

[Orosur Mining Inc.](#) (“Orosur” or “the Company”); (TSX:OMI) (AIM:OMI), the South American-focused gold producer, developer and explorer is pleased to announce the results for the fiscal year ended May 31, 2015 (“FY15”).

Highlights

- Gold production of 53,485 oz in line with guidance of 50,000 – 55,000 oz (FY14: 60,271).
- Cash operating costs US\$912/oz (FY14: US\$792/oz) in line with guidance of \$850 – \$950/oz. H2 cash operating costs of US\$864/oz.
- All-In-Sustaining Costs (“AISC”) of US\$1,185/oz (FY14: US\$1,049/oz).
- Average gold price received of US\$1,232/oz (FY14: US\$1,298/oz).
- Cash Flow from operations before working capital investment was US\$10.6M (FY14: US\$23.9M).
- Total debt was reduced to US\$1.5M from US\$5.0M. Cash balance at the end of the year was US\$4.8M (FY14: US\$10.8M). The Company has US\$3.0M of undrawn lines of credit committed by Banco Santander available at May 31, 2015 and as of the date hereof.
- Corporate and administrative expenses reduced by 17% to US\$2.9M (FY14: US\$3.5M, FY13: US\$5.3M) giving Orosur a 45% reduction in corporate costs over the past two years.
- The Company incurred a loss before tax and before impairment and write off of US\$6.8 million (FY14: US\$4.5 million profit), primarily as a result of lower revenue as explained above. Net loss before tax and after impairment and write off for the year was US\$49.4 million (FY14: US\$3.7 million profit). The Company wrote off US\$27.9M for exploration properties (compared to US\$245k the prior year) of which the majority (US\$25.5M) relates to Pantanillo. The PEA results of Pantanillo (published June 1, 2012) reached an NPV of US\$49.7M at a gold price of US\$1,250/oz. At prices below US\$1,095/oz, the project has a negative NPV.
- In Chile, Anillo, agreements with Codelco and Asset Chile resulted in Orosur receiving the first US\$850k of funding from Asset Chile in June 2015. The Company is currently in the final stages of planning and mobilization to perform CSAMT lines and RC drilling to follow-up and delineate the mineral intercepts obtained in the last drilling campaign. The Company plans to pursue an active exploration program in Anillo with the results of the drilling campaign expected during FY16.
- The acquisition of [Waymar Resources Ltd.](#) closed at the beginning of FY15, adding the high grade Anz  gold exploration project in Colombia to Orosur’s exploration portfolio.
- In light of the recent and sustained decline of gold prices, the Company has conducted a review of its operating and exploration plans for the year with a view to cash preservation and maximizing profitability. As a result of this review, it has revised its guidance for the year:
 - AISC of US\$1,000 -1,100/oz (versus previous guidance of US\$1,100-1,200/oz); and
 - Production of 30,000 - 35,000 oz (versus previous guidance of 50,000 – 55,000 oz).

Ignacio Salazar, CEO of Orosur, said:

“Orosur delivered results in line with guidance in FY15. We generated operating cash flow of US\$10.6M, and maintained a solid exploration and investment program in Uruguay during the year, with highlights being in the start-up of the Laureles mine, the closure of our first tailings dam and the building of a new phase in our second tailings. The agreements with Codelco and Asset Chile allow us to pursue an active exploration program in Anillo in Chile and we look forward to the results of the drilling campaign during FY16.

Whilst the Company has been successful in implementing numerous programmes to improve operations and reduce costs during the past two years, results have been affected by the continuing decline of the gold price. Our focus for FY16 is cost reduction, profitable operations and cash preservation and the steps required to implement this are actively being put in place at present.

Challenging markets aside, in a difficult gold price environment, Orosur delivered a solid 2015 performance and our intention remains to work decisively and efficiently for the benefit of our shareholders.”

Operational & Financial Summary ¹		Fiscal Year (FY) ended May 31		
		2015	2014	Change
Operating Results				
Gold produced	Ounces	53,485	60,271	(6,786)
Operating Cash cost ³	US\$/oz	912	792	120
Average price received	US\$ /	1,232	1,298	(66)
Financial Results				
Revenue	US\$ ‘000	65,868	80,370	(14,502)
Net income (loss) before tax, impairment and write off	US\$ ‘000	(6,811)	4,464	(11,275)
Cash flow from operations ²	US\$ ‘000	10,583	23,885	(13,302)
Cash & Debt at the end of the period		2015	2014	Change
Cash balance	US\$ ‘000	4,787	10,818	(6,031)
Total Debt	US\$ ‘000	1,481	4,939	(3,458)
Cash net of debt	US\$ '000	3,306	5,879	(2,573)

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.

FY15 Production and Cash Costs

Production for the year was 53,485 oz of gold, in line with stated guidance (50,000-55,000 oz), compared to 60,271 oz produced the previous year. FY15 production was comprised of a higher proportion of material produced from open pits than originally planned, resulting in an annual average of approximately 45% from open pits and 55% from Arenal underground. While the ore grade was lower than last year (FY15: 1.48 g/t; FY14: 2.16 g/t), the Company managed to partially offset this with an increase in tonnes of ore processed (FY15: 1,212,463 tonnes; FY14: 920,117 tonnes). This was accomplished through a solid team effort highlighting the level of operational flexibility Orosur possesses at its operations in Uruguay.

Cash operating cost for the year was US\$912/oz of gold compared to US\$792/oz for last year. This is in line with the stated cost guidance of \$850 – \$950/oz. The increase in cash operating cost compared to last year is mainly related to the processing of more tonnes of ore to offset lower grades. All-In-Sustaining costs were US\$1,185/oz (FY14: US\$1,049/oz) while the Company maintained solid exploration and investment programmes during the year. The average received gold price for the year was US\$1,232/oz, compared to US\$1,298/oz in the prior year.

		FY15 Guidance	FY15 Actual
Gold produced	Ounces	50,000 - 55,000	53,485
Cash Operating cost	US\$/oz.	850 – 950	912

Revised FY16 Outlook & Guidance

In light of the recent and sustained decline of gold prices, recently hitting levels below the Company's AISC guidance of US\$1,100 – 1,200/oz, Orosur has conducted a review of its operating and exploration plans for the year and previously stated guidance for FY16. As a result of this review and the persisting low gold price environment, the Company has commenced the implementation of a strategic plan designed to reduce costs and ensure more profitable production. The primary objective of this plan is to reduce AISC below US\$1,000/oz once the implementation has taken place. As such, the Company expects AISC around US\$1,200/oz in Q1 2016 while these changes are implemented and average below US\$1,000/oz for the remainder of FY16.

To accomplish such a significant reduction in AISC from Q1 2016 onwards, mine plans for the open pits as well as the Arenal underground operation have been optimized, which will result in a lower production contribution from the open pits mainly, but also from Arenal. These efforts will be accompanied by cost reduction measures across exploration, development, and corporate areas, to reduce fixed costs.

By making these changes, the Company aims to be more resilient to further deterioration in gold prices. As a result, the Company is revising its FY16 guidance to between 30,000 - 35,000 oz of gold at AISC of US\$1,000-1,100/oz. In the event of a sustained improvement in the gold price, Orosur has the capacity to significantly increase production.

FY15 Financial Summary

Revenue for the year was US\$65.9M compared to US\$80.4M the previous year. The difference is mainly due to less ounces sold (FY15: 52,994 oz; FY14: 61,074 oz) and the lower average gold price. Cash flow generated from operations before working capital investment was US\$10.6M for the year (FY14: US\$23.9M).

Corporate and administrative expenses for the year were US\$2.9M compared to US\$3.5M for the previous year, representing a 17% reduction. This decrease is especially relevant, considering that corporate expenses had already decreased US\$1.8M in the previous year, meaning the Company has managed to cut 45% of its corporate costs over the past two years.

The Company invested US\$8.5M in capital expenditures and US\$5.2M in exploration for the year compared to US\$7.3M and US\$6.6M respectively in FY14. During the year, the Company closed the first tailings dam and finalized the construction of the phase 2b of the second Tailings Dam. Additionally, Orosur invested in the repair of heavy equipment, acquired two more Volvo trucks and advanced the San Gregorio Deeps project.

Orosur reduced its debt from US\$5.0M at the end of FY14 to US\$1.5M at the end of FY15, of which US\$0.9M relate to the HSBC/Santander original loans. The Company also repaid the US\$0.5M loan to Continental in Colombia, taken on as a result of the Waymar acquisition. Orosur's cash balance at the end of the year was US\$4.8M (FY14: US\$10.8M) with net working capital (current assets less current liabilities including cash) of US\$5.9M (FY14: US\$10.5M). The Company has US\$3.0M of undrawn lines of credit committed by Banco Santander available at May 31, 2015 and as of the date hereof.

The Company incurred a loss before tax and before impairment and write off of US\$6.8 million (FY14: US\$4.5 million profit), primarily as a result of lower revenue as explained above. Net loss before tax and after impairment and write off for the year was US\$49.4 million (FY14: US\$3.7 million profit).

The Company completed an assessment of the carrying value of its cash generating units (“CGUs”) as at May 31, 2015, and as a result, has recorded a non-cash impairment charge of US\$14.7M for property, plant and equipment and development costs (FY14: US\$557k). The impairment was mainly driven by a decline in gold prices. Additionally, the Company wrote off US\$27.9M for exploration properties (compared to US\$245k in the prior year) of which the majority (US\$25.5M) relates to Pantanillo. The PEA results of Pantanillo (published on June 1, 2012) demonstrate an NPV of US\$49.7M at a gold price of US\$1,250/oz. The NPV of the project is negative at prices below US\$1,095/oz.

FY15 Development and Exploration

Uruguay

During the year, the Company continued a significant exploration program concentrating its efforts in brownfields exploration and in-fill drilling. As a result, as of May 31st 2015, Measured and Indicated Resources in Uruguay totalled approximately 752,000 oz of gold (at an average grade of 1.18 g/t gold and a cut-off grade of 0.5 g/t gold) and total Proven and Probable Reserves stand at approximately 159,000 oz gold at an average grade of 1.80 g/t gold (at variable cut-off grades as dictated by the economics of each individual deposit). While the Company managed to significantly increase its resources (by 212,000 oz), demonstrating the potential of the exploration in Isla Cristalina, the addition of new reserves to replace production was partially offset by taking some reserves off the books as a consequence of using higher cut-off grades due to lower gold price assumptions (net loss of 35,000 oz).

During the second half of FY15 3,000 metres of in-fill, geotechnical and exploratory drilling were completed at the San Gregorio deposit and the resource estimate (previously reported in the 2013 Technical Report) updated with the assistance of Mine Development Associates (“MDA”) of Reno, Nevada. The new resource estimate confirmed an improvement over the previously announced resources and was used to perform a trade-off study between open pit and underground mining methods.

Exploration during FY15 was focused on the so called Granulitic Corridor (a portion of the High Grade Granulitic Terrane), on the Sobresaliente District and, in near-mine potential brownfields extensions. The drilling program included 15,963 metres in 234 exploration holes of DD, RC and RAB drilling and an additional 26,217 metres of shallow (<15m) RAB drilling.

At the Granulitic Corridor, the following projects went through initial phases of exploration: Arenal Este, Rincón de los Castillos and Arroyo Laureles. At Arenal Este, DD drilling tested the trace of the Principal F1 fault that had been delineated in FY14. Similar programs were carried out at Rincón de los Castillos and Arroyo Laureles where the main elements of structural preparation, prospective geology and anomalous geochemistry indicated the presence of several targets. However, no significant economic results were produced.

The main near-mine brownfields projects were:

- Laureles: the Laureles Project is situated in the Minas de Corrales Mining District, placed within the High Grade Granulitic Basement and has been part of the Orosur portfolio since 2003. After the new geological modeling developed during FY14, a drilling campaign of 701m was completed during the year to define a new resource model. The optimization of this resource model resulted in 4,400 oz of additional Reserves.
- Veta Rey: the Veta Rey deposit is developed in a shear zone with low dipping angle. High grade lenses are the targets of successive drilling programs since FY13. During FY15 a total of 3,292m were drilled including DD, RC and RAB holes, resulting in total additional Reserves of 14,000 oz.
- Shallow RAB drilling exploration: Work in near mine projects with a Tamrock Pantera drill allowed the definition of 5,700 oz of near-surface Reserves at Vaca Dorada, Cross Hill and Veta Guillo.
- Arenal Deeps: DD drilling was carried out at seven different underground levels of the mine (N20, N57, N78, N107, N157, N220 and N240) for a total of 3,862 metres drilled. As a result of this work, approximately 11,000 oz of new Reserves were added.
- Arenal Repetition: this project is aimed to test the down-plunge extension of the Arenal structure. A new underground development of 90 metres was started at the end of FY15 to reach a site for an underground drilling station.

Chile

Anillo Project

Anillo was originally optioned from Codelco to Fortune Valley Resources Inc. (“FV”) in September 2009. Orosur acquired the project as part of the acquisition of FV in January 2010. The original contract with Codelco required Orosur spend in excess of US\$3.0M (which has subsequently been completed) and complete a Bankable Feasibility Study (“BFS”) prior to September 2015 in order to acquire a 65% interest in the Project. During the course of FY 2015

the September 2015 deadline was extended with Codelco until January 2020 with a potential further 2 years to January 2022 if Orosur has a discovery and has defined a mineral resource by 2020.

Subsequent to the Codelco extension at Anillo, a definitive agreement for the funding of the next phases of exploration was signed with Asset Chile Exploración Minera Fondo de Inversión Privado (“Asset Chile”). The agreement establishes non-dilutive financing of up to US\$3.5M to advance the exploration at the Anillo project.

During June 2015, Asset Chile obtained the Corporation of Promotion of Production (“CORFO”) support to the project and contributed to Orosur with the Phase 1 funding totaling US\$850k. With this funding, Asset Chile earns 16.0% in the project and has a further option to elect to earn up to 32.5% and up to 40.0%, by funding an additional US\$1.25M and an additional US\$1.38M, pursuant to the Option outlined above.

All funding proceeds in Anillo are aimed to generate a discovery. Phase 1 exploration includes a geophysics campaign and a minimum of 3,600 metres of RC drilling and has an estimated duration of up to 10 months. The Company is currently in the final stages of planning and mobilization to perform Controlled Source Audio-Frequency Magneto Tellurics (“CSAMT”) lines and RC drilling to follow-up and delineate the mineral intercepts obtained at the last drilling campaign.

The Anillo project is located to the northeast of Yamana Gold’s El Peñón operation, a well established and significant gold producer.

Colombia

The acquisition of [Waymar Resources Ltd.](#) by way of a plan of arrangement closed at the beginning of FY15 on July 9, 2014. The Anzá gold exploration project is an attractive high grade asset with significant upside and remains a high priority for organic growth.

Qualified Person's Statement

The technical information related to the current assets of Orosur Mining in this presentation has been reviewed by Michael Schwabe, an Exploration Consultant who is considered to be a Qualified Person under NI 43-101 reporting guidelines. Mr. Schwabe is a graduate in Science, majoring in Geology from the University of Tasmania and is Fellow of the Australian Institute of Mining and Metallurgy, a Senior Fellow of the Society of Economic Geologists and a Professional Member of the Society for Mining, Metallurgy and Exploration. Mr. Schwabe has 47 years of professional experience in the field of mineral exploration, mine development and management.

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.

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About Orosur Mining Inc.

[Orosur Mining Inc.](#) is a fully integrated gold producer, developer and exploration company 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 quoted in Canada (TSX:OMI) and London (AIM:OMI).

For more information please visit www.orosur.ca

–Financial Statements Follow –

Orosur Mining Inc.

Consolidated Statements of Financial Position

Thousands of United States Dollars, except where indicated

		As at May 31 2015(\$)	As at May 31 2014(\$)
Assets	Notes		
Cash		4,787	10,818
Accounts receivable and other assets	6	1,775	3,338
Inventories	7	14,363	14,254
Total current assets		20,925	28,410
Accounts receivable and other assets	6	414	414
Property plant and equipment and development costs	8	16,662	37,323
Exploration and evaluation costs	9	17,126	35,813
Deferred income tax assets	16	551	5,470
Restricted cash		239	258
Total non-current assets		34,992	79,278
Total Assets		55,917	107,688
Liabilities and Shareholders' Equity			
Trade payables and other accrued liabilities	6	13,832	13,343
Financial debt	22	1,129	3,978
Environmental rehabilitation provisions	11	112	598
Total current liabilities		15,073	17,919
Financial debt	22	352	961
Environmental rehabilitation provisions	11	6,606	5,828
Total non-current liabilities		6,958	6,789
Total liabilities		22,031	24,708
Capital stock	12	60,544	55,184
Warrants	14	62	-
Contributed surplus		5,824	5,708
Retained earnings		(32,287)) 22,088
Other comprehensive loss		(257)) -
Total shareholders' equity		33,886	82,980
Total liabilities and shareholders' equity		55,917	107,688

Orosur Mining Inc.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(Thousands of United States Dollars except for earnings per share amounts)

For the years ended May 31	Note	2015 (\$)	2014 (\$)
Sales		65,868	80,370
Cost of sales	24	(69,715)	(72,905)
Gross (loss)/profit		(3,847)) 7,465
Corporate and administrative expense		(2,900)) (3,498)
Exploration expenses and exploration write off	9	(27,880)	(245)
Impairment of assets	10	(14,710)	(557)
Obsolescence provision		(574)) (22)
Uncollectible receivables		-	(45)
Other income	17	702	1,139
Net finance cost	23	(376)) (666)
Net foreign exchange gain		184	91
		(45,554)	(3,803)
(Loss) profit before income tax		(49,401)	3,662
Recovery (provision) for income taxes	16	(4,975)) 1,461
Total (loss) profit for the period		(54,376)	5,123
Other comprehensive loss			

Foreign exchange differences on translating foreign operations	(257) -
Total comprehensive (loss) profit for the period	(54,633) 5,123
(Loss) earnings per common share	
Basic	21 (0.58) 0.07
Diluted	21 (0.58) 0.07

[Orosur Mining Inc.](#)

Consolidated Statements of Cash Flows

Thousands of United States Dollars, except where indicated

For the years ended May 31	Note	2015 (\$)	2014 (\$)
Net inflow (outflow) of cash related to the following activities			
Cash flow from Operating activities			
Net (loss) profit for the year		(54,376)	5,123
Adjustments to reconcile net income to net cash provided from operating activities:			
Depreciation	8	16,569	18,738
Impairment of assets	8	14,710	557
Exploration and evaluation expenses written off	9	27,845	219
Obsolescence provision		574	22
Accretion of asset retirement obligation	11	169	231
Deferred income tax assets	16(b)	4,919	(165)
Stock based compensation	13	22	175
Gain on sale of property, plant and equipment	8	(259)	(706)
Other		410	(287)
Subtotal		10,583	23,885
Changes in operating assets and liabilities			
Accounts receivable and other assets		1,613	78
Inventories		(682)	1,462
Trade payables and other accrued liabilities		(138)	(3,324)
Net cash generated from operating activities		11,376	22,101
Cash flow from Financing activities			
Loan payments	22	(4,572)	(3,854)
Net cash used in financing activities		(4,572)	(3,854)
Cash flow from Investing activities			
Purchase of property, plant and equipment and development costs	8,20	(7,758)	(4,762)
Environmental tasks	9	(671)	(2,572)
Proceeds from the sale of fixed assets		788	847
Exploration and evaluation expenditure assets	9	(5,194)	(6,575)
Net cash used in investing activities		(12,835)	(13,062)
(Decrease) / Increase in cash		(6,031)	5,185
Cash at the beginning of year		10,818	5,633
Cash at the end of year	20	4,787	10,818

Orosur Mining Inc.

Consolidated Statements of Changes in Shareholders' Equity

Thousands of United States Dollars, except where indicated

For the years ended May 31	Note	2015 (\$)	2014 (\$)
Capital stock			
Balance at beginning of year		55,184	55,184
Issued for Waymar acquisition	5	5,360	-
Balance at end of year		60,544	55,184
Broker warrants			
Balance at beginning of year		-	276
Warrant expiration		-	(276)
Warrants issued for Waymar acquisition	5,14	62	-
Balance at end of year		62	-

Contributed surplus		
Balance at beginning of year	5,708	5,534
Stock based compensation recognized	13 22	174
Stock options issued for Waymar acquisition	5,13 94	-
Balance at end of year	5,824	5,708
Retained earnings		
Balance at beginning of year	22,088	16,965
Net (loss) income for the year	(54,375)	5,123
Balance at end of year	(32,287)	22,088
Currency translation reserve	(257)	-
Shareholders' equity at end of year	33,886	82,980

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