

[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 its 2017 first quarter ended August 31, 2016 ("Q1 17" or the "Quarter").

Highlights of Q1 FY17

- Gold production of 9,950 oz, on the higher end of the Company's 35,000 – 40,000 oz guidance for the full year (Q1 16: 12,471 oz).
- Cash operating costs of US\$693/oz, significantly beating guidance of between US\$800 to US\$900/oz (Q1 16: US\$954/oz).
- All-In-Sustaining costs ("AISC") of US\$989/oz (Q1 16: US\$1,166/oz). The Company has maintained AISC below US\$1,000/oz for the last three consecutive quarters now.
- Net profit after tax of US\$2.8M (Q1 16: loss of US\$1.7M).
- Cash generated from operations of US\$4.8M (Q1 16: US\$0.2M).
- Total cash balance of US\$5.0M (Q1 16: US\$4.3M).

Operational & Financial Summary ¹		Quarter ended August 31		
Operating Results		2017	2016	Diff
Gold produced	Ounces	9,950	12,471	(2,521)
Operating cash cost ³	US\$/oz	693	954	(261)
AISC	US\$/oz	989	1,166	(177)
Average price received	US\$/oz	1,324	1,147	177
Financial Results				
Revenue	US\$ ‘000	12,658	14,465	(1,807)
Net profit/(loss) after tax	US\$ ‘000	2,759	(1,726)	4,485
Cash flow from operations ²	US\$ ‘000	4,795	173	4,622
Cash & Debt Summary		August 31, 2016	May 31, 2016	Diff
Cash balance	US\$ ‘000	4,982	4,320	662
Total debt	US\$ ‘000	289	352	(63)
Cash net of debt	US\$ ‘000	4,693	3,968	725

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.

Ignacio Salazar, CEO of Orosur, said:

"We are very pleased to announce a strong quarter with cash operating costs below US\$700/oz, AISC below US\$1,000/oz, net profit US\$2.8M and cash from operations of US\$4.8M. The commitment, additional work load and the tough decisions the team has had to assume during the past year has positioned the Company well to take advantage of gold price improvements this year and we are delighted to be seeing the benefits.

I believe the financial results speak for themselves, and taken together with the exploration and development progress we reported last week, show this is an exciting time for the Company. That said, we remain as pro-active as ever and are committed to making the most of the current position of the Company for the benefit of our shareholders and team. I very much look forward to the work and results ahead."

FY17 Outlook & Guidance

The Company's forecast production guidance for FY17 remains between 35,000 to 40,000 oz of gold at operating cash costs of between US\$800 - US\$900/oz.

As in the past, variations in production and unit costs are expected to occur, quarter on quarter, as the mine plan draws ore from multiple sources at varying grades, stages of development and stripping factors. The Company expects to have higher unit costs in Q2 as underground staff and equipment are transferred from the Arenal UG operation in its final months of production to the SGW UG development which is expected to commence production by the end of November 2016.

Q1 17 Financial Summary

Cash flow from operations before working capital was US\$4.8 million compared to US\$0.2 million for Q1 16, mainly as a result of the higher gold prices received in Q1 17 and lower production rates year over year. Net profit after tax was US\$2.8 million compared with a loss of US\$1.7 million in Q1 16.

The Company invested US\$1.9 million in capital expenditures and US\$0.6 million in exploration expenditures compared with US\$1.0 million and US\$1.0 million respectively in Q1 16. During the Quarter, the Company advanced the development of the ramp and access in the San Gregorio underground mine as planned and on budget and commenced the construction of the phase 4A of the tailings dam.

The cash balance at the end of the Quarter was US\$5.0 million compared with US\$4.3 million at May 31, 2016. The Company's debt balance was US\$0.3 million compared to US\$0.4 million at May 31, 2016.

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 explorer 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

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ('MAR'). Upon the publication of this announcement via Regulatory Information Service ('RIS'), this inside information is now considered to be in the public domain.

Orosur Mining Inc.

Condensed Interim Consolidated Unaudited Statements of Financial Position

Thousands of United States Dollars, except where indicated

	As at August 31,	As at May 31,
	2016 (\$)	2016 (\$)
Assets		
Cash	4,982	4,320
Accounts receivable and other assets	1,983	1,770
Inventories	12,794	12,069
Total current assets	19,759	18,159
Accounts receivable and other assets	550	550
Property plant and equipment and development costs	10,209	10,106
Exploration and evaluation costs	17,729	17,250
Deferred income tax assets	2,534	2,534
Restricted cash	229	221
Total non-current assets	31,251	30,661
Total assets	51,010	48,820
Liabilities and Shareholders' Equity		
Trade payables and other accrued liabilities	10,112	10,586
Current portion of long-term debt	237	253
Environmental rehabilitation provisions	360	360
Total current liabilities	10,709	11,199
Long-term debt	52	99
Environmental rehabilitation provisions	5,281	5,327
Total non-current liabilities	5,333	5,426

Total liabilities	16,042	16,625
Capital stock	60,849	60,751
Contributed surplus	5,878	5,925
Deficit	(30,738)	(33,497)
Currency translation reserve	(1,021)	(984)
Total shareholders' equity	34,968	32,195
Total liabilities and shareholders' equity	51,010	48,820

Orosur Mining Inc.

Condensed Interim Consolidated Unaudited Statements of profit/ (loss) and Comprehensive profit/(loss)

Thousands of United States Dollars, except for per share amounts

	Three months ended	
	August 31,	
	2016 (\$)	2015 (\$)
Sales	12,658	14,465
Cost of sales	(9,243)	(15,015)
Gross profit/(loss)	3,415	(550)
Corporate and administrative expenses	(467)	(631)
	124	(1,114)
	(9)	(18)
	(88)	-
	350	554
Net finance cost	(45)	(61)
Derivative loss	(420)	-
Net foreign exchange (loss)/gain	(101)	78
	(656)	(1,192)
Profit/(loss) before income tax	2,759	(1,742)
Recovery/(Provision) for income taxes	-	16
Total profit/(loss) for the period	2,759	(1,726)
Other comprehensive loss		
Cumulative translation adjustment	(37)	(713)
Total comprehensive profit/(loss) for the period	2,722	(2,439)
Profit/(loss) per common share		
Basic and fully diluted	0.03	(0.02)

Orosur Mining Inc.

Condensed Interim Consolidated Unaudited Statements of Cash Flows

Thousands of United States Dollars, except where indicated

	Three months ended	
	August 31,	
	2016 (\$)	2015 (\$)
Net inflow/(outflow) of cash related to the following activities		
Cash flow from operating activities		
Net profit/(loss) for the period	2,759	(1,726)
Adjustments to reconcile net income to net cash provided from operating activities:		
Depreciation	1,766	1,814
Exploration and evaluation expenses written off	9	18
Obsolescence provision	88	-
Fair value of derivatives	94	-
Accretion of asset retirement obligation	19	6
Stock based compensation	28	7
Gain on sale of property, plant and equipment	-	(20)
Other	32	74
Subtotal	4,795	173
Changes in working capital:		
Accounts receivable and other assets	(308)	(175)

Inventories	(812)	1,349
Trade payables and other accrued liabilities	(474)	56
Net cash generated from operating activities	3,201	1,403
Cash flow from financing activities		
Loan payments	(63)	(355)
Proceeds on sale of common shares of Anillo SPA	-	714
Net cash used in financing activities	(63)	359
Cash flow from investing activities		
Purchase of property, plant and equipment and development costs	(1,862)	(913)
Environmental tasks	(65)	(81)
Proceeds from the sale of fixed assets	-	33
Exploration and evaluation expenditure assets	(549)	(966)
Net cash used in investing activities	(2,476)	(1,927)
Increase/ (decrease) in cash	662	(165)
Cash at the beginning of period	4,320	4,787
Cash at the end of period	4,982	4,622

Orosur Mining Inc.

Condensed Interim Consolidated Unaudited Statements of Changes in Shareholders' Equity

Thousands of United States Dollars, except where indicated

	Three months ended	
	August 31,	
	2016 (\$)	2015 (\$)
Capital stock		
Balance at beginning of period	60,751	60,544
Exercise of stock options	75	-
Grant of shares	23	-
Balance at end of period	60,849	60,544
Broker warrants		
Balance at beginning of period	-	62
Balance at end of period	-	62
Contributed surplus		
Balance at beginning of period	5,925	5,824
Stock based compensation recognized	28	7
Exercise of stock options	(75)	-
Balance at end of period	5,878	5,831
(Deficit) Retained earnings		
Balance at beginning of period	(33,497)	(32,287)
Net profit/(loss) for the period	2,759	(1,726)
Balance at end of period	(30,738)	(34,013)
Currency translation reserve	(1,021)	(970)
Shareholders' equity at end of period	34,968	31,454

View source version on businesswire.com: <http://www.businesswire.com/news/home/20161016005060/en/>

Contact

Orosur Mining Inc

Ignacio Salazar, +1 (778) 373-0100

Chief Executive Officer

info@orosur.ca

or

Cantor Fitzgerald Europe

David Porter / Craig Francis / Philip Davies

Tel: +44 (0) 20 7894 7000

or

FTI Consulting

Ben Brewerton / Oliver Winters / Sara Powell / Emerson Clarke

Tel: +44 (0) 20 3727 1000

