Orosur Mining Inc. – Full Year 2019 Results

Medellin, Colombia, September 3, 2019. Orosur Mining Inc. ("Orosur" or "the Company") (TSX: OMI) (AIM: OMI) announces the results for the fiscal year ended May 31, 2019 ("FY19"). All dollar figures are stated in US$ unless otherwise noted.

HIGHLIGHTS

Colombia

- As announced on September 10, 2018 the Company completed the following agreements with Newmont Goldcorp ("Newmont") in respect of the Anzá exploration property in Colombia:
  - a non-brokered private placement of $2 million, and
  - an exploration agreement with venture option (the "Exploration and Option Agreement"). 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 totalling $4 million over Phases 1 and 2, spending a minimum of $30 million in qualifying expenditures over twelve years, and completing a National Instrument 43-101 Standards for Mineral Projects ("NI 43-101") compliant pre-feasibility and feasibility studies.
- On January 10, 2019, the Company filed a technical report prepared by Andes GMS SPA in accordance with NI 43-101 on the Anzá gold exploration project in Colombia. A copy of the full report can be accessed via the following link: http://www.orosur.ca/operations/technical-reports.
- Exploration activities at the Anzá project commenced in July 2019 within the scope of the Exploration and Option Agreement. The Company has already relogged 2,400 metres of the drill core from an area north of APTA.
- In order to maintain the Phase 1 earn-in right, Newmont has made the first two of four semi-annual $0.5 million cash payments to Orosur (paid in February and August 2019) and must also complete a $1 million minimum work commitment by September 7, 2019 or pay any shortfall in cash to Orosur by November 7, 2019. As at the date of this announcement, the $1.0 million minimum work program has been partially completed.

Uruguay

- The reorganization process has been ongoing since June 2018. In August 2018, the Company's wholly-owned Uruguayan subsidiary, Loryser SA ("Loryser"), placed its San Gregorio mining operations under care and maintenance. Under the Loryser reorganisation proceedings, the term for credit verification ended in September 2018. A court appointed Intervenor validated all the creditors and filed a report on the assets and debts of Loryser in October 2018.
- In December 2018, Loryser reached a payment plan agreement with its creditors (the "Agreement"). The Agreement stipulates that the net proceeds from the sale of assets in Uruguay together with the issuance of 10 million common shares in Orosur shall fully satisfy all amounts owing to Loryser's creditors as well as provide funds for Loryser to conduct this process and close its operations responsibly. The Agreement requires Loryser to manage and complete the process within two years. The issuance of common shares in Orosur is subject to the approval of the Toronto Stock Exchange.
- 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 creditors by value had consented to the Agreement. Consequently, the Intervenor declared that the legal majority had been reached and the Court gave public notice of the Agreement.
- Loryser has already started implementing some of the commitments included in the Agreement. In March 2019, Loryser signed a brokerage agreement with Savona Equipment Ltd to assist with the sale of the specialized mining equipment from Loryser's San Gregorio mine in the international markets. During the recent summer months in the Southern hemisphere, the dewatering of the tailings dam was largely completed and Loryser started the reclamation work. Loryser has also been running a process to recover the scavenger gold from the San Gregorio plant in cooperation with Goldplat Recovery Ghana Ltd/Goldplat Plc. In addition, significant reductions in costs have been

achieved in Uruguay, among others by reducing the size and scale of the Montevideo office , management redundancies at agreed lower terms, and negotiating lower electricity fees. Staff in Uruguay has been reduced to 18 active members currently managing the reorganisation, care and maintenance and remediation processes.

Chile

- In July 2018, the Company sold its remaining 25% interest in Talca for a consideration of $120k. With this sale, the Company had no further interest in or obligation to Talca.
- Following the relinquishment by Fortune Valley Resources Chile S.A. (“FVRC”) (an indirect, wholly-owned subsidiary of Orosur) of the Pantanillo project, Anglo American Inversiones SA (“Anglo”), sought the payment of minimum royalties totalling $3 million and requested arbitration. On March 28, 2019, the Arbitral Tribunal rendered its decision, ruling that FVRC is required to pay Anglo approximately $1.6 million plus interests. The Tribunal´s decision is exclusively against FVRC. Orosur was not named in the decision from the Tribunal.

Financial and Corporate

- Assets held for sale in Uruguay have been recorded in the FY19 consolidated financial statements at the lower of book value or fair value. The consolidated financial statements were prepared on a going concern basis under the historical cost method except for certain financial assets and liabilities which are accounted as Assets and Liabilities held for sale and Profit and Loss from discontinuing operations: This accounting treatment has been applied to the activities in Uruguay and Chile.
- On May 31, 2019, the Company had a cash balance of $725k, of which $199k is available for use exclusively by Loryser within the reorganization process (February 28, 2019 - $1.0 million; November 30, 2018 - $1.0 million; May 31, 2018 - $1.4 million). As at the date of this announcement, the Company has a cash balance of $760k of which $51k is exclusively available for Loryser within the reorganization procedure.
- On April 12, 2019, Mr. Robert Schafer was formally appointed Chairman of the Board of Directors.
- The Company announced that, with effect from the date of this announcement, SP Angel Corporate Finance LLP is sole broker to Orosur.

Outlook and Strategy

During the year ended May 31, 2018, the board adopted an aggressive strategic plan to restructure its business, and recapitalize and transform the Company by advancing its Colombian project (now with Newmont as a partner), as well as finding a fair solution in Uruguay for all stakeholders and reducing its activities in Chile. The strategy remains unchanged.

In Colombia, exploration continues with geophysical and geochemical reinterpretation now underway at the Anzá project. The objective of this initial activity, which will require no field work, is to update the geological model, in conjunction with Newmont. The first two years of the Exploration and Option Agreement (since September 2018) have relatively low minimum work commitments ($1 million per year). The minimum work commitment increases in years 3 and 4, to $4 million per year.

There are two additional semi-annual $0.5 million cash payments due to be paid to Orosur (in March and September 2020) by Newmont to comply with the Exploration and Option Agreement.

In Uruguay, the reorganization process is running its course without any significant incidents, with the Court having already given public notice of the Agreement. Once the Agreement is finally approved by the Court, it will be legally binding for all the creditors and Loryser’s creditor protection status will cease together with Intervenor’s control over Loryser. Loryser has started implementing the Agreement with creditors in anticipation of the ratification by the Court. The successful sale of assets locally in Uruguay and internationally in cooperation with broker Savona is key component to optimizing the outcome of the Agreement with creditors.

Ignacio Salazar, CEO of Orosur, said:

“In the first half of FY19, Orosur managed to close two key strategic agreements which have provided a platform to transform the Company: in Colombia with Newmont and in Uruguay with Loryser creditors. The second half of the year has been focused on implementation and steady progress. We remain committed to the plan to restructure, recapitalize and transform the Company.”

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 and the funding from Newmont of those plans, Newmont´s decision to continue with the Exploration and Option agreement, the ability to continue and finalize with the remediation 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 as well as continuation of the business of the Company on a going concern and other events or conditions that may occur in the future. The Company’s continuance as a going concern is dependent upon its ability to obtain adequate financing, to reach profitable levels of operations and to reach a satisfactory resolution of the Loryser reorganisation. 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. 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, but not limited, those as described in Section “Risks Factors” of the Company´s most recent Management’s Discussion and Analysis and Annual Information Form. 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.
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Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this news release.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Orosur’s actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements.

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.

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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.

Orosur Mining Inc.

Consolidated Statements of Financial Position
(Expressed in thousands of United States Dollars)

		As at May 31, 2019		As at May 31, 2018
ASSETS				
Current assets				
Cash and cash equivalents	$	**512**	$	1,390
Accounts receivable and other assets		**292**		1,550
Inventories		**-**		6,100
Assets held for sale		**4,452**		120
Total current assets		**5,256**		9,160
Non-current assets				
Accounts receivable and other assets		**-**		73
Property, plant and equipment		**87**		6,578
Exploration and evaluation assets		**8,983**		9,755
Restricted cash		**-**		201
Total assets	$	**14,326**	$	25,767
EQUITY AND LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	$	**235**	$	17,845
Current portion of long-term debt		**-**		1,730
Warrants		**13**		68
Liabilities held for sale		**23,393**		-
Environmental rehabilitation provision		**-**		139
Total current liabilities		**23,641**		19,782
Non-current liabilities				
Long-term debt		**-**		211
Environmental rehabilitation provision		**-**		5,283
Total liabilities		**23,641**		25,276
Equity				
Share capital		**65,290**		63,290
Contributed surplus		**5,947**		5,893
Currency translation reserve		**(1,653)**		(912)
Total Deficit		**(78,899)**		(67,780)
Total (deficit) / equity		**(9,315)**		491
Total (deficit) / equity and liabilities	$	**14,326**	$	25,767

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

Orosur Mining Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in thousands of United States Dollars)

		Year Ended May 31, 2019		Year Ended May 31, 2018
				(Restated)
Operating expenses				
Corporate and administrative expenses	**$**	**(1,653)**	$	(1,351)
Exploration expenses		**(45)**		(207)
Exploration written off		**(7)**		-
Other income		**503**		24
Net finance cost		**(13)**		5
(Loss) gain on fair value of financial instrument		**57**		680
Net foreign exchange gain/(loss)		**(23)**		1
		(1,181)		(848)
Loss before income taxes		**(1,181)**		(848)
Income tax recovery		**-**		-
Net loss for the year for continuing operations	**$**	**(1,181)**	$	(848)
Other comprehensive loss				
Cumulative translation adjustment	**$**	**(741)**	$	(22)
Total comprehensive loss for the year from continuing operations		**(1,922)**		(870)
Loss from discontinuing operations		**(9,938)**		(35,997)
Total comprehensive loss for the year		**(11,860)**		(36,867)
Basic and diluted net loss per share for continued operations	**$**	**(0.01)**	$	(0.01)
Basic and diluted net loss per share for discontinued operations	**$**	**(0.07)**	$	(0.31)
Weighted average number of common shares outstanding		**136,774**		114,797

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

Orosur Mining Inc.
Consolidated Statements of Cash Flows
(Expressed in thousands of United States Dollars)

	Year Ended May 31, 2019	Year Ended May 31, 2018
Operating activities		
Net loss for the year	**$ (1,181)**	$ (848)
Adjustments for:		
Share-based payments	**54**	57
Exploration and evaluation expenses written off	**7**	-
Fair value of financial instrument	**(57)**	(399)
Gain on sale of property, plant and equipment	**-**	(58)
Other	**(1,849)**	(72)
Changes in non-cash working capital items:		
Accounts receivable and other assets	**(298)**	(31)
Accounts payable and accrued liabilities	**563**	114
Net cash used in operating activities - continued operations	**(2,761)**	(1,237)
Investing activities		
Proceeds received for exploration and evaluation expenditures	**310**	-
Exploration and evaluation expenditures	**(427)**	(2,458)
Net cash used in investing activities - continued operations	**(117)**	(2,458)
Financing activities		
Issue of common shares	**2,000**	2,894
Advances to discontinued operations	**-**	2,097
Net cash provided by financing activities - continued operations	**2,000**	4,991
Net change in cash and cash equivalents - continued operations	**(878)**	1,296
Cash and cash equivalents, beginning of year	**1,390**	94
Cash and cash equivalents, end of year	**$ 512**	$ 1,390
Net cash used in investing activities - discontinued operations	**1,646**	(11,953)
Net cash used in operating activities - discontinued operations	**(2,347)**	8,815
Net cash provided by financing activities - discontinued operations	**-**	294

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