

[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 fiscal 2016’s second quarter ended November 30, 2015 (“Q2 FY16” or the “Quarter”).

As previously announced, during the Quarter the Company implemented a strategic plan to reduce costs in line with the gold price environment post July 2015. Despite Q2 FY16 being a transition quarter, cash operating costs and all-in sustaining costs (“AISC”) for the quarter show a significant improvement from last year and over Q1 FY16. The Company expects that the benefits of the programme are yet to be fully realized, and shall be more pronounced in Q3 and Q4 FY16.

Highlights

Financial

- Production of 8,172 oz compared with 12,854 oz in Q2 FY15.
- YTD production of 20,643 oz, ahead of the Company’s 30,000 – 35,000 oz guidance for the full year.
- Operating cash costs of US\$858/oz, representing a significant improvement over Q2 FY15 (US\$984/oz), and also over Q1 FY16 (US\$954/oz).
- AISC of US\$1,095/oz, representing a significant improvement compared with Q2 FY15 (US\$1,258/oz), and also with Q1 FY16 (US\$1,166/oz).
- The Company reiterates its stated guidance of AISC below US\$1,000/oz as an average for the Q2-Q4 period and between US\$1,000-1,100/oz for the full year.
- Average gold price received of US\$1,100/oz compared with US\$1,212/oz in Q2 FY15.
- Total cash balance of US\$2.6M (compared to US\$4.8M at May 31, 2015) and debt of US\$0.8 million (compared to US\$1.5 million at May 31, 2015). The Company has US\$3.0M of undrawn lines of credit committed by Banco Santander available at November 30, 2015 and as of the date hereof.
- On December 4, 2015, the President of Uruguay granted Orosur a one-year exemption on the royalty payment to the Government (3% of sales).

Corporate

- As previously announced, the Company has engaged in additional cost-cutting initiatives including
 - Staff levels reduced by more than 40% at the end of the Quarter.
 - Reduction in cash remuneration to the Board of Directors and senior executives as well as the reorganization and streamlining of the Management team.

Operational

- During the Quarter, permitting work continued at the San Gregorio Deeps underground mine project. The main pit was de-watered during the Quarter and the Company is now able to mine approximately 1,500 ounces from the surface of the pit.
- At Arenal Deeps, the Company is testing for the presence of a down-plunge extension/ repetition of the Arenal mineralized structure. During December the drilling started with a plan for a 1,100m diamond drilling campaign between Dec 2015 and Apr 2016.
- At Anillo, Chile, a campaign of 13 reverse circulation (“RC”) drill holes totaling 3,600 metres of drilling was completed on time and on budget on December 9, 2015, testing geologic, geophysical and geochemical indicators of Au-Ag epithermal mineralization at the central-north, northeast, south and west sectors of the project. A meeting of the Technical Committee of Anillo SPA (together with Asset Chile) is planned for February 2016 to review the results and determine the next exploration campaign.
- Following the impairment of the Pantanillo project in May 2015, the Company has decided not to fulfill the payment of advanced royalties totaling US\$1.6 million due to Anglo American on December 1, 2015, which triggers a process for the properties to be returned to Anglo American. This will not have any further adverse effect on the balance sheet of the Company.

Ignacio Salazar, CEO of Orosur, said:

“During the Quarter, we implemented a number of substantive internal changes intended to position the Company as a more resilient producer in this current low gold price environment. We are pleased to see the initial reductions in cash operating costs and in AISC already being demonstrated as we remain on track to reducing AISC to below US\$1,000/oz for the remainder of the year. These efforts were followed by the decision of the Government of Uruguay to grant a one-year royalty exemption and the decision of the directors and the senior executives to reduce their cash remuneration and the reorganization and streamlining of the management team as already announced. We have been working in many fronts and are encouraged with the smooth progress achieved from these drastic measures.”

Further progress was made as the Company commenced drilling to test a down-plunge extension/ repetition of the Arenal mineralized structure and have de-watered the San Gregorio pit, which is now prepared to commence initial surface mining and development for the underground project at San Gregorio.

In Chile, drilling at Anillo during the quarter showed overlapping low and high sulphidation epithermal systems. At present, geochemical analysis underway is intended to aid in the preparation of geological models for each system, in order for the Company and Asset Chile to determine the next phase of the exploration program during Q3. The Company decided not to continue to advance the Pantanillo project, given a number of technical difficulties and the level of minimum advance royalties required.

Orosur has a solid portfolio of exploration assets and, in the current environment, our priorities are to advance our projects with near term returns in Uruguay, those of higher quality in Colombia and those which are already financed such as Anillo.”

Operational & Financial Summary ¹		Q2 FY16	Q2 FY15	Diff	Q1 FY16
Operating Results					
Gold produced	Ounces	8,172	12,854	(4,682)	12,471
Operating cash cost ³	US\$/oz	858	984	(126)	954
AISC	US\$/oz	1,095	1,258	(163)	1,166
Average price received	US\$/oz	1,100	1,212	(112)	1,147
Financial Results					
Revenue	US\$ ‘000	10,190	17,404	(7,214)	14,465
Gross profit/(loss)	US\$ ‘000	40	(1,521)	1,561	(550)
Net loss after tax	US\$ ‘000	(870)	(1,244)	374	(1,726)
Cash flow from operations ²	US\$ ‘000	924	818	106	173
Cash & Debt at the end of the period – Summary					
		November 30, 2015	May 31, 2015	Diff	August 31, 2015
Cash balance	US\$ ‘000	2,633	4,787	(2,154)	4,622
Total debt	US\$ ‘000	770	1,481	(711)	1,126
Cash net of debt	US\$ '000	1,863	3,306	(1,443)	3,496

¹ Results are based on IFRS and expressed in US dollars

² Before working capital movements

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

Q2 FY16 Financial Summary

Gross profit in the Quarter was US\$0.04 million compared to a loss of US\$1.5 million for Q2 FY15 and a loss of US\$0.6 million for Q1 FY16. Lower revenue was offset by lower cost of sales due to the implementation of the strategic cost reduction plan during the quarter.

Cash flow from operations before working capital was US\$0.9 million compared to US\$0.8 million for Q2 FY15. Net loss after tax was US\$0.9 million compared to US\$1.2 million in Q2 FY15.

The Company invested US\$0.9 million in capital expenditures and US\$0.7 million in exploration expenditures compared to US\$2.3 million and US\$1.1 million respectively in Q2 FY15.

The cash balance at the end of the Quarter was US\$2.6 million compared to US\$4.6 million at August 31, 2015 and US\$4.8 million at May 31, 2015. The Company's debt balance was US\$0.8 million compared to US\$1.1 million at August 31, 2015 and US\$1.5 million at May 31, 2015. The Company has US\$3.0 million of committed but undrawn lines of credit available at November 30, 2015 and as of the date hereof.

Development and Exploration

Uruguay Development Projects

The San Gregorio Deepes underground mine project continued to advance through permitting. A Preliminary Permit was issued by the environmental authority in Q1 FY16 and the Mining Permit is currently in process with the mining authority. The main pit of San Gregorio has been de-watered during the last three months and is now ready for approximately 1,500 ounces to be mined from the pit. Some initial development work is expected to commence shortly to connect the main ramp of open pit mine with the designed portal for San Gregorio Deepes. Based on limited sampling, a portion of the material in this section carries grades between 2 and 5 g/t (Au), mixed with waste material.

A short infill RC drilling campaign of 500 m is underway from the main ramp of the open pit mine with the intention of further defining resources at level 17 of the San Gregorio Deepes project. This work also gives the Company the opportunity to potentially advance mining of a chamber (before developing the ramp from level 32) as well as gaining geological and geotechnical information to optimize the mining design.

At Arenal Deepes, the Company is testing a down-plunge extension/ repetition of the Arenal mineralized structure. By way of background, the Arenal Deepes deposit was initially mined as an open pit, progressing to underground mining more recently. These sorts of deposits are structurally controlled and tend to pinch and swell. A 90 m tunnel has been completed to access and make room for more cost efficient drilling with the aim of testing for a new structure within a distance of 300m from the current underground workings. During December 2015 a 1,100m drilling campaign commenced and is expected to continue through April 2016.

Uruguay Brownfields exploration

Possible extensions of known mineralization have been identified in a number of locations including adjacent to the open pits at Veta Rey, Laureles and Zapucay mines as well as at Rieles which represents the east extension of the San Gregorio Main Pit extending to the East Extension Pit.

The Company is currently focusing its brownfield exploration effort for the remainder of the year in Veta Rey and in the Sobresaliente area. In the Sobresaliente area, the main focus will be on advancing known target zones using NSAMT (Natural Source Audio-frequency Magnetotelluric Imaging) geophysics methods and developing a program of approximately 5,000 meters of Pantera drilling.

Chile

Anillo Project

At Anillo, a campaign of 13 RC holes totaling 3,600 m of drilling was completed on time and on budget on December 9, 2015. Drilling tested geologic, geophysical and geochemical indicators of Au-Ag epithermal mineralization at the central-north, northeast, south and west sectors of the project.

Testing of all drilling intercepts is currently underway to validate assay results and obtain further information on pathfinder geochemical behavior. The results to date demonstrate a non-obvious mixture of low and high sulphidation epithermal, thought to be a result of at least four different magmatic events recognized by geoscientists in the region. Additional geochemistry is expected to aid in the preparation a geological model that interprets the levels of exposure of the dominant mineralization systems in place.

A meeting of the Technical Committee of Anillo SPA (together with Asset Chile) is planned for February 2016 to review the results and determine the next phase of the exploration campaign.

Pantanillo Project

The PEA results of Pantanillo (published June 1, 2012) reached an NPV of US\$49.7M at a gold price of US\$1,250/oz. At prices below US\$1,095/oz, the project has a negative NPV. As a result, and as already announced on August 20th, 2015, the Company wrote off US\$25.5M for exploration properties in the quarter ended May 31, 2015. Consequently, the Company decided not to fulfill the payment of advanced royalties totaling US\$1.6 million due to Anglo American on December 1st 2015, which triggers a process for the properties to be returned to Anglo American. This process will take place over the coming months and it will not have any additional adverse effect on the balance sheet of the Company.

Colombia

As part of the Company's cost reduction plan, a portion of the Anz  exploration camp has been rented until August 2016 to a major mining company exploring a neighboring district.

END

Qualified Person's Statement

The technical information related to the current 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 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.

Orosur Mining Inc.

Condensed Interim Consolidated Statements of Financial Position

Thousands of United States Dollars, except where indicated

	As at November 30, As at May 31,	
	2015 (\$)	2015 (\$)
Assets		
Cash	2,633	4,787
Accounts receivable and other assets	1,370	1,775
Inventories	12,421	14,363
Total current assets	16,424	20,925
Accounts receivable and other assets	414	414
Property, plant and equipment and development costs	14,607	16,662
Exploration and evaluation costs	17,216	17,126
Deferred income tax assets	551	551
Restricted cash	227	239
Total non-current assets	33,015	34,992
Total assets	49,439	55,917
Liabilities and Shareholders' Equity		
Trade payables and other accrued liabilities	11,592	13,832
Current portion of long-term debt	545	1,129
Environmental rehabilitation provision	112	112
Total current liabilities	12,249	15,073
Long-term debt	225	352
Environmental rehabilitation provision	6,470	6,606
Total non-current liabilities	6,695	6,958
Total liabilities	18,944	22,031
Capital stock	60,544	60,544
Warrants	62	62
Contributed surplus	5,836	5,824
Deficit	(34,883)	(32,287)
Currency translation reserve	(1,064)	(257)
Total shareholders' equity	30,495	33,886
Total liabilities and shareholders' equity	49,439	55,917

Orosur Mining Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

Thousands of United States Dollars, except for loss per share amounts

	Three months ended		Six months ended	
	November 30,		November 30,	
	2015 (\$)	2014 (\$)	2015 (\$)	2014 (\$)
Sales	10,190	17,404	24,655	33,930
Cost of sales	(10,150)	(18,925)	(25,165)	(35,399)
Gross profit/(loss)	40	(1,521)	(510)	(1,469)
Corporate and administrative expenses	(559)	(993)	(1,190)	(1,875)
Restructuring costs	(580)	-	(1,694)	-
Exploration expenses and exploration written off	7	(4)	(11)	(33)
Other income	191	200	745	388
Net finance cost	(76)	(56)	(137)	(149)
Net foreign exchange gain/(loss)	104	(29)	182	25
	(913)	(882)	(2,105)	(1,644)
Loss before income tax	(873)	(2,403)	(2,615)	(3,113)
Recovery for income taxes	3	1,159	19	589
Total loss for the period	(870)	(1,244)	(2,596)	(2,524)
Other comprehensive loss				
Foreign exchange differences on translating foreign operations	(94)	(466)	(807)	(520)
Total comprehensive loss for the period	(964)	(1,710)	(3,403)	(3,044)
Loss per common share				
Basic and fully diluted	(0.01)	(0.01)	(0.03)	(0.03)

Orosur Mining Inc.

Condensed Interim Consolidated Statements of Cash Flows

Thousands of United States Dollars, except where indicated

	Six months ended	
	November 30,	
	2015 (\$)	2014 (\$)
Net inflow/(outflow) of cash related to the following activities		
Cash flow from operating activities		
Net loss for the period	(2,596)	(2,524)
Adjustments to reconcile net income to net cash provided from operating activities:		
Depreciation	3,628	7,682
Exploration and evaluation expenses	11	30
Accretion of asset retirement obligation	39	38
Deferred income tax assets	-	(593)
Stock based compensation	12	74
Gain on sale of property, plant and equipment	(15)	(156)
Other	20	(190)
Subtotal	1,099	4,361
Changes in operating assets and liabilities		
Accounts receivable and other assets	507	566
Inventories	2,002	(716)
Trade payables and other accrued liabilities	(2,240)	650
Net cash generated from operating activities	1,368	4,861

Cash flow from financing activities		
Loan payments	(711)	(2,508)
Proceeds on sale of common shares of Anillo SPA	(710)	-
Net cash used in financing activities	(1)	(2,508)
Cash flow from investing activities		
Purchase of property, plant and equipment and development costs	(1,758)	(4,506)
Environmental tasks	(175)	(419)
Proceeds from the sale of fixed assets	33	767
Exploration and evaluation expenditure assets	(1,621)	(2,198)
Net cash used in investing activities	(3,521)	(6,356)
Decrease in cash	(2,154)	(4,003)
Cash at the beginning of period	4,787	10,818
Cash at the end of period	2,633	6,815

Orosur Mining Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

Thousands of United States Dollars, except where indicated

	Six months ended	
	November 30,	
	2015 (\$)	2014 (\$)
Capital stock		
Balance at beginning of period	60,544	55,184
Issued for Waymar acquisition	-	5,360
Balance at end of period	60,544	60,544
Broker Warrants		
Balance at beginning of period	62	-
Issued for Waymar acquisition	-	62
Balance at end of period	62	62
Contributed surplus		
Balance at beginning of period	5,824	5,708
Stock based compensation recognized	12	74
Stock options issued for Waymar acquisition	-	94
Balance at end of period	5,836	5,876
(Deficit) Retained earnings		
Balance at beginning of period	(32,287)	22,088
Net loss for the period	(2,596)	(2,524)
Balance at end of period	(34,883)	19,564
Currency translation reserve	(1,064)	(520)
Shareholders' equity at end of period	30,495	85,526

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