

[Orosur Mining Inc.](#) (“Orosur” or “the Company”) (TSX/AIM: OMI), the South America-focused gold producer, developer and explorer is pleased to provide an exploration and development progress update for its Uruguayan operations.

## HIGHLIGHTS

- Underground reserve increase in and around the San Gregorio West underground mine area (“SGW UG”)
  - From November 31, 2016 to May 31, 2017, total production from SGW UG totaled 12,600 oz
  - Current remaining San Gregorio underground (“SG UG”) probable reserves (SGW UG plus Central and East) are 34,633 oz (664,861 tonnes @ 1.62 g/t Au)
  - Further extensions to the east and at depth have returned encouraging exploration results
- Veta A, an exciting new underground project, is advancing swiftly
  - A higher grade, previously mined open pit which previously produced 29,000 oz @ 3.1 g/t between September 2006 and March 2008
  - Current probable reserves are 9,440 oz (122,328 tonnes @ 2.40 g/t Au)
  - Targeting a significant increase in reserves following positive drilling and mineralization conducted over 140 metres away from the current defined reserves
  - A recent geotechnical study by SRK supports the feasibility of this strategy
- A district scale geological model has been completed based on structural settings and is being used to search for additional significant discoveries in the 100 km long greenstone belt around San Gregorio (“SG”):
  - This model has proved successful in explaining the historic deposits and has delivered some initial success at a new open pit deposit
  - This model will be key to the strategic greenfield exploration of this belt which is designed to grow minelife and expand production using available spare capacity of the SG Carbon in Leach (“CIL”) plant.
- In September, the Company purchased a Sandvic DE710 diamond drilling rig to accelerate exploration.

Ignacio Salazar, CEO of Orosur, said:

“Following our successful US\$3.2 million fundraising in mid-August, we are pleased to be providing a robust exploration and development update for Uruguay.

“During FY17, we not only transitioned successfully from the Arenal underground operation to the new SGW UG mine but we also ramped up development and exploration activities with the objective of increasing scale and efficiency at San Gregorio. We are also pleased to announce positive geotechnical and drilling results in Veta A, as we seek to further advance this project as our next underground operation.

“Finally, we have now completed a district scale geological model which is already providing encouraging results. In support, we are deploying the necessary resources, including the purchase of a new diamond core drilling rig, to give our team the best chance of making a strategic discovery in Uruguay, which would allow us to increase production and minelife.

“The Company is currently on track to meet its FY18 production guidance and we expect to report back shortly on the start of drilling at Anza in Colombia.”

## Uruguay Exploration and Development: FY17 Overview and Plan for FY18

Following a challenging gold price environment in FY16, the Company’s priority during its fiscal 2017 was the successful construction and opening of the SGW UG mine, entirely financed from cash from operations.

In addition, almost 15,000 metres of exploration drilling (both reverse circulation (“RC”) and diamond drilling (“DD”)) were completed in Uruguay during FY17. The emphasis of this drilling was multifaceted and included recommencing the following exploration activities:

1. Adding short term underground reserves around SGW (8,750 metres drilled in the year);
2. Adding reserves and resources to near mine open pit projects (6,060 metres); and
3. A limited budget was allocated to more greenfield type exploration within the Isla Cristalina greenstone belt, looking for more significant strategic discoveries.

These three exploration activities are planned to be further developed in FY18. The plan for FY18 is to increase the amount of drilling next to the existing CIL plant and within the 100 km long greenstone belt which the Company controls in Uruguay, with the aim of increasing mine life and/or increasing production by utilising the spare capacity in the San Gregorio CIL plant.

In addition, at the Company’s underground projects, the Company plans to drill out projects in FY18 beyond SG (ie. Veta A or others).

## FY17: Exploration and Development of the San Gregorio West Underground Mine (SGW UG Mine)

SGW UG is a continuation at depth of the San Gregorio open pit deposit which produced approximately 536,000 oz at an average grade of 2.12 g/t Au. At the end of FY17, total underground development work amounted to 2,800 metres of 3,900 metres for the total planned development of the SGW sector.

During FY17, 8,750 metres of DD were drilled in these areas around the SGW mine and returned good results. Reserves in San Gregorio Central, between SG West and SG East, were defined with sufficient detail and continuity to commence work associated with development and inclusion in the Company's mining plan.

As of May 31, 2017, the SGW UG mine had already produced 12,600 oz of gold. Probable Mineral Reserve in SG UG (SGW plus additions into Central and East) are 34,633 oz. The eastern extension of the SG East mine and the deeper extension of SGW UG were tested by several drill holes; with results indicating the mineralized body is still open.

Additionally, the Company is currently working with SRK Perú on a study to add additional reserves in SG, for example from an existing crown pillar between the open pit and the UG designs.

Along with this activity around SG, the Company also plans to advance its mining plans for the Veta A and Argentinita deposits. These activities provide scope to add projects similar in size to SG.

### Potential for New UG Mine: Veta A Underground

Veta A represents an exciting potential project for a new underground mine. Historically, Veta A was a relatively small high grade open pit, located next to the now reclaimed San Gregorio tailings dam, which was in operation from September 2006 until March 2008. The Veta A open pit produced approximately 29,000 oz at average gold grades of 3.10 g/t.

To view the full release, please [click here](#).

As open pit mining progressed, the mineralized body appeared to run underneath the tailings dam. When operations approached this physical barrier, mining was halted and the pit was backfilled with waste and then reclaimed. Current probable reserves in the zone are 9,440 oz.

A re-evaluation of the Veta A mineralized body below the tailings dam is currently underway to assess: a) its feasibility from a geotechnical perspective and b) its geological potential.

An updated preliminary geotechnical study of the Veta A deposit was performed by SRK consulting during this quarter: Results of this study indicate that, providing required preventive measures are undertaken, there are no subsidence, liquefaction or any other negative interactions between the closed tailings dam and potential future underground mining operations.

In parallel, a 697 metre drilling campaign, has provided encouraging preliminary results.

Drilling interceptions to date indicate:

HOLE	From (m)	To (m)	Meters	Au g/t
VADD17-006	161.9	168.6	6.7	5.0
VADD17-007	165.2	167.1	2.0	3.3
VADD17-008	125.0	131.1	6.1	2.6
VADD17-009	170.5	175.3	4.9	1.8

Of the four holes drilled at Veta A, each intersected mineralization, confirming the extension of the mineralized body for a minimum of 140 metres downhole. This indicates the strong potential for an increase in the volume of the mineralized structure, which may materially increase current reserves. Further drilling continues in order to confirm and expand its reserve base.

### Uruguay Open Pit Brownfield Projects

During FY17, 6,060 metres were drilled in near mine open pit projects. Some small reserve additions were achieved during the year, including:

- Veta Rey: Since its discovery in 2014, actual production has been in excess of 25,000 oz from an initial and very modest reserve of 2,500 oz. Reserve increases through this period of time have led to a successful brownfield exploration story. Current brownfield exploration in the area is focused on the potential southern extension of the deposit.
- El Muro: Although small, the first successful discovery based on the newly developed structural interpretation of the broader San Gregorio area. This target is a horsetail structure containing some 3,000 oz of gold in maiden reserves, and remains open to expansion. Based on geological and exploration data, it is expected that a number of additional subparallel mineralized structures may occur in the area. An exploratory drilling campaign designed to test this model has already intercepted seven metres grading 1.38 g/t Au in Hole EMRC 17-020, with further work ongoing.

## Uruguay Strategic Discovery Projects

Given the data available and underexplored nature of the Isla Cristalina Granite Greenstone Belt, the Company believes there is scope to make material discoveries in excess of 100,000 oz of reserves. The San Gregorio trend by itself, which represents a small fraction of the overarching belt, has produced in excess of 1.4 Moz of gold.

Substantial infrastructure, a proven team, a functional laboratory and existing plant capacity at the San Gregorio area allow new discoveries to be fast tracked.

Review of historical and generated geological data has led to the development of a model focusing on structural settings. Currently, the model has proved successful in explaining the location and size of the existing deposits with recent field exploration, such as El Muro.

## Qualified Person's Statement

The technical information related to the current assets of Orosur Mining in this announcement has been reviewed by Miguel Fuentealba, a Mining Engineer who is considered to be a Qualified Person under NI 43-101 reporting guidelines. Mr. Fuentealba is a graduate in Mining Engineering from the University of Santiago de Chile and is an AusIMM Member and Qualified Person of Chilean Mining Commission. Mr. Fuentealba has 20 years of professional experience in the field of mining engineering, mine development and management. All reserve and resource figures stated in this announcement are fully compliant with NI 43-101 requirements and CIM definitions. A full table of Orosur's reserves and resources as at May 31, 2017 is included in the Company's Annual Information Form, dated August 29, 2017. To view this document in full, please click [here](#).

## 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).

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 Ignacio Salazar, Chief Executive Officer of the Company (responsible for arranging release of this announcement) on: +1 (778) 373-0100.

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