction of phase 4A of the new tailings dam during FY17.
- All-In-Sustaining Costs (“AISC”) of US\$1,228/oz (FY16: US\$1,069/oz). The increase was due mainly to the additional development capex associated with building the SGW UG mine.
- Cash balance at the end of May 2017 was US\$3.4M (Q3 US\$2.4M and FY 2016 US\$4.3M) with debt of just US\$0.4.

Exploration and Corporate

- Following completion of the equity raise announced on August 11th, 2017, the company is in the process of ramping up drilling in Colombia and plans to update the market on recent Exploration progress in both Colombia and Uruguay in short order.

Ignacio Salazar, CEO of Orosur, commented:

“We are very pleased to report a successful FY17 having achieved a number of important corporate milestones whilst simultaneously delivering in line with production and cost targets for the fourth consecutive year.

Cost management and technical excellence remain central to our strategy, demonstrated by successfully building and opening of the second UG mine in Uruguay during the year. The completion of the recent

financing announced on August 11th 2017, which was oversubscribed and at a premium to the prevailing market when negotiated, is an important step to support our growth strategy.

The quality of our assets, our track record on delivery and the recent financing position the Company well for FY18 to make significant progress towards its growth potential and we look forward to reporting results from the resource definition in Colombia, tapping the potential of the highly prospective 100km greenstone belt we control in Uruguay and advancing Anillo in Chile,”

| Operational & Financial Summary ¹ | | Fiscal Year (FY) ended May 31 | | |
|--|-----------|----------------------------------|---------|--------|
| | | 2017 | 2016 | Change |
| Operating Results | | | | |
| Gold produced | Ounces | 35,371 | 35,773 | (402) |
| Operating Cash cost ³ | US\$/oz | 829 | 877 | (48) |
| Total Cash cost | US\$/oz | 882 | 891 | (9) |
| AISC | US\$/oz | 1,228 | 1,069 | 159 |
| Average price received | US\$/oz | 1,258 | 1,154 | 104 |
| Financial Results | | | | |
| Revenue | US\$ '000 | 44,226 | 42,866 | 1,360 |
| Net income (loss) before tax | US\$ '000 | 2,028 | (3,158) | 5,186 |
| Cash flow from operations ² | US\$ '000 | 9,664 | 7,603 | 2,061 |

| Cash & Debt at the end of the period | | 2017 | 2016 | Diff |
|--------------------------------------|-----------|-------|-------|---------|
| Cash balance | US\$ '000 | 3,357 | 4,320 | (963) |
| Total Debt | US\$ '000 | 403 | 352 | 51 |
| Cash net of debt | US\$ '000 | 2,954 | 3,968 | (1,014) |

¹ Results are based on IFRS and expressed in US dollars

² Before non-cash working capital movements

³ Operating cash cost is total cost discounting royalties and capital tax on production assets.

FY18 Outlook & Guidance

The Company expects production from the San Gregorio mine in Uruguay for FY18 to be between 30,000 - 35,000 ounces of gold, with operating costs of US\$800 - US\$900 per ounce.

At current gold prices this will allow the Company to continue to focus on expanding its resource base in Uruguay both from underground and surface operations, with the aim of increasing its mine life and/or increasing production by utilising the spare capacity in the San Gregorio plant.

As in the past, variations in production and unit costs will occur quarter on quarter as the mine plan draws ore from several sources at varying grades and stages of development or stripping. The Company plans to achieve its production and cost targets over the course of the year.

The Company is preparing to commence a 15,000m drilling campaign in its highly prospective Anzá project in the mid-cauca belt of Colombia. The Company will update the market with drilling results during the year as the program advances.

FY17 Financial Summary

Cash operating costs for the year were \$829/oz (FY16: \$877/oz), a reduction of 6%, due primarily to lower operating costs related to lower tonnes transported, processed at higher grades during the year and

continuous technical improvements and cost management efforts. The Company successfully reached its cash operating cost guidance of US\$800 - 900/oz for the year.

All-in-sustaining costs ("AISC") were \$1,228/oz (FY16: \$1,069/oz). The increase was due mainly to the additional development capex associated with the SGW UG mine, including ramp, access and ventilation work while at the same time in FY17 the company did not have the benefit of the exemption of the royalty granted for FY16. AISC peaked at \$1,345/oz in Q2 17 and since then, the Company started to reduce capital investment during the remainder of FY17.

Cash flow generated by operations before working capital investment was US\$9.7M (FY16: US\$7.6M) due to better operating performance in FY17 as explained above.

Contribution margin FY17 was US\$11.1 (FY16: US\$6.8M) and Profit before tax was US\$2.0M (FY16: loss of US\$3.2M) due to higher gold price at \$1,258/oz (FY16: \$1,154/oz) and lower costs of sales overall. Net profit after tax for the year was US\$2.6M (FY16: loss of US\$1.2M).

The Company invested US\$10.8M in capital and US\$2.6M in exploration (FY16: US\$3.9M and US\$2.8M, respectively). In addition to the construction of the SGW UG mine, the Company invested during FY17 in completing the construction of the phase 4A of the new tailings dam.

Cash balance at the end of the year was US\$3.4M compared to US\$4.3M at May 31, 2016. The decrease in cash was mainly due to the development of the SGW UG mine (total investment in SGW UG during the year 2017 was US\$5.9M). The SGW UG mine was financed fully from cash from operations. Total debt as at May 31, 2017 was US\$0.4M compared to US\$0.4M at May 31, 2016. This debt relates to leases on small vehicles and equipment.

The Company has a US\$1.5M committed and undrawn line of credit with Banco Santander available as at May 31, 2017, and as of the date hereof.

Exploration Update

Following the equity raise announced on August 11th, 2017, the company is in the process of ramping up drilling in Colombia and plans to update the market on recent Exploration progress in both Colombia and Uruguay in short order.

END

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 listed in Canada (TSX: OMI) and London (AIM: OMI).

For more information please visit www.orosur.ca

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– Financial Statements Follow –

Orosur Mining Inc.
Consolidated Statements of Financial Position
(Thousands of United States Dollars, except where indicated)

| | As at May 31 2017(\$) | As at May 31 2016(\$) |
|--|----------------------------------|----------------------------------|
| Assets | | |
| Cash | 3,357 | 4,320 |
| Accounts receivable and other assets | 1,519 | 1,770 |
| Inventories | 13,157 | 12,069 |
| Total current assets | 18,033 | 18,159 |
| Accounts receivable and other assets | 550 | 550 |
| Property plant and equipment and development costs | 16,160 | 10,106 |
| Exploration and evaluation costs | 17,677 | 17,250 |
| Deferred income tax assets | 3,115 | 2,534 |
| Restricted cash | 229 | 221 |
| Total non-current assets | 37,731 | 30,661 |
| Total Assets | 55,764 | 48,820 |
| Liabilities and Shareholders' Equity | | |
| Trade payables and other accrued liabilities | 14,518 | 10,586 |
| Current portion of long-term debt | 202 | 253 |
| Environmental rehabilitation provision | 243 | 360 |
| Total current liabilities | 14,963 | 11,199 |
| Long-term debt | 201 | 99 |
| Environmental rehabilitation provision | 5,405 | 5,327 |
| Total non-current liabilities | 5,606 | 5,426 |
| Total liabilities | 20,569 | 16,625 |
| Capital stock | 61,162 | 60,751 |
| Contributed surplus | 5,836 | 5,925 |
| Deficit | (30,913) | (33,497) |
| Currency translation reserve | (890) | (984) |
| Total shareholders' equity | 35,195 | 32,195 |
| Total liabilities and shareholders' equity | 55,764 | 48,820 |

Orosur Mining Inc.

Consolidated Statements of Profit/(Loss) and Comprehensive Profit/(Loss)
(Thousands of United States Dollars except for earnings per share amounts)

| For the years ended May 31 | 2017 (\$) | 2016 (\$) |
|---|------------------|------------------|
| Sales | 44,226 | 42,866 |
| Cost of sales | (40,271) | (42,073) |
| Gross profit | 3,955 | 793 |
| Corporate and administrative expenses | (2,398) | (2150) |
| Restructuring costs | 143 | (1,709) |
| Exploration and evaluation costs written off | (131) | (351) |
| Impairment of assets | - | (4,229) |
| Obsolescence provision | (113) | (39) |
| Other income | 1,527 | 4,009 |
| Finance cost net | (164) | 24 |
| Derivative gain/(loss) | (458) | 158 |
| Foreign exchange gain/(loss) | (333) | 336 |
| Profit/(Loss) before income tax | (1,927) | (3,951) |
| | 2,028 | (3,158) |
| Recovery for income taxes | 557 | 1,948 |
| Total Profit/(loss) for the period | 2,585 | (1,210) |
| Other comprehensive profit/(loss) | | |
| Cumulative translation adjustment | 93 | (727) |
| Total comprehensive profit/(loss) for the period | 2,678 | (1,937) |
| Profit/(Loss) per common share | | |
| Basic | 0.03 | (0.01) |
| Diluted | 0.03 | (0.01) |

Orosur Mining Inc.
Consolidated Statements of Cash Flows

(Thousands of United States Dollars, except where indicated)

For the years ended May 31

2017 (\$)

2016 (\$)

Net inflow (outflow) of cash related to the following activities

Cash flow from operating activities

| | | |
|--|---------------|--------------|
| Net profit/(loss) for the year | 2,585 | (1,210) |
| <i>Adjustments to reconcile net income to net cash provided from operating activities:</i> | | |
| Depreciation | 7,143 | 5,975 |
| Impairment of assets | - | 4,229 |
| Exploration and evaluation expenses written off | 131 | 351 |
| Obsolescence provision | 113 | 39 |
| Fair value of derivatives | 458 | (92) |
| Accretion of asset retirement obligation | 18 | (210) |
| Deferred income tax assets | (581) | (1,983) |
| Stock based compensation | 93 | 43 |
| Loss/(gain) on sale of property, plant and equipment | (241) | 116 |
| Other | (55) | 345 |
| Subtotal | 9,664 | 7,603 |
| <i>Changes in working capital</i> | | |
| Accounts receivable and other assets | (211) | (38) |
| Inventories | (1,200) | 2,253 |
| Trade payables and other accrued liabilities | 3,932 | (3,255) |
| Net cash generated from operating activities | 12,185 | 6,563 |

Cash flow from investing activities

| | | |
|---|-----------------|----------------|
| Purchase of property, plant and equipment and development costs | (10,621) | (3,701) |
| Payments for environmental rehabilitation | (213) | (241) |
| Proceeds from the sale of fixed assets | 240 | 123 |
| Exploration and evaluation expenditure assets | (2,604) | (2,793) |
| Net cash used in investing activities | (13,198) | (6,612) |

Cash flow from financing activities

| | | |
|---|-----------|--------------|
| Proceeds on sale of common shares of Anillo SPA | - | 710 |
| Loan proceeds | 320 | - |
| Loan payments | (270) | (1,128) |
| Net cash generated from/(used in) financing activities | 50 | (418) |

| | | |
|--------------------------------|--------------|--------------|
| Decrease in cash | (963) | (467) |
| Cash at the beginning of year | 4,320 | 4,787 |
| Cash at the end of year | 3,357 | 4,320 |