

Orosur Mining Inc. - Q2 2019 Update and Results

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[Orosur Mining Inc.](#) ("Orosur" or "the Company") (TSX/AIM: OMI), a South American-focused gold developer and explorer announces the results for the second quarter ended November 30, 2018 ("Q2 19" or the "Quarter"). All dollar figures are stated in thousands of US dollars unless otherwise stated.

HIGHLIGHTS

- On September 10, 2018, the Company completed several agreements with Newmont for the Anzá exploration property in Colombia:
 - The non-brokered private placement of \$2 million; and,
 - An exploration agreement with venture option. 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 making cash payments to Orosur equaling a total of \$4 million over Phases 1 and 2, spending a minimum of \$30 million in qualifying expenditures over twelve years, and in addition completing NI 43-101 compliant pre-feasibility and feasibility studies.
- The re-organisation process has been ongoing in Uruguay since June 2018. In August 2018, the Company placed its San Gregorio mining operations under care and maintenance. On December 18, 2018, the Company announced Loryser had reached a payment plan with its creditors (currently signed by approximately 70% of creditors, by value). This 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 shall fully satisfy all amounts owing to Loryser's creditors as well as provide funds for Loryser to conduct this process and close operation responsibly. Loryser would manage the process, to be completed within two years. The issuance of common shares of Orosur is subject to approval of the Toronto Stock Exchange. The Agreement is now subject to consideration by the Court and the Intervenor, and normal procedures for approval, like public notice, which the Company expects to conclude in the first half of 2019. Once approved by the Court, the Agreement will be legally binding for all the creditors and Loryser's creditor protection status will cease together with Intervenor's control over Loryser.
- During the three months ended November 30, 2018, the Company incurred a net loss of \$1,874 (\$252 for the three months ended November 30, 2017), which included care and maintenance costs of \$613 at the San Gregorio mine, restructuring costs of \$645 relating to the termination of employees at San Gregorio, and corporate expenses of \$639 (\$749 for the three months ended November 30, 2017). Gold production and revenues ceased in August 2018.

Ignacio Salazar, CEO of Orosur, said:

"After many months of hard and patient work, the Company has managed to crystalize two deals which provide a platform to transform Orosur: an agreement in Colombia with Newmont which provides the structure, financing and technical support to build a significant project in Anzá, and a significant vote of confidence from an impressive majority of 70% of the Loryser creditors to our proposed plan to reach a fair and balanced solution to the re-organisation proceedings in Uruguay. We are delighted with these two milestones and very aware of the work in front of us and our commitment to deliver on both agreements."

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 approval by the Court of the Agreement in Uruguay, expectations that the Agreement will become legally binding on all creditors of Loryser and successful emergence from creditor protection proceedings and Intervenor control. 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, and other risks and uncertainties which are described in Section 8 of the Management's Discussion and Analysis for the three months ended November 30, 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.

About Orosur Mining Inc.

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

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 and Interim CFO of the Company (responsible for arranging release of this announcement on behalf of the Company) on: +1 (778) 373-0100.

Orosur Mining Inc.

Condensed Interim Consolidated Statements of Financial Position
Thousands of United States Dollars, except where indicated

	As at	As at
	November 30,	May 31,
	2018 (\$)	2018 (\$)
Assets		
Cash	1,047	1,390
Accounts receivable and other assets	718	1,550
Accounts held for sale	-	120
Inventories	5,357	6,100
Total current assets	7,122	9,160
Accounts receivable and other assets	73	73
Property plant and equipment and development costs	3,490	6,578
Exploration and evaluation costs	9,354	9,755
Restricted cash	194	201
Total non-current assets	13,111	16,607
Total assets	20,233	25,767
Liabilities and Shareholders' Equity		
Trade payables and accrued liabilities	19,331	17,845
Current portion of long-term debt	1,711	1,730
Warrants	89	68
Environmental rehabilitation provision	139	139
Total current liabilities	21,270	19,782

Long-term debt	211	211
Environmental rehabilitation provision	5,236	5,283
Total non-current liabilities	5,447	5,494
Total liabilities	26,717	25,276
Capital stock	65,290	63,290
Contributed surplus	5,929	5,893
Deficit	(76,042)	(67,780)
Currency translation reserve	(1,661)	(912)
Total shareholders' equity (deficit)	(6,484)	491
Total liabilities and shareholders' equity	20,233	25,767

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Condensed Interim Consolidated Statements of Loss and Comprehensive Income/(Loss)

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

	Three months ended		Six months ended	
	November 30,	November 30,	November 30,	November 30,
	2018 (\$)	2017 (\$)	2018 (\$)	2017 (\$)
Sales	-	9,028	4,202	20,979
Cost of sales	-	(7,708)	(7,119)	(19,480)
Gross profit	-	1,320	(2,917)	1,499
Corporate and administrative expenses	(639)	(749)	(1,041)	(1,249)
Exploration expenses	(18)	-	(162)	(145)
Exploration expenses and written off	(27)	(17)	(93)	(26)
Care and maintenance expenses	(613)	-	(613)	-
Restructuring costs	(645)	(750)	(3,967)	(810)
Obsolescence provision	(5)	(9)	(5)	(45)
Other income	218	1	299	130
Net finance cost	(28)	(59)	(70)	(146)
Loss on fair value of financial instruments, net	(42)	-	(21)	(10)
Foreign exchange gain (loss)	(75)	11	329	263
	(1,874)	(1,572)	(5,344)	(2,038)
Loss before income tax	(1,874)	(252)	(8,261)	(539)
Provision for income taxes	-	1	-	(2)
Total loss for the period	(1,874)	(251)	(8,261)	(541)
Other comprehensive (loss) income				
Cumulative translation adjustment	(559)	142	(749)	(136)
Total comprehensive loss for the period	(2,433)	(109)	(9,010)	(677)
Basic and diluted net loss per share	(0.02)	(0.00)	(0.07)	(0.01)

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Condensed Interim Consolidated Statements of Cash Flows

Thousands of United States Dollars, except where indicated

	Six months ended	
	November 30,	November 30,
	2018 (\$)	2017 (\$)
Net inflow (outflow) of cash related to the following activities		
Cash flow from operating activities		
Net Loss for the period	(8,261)	(542)
Adjustments to reconcile net income to net cash provided from operating activities:		
Depreciation	3,345	4,064
Exploration and evaluation expense written off	93	26
Obsolescence provision	5	45
Fair value of derivatives	13	(20)

Stock based compensation	36	44
Accretion of asset retirement obligation	19	38
Loss (gain) on sale of property, plant and equipment	14	(61)
Other	53	20
Subtotal	(4,683)	3,614
Changes in working capital:		
Accounts receivable and other assets	758	29
Inventories	737	656
Trade payables and other accrued liabilities	1,541	(360)
Net cash generated (used in) from operating activities	(1,647)	3,939
Cash flow from financing activities		
Loan payments	(19)	(129)
Investment in Anillo	-	69
Proceeds from sale of Talca	60	-
Loans received	-	1,500
Proceeds from private placement	2,000	2,894
Net cash generated from financing activities	2,041	4,334
Cash flow from investing activities		
Purchase of property, plant and equipment and development costs	(269)	(6,164)
Environmental tasks	(66)	(95)
Proceeds from the sale of fixed assets	-	10
Exploration and evaluation expenditure assets	(402)	(3,317)
Net cash used in investing activities	(737)	(9,566)
Decrease in cash	(343)	(1,293)
Cash at the beginning of period	1,390	3,357
Cash at the end of period	1,047	2,064

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