

Orosur Mining Inc. (‘Orosur’ or the ‘Company’) (TSX/AIM:OMI), a South American-focused gold producer, developer and explorer is pleased to announce the results for the fiscal 2016’s first quarter ended August 31, 2015 (‘Q1 FY16’ or the ‘Quarter’). AISC costs for the Quarter are lower than previously forecasted and production and cash operating costs for the Quarter are in line with the Company’s mine plan and previously stated guidance.

Highlights

- Gold production of 12,471 oz compared with 13,684 oz in Q1 FY15
- Cash operating costs of US\$954/oz compared with US\$945/oz in Q1 FY15
- All-In-Sustaining costs (‘AISC’) of US\$1,166/oz (Q1 FY15: US\$1,182/oz) beating the Company’s forecasted AISC of approximately US\$1,200/oz
- Average gold price received of US\$1,147/oz compared with US\$1,302/oz in Q1 FY15
- Total debt reduced to US\$1.1M from US\$1.5M at the end of Q4 FY15
- Total cash balance of US\$4.6M (compared to US\$4.8M at the beginning of the Quarter). The Company has US\$3.0M of undrawn lines of credit committed by Banco Santander available at August 31, 2015 and as of the date hereof
- Net cash increased to US\$3.5M from US\$3.3M at the end of Q4 2015
- In Chile, agreements with Codelco and Asset Chile Exploración Minera Fondo de Inversión Privado (‘Asset Chile’) were finalized in June 2015 and resulted in Orosur receiving the first US\$850k tranche of funding
- The Company has since completed the CSAMT (Controlled Source Audio Magnetotellurics) program and on October 13th, the Anillo Technical Committee approved a 3,600m of reverse circulation (‘RC’) drilling campaign to start in November, the results of which are expected during FY16

Ignacio Salazar, CEO of Orosur, said:

‘Despite continuing to operate in a low gold price environment, we managed to slightly increase our net cash balance during the quarter whilst again delivering in line with our production and cost guidance. The Company has also been implementing changes in mine planning, cost structures and capital spending in a process that has involved multiple interested parties representing government, community and trade unions. These efforts are in addition to cost reduction measures across all areas of the business, including a 40% reduction in staff since the beginning of the fiscal year, as the Company remains focused on reducing its AISC to below US\$1,000/oz for the remainder of the fiscal year.

In Chile, we are pleased to report the completion of the geophysics program in Anillo and the approval to advance with the 3,600m of RC drilling commencing in November.’

Operational & Financial Summary ¹		Quarter ended August 31		
		Q1 FY16	Q1 FY15	Diff
Operating Results				
Gold produced	Ounces	12,471	13,684	(1,213)
Operating cash cost ³	US\$/oz	954	945	9
AISC	US\$/oz	1,166	1,182	(16)
Average price received	US\$/oz	1,147	1,302	(155)
Financial Results				
Revenue	US\$ ‘000	14,465	16,526	(2,061)
Net loss after tax	US\$ ‘000	(1,726)	(1,280)	446
Cash flow from operations ²	US\$ ‘000	1,403	3,859	(2,456)
Cash & Debt at the end of the period – Summary		August 31, May 31, August 31,		
		2015	2015	2014
Cash balance	US\$ ‘000	4,622	4,787	(165)
Total debt	US\$ ‘000	1,126	1,481	(355)
Cash net of debt	US\$ ‘000	3,496	3,306	190

¹ Results are based on IFRS and expressed in US dollars

² After non-cash working capital movements

³ Operating cash cost is total cost discounting royalties and capital tax on production assets.

Revised FY16 Outlook & Guidance

As announced in August 2015, as a result of the lower gold price environment, the Company commenced the implementation of a strategic plan designed to reduce costs and ensure more profitable production. During the Quarter, the Company concluded optimizing the mine plans for the open pits as well as the Arenal underground operation. These efforts are in addition to cost reduction measures across all areas of the Company, including a 40% reduction in staff since the beginning of the fiscal year. Capital and exploration expenditures for the remainder of the year are expected to be significantly lower than in previous years.

The primary objective of this plan is to reduce AISC to below US\$1,000/oz for the remainder of the year. In line with the Company's ongoing cost-cutting measures and in order to preserve available cash resources, the Board of Directors and the senior executives of Orosur have agreed to receive 20% of their respective directors' fees and base salaries in the form of a combination of common shares and options of the Company, in lieu of cash, effective November 1, 2015, subject to approval of the TSX and to shareholder approval at the upcoming annual and special meeting.

Q1 2015 Financial Summary

Cash flow from operations after working capital was US\$1.4 million compared to US\$3.9 million for Q1 FY15, mainly due to a lower gold price. Net loss after tax was US\$1.7 million compared to US\$1.3 million in Q1 FY15.

The Company invested US\$1.0 million in capital expenditures and US\$1.0 million in exploration expenditures compared to US\$2.6 million and US\$1.1 million respectively in Q1 FY15.

The cash balance at the end of the Quarter was US\$4.6 million compared to US\$4.8 million at May 31, 2015. The Company's debt balance was US\$1.1 million compared to US\$1.5 million at May 31, 2015. During the Quarter, the Company repaid three instalments of the credit facilities (US\$0.4 million) to Banco Santander (Uruguay). The Company is following the contracted schedule of these repayments. The Company has US\$3.0M of committed but undrawn lines of credit available at August 31, 2015 and as of the date hereof.

Quarter Development and Exploration

Uruguay Development Projects

The San Gregorio Deeps underground mine project entered the permitting stage. A Preliminary Permit has been issued by the environmental authority during the quarter and the Mining Permit is in process with the mining authority.

At Arenal Deeps, a 90 metre tunnel was developed in order to reach an underground drilling site for the exploration of the Arenal Repetition exploration target, a potential down-plunge extension of the Arenal deposit.

Uruguay Exploration

Brownfields exploration efforts were concentrated on the Veta Rey, Laureles and Zapucay mines. Extensions of known mineralization as well as new mineralized zones were identified. A total of 5,029 metres of RAB and RC drilling were performed. The mineralized structures at these three mines remain open on strike and down-dip.

Chile

Anillo Project

Following the agreements with Corporación Nacional del Cobre de Chile ("Codelco") and with Asset Chile announced in June 2015, the first tranche of funding (US\$850K) was received and a CSAMT (Controlled Source Audio Magnetotellurics) geophysical survey started in August. Subsequent to the end of the quarter, a final report was received from contractor Southernrock Geophysics and has been used to further define and prioritize drilling targets. On October 13th, the Anillo Technical Committee approved a 3,600m of RC drilling campaign to commence in November. The results of the drilling campaign are expected during FY16.

Colombia

As part of the Company's cost reduction plan, a portion of the Anzá exploration camp has been rented to a major mining company that is exploring a neighboring district.

END

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.

Orosur Mining Inc. Condensed Interim Consolidated Statements of Financial Position Thousands of United States Dollars, except where indicated

	As at August 31, As at May 31,	
	2015 (\$)	2015 (\$)
Assets		
Cash	4,622	4,787
Accounts receivables and other assets	1,950	1,775
Inventories	13,014	14,363
Total current assets	19,586	20,925
Accounts receivables and other assets	414	414
Property plant and equipment and development costs	15,678	16,662
Exploration and evaluation costs	16,650	17,126
Deferred income tax assets	551	551
Restricted cash	232	239
Total non-current assets	33,525	34,992
Total assets	53,111	55,917
Liabilities and Shareholders' Equity		
Trade payables and other accrued liabilities	13,888	13,832
Current portion of long-term debt	837	1,129
Environmental rehabilitation provisions	112	112
Total current liabilities	14,837	15,073
Long-term debt	289	352
Environmental rehabilitation provisions	6,531	6,606
Total non-current liabilities	6,820	6,958
Total liabilities	21,657	22,031
Capital stock	60,544	60,544
Warrants	62	62
Contributed surplus	5,831	5,824
Deficit	(34,013)	(32,287)

Other comprehensive loss	(970)	(257)
Total shareholders' equity	31,454	33,886
Total liabilities and shareholders' equity	53,111	55,917

Orosur Mining Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

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

	Three months ended	
	August 31,	
	2015 (\$)	2014 (\$)
Sales	14,465	16,526
Cost of sales	(15,015)	(16,474)
Gross (loss)/profit	(550)	52
Corporate and administrative expense	(631)	(882)
Restructuring costs	(1,114)	-
Exploration expenses and exploration written off	(18)	(29)
Other income	554	188
Net finance cost	(61)	(93)
Net foreign exchange gain	78	54
	(1,192)	(762)
Loss before income tax	(1,742)	(710)
Recovery/(Provision) for income taxes	16	(570)
Total loss for the period	(1,726)	(1,280)
Other comprehensive loss		
Foreign exchange differences on translating foreign operations	(713)	(54)
Total comprehensive loss for the period	(2,439)	(1,334)
Loss per common share		
Basic and fully diluted	(0.02)	(0.02)

Orosur Mining Inc.

Condensed Interim Consolidated Statements of Cash Flows

Thousands of United States Dollars, except where indicated

	Three months ended	
	August 31,	
	2015 (\$)	2014 (\$)
Net inflow/(outflow) of cash related to the following activities		
Cash flow from operating activities		
Net loss for the period	(1,726)	(1,280)
Adjustments to reconcile net income to net cash provided from operating activities:		
Depreciation	1,814	4,472
Exploration and evaluation expenses	18	29
Accretion of asset retirement obligation	6	19
Deferred income tax assets	-	570
Stock based compensation	7	47
Gain on sale of property, plant and equipment	(20)	(179)
Others	74	(135)
Subtotal	173	3,543
Changes in operating assets and liabilities		
Accounts receivables and other assets	(175)	396
Inventories	1,349	(1,855)
Trade payables and other accrued liabilities	56	1,775
Net cash generated from operating activities	1,403	3,859
Cash flow from financing activities		
Loan payments	(355)	(298)

Proceeds on sale of common shares of Anillo SPA	714	-
Net cash used in financing activities	359	(298)
Cash flow from investing activities		
Purchase of property, plant and equipment and development costs	(913)	(2,374)
Environmental tasks	(81)	(249)
Proceeds from the sale of fixed assets	33	767
Exploration and evaluation expenditure assets	(966)	(1,098)
Net cash used in investing activities	(1,927)	(2,954)
(Decrease)/Increase in cash	(165)	607
Cash at the beginning of period	4,787	10,818
Cash at the end of period	4,622	11,425

Orosur Mining Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
Thousands of United States Dollars, except where indicated

	Three months ended	
	August 31,	
	2015 (\$)	2014 (\$)

Capital stock

Balance at beginning of period	60,544	55,184
Issued for Waymar acquisition	-	5,360
Balance at end of period	60,544	60,544

Broker Warrants

Balance at beginning of period	62	-
Issued for Waymar acquisition	-	62
Balance at end of period	62	62

Contributed surplus

Balance at beginning of period	5,824	5,708
Stock based compensation recognized	7	47
Stock options issued for Waymar acquisition -	-	94
Balance at end of period	5,831	5,849

(Deficit) Retained earnings

Balance at beginning of period	(32,287)	22,088
Net loss for the period	(1,726)	(1,280)
Balance at end of period	(34,013)	20,808
Currency translation reserve	(970)	(54)
Shareholders' equity at end of period	31,454	87,209

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