OROSUR MINING INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED AUGUST 31, 2020

(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS)

(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of Orosur Mining Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Orosur Mining Inc.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in thousands of United States dollars)
Unaudited

		As at August 31, 2020		As at May 31, 2020
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**356**	$	782
Accounts receivable and other assets (note 5)		**119**		130
Assets held for sale of Uruguay (note 4)		**2,891**		3,081
Total current assets		**3,366**		3,993
Non-current assets				
Property, plant and equipment (note 7)		**70**		72
Exploration and evaluation assets (note 8)		**6,582**		6,479
Total assets	**$**	**10,018**	$	10,544
LIABILITIES AND (DEFICIT)				
Current liabilities				
Accounts payable and accrued liabilities (note 9)	**$**	**314**	$	313
Liabilities of Chile discontinued operation (note 4)		**2,014**		2,010
Liabilities held for sale of Uruguay (note 4)		**18,244**		17,389
Total current liabilities		**20,572**		19,712
Deficit				
Share capital (note 12)		**65,670**		65,670
Shares held by Trust (note 13)		**(380)**		(380)
Contributed surplus		**5,991**		5,987
Currency translation reserve		**(2,050)**		(2,016)
Deficit		**(79,785)**		(78,429)
Total deficit		**(10,554)**		(9,168)
Total liabilities and deficit	**$**	**10,018**	$	10,544

Nature of operations and going concern (note 1)
Subsequent event (note 19)

Approved on behalf of the Board:

(Signed) *"Louis Castro"* Chairman of the Board (Signed) *"Thomas Masney"* Audit Committee Chair

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Orosur Mining Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in thousands of United States dollars)
Unaudited

	Three Months Ended August 31, 2020	Three Months Ended August 31, 2019 (Restated Note 17)
Operating expenses		
Corporate and administrative expenses (note 4)	**$ (253)**	$ (362)
Exploration expenses	**(21)**	(38)
Other income	**8**	-
Net finance cost	**(1)**	(1)
Loss on fair value of financial instrument	**-**	(12)
Net foreign exchange loss	**(14)**	3
Net loss for the period for continued operations	**$ (281)**	$ (410)
Other comprehensive loss		
Cumulative translation adjustment	**$ (34)**	$ (117)
Total comprehensive loss for the period from continued operations	**(315)**	(527)
Income (loss) from discontinued operations (note 4)	**(1,075)**	117
Total comprehensive loss for the period	**(1,390)**	(410)
Basic and diluted net loss per share for continued operations (note 15)	**$ (0.00)**	$ (0.00)
Basic and diluted net loss per share for discontinued operations (note 15)	**$ (0.01)**	$ 0.00
Weighted average number of common shares outstanding	**160,278**	150,278

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Orosur Mining Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in thousands of United States dollars)
Unaudited

	Three Months Ended August 31, 2020	Three Months Ended August 31, 2019
		(Restated Note 17)
Operating activities		
Net loss for the period	**$ (1,356)**	$ (293)
Adjustments for:		
Share-based payments	**4**	6
Fair value of financial instrument	**-**	12
Gain on sale of property, plant and equipment	**(140)**	(253)
Foreign exchange and other	**559**	(64)
Changes in non-cash working capital items:		
Accounts receivable and other assets	**(98)**	68
Inventories	**145**	106
Accounts payable and accrued liabilities	**316**	(453)
Net cash used in operating activities	**(570)**	(871)
Investing activities		
Proceeds received for sale of property, plant and equipment	**140**	330
Proceeds received from exploration and option agreement	**-**	500
Exploration and evaluation expenditures	**(150)**	(57)
Net cash (used in) provided by investing activities	**(10)**	773
Net Change in cash and cash equivalents	**(580)**	(98)
Net change in cash classified within assets held for sale	**154**	134
Cash and cash equivalents, beginning of period	**782**	512
Cash and cash equivalents, end of period	**$ 356**	$ 548
Operating activities		
- continued operations	**(276)**	(407)
- discontinued operations	**(294)**	(464)
Investing activities		
- continued operations	**(150)**	443
- discontinued operations	**140**	330

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Orosur Mining Inc.

Condensed Interim Consolidated Statements of Changes in Deficit
(Expressed in thousands of United States dollars)
Unaudited

	Share capital	Shares issued to Trust	Contributed surplus	Currency translation reserve	Deficit	Total
Balance, May 31, 2019	**$ 65,290**	**$ -**	**$ 5,947**	**$ (1,506)**	**$ (79,399)**	**$ (9,668)**
Stock-based compensation	-	-	6	-	-	6
Currency translation adjustment	-	-	-	(117)	-	(117)
Net loss for the period for continued operations (restated note 17)	-	-	-	-	(410)	(410)
Net loss for the period for discontinued operations	-	-	-	-	117	117
Balance, August 31, 2019	**$ 65,290**	**$ -**	**$ 5,953**	**$ (1,623)**	**$ (79,692)**	**$ (10,072)**
Balance, May 31, 2020	**$ 65,670**	**$ (380)**	**$ 5,987**	**$ (2,016)**	**$ (78,429)**	**$ (9,168)**
Stock-based compensation	-	-	4	-	-	4
Currency translation adjustment	-	-	-	(34)	-	(34)
Net loss for the period for continued operations	-	-	-	-	(281)	(281)
Net loss for the period for discontinued operations	-	-	-	-	(1,075)	(1,075)
Balance, August 31, 2020	**$ 65,670**	**$ (380)**	**$ 5,991**	**$ (2,050)**	**$ (79,785)**	**$ (10,554)**

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

1. Nature of operations and going concern

Orosur Mining Inc. ("Orosur" or "the Company") is a South American-focused gold development and exploration company.

Orosur was incorporated and is domiciled in Canada and is governed by the corporate laws of the Yukon Territory, Canada. The Company's shares are listed on the Toronto Stock Exchange (TSX) in Canada and the Alternative Investment Market (AIM) of the London Stock Exchange in the United Kingdom. The Company's registered office is Suite 1010 - 1075 West Georgia Street, Vancouver, British Columbia, Canada, V6E 3C9.

Orosur operates in Colombia and Uruguay. In Colombia, the Company conducts exploration activities and has a farm-in exploration agreement with Newmont Mining Corporation ("Newmont") in Anzá. In Uruguay, the Company has historically operated the San Gregorio gold mine, which is presently in care and maintenance, and has reached an agreement to settle its liabilities in Uruguay by selling its assets at San Gregorio and the issuing of shares (note 4).

Going concern uncertainty

These unaudited condensed interim consolidated financial statements were prepared on a going concern basis under the historical cost method except for certain financial assets and liabilities that are accounted as assets and liabilities held for sale. Assets held for sale are measured at the lower of cost or recoverable amount. This accounting treatment is applied to the activities in Uruguay. In line with negotiations and the final agreement (the "Agreement") as of December 17, 2018 with creditors in Uruguay (see note 4), the Company's Uruguayan subsidiary Loryser S.A. ("Loryser") is required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business based on the payment plan agreed. Whether such proceeds will be sufficient to settle the debts in entirety is unknown at this time. The Agreement contemplates that net proceeds from the sale of Loryser's assets in Uruguay together with the issuance of 10 million common shares of Orosur (see note 13) shall satisfy all amounts owing to Loryser's creditors as well as provide funds for Loryser to conduct this process and close operation responsibly. Accordingly, the activities of Uruguay are consolidated in the financial statements as assets and liabilities held for sale and profit and loss from discontinuing operations. The Agreement was ratified by the court in September 2019. The ratification by the court means that the Agreement is legally binding on all trade creditors and that the Intervenor's control over Loryser ceases. On December 6, 2019, 10,000,000 common shares were issued to a trust for the benefit of Loryser's creditors as contemplated in the court-approved Agreement.

As at August 31, 2020, the Company had cash of $356 (May 31, 2020 - $782) and a net working capital deficiency of $17,206 (May 31, 2020 – $15,719). During the three months ended August 31, 2020, the Company carried an accumulated deficit of $79,785 (August 31, 2019 - $78,429).

In March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. In Colombia, the Company has established protocols to mitigate against the problems presented by COVID-19, which should allow activity to continue in Anzá. There can, of course, be no assurances that there will be no disruptions from any future outbreaks in the locality that would lead to a more protracted exploration program. In Uruguay, the impact of the pandemic has slowed down the realization of assets but sales are still being made, including to foreign buyers, in spite of travel restrictions.

1. Nature of operations and going concern continued

Going concern uncertainty (continued

The Company's continuance as a going concern is dependent on its ability to obtain adequate financing. These material uncertainties may cast significant doubt on the Company's ability to realize its assets and discharge its liabilities in the normal course of business and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Although the Company has been successful in the past in obtaining financing, with the Newmont deal in September 2018, and was successful in reaching a payment plan agreement with creditors in Uruguay in December 2018, (Court approval received September 13, 2019), there is no assurance on how the Newmont deal and the agreement with creditors in Uruguay will develop, or that the Company will be able to obtain adequate financing in the future on terms advantageous to the Company.

The unaudited condensed interim consolidated financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and consolidated statements of financial position classifications that would be necessary if the going concern assumption was deemed inappropriate. These adjustments could be material

2. Significant accounting policies for continued and discontinued operations

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of October18, 2020, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended May 31, 2020. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending May 31, 2021 could result in restatement of these unaudited condensed interim consolidated financial statements.

2. Significant accounting policies for continued and discontinued operations (continued)

Functional and presentation currency

The functional and presentation currency of the Company is the United States dollar.

All of the Company's entities have the United States dollar as the functional currency, except for Waymar Resources Ltd., Cordillera Holdings International Ltd. and Minera Anzá S.A., whose functional currency is the Canadian dollar and Minera Anzá S.A. (Colombia branch), whose functional currency is the Colombian peso.

The results of operations and financial position of all the Company's entities that have a functional currency different from the presentation currency (United States dollar) are translated into the presentation currency as follows:

a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
b) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
c) All resulting exchange differences are recognized in other comprehensive income under the caption "Currency translation reserve".

New standards adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after May 31, 2020. Many are not applicable or do not have a significant impact to the Company's unaudited condensed interim consolidated financial statements.

New standards not yet adopted and interpretations issued but not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after June 01, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded.

3. Critical accounting estimates, judgments and assumptions

The preparation of the Company's unaudited condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. By definition, estimates and assumptions seldom equal actual results and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, and to the amounts of revenue and expenses presented in these unaudited condensed interim consolidated financial statements. The areas that require management to make significant judgments, estimates and assumptions are discussed below.

3. Critical accounting estimates, judgments and assumptions (continued)

Consolidation

The consolidated financial statements include the accounts of Orosur and its subsidiaries (collectively "the Group"). Subsidiaries are entities controlled directly or indirectly by Orosur. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.The Company's list of subsidiaries is included in note 16. All are 100% owned by Orosur and they include the Company's subsidiaries in Uruguay, Chile and Colombia. In each case the management has deemed that Orosur has control over these and all other subsidiaries on the measures set out above.

Discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

The Company is accounting for its activities in Chile and Uruguay as discontinued. Chile is recognized as a discontinued operation after all of its mining assets were sold or returned. In Uruguay, the operations are on a care and maintenance basis and the Company's subsidiary, Loryser S.A. is well advanced in the sale of its assets and the liquidation of its liabilities and commitments in other than the normal course of business.

Exploration and evaluation expenditure

The recoverability of amounts shown for capitalized exploration and evaluation costs is dependent upon the discovery of economically recoverable reserves. Management reviews the carrying value of capitalized exploration and evaluation costs at least annually. The review is based on the Company's intention for development of the underlying asset

Environmental rehabilitation provisions

The fair value of the liability is determined based on the net present value of estimated future costs estimated by management based on feasibility and engineering studies on a site by site basis. While care was taken to estimate the retirement obligations, these amounts are estimates of expenditures that are not due until future years; the Company assesses its provision on an ongoing basis or when new material information becomes available.

Stock-based compensation

The Company uses the fair value method to account for stock-based employee compensation plans. The calculation of this benefit relies on estimates of the anticipated life of the option, risk free rate, forfeiture rate and the volatility of the Company's share price.

4. Discontinued operations

Uruguay

On June 14, 2018, Loryser (the Company's operating subsidiary in Uruguay) applied to commence reorganization proceedings under Uruguayan legislation (Act N°18.387) (the "Loryser Reorganization Proceedings"). To have continued with the San Gregorio mine plan, a swift and timely transition from San Gregorio Underground to the Veta A Underground project would have been required, which itself would have required external financing plus an environmental permit for Veta A, both of which were not available at the time. As a result of those circumstances, the Board of Directors actively explored a number of alternatives for Orosur and its subsidiaries. The decision to apply for the Loryser Reorganization Proceedings and creditor protection was made in consultation with the Company's legal and financial advisors and the Company's management believed it to be in the best interests of Loryser, the Company and their stakeholders.

In December 2018, Loryser reached a payment plan agreement with creditors in Uruguay ("Agreement"). In May 2019, the Court approved the final list of creditors and Loryser´s independent assets valuation. In August 2019, the Intervenor filed a report informing the court that it had verified that 71.48% of the trade creditors by value had adhered to the Agreement. Consequently, the Intervenor informed that majorities legally required were reached and the court gave public notice of the Agreement.

The Agreement was approved by the Reorganization court in Montevideo and the Court decree was publicly posted on September 13, 2019. The Agreement is legally binding for all trade creditors and Loryser's creditor protection status will ceased on that date together with Intervenor´s control over the Company.

On December 6, 2019, 10,000,000 common shares were issued to a trust for the benefit of Loryser's creditors as contemplated in the court approval Agreement (note 13).

In line with negotiations and the Agreement with creditors in Uruguay, Loryser S.A. is required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business based on the payment plan agreed. The Agreement contemplates that, by September 2021 net proceeds from the sale of Loryser's assets in Uruguay together with the sale of the issued 10 million common shares of Orosur (see note 13) shall satisfy all amounts owing to Loryser's creditors, as well as provide funds for Loryser to pay its former employees and to conduct this process and close the operation responsibly.

Accordingly, the assets and liabilities related to Uruguay have been reclassified as assets and liabilities of discontinued operations in the unaudited condensed interim consolidated financial statements. Operating results and cash flows related to these assets and liabilities have been included as a net loss from discontinued operations in the unaudited condensed interim consolidated statements of loss and comprehensive income (loss), and as cash flows from discontinued operations in the unaudited condensed interim consolidated statements of cash flows.

(Expressed in thousands of United States dollars)

4. Discontinued operations (continued)

Uruguay (continued)

Uruguay - Net liabilities of discontinued operations held for sale

	As at August 31, 2020	As at May 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	**$ 174**	$ 328
Accounts receivable and other assets (note 5)	**376**	268
Inventories (1) (note 6)	**1,134**	1,279
Total current assets	**1,684**	1,875
Property, plant and equipment (note 7)	**1,196**	1,195
Restricted cash	**11**	11
Total assets	**$ 2,891**	$ 3,081
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	**$ 14,440**	$ 13,585
Current portion of long-term debt (note 10)	**1,254**	1,254
Environmental rehabilitation provision	**1,672**	1,672
Total current liabilities	**17,366**	16,511
Non-current liabilities		
Environmental rehabilitation provision (note 11)	**878**	878
Total liabilities	**18,244**	17,389
Net liabilities of discontinued operations held for sale	**(15,353)**	(14,308)

(1) *Assets held for sale are measured at the lower of book value or fair value.*

(Expressed in thousands of United States dollars)

4. Discontinued operations (continued)

Uruguay (continued)

Net income (loss) and comprehensive income (loss) from discontinued operations

	Three Months Ended August 31, 2020	Three Months Ended August 31, 2019
Operating expenses		
Care and maintenance	**$ (537)**	$ (624)
Other income	**206**	356
Net foreign exchange	**(720)**	392
Income (loss) before income tax	**(1,051)**	124
Net income (loss) and comprehensive income (loss) for the year attributable to owners of the parent	**$ (1,051)**	$ 124

Cash flows from discontinued operations

	Three Months Ended August 31, 2020	Three Months Ended August 31, 2019
Operating activities - discontinued operations		
Net income (loss) for the period	**$ (1,051)**	$ 124
Adjustments for:		
(Gain) loss on sale of fixed assets	**(140)**	(253)
Other	**571**	(63)
Changes in non-cash working capital items:		
Accounts receivable and other assets	**(108)**	43
Inventories	**145**	106
Accounts payable and accrued liabilities	**289**	(421)
Net cash used in by operating activities	**(294)**	(464)
Investing activities - discontinued operations		
Proceeds from sale of fixed assets	**140**	330
Net cash provided by investing activities	**140**	330
Net Change in cash and cash equivalents	**(154)**	(134)
Cash and cash equivalents, beginning of period	**328**	199
Cash and cash equivalents, end of period	**$ 174**	$ 65

4. Discontinued operations (continued)

Chile

In May 2018, the Company terminated the option agreement on its Anillo gold exploration project with Nacional del Cobre de Chile (“Codelco”), Chile’s national mining company, located close to Antofagasta, in Region II, Chile.

<u>Pantanillo</u>

In October 2009, the Company entered in an option agreement with Anglo American Norte S.A (“Anglo”), a subsidiary of Anglo American plc.

Anglo and the Company signed on May 25, 2017 in Notary Public the repurchase of the Pantanillo properties by Anglo in line with the decision made to discontinue the project. The Company gave the mining concessions of this project back to Anglo in June 2017. As at August 31, 2020, the value of the related assets was $nil (May 31, 2020 - $nil).

Following the relinquishment by Fortune Valley Resources Chile S.A. (“FVRC”) of the Pantanillo project, Anglo American sought the payment of minimum royalties totaling US$3 million and requested arbitration in September, 2017. Arbitration proceedings were conducted in Santiago, Chile. On March 28, 2019, the Arbitral Tribunal rendered its decision, ruling that FVRC is required to pay Anglo approximately US$1.6 million plus interest at Chile´s current interest rate calculated from December 2015 until its effective payment. The Tribunal´s decision is exclusively against FVRC. Orosur was not named in the decision from the Tribunal nor was Orosur a party to the relevant agreements. The Company has recognized on consolidation a provision of $1.9 million in relation to this decision as at August 31, 2020 for FVRC.

Accordingly, the assets and liabilities related to Chile have been reclassified as assets and liabilities of discontinued operations in the unaudited condensed interim consolidated financial statements as at August 31, 2020. Operating results and cash flows related to these assets and liabilities have been included as a net loss from continued operations in the unaudited condensed interim consolidated statement of loss and comprehensive income (loss), and as cash flows from discontinued operations in the unaudited condensed interim consolidated statements of cash flows, respectively.

As at August 31, 2020, a provision charge of $1,969, including interest (May 31, 2020 - $1,946, including interest) related to the Pantanillo arbitration decision against FVRC was recognized.

(Expressed in thousands of United States dollars)

4. Discontinued operations (continued)

Chile (continued)

Chile - Net liabilities of discontinued operations

	As at August 31, 2020	As at May 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents [(1)]	**$ 16**	$ 4
Total assets	**$ 16**	$ 4
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities [(2)]	**$ 2,014**	$ 2,010
Total current liabilities	**2,014**	2,010
Liabilities of Chile discontinued operation	**2,014**	2,010

(1) Cash and cash equivalents of $16 (May 31, 2020: $14) have been classified to cash and cash equivalents of continuing operations.
(2) Of which $1,969 (May 31, 2020 - $1,946) relates to the Pantanillo claim and interest.

Net loss and comprehensive loss from Chile discontinued operations

	Three Months Ended August 31, 2020	Three Months Ended August 31, 2019
Operating expenses		
General and administrative expenses [(1)]	**$ -**	$ -
Net finance cost (net)	**(24)**	(7)
Net loss and comprehensive loss for the period attributed to the owners of the parent	**$ (24)**	$ (7)

(1) General and administrative expenses of $18 (three months ended August 31, 2019: $6) have been reclassified from Discontinued Operation to corporate and administrative expenses of continuing operations.

(Expressed in thousands of United States dollars)

5. Accounts receivable and other assets

Accounts receivable and other assets from continued operation

		August 31, 2020		May 31, 2020
Tax receivable [(1)]	**$**	**8**	$	6
Deposit		**95**		95
Miscellaneous receivable		**16**		29
Total accounts receivable and other assets	**$**	**119**	$	130

(1) Tax receivable consists of refunds to be collected for Canadian GST / HST.

Accounts receivable and other assets from discontinued operations (Uruguay)

		August 31, 2020		May 31, 2020
Tax receivable [(1)]	**$**	**16**	$	17
Advance payments to suppliers		**115**		116
Marketable securities		**8**		8
Miscellaneous receivable [(2)]		**237**		127
Total accounts receivable and other assets	**$**	**376**	$	268

(1) Tax receivable consists of refunds to be collected for Uruguayan Value Added Tax
(2) Current miscellaneous receivable consists of expenses to be reimbursed by farm-out partners and suppliers.

6. Inventories

Inventories from discontinued operations (Uruguay)

		August 31, 2020		May 31, 2020
Mine supplies	**$**	**1,134**	$	1,279
Total inventories	**$**	**1,134**	$	1,279

7. Property, plant and equipment

Property, plant and equipment from continued operations

Cost		**Tangible fixed assets**		**Total**
Balance, May 31, 2019	$	143	$	143
Other		(14)		(14)
Balance, May 31, 2020		129		129
Other		(1)		(1)
Balance, August 31, 2020	$	128	$	128

(Expressed in thousands of United States dollars)

7. Property, plant and equipment (continued)

Accumulated depreciation		**Tangible fixed assets**		**Total**
Balance, May 31, 2019	$	56	$	56
Depreciation for the year		(7)		(7)
Other		8		8
Balance, May 31, 2020	$	57	$	57
Depreciation for the period		2		2
Other		(1)		(1)
Balance, August 31, 2020	$	58	$	58

Carrying amount		**Tangible fixed assets**		**Total**
Balance, May 31, 2020	$	72	$	72
Balance, August 31, 2020	$	70	$	70

Property, plant and equipment from discontinued operations (Uruguay)

						Development costs		
Cost					**Tangible fixed assets**		**Tangible underground development costs**		**Total**
Balance, May 31, 2019				$	61,094	$	5,133	$	66,227
Disposals	-	-	-		(4,152)		-		(4,152)
Balance, May 31, 2020					56,942		5,133		62,075
Other					1		-		1
Disposals					(226)		-		(226)
Transfer to discontinued operations					-		-		1
Balance, August 31, 2020				$	56,717	$	5,133	$	61,850

(Expressed in thousands of United States dollars)

7. Property, plant and equipment (continued)

Property, plant and equipment from discontinued operations (Uruguay)

Accumulated depreciation		Tangible fixed assets	Development costs: Tangible underground development costs		Total
Balance, May 31, 2019	$	60,038	$ 4,641	$	64,679
Disposals		(3,859)	-		(3,859)
Other		60	-		60
Balance, May 31, 2020	$	56,239	$ 4,641	$	60,880
Disposals		(226)	-		(226)
Balance, August 31, 2020	$	56,013	$ 4,641	$	60,654

Carrying amount		Tangible fixed assets	Development costs: Tangible underground development costs		Total
Balance, May 31, 2020	$	703	$ 492	$	1,195
Balance, August 31, 2020	$	704	$ 492	$	1,196

8. Exploration and evaluation costs

No changes occurred during the three months ended August 31, 2019 regarding the Company's exploration farm-in agreements, acquisitions and farm-out agreements and status of each project as reported at May 31, 2020.

Three months ended August 31, 2019		Colombia		Total
Balance, May 31, 2019	**$**	**8,483**	**$**	**8,483**
Additions		175		175
Anzá Project option agreement payment		(163)		(163)
Foreign exchange differences		(110)		(110)
Balance, August 31, 2019	$	8,385	$	8,385

(Expressed in thousands of United States dollars)

8. Exploration and evaluation costs (continued)

Three months ended August 31, 2020		Colombia		Total
Balance, May 31, 2020	**$**	**6,478**	**$**	**6,478**
Additions		151		151
Foreign exchange movement		(47)		(47)
Balance, August 31, 2020	**$**	**6,582**	**$**	**6,582**

Strategic Alliance with Newmont

On September 10, 2018, the Corporation completed an exploration agreement with venture option with Newmont Colombia S.A.S., a wholly-owned subsidiary of Newmont for the Anzá exploration property. The Exploration and Option Agreement includes a three-phase earn-in structure allowing Newmont to earn up to a 75% ownership interest in the Anzá Project by spending a minimum of $30.0 million in qualifying expenditures over twelve years, completing an NI 43-101 compliant feasibility study and making cash payments to Orosur equalling a total of $4.0 million over Phases 1 and 2. In Phase 1, Newmont may earn a 51% ownership interest by spending $10.0 million in qualifying expenditures over four years and making cash payments to Orosur equalling a total of $2.0 million during the first two years of the Phase 1 earn-in period. Upon Newmont's completion of Phase 1, it may elect, in its sole discretion, to exercise its option to form a joint venture with Orosur. In Phase 2, Newmont may elect to earn an additional 14% ownership interest in the Anzá Project by sole funding $20.0 million in qualifying expenditures within four years, completing an NI 43-101 compliant pre-feasibility study and making cash payments to Orosur equalling a total of $2.0 million. In Phase 3, Newmont may elect to earn an additional 10% ownership interest in the Anzá Project by completing an NI 43-101 compliant feasibility study within four years.

9. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities of continued operations

		August 31, 2020		May 31, 2020
Commercial suppliers	**$**	**313**	$	311
Salaries, labour benefits and social security contributions		**1**		2
Total accounts payable and accrued liabilities	**$**	**314**	$	313

Accounts payable and accrued liabilities of discontinued continued operations (Uruguay)

		August 31, 2020		May 31, 2020
Commercial suppliers (1)	**$**	**8,996**	$	8,245
Salaries, labour benefits and social security contributions (2)		**4,907**		4,813
Mining royalties and other taxes		**537**		527
Total accounts payable and accrued liabilities	**$**	**14,440**	$	13,585

(1) This includes amounts to be settled in accordance with the corresponding legal process under the Loryser Reorganization Proceedings (see note 4).
(2) This includes a provision for a full reduction in Loryser staff in the case of a liquidation of Loryser, which would include full labour liabilities associated with the retrenchment of the entire Loryser workforce as stipulated by the payment plan agreement with creditors (see note 4).

(Expressed in thousands of United States dollars)

10. Long-term debt

Long-term debt of discontinued operations (Uruguay)

		August 31, 2020		May 31, 2020
Current financial debt (1)	**$**	**1,254**	$	1,254
Net debt	**$**	**1,254**	$	1,254

(1) Related to the line of credit in the amount of $1,500. The total amount of the financial debt showing above is included under the Loryser Reorganization Proceedings (note 4).

11. Environmental rehabilitation provision

The Company's environmental rehabilitation provision relates to the retirement and remediation of the San Gregorio operation in Uruguay. The environmental rehabilitation obligations have been recorded as a liability at estimated fair value determined by calculating the net present value of estimated future costs.

The following table summarizes the movements in the environmental rehabilitation provision for the three months ended August 31, 2020 and year ended May 31, 2020:

Environmental rehabilitation provision discontinued operations (Uruguay)

		August 31, 2020		May 31, 2020
Balance, beginning of period	**$**	**2,550**	$	2,896
Expenditure incurred in rehabilitation		**-**		(216)
Accretion expense		**-**		(130)
Balance at end of period	**$**	**2,550**	$	2,550
Less: current portion		**(1,672)**		(1,672)
Balance, end of period	**$**	**878**	$	878

Loryser has a legal and constructive obligation to restore the San Gregorio operation as mining operations ceased. This estimate is revised annually. The Company advances rehabilitation work previous to the closure date at its discretion and in accordance with DINAMA, the Uruguayan environmental agency.

(Expressed in thousands of United States dollars)

11. Environmental rehabilitation provision (continued)

Uruguayan mining and environmental legislation require environmental obligations to be supported by guarantees. As a result, rehabilitation guarantee letters of credit with a total amount of $1,326 (May 31, 2020 - $1,326) have been provided by local Uruguayan insurance companies and financial institutions. Before the expiration of the coverage period, DINAMA executed these guarantees in order to secure the funds for the future remediation. Loryser has been in discussions with DINAMA apply these funds to contribute to the cost of remediation work at San Gregorio. In line with Company´s expectations during Q3 2020, Loryser managed to close and sign a Settlement Agreement with DINAMA in order to apply the $1,326 from the environmental guarantee that had been executed. Pursuant to the Settlement Agreement, Loryser is continuing with the reclamation of the tailings dam and DINAMA will pay in instalments on completion of a six-phased closure plan. The first such payment by DINAMA of $150 under the plan was received by the Company in May 2020. The Settlement Agreement is now effective after getting final approval from the Audit Tribunal and a Civil court that oversees all Governmental accounts and settlements.

12. Share capital

a) Authorized share capital

The authorized share capital consisted of unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

	Number of common shares ('000)	**Amount $**
Balance, May 31, 2019 and August 31, 2019	**150,278**	**65,290**
Balance, May 31, 2020 and August 31, 2020	**160,278**	**65,670**

13. Shares held by Trust

In December 2018, Loryser reached an agreement with the majority of its creditors. (the “Agreement”), achieving a support level of approximately 72% of creditors by value, comprising 67 different creditors. The Agreement was ratified by the Court in September 2019. The ratification by the Court means that the Agreement is legally binding on all trade creditors and that Intervenor’s control over Loryser ceases. In December 2019, as part of the consideration to be applied to the creditors’ liabilities, Orosur issued 10,000,000 common shares (note 12) to the San Gregorio Trust. The Trust, is an independent legal body established by Orosur (the “Settlor”) with a independent Trustee whose sole purpose it is to sell the shares at the best possible price and pay that money to Loryser’s creditors the “Beneficiaries of the Trust pursuant to the Agreement. The Trustee was appointed in the Trust Deed and the Settlor cannot remove the Trustee. The Trustee is not an employee nor a director of Orosur or any of its subsidiaries and does not receive instructions from Orosur. For accounting purposes as per IFRS, the Trust is treated as a subsidiary of the Company.

(Expressed in thousands of United States dollars)

14. Stock options

The Company has an option plan (the "Plan") for the officers, directors, employees and consultants of the Company and its subsidiaries. Options under the Plan are typically granted in numbers that reflect the responsibility of the particular optionee and his or her contribution to the business and activities of the Company. Options granted under the Plan have a term between 5 and 10 years. Except in specified circumstances, options are not assignable and terminate on the optionee ceasing to be employed by or associated with the Company. The terms of the Plan further provide that the price at which shares may be issued under the Plan cannot be less than the market price (net of permissible discounts) of the shares when the relevant options were granted. One third of options vest on the grant date, one third of options vest 12 months from grant date and the final one third vest 24 months from grant date.

The following table summarizes information regarding the Company's outstanding options at August 31, 2020:

	Number of stock options ('000)		Weighted average exercise price (CDN $)
Balance, May 31, 2019	8,417	$	0.18
Expired / Forfeitures	(323)		0.02
Balance, August 31, 2019	8,094	$	0.18
Balance, May 31, 2020	6,808	$	0.14
Expired / Forfeitures	(172)		0.10
Balance, August 31, 2020	**6,636**	**$**	**0.15**

The following table reflects the actual stock options issued and outstanding as of August 31, 2020:

Expiry date	Exercise price (CDN $)	Weighted average remaining contractual life (years)	Number of options outstanding ('000)	Number of options vested (exercisable) ('000)
January 20, 2021	0.11	0.39	950	950
March 4, 2021	0.13	0.51	159	159
June 1, 2021	0.18	0.75	105	105
June 19, 2021	0.235	0.80	172	172
September 1, 2021	0.28	1.00	59	59
November 30, 2021	0.235	1.25	1,218	1,218
November 17, 2022	0.24	2.21	1,155	1,155
October 23, 2023	0.11	3.15	1,123	683
November 14, 2024	0.05	4.21	1,255	372
May 4, 2025	0.04	4.68	440	147
	0.15	2.31	6,636	5,020

14. Stock options (continued)

As at August 31, 2020, there were 6,636 options outstanding, of which 5,020 were vested and exercisable (May 31, 2020 - 6,808 and 5,234, respectively). The weighted average exercise price of the options outstanding as at August 31, 2020 was CDN$0.15 (May 31, 2020 - CDN$ 0.14).

During the three months ended August 31, 2020, $4 of compensation expense was recorded ($6 for the three months ended August 31, 2019).

15. Income (loss) per share

For the three months ended August 31, 2020, basic and diluted loss per share for continued operations has been calculated based on the loss attributable to common shareholders of $281 (three months ended August 31, 2019 - loss of $410) and the weighted average number of common shares outstanding of 160,278 (three months ended August 31, 2019 - 150,278).

For the three months ended August 31, 2020, basic and diluted loss per share for discontinued operations has been calculated based on the loss attributable to common shareholders of $1,075 (three months ended August 31, 2019 - income of $117) and the weighted average number of common shares outstanding of 160,278 (three months ended August 31, 2019 - 150,278).

Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

(Expressed in thousands of United States dollars)

16. Related parties

Subsidiaries:

The unaudited condensed interim consolidated financial statements include the financial statements of Orosur Mining Inc. (the "Parent") and the following subsidiaries (together referred as the "Company"):

Name of subsidiary	Country of incorporation	Equity interest as of August 31, 2020	Equity interest as of May 31, 2020	Functional currency
International Mining Holdings Limited (IMHL)	Barbados	100%	100%	US dollar
Loryser S.A.	Uruguay	100%	100%	US dollar
Minera San Gregorio S.A.	Uruguay	100%	100%	US dollar
Cinco Rios S.A.	Uruguay	100%	100%	US dollar
Nafypel S.A.	Uruguay	100%	100%	US dollar
Triselco S.A.	Uruguay	100%	100%	US dollar
Kevelux S.A.	Uruguay	100%	100%	US dollar
Glendora S.A.	Uruguay	100%	100%	US dollar
Dalvàn S.A.	Uruguay	100%	100%	US dollar
Bolir S.A.	Uruguay	100%	100%	US dollar
Brimol S.A.	Uruguay	100%	100%	US dollar
Montemura S.A.	Uruguay	100%	100%	US dollar
Ugdev S.A.	Uruguay	100%	100%	US dollar
Fortune Valley Resources Inc.	Canada	100%	100%	Canadian dollar
Fortune Valley Resources Inc. BVI	BVI	100%	100%	Canadian dollar
Fortune Valley Resources Chile S.A.	Chile	100%	100%	US dollar
Waymar Resources Ltd.	Canada	100%	100%	Canadian dollar
Cordillera Holdings International Ltd. BVI	BVI	100%	100%	Canadian dollar
Minera Anzá S.A. (BVI)	BVI	100%	100%	Canadian dollar
Minera Anzá S.A. (Colombia branch)	Colombia	100%	100%	Colombian peso
Anillo SPA	Chile	100%	100%	US dollar
Orosur Mining (UK) Limited	United Kingdom	100%	100%	US dollar

(Expressed in thousands of United States dollars)

16. Related parties (continued)

Compensation of key management personnel

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. Key management personnel include the members of the Board of Directors of the Company (executive and non-executive) and the following key executives: Chief Executive Officer and Chief Financial Officer. The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. The Chief Executive Officer is also a director of the Company.

The compensation paid or payable to key management was as follows:

	Three Months Ended August 31, 2020	Three Months Ended August 31, 2019
Salaries and other short term benefits	**$ 67**	$ 113
Directors fees	**46**	20
Share-based payments	**2**	2

17. Restatement of previously reported financial statements

The Company has restated the statements of loss and comprehensive loss, statements of equity, and statements of cash flow to reflect year ended May 31, 2020 adjusting journal entry which is applicable to the three months ended August 31, 2019. All information with respect to adjusted comparative figures were restated to reflect the year end journal entry.

Management have amended the treatment of the fees of $1,000 received in 2020 from Newmont pursuant to the Exploration with Option Agreement. In the three months ended August 31, 2019 financial statements this fee of $500 was shown on the unaudited condensed interim consolidated statements of loss as “Other Income”. After deliberation and a review of industry practice, it has been determined that a preferable treatment is to set off this fee, and any future such fees, against the Exploration and Evaluation Assets on the balance sheet.

There is no net impact on the financial position, net loss, cash flows or loss per share in the audited financial statements for the year ended May 31, 2020 as a result of this restatement.

18. Segmented information

For the Company’s unaudited condensed interim consolidated financial statements for the three months ended August 31, 2020, the Company identifies three operating segments, namely Uruguay segment, exploration segment and corporate segment which management reviews regularly in order to evaluate their performance and make decisions about resources to be allocated. As already explained, Uruguay and Chile are considered as discontinued operations within those segments.

(Expressed in thousands of United States dollars)

18. Segmented information (continued)

	Discontinued				
	Uruguay	**Exploration Chile**	**Exploration Colombia**	**Corporate**	**Total**
Three months ended August 31, 2020					
Exploration expenses	$ -	$ -	$ (15)	$ (6)	$ (21)
Corporate and administrative expenses	-	-	-	(253)	(253)
Other income	-	-	8	-	8
Discontinued operations	(1,051)	(24)	-	-	(1,075)
Total segment income (loss)	$ (1,051)	$ (24)	$ (7)	$ (259)	$ (1,341)

		Discontinued				
		Uruguay	**Exploration Chile**	**Exploration Colombia**	**Corporate**	**Total**
Three months ended August 31, 2019						
Exploration expenses	-	-	-	(25)	(13)	(38)
Corporate and administrative expenses		-	-	-	(362)	(362)
Discontinued operations	-	(124)	(7)	-	-	(131)
Total segment loss	$ -	$ (124)	$ (7)	$ (25)	$ (375)	$ (531)

Reconciliation of segmented loss to net loss for the period is as follows:

	Three Months Ended August 31, 2020	**Three Months Ended August 31, 2019**
Segment loss continued operations	**$ (266)**	$ (400)
Segment income (loss) discontinued operations (note 4)	**(1,075)**	117
Net finance cost	**(1)**	(1)
Gain on fair value of financial instruments, net	**-**	(12)
Net foreign exchange gain	**(14)**	3
Cumulative translation adjustment	**(34)**	(117)
Total comprehensive loss for the period	**$ (1,390)**	$ (410)

19. Subsequent events

i) On September 1, 2020, the Company received a cash payment of $500 from Newmont, in connection with its earn-in rights pursuant to the Exploration Agreement with Venture Option over the Anzá project in Colombia.

ii) Initial funding of approximately $650 was received by Minera Anzá on October 2, 2020 from Agnico to restart the exploration program. This funding is to be directed solely to fund exploration on the Anzá Project for the 12 month period starting September 7, 2020.