

# Orosur Mining Inc. – First Quarter 2019 Results

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[Orosur Mining Inc.](#) (“Orosur” or “the Company”) (TSX: OMI) (AIM: OMI) announces the unaudited results for the fiscal first quarter ended August 31, 2018 (“Q1 19”). All dollar figures are stated in US\$ unless otherwise noted.

## Highlights

### Operational

- In August 2018, the Company placed its San Gregorio operations in Uruguay under care and maintenance.
- The reorganization process of Orosur’s Uruguayan operating subsidiary, Loryser S.A., has been ongoing since June 2018. Under the reorganisation proceedings, the term for credit verification ended on September 3, 2018, and a court-appointed Controller has validated all the credits and has filed a report on the assets and debts of Loryser on October 3, 2018. The report is currently subject to review and potential reassessment before the creditors’ meeting scheduled for December 2018. A final date for approval of the report, including the final list of creditors and assets, is dependent on whether there are any challenges. The Controller is preparing a second report assessing the status of Loryser and explaining the causes that led Loryser to the current situation.
- Q1 19 production was 3,029 oz of gold, compared to 8,626 oz in Q1 18.
- 65,163 tonnes of ore were processed at a grade of 1.28 g/t with recovery averaging 93.01%. This compares to 268,964 tonnes at 0.96 g/t and recoveries averaging 93.64% for Q1 18.
- The average gold price realized for the Quarter was US\$1,261/oz (Q1 18: US\$1,260/oz).
- Average cash operating cost was US\$1,040/oz, compared to US\$901/oz in Q1 18 due primarily to lower production and higher processing and administrative unit costs.
- All-In-Sustaining Costs (“AISC”) were US\$1,342/oz compared to US\$1,348/oz in Q1 18. The decreases in capital expenditure and brownfield exploration were offset by lower production.

### Financial

- Restructuring costs of US\$3.3 million (Q1 18: US\$0.06 million) were recognized as a provision for layoffs as a result of substantial reductions in staff at San Gregorio, leaving the Company with 24 employees at the end of August.
- Loss before tax was US\$6.0 million compared to a loss of US\$0.4 million in Q1 18. This was mainly due to diminished operations and higher restructuring costs.
- The Company invested US\$0.3 million in capital expenditures and US\$0.2 million in exploration compared to US\$2.9 million and US\$1.6 million respectively in Q1 18. The Company has significantly decreased its investment related to the San Gregorio project compared to Q1 18 by putting the mine in care and maintenance during Q1 19.
- The Company’s cash balance at August 31, 2018 was US\$1.1 million compared to US\$1.4 million at May 31, 2018, with a deficiency in net working capital (current assets less current liabilities including cash) of US\$14.6 million compared to US\$10.6 million at May 31, 2018. The total liabilities under the Loryser reorganization proceedings subject to the recent validation by the Controller were US\$12.3 million. This amount relates mainly to commercial creditors and financial debt as \$6.2 million in labour liabilities and \$5.4 million in environmental liabilities are not part of the proceedings unless Loryser is put into liquidation.
- As of the date of this announcement, the Company has a cash balance of US\$1.5 million, of which US\$0.4 million is held by Loryser and subject to the reorganisation procedures. All the debt (US\$1.9 million) is held by Loryser and subject to the reorganisation procedures.

### Significant Transaction After the Quarter

On September 10, 2018, the Company completed a non-brokered private placement of US\$2.0 million with [Newmont Mining Corp.](#) (NYSE: NEM) and an exploration agreement with venture option with Newmont

Colombia S.A.S., a wholly-owned subsidiary of Newmont, for the Anz  exploration property in Colombia. The Exploration and Option Agreement includes a three-phase earn-in structure allowing Newmont to earn up to a 75% ownership interest in the Anz  Project by spending a minimum of US\$30 million in qualifying expenditures over twelve years, completing an NI 43-101 compliant feasibility study and making cash payments to Orosur equaling a total of US\$4.0 million over Phases 1 and 2. Newmont purchased 29,213,186 common shares at a price of C\$0.091 per share for aggregate proceeds of US\$2.0 million which includes the initial advance of US\$250,000 previously announced on July 10, 2018. Newmont now holds 19.9% of the share capital of the Company.

Operational & Financial Summary <sup>1</sup>		First Quarter ended August 31		
		2018	2017	Change
Operating Results				
Gold produced	Ounces	3,029	8,626	(5,597)
Operating cash cost <sup>3</sup>	US\$/oz	1,040	901	139
Total cash cost	US\$/oz	1,096	944	152
AISC	US\$/oz	1,342	1,348	(6)
Average price received	US\$/oz	1,261	1,260	1
Financial Results				
Revenue	US\$ '000	4,202	11,951	(7,749)
Net income (loss) before tax	US\$ '000	(6,118)	(384)	(5,734)
Cash flow from operations <sup>2</sup>	US\$ '000	(3,617)	1,454	(5,071)
Cash & Debt as at August 31		2018	2017	Diff
Cash balance <sup>4</sup>	US\$ '000	1,119	1,390	(271)
Total debt <sup>5</sup>	US\$ '000	1,922	1,941	(19)
Cash net of debt	US\$ '000	(803)	(551)	(252)

<sup>1</sup> Results are based on IFRS and expressed in US dollars. Certain measures such as operating cash costs and AISC are non-IRFS measures and are explained in the Company's MD&A for the three months ended August 31, 2018.

<sup>2</sup> Before non-cash working capital movements

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

<sup>4</sup> \$1,068 of the cash shown is held in Loryser and is under reorganisation proceedings.

<sup>5</sup> All of the debt shown is under reorganisation proceedings.

## FY19 Outlook

As a consequence of the weaker mineralization encountered at the San Gregorio UG mine in Uruguay and the consequently difficult financial situation of the Company, the Board adopted an aggressive strategic plan which is being implemented, with the main objective to restructure its businesses, recapitalize and transform the Company by advancing Colombia with Newmont as partner, finding a fair solution in Uruguay for all stakeholders and reducing its activities in Chile.

Orosur is planning the next stages of exploration of the high grade Anz  project in Colombia in coordination with Newmont.

The Company is hard at work and anticipates reaching a fair and balanced solution in Uruguay in the interest of all our stakeholders. As part of the reorganisation procedures, the Court has scheduled a meeting of creditors for December 2018. In parallel with ongoing discussions with third parties, the Company has started working on a payment plan proposal agreement with the creditors which should be negotiated in advance of the creditors' meeting.

## About Orosur Mining Inc.

[Orosur Mining Inc.](#) (TSX: OMI; AIM: OMI) is a fully integrated gold producer, developer and explorer focused on identifying and advancing gold projects in South America. The Company operates in Colombia and Uruguay.

## Forward Looking Statements

All statements, other than statements of historical fact, contained in this news release constitute "forward-looking statements" within the meaning of applicable securities laws, including but not limited to the "safe harbour" provisions of 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. Forward-looking statements include, without limitation, the exploration plans in Colombia, the ability to continue operations in Uruguay, and the ability to find a fair and balanced reorganisation plan in the interests of all stakeholders. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from those anticipated in such forward looking statements. Such statements are subject to significant risks and uncertainties including the outcome of current discussions and negotiations with respect to the Company's assets in Uruguay, the results of future exploration in Colombia, the ability to successfully permit and develop the Veta A underground project and other risks and uncertainties which are described in Section 8 of the Management's Discussion and Analysis for the three months ended August 31, 2018 and for the year ended May 31, 2018. The Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operations. These material uncertainties may cast significant doubt upon 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 there is no assurance that it will be able to obtain adequate financing in future or that such financing will be on terms advantageous to the Company. 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.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation ("MAR"). Upon the publication of this announcement via Regulatory Information Service, this inside information is now considered to be in the public domain. If you have any queries on this, then please contact Ryan Cohen, VP Corporate Development of the Company (responsible for arranging release of this announcement on behalf of the Company) on: +1 (778) 373-0100.

&ndash; Financial Statements Follow &ndash;

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## Condensed Interim Consolidated Statements of Financial Position

Thousands of United States Dollars, except where indicated

	As at August 31, As at May 31,	
	2018 (\$)	2018 (\$)
Assets		
Cash	1,119	1,390
Accounts receivable and other assets	1,141	1,550
Asset held for sale	-	120
Inventories	4,537	6,100
Total current assets	6,797	9,160
Accounts receivable and other assets	73	73
Property plant and equipment and development costs	4,199	6,578
Exploration and evaluation costs	9,596	9,755

Restricted cash	194	201
Total non-current assets	14,062	16,607
Total assets	20,859	25,767
Liabilities and Shareholders' Equity		
Trade payables and other accrued liabilities	19,513	17,845
Current portion of long-term debt	1,711	1,730
Warrants	47	68
Environmental rehabilitation provision	139	139
Total current liabilities	21,410	19,782
Long-term debt	211	211
Environmental rehabilitation provision	5,249	5,283
Total non-current liabilities	5,460	5,494
Total liabilities	26,870	25,276
Capital stock	63,540	63,290
Contributed surplus	5,906	5,893
Deficit	(74,355)	(67,780)
Currency translation reserve	(1,102)	(912)
Total shareholders' equity	(6,011)	491
Total liabilities and shareholders' equity	20,859	25,767

Orosur Mining Inc.

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

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

	Three months ended	
	August 31,	
	2018 (\$)	2017 (\$)
Sales	4,202	11,951
Cost of sales	(7,119)	(11,772)
Gross profit/(loss)	(2,917)	179
Corporate and administrative expenses	(402)	(561)
Exploration expenses	(20)	-
Explorations expenses and write off	(66)	(10)
Restructuring costs	(3,322)	(60)
Obsolescence provision	-	(35)
Other income	81	115
Net finance cost	(42)	(87)
Gain/(loss) on fair value of financial instruments, net	21	(10)
Foreign exchange gain	549	85
	(3,201)	(563)
Loss before income tax	(6,118)	(384)
Provision for income taxes	-	(3)
Total loss for continuing operations	(6,118)	(387)
Other comprehensive loss		
Cumulative translation adjustment	(190)	(278)
Total comprehensive loss from continuing operations	(6,308)	(665)
(Loss)/profit from discontinued operations	(267)	97
Total comprehensive (loss)/profit from discontinued operations	(267)	97
Total comprehensive loss for the period	(6,575)	(568)
Basic and diluted net loss per share		
Continuing operations	(0.06)	(0.01)
Discontinued operations	(0.00)	(0.00)

## Orosur Mining Inc.

### Condensed Interim Consolidated Statements of Cash Flows

Thousands of United States Dollars, except where indicated

	Three months ended August 31,	
	2018 (\$)	2017 (\$)
Net inflow/(outflow) of cash related to the following activities		
Cash flow from operating activities		
Net loss for the period	(6,385)	(290)
Adjustments to reconcile net income to net cash provided from operating activities:		
Depreciation	2,635	1,961
Exploration and evaluation expenses written off	66	10
Obsolescence provision	-	35
Fair value of derivatives	(30)	(12)
Accretion of asset retirement obligation	19	19
Stock based compensation	13	11
Loss (gain) on sale of property, plant and equipment	19	(44)
Other	46	(236)
Subtotal	(3,617)	1,454
Changes in working capital:		
Accounts receivable and other assets	316	150
Inventories	1,560	1,769
Trade payables and other accrued liabilities	1,724	(585)
Net cash generated from operating activities	(17)	2,788
Cash flow from financing activities		
Loan payments	(19)	(72)
Investment in Anillo	-	69
Proceeds from the sale of Talca	60	-
Proceeds from private placement	250	2,894
Net cash generated from financing activities	291	2,891
Cash flow from investing activities		
Purchase of property, plant and equipment and development costs	(260)	(2,860)
Environmental tasks	(52)	(40)
Proceeds from the sale of fixed assets	-	10
Exploration and evaluation expenditure assets	(233)	(1,613)
Net cash used in investing activities	(545)	(4,503)
Increase (decrease) in cash	(271)	1,176
Cash at the beginning of period	1,390	3,357
Cash at the end of period	1,119	4,533

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