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, 2016 (“FY16”).

Highlights

Financial & Operational Results

- Gold production of 35,773 oz, exceeding guidance of 30,000 – 35,000 oz (FY15: 53,485).
- Cash operating costs US$877/oz (FY15: US$912/oz) in line with guidance of US$850 – US$950/oz. Total Cash costs reduced to US$891/oz (FY15: US$965/oz)
- All-In-Sustaining Costs (“AISC”) of US$1,069/oz (FY15: US$1,185/oz) in line with guidance of US$1,000 – US$1,100/oz having achieved AISC below US$1,000/oz in Q3 and Q4 (Q4 AISC: US$971/oz)
- Corporate and administrative expenses for the year of US$2.2M compared to US$2.9M the previous year, representing a 26% reduction - the Company has reduced its corporate costs approximately 60% over the past three fiscal years.
- Gross profit in the year was US$0.8M compared to a loss of US$3.8M in FY15. Profit before tax and before impairment and write off for the year was US$1.4M (FY15: loss of US$6.8M). Net loss after tax and after impairment and write off for the year was US$1.2M (FY15: loss of US$54.4M).
- Average gold price received of US$1,154/oz (FY15: US$1,232/oz).
- Cash flow generated from operations before working capital investment was US$7.6M for the year (FY15: US$10.6M).
- During FY16, OMI increased its net cash position by US$0.7M. The Company reduced its debt from US$1.5M to US$0.4M and had a Cash balance at the end of the year of US$4.3M (FY15: US$4.8M). The Company has US$1.5M of undrawn lines of credit committed by Banco Santander available at May 31, 2016 and as of the date hereof.

Operational

- The Company is currently evaluating a number of options to advance the high grade Anzá project in Colombia, while refining a geological model and carrying out some exploratory metallurgical and density test work on previously drilled material.
- Asset Chile (“Asset”) financed US$850k for Phase 1 exploration in Anillo, which funded the 21.5 km of ground geophysics (CSAMT) and 3,600 m of RC drilling (13 boreholes) carried out during FY16. The deadline for Asset to make the decision on Phase 2 has been extended to March 2017, with Asset covering Anillo Spa costs until then.

FY17 Guidance

- The Company's forecast production guidance for FY17 is increased to between 35,000 to 40,000 ounces of gold at operating cash costs of between US$800 to US$900 per ounce. This represents an improvement compared to last year’s delivered results and guidance (30-35 koz at US$850-950/oz operating cash costs), as the Company expects to benefit from the savings generated by the ongoing optimization of operations as well as higher grades from the San Gregorio West Underground project (“SGW UG Project”).

Conference Call

There will be a conference call and webcast for analysts and investors at 15:00 BST / 10:00 EDT / 07:00 PST on 16th August, 2016 hosted by CEO, Ignacio Salazar. The webcast can be accessed via the Company's website (www.orosur.ca) or at the following address:

https://webconnect.webex.com/webconnect/onstage/g.php?MTID=ee3885b52c77926a03beced872d823352

To listen to the audio commentary only, participants can use the following telephone numbers:

Dial-in:	UK: +44 (0) 1452 569 393 / US: 1 866 434 1089 / Canada: 1 866 966 0399
Password:	Orosur Mining

A short presentation to accompany the results will be available on the Company’s website prior to the call.

Ignacio Salazar, CEO of Orosur, said:

“We are pleased to be able to report to our shareholders, that in what can be easily referred to as a challenging year in the gold sector, Orosur once again delivered results exceeding guidance in FY16 after implementing a significant strategic plan to reduce costs, including reducing AISC below our target of US$1,000/oz in Q3 and Q4. At an average gold price of US$1,154/oz for FY16, the Company returned to gross profitability and managed to increase its net cash balance. While this was ongoing, we commenced development of San Gregorio West UG project with first blast work occurring on May 12th 2016. This mine will be the second mechanized UG mine in Uruguay after our Arenal Deeps underground mine. The granting of a one year exemption on royalty payments by the Government of Uruguay, in this difficult period, represented a significant endorsement to our Company and the way we operate.

Thanks to the success we enjoyed in improving operations and reducing costs in Uruguay, we were able to repay the majority of the Company’s outstanding debt, while also progressing vital growth projects. This work affords the Company the opportunity to take advantage of a more positive market environment which currently exists. The Company has been evaluating a number of options to advance the highly prospective Anzá project in Colombia, and is refining a geological model and carrying out some exploratory metallurgical and density test work. In Chile, Orosur completed a 3,600m RC drilling campaign during FY16, which was financed by our partner, Asset.

In the first time since early 2013, we are encouraged to finally see signs of market improvement and our intention, as ever, is to continue creating value for our shareholders by ensuring Orosur remains in a position to capitalise on further growth opportunities.”

Operational & Financial Summary[1]		Fiscal Year (FY) ended May 31		
		2016	2015	Change
Operating Results				
Gold produced	Ounces	35,773	53,485	(17,712)
Operating Cash cost[3]	US$/oz	877	912	(35)
Total Cash cost	US$/oz	891	965	(74)
AISC	US$/oz	1,069	1,185	(116)
Average price received	US$/oz	1,154	1,232	(78)
Financial Results				
Revenue	US$ ‘000	42,866	65,868	(23,002)
Net income (loss) before tax and before impairment and write off	US$ ‘000	1,422	(6,811)	8,233
Cash flow from operations[2]	US$ ‘000	7,603	10,583	(2,980)
Cash & Debt at the end of the period		2016	2015	Diff
Cash balance	US$ ‘000	4,320	4,787	(467)
Total Debt	US$ ‘000	352	1,481	(1,129)
Cash net of debt	US$ ‘000	3,968	3,306	662

[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.

FY16 Production and Cash Costs

Production for the year was 35,773 oz. of gold, exceeding stated guidance of 30,000 – 35,000 oz.

Following a persistently low and declining gold price environment from July 2015, the Company implemented a strategic plan designed to reduce costs and ensure more profitable production. During the year, the primary objective of this plan was accomplished with AISC reduced below US$1,000/oz in Q3 and Q4, and an average AISC for the year of US$1,069/oz, in line with the stated guidance of US$1,000-1,100/oz. The significant reduction in AISC was achieved through further optimization of mine plans at the Company’s open pits as well as the Arenal underground operation, which resulted in lower production rates, but a more profitable contribution from them. These efforts were accompanied by cost reduction measures across corporate, exploration, and development areas, aimed at reducing fixed costs.

Corporate and administrative expenses for the year were US$2.2M compared to US$2.9M for the previous year, representing a 26% reduction. The Company has reduced approximately 60% of its corporate costs over the past three fiscal years and has the lowest costs amongst its public junior gold production peer group.

Cash operating cost for the year was US$877/oz compared to US$912/oz for last year. This is in line with the original stated cost guidance of $850 – $950/oz. Total cash costs, which includes royalties, reduced to US$891/oz (FY15: US$965) following the previously announced granting of a one-year exemption on royalty payments by the Government of Uruguay.

FY17 Outlook & Guidance

The Company's forecast production guidance for FY17 is increased to between 35,000 to 40,000 ounces of gold at operating cash costs of between US$800 to US$900 per ounce.

The Company’s FY17 guidance is an improvement compared to the actual results and FY16 guidance (30-35k oz at

US$850-950/oz operating cash costs), as the Company expects to benefit from the savings generated by the ongoing optimization of operations as well as higher grades from the SGW UG project which are anticipated to offset external factors, such as inflation in Uruguay. The Company aims to maintain the level of savings achieved and plans to continue its operational improvement program focused on sustainable cost cutting measures and driving ongoing operational efficiencies.

As in the past, variations in production and unit costs will occur quarter on quarter as the mine plan draws ore from several sources at varying grades and stages of development or stripping. The Company plans to achieve its production and cost targets over the course of the year.

FY15 Financial Summary

Revenue for the year was US$42.9M compared to US$65.9M the previous year. The primary differences are mainly as a result of less ounces produced and sold (FY16: 36,784 oz; FY15: 52,994 oz) and the lower average gold price during the year. The average gold price received for the year was US$1,154/oz, compared to US$1,232/oz in the prior year.

Cash flow generated from operations before working capital investment was US$7.6M for the year (FY15: US$10.6M).

Gross profit for the year was US$0.8M compared to a loss of US$3.8M at the end of FY15. Lower revenue was offset by the improvements in operating costs due to the implementation of the strategic cost reduction plan during FY16.

Profit before tax and before impairment and write off for the year was US$1.4M (FY15: loss of US$6.8M). The improvement in operating results and settlement agreement reached with the Government of Uruguay in February 2016 pertaining to tax disputes and the royalty payment exemption were partially offset by restructuring costs relating to the implementation of the new strategic plan applied from September 2015 and additional labour claims. Net loss after tax and after impairment and write off for the year was US$1.2M (FY15: loss of US$54.4M).

The Company invested US$3.9M in capital expenditures and US$2.8M in exploration for the year compared to US$8.5M and US$5.2M respectively in FY15. During the year, the Company´s investment focused on the construction of phase 3 of the second tailings dam and the development of the San Gregorio underground project.

Orosur reduced its debt from US$1.5M at the end of FY15 to US$0.4M at the end of FY16. The Company fully repaid its loan with Santander Bank related to the financing of its mobile equipment fleet. Orosur’s cash balance at the end of the year was US$4.3M (FY15: US$4.8M) with net working capital (current assets less current liabilities including cash) of US$7.0M (FY15: US$5.9M). The Company has US$1.5M of undrawn lines of credit committed by Banco Santander available at May 31, 2016 and as of the date hereof.

The Company completed an assessment of the carrying value of its cash generating units (“CGUs”) as at May 31, 2016, and as a result, has recorded a non-cash impairment charge of US$4.2M for property, plant and equipment and development costs (FY15: 14.7M). The impairment was driven by changes in reserve estimations as the company enters the final stages of the Arenal Deeps project. Arenal Deeps is expected to reach the end of its mine life by mid-FY17. No impairment was recorded for other property, plant and equipment and development costs. Additionally, the Company wrote off US$351k for exploration properties (compared to US$27.9M in the prior year).

FY16 Development and Exploration

Uruguay

During the year, geological and engineering development activities were mostly focused on the startup of the SGW UG, the second mechanised underground mine in Uruguay (after Arenal). SGW UG is a continuation of the San Gregorio open pit deposit which, to date, has produced more than 500,000 oz at an average grade of 2.1 g/t.

By the end of FY16, with final permitting in hand, the development work had already commenced, with first blast occurring on May 12th, 2016. The development and startup of the SGW UG mine benefited from synergies with the closing of the Arenal UG operation, which is planned to complete during H1 FY17. As a result, Capex is expected to be minimized and personnel and equipment have started to be shifted from Arenal to San Gregorio. By phasing the development of SGW UG with the closure of Arenal Deeps, the Company intends to fund the development with internal cash and cash flow. SGW UG is anticipated to commence production by the end of H1 FY17.

The plan for FY17 is to accelerate the definition of resources and reserves in some priority areas such as San Gregorio East UG, San Gregorio West UG extension and Argentinita UG:

- San Gregorio East is a sector contiguous to the SGW UG project where the Company is planning to drill a further 3,000 m aimed at increasing and validating reserves. The Company has completed the first drill hole in this programme, intercepting attractive mineralization over a significant interval.
- The Company also aims to further explore a potential San Gregorio West UG Extension located at depth, below the portion of the reserve base which will be put into production and mined in FY17. The deposit in this sector is open at depth and the Company will conduct six deep drill holes to test the area below. Historic drilling at this location has demonstrated promising mineralization and mineralized intervals.
- At the Company’s Argentinita UG development project, 27 koz of maiden reserves have been delineated and a drilling campaign is planned with the intention of increasing and upgrading this reserve.

The Veta Rey open pit remains in production. In recent months, the mine has supported plant ore feed while SGW UG is being developed. At the same time, Veta Rey provides waste material which is used in the construction of a new tailings dam phase, further optimizing loading and hauling costs. The Veta Rey open pit has produced approximately 14 koz over the past two years. As in the case of Veta Rey, the Company’s suite of open pit projects in Uruguay are currently being reevaluated for potential development and production activities in the higher gold price scenario we enjoy at present. For example, based on the Company’s internal economic analysis, some targets at Santa Maria and Perú appear to be economic at or around US$1,300/oz, which could result in additions to the mine plan of around 10-12 koz.

In FY16, exploration activity was concentrated on brownfield activity near the current mines, while some of the most promising exploration projects and targets were reevaluated during the year. This work has enabled the Company to put forth a solid work plan for FY17 with the objective of further consolidating and extending mine life. As a result of insufficient mineralization encountered during exploration drilling, the previously announced Arenal Repetition exploration project has been discontinued.

In Southern Uruguay, a number of high grade, low tonnage targets were identified for treatment and processing in the San Gregorio plant, as part of the Company’s multi-focal approach to extend mine life . The permitting process for confirmatory and/or exploration drilling at these projects is currently underway.

Chile

Anillo Project

During July 2015, Asset financed US$850kfor Phase 1 exploration in Anillo in line with the option agreement signed in June 2015. Orosur contributed US$100k to complete the exploration budget.

A total of 21.5 km of ground geophysics (CSAMT) and 3,600 m of RC drilling (13 boreholes) were carried out during FY16 to test five targets previously agreed with Asset. The results demonstrated the presence and continuity of Au-Ag mineralization in three zones related to high and low sulphidation epithermal systems, which have been passed to delineation stage. A pipeline of six Au-Ag opportunities has been defined at the property, including three areas stemming from historic work completed by the Company.

Orosur and Asset have agreed to extend the period of time for Asset to fund their option for Phase 2 until March 2017. Asset has committed to pay to Orosur US$120k to cover the costs to maintain the project and G&A of Anillo Spa during this period.

Colombia

The Company continues to maintain a flexible and dynamic approach with regard to the high grade Anzá project, where Orosur is currently evaluating a number of options through which to advance the project. The Company is refining a geological model and has initiated exploratory metallurgical and density test work.

At present, the Anzá gold project includes two small underground gypsum mines, each of which have environmental and mining permits granted by the Colombian authorities. This permitting constitutes a strategic element of the project as it allows for the potential to fast-track an extension of these permits for a future gold mining operation. Historically the gypsum mines have been operated by a third party contractor; Orosur is currently in the process of taking over operatorship.

Qualified Person's Statement

The technical information related to the current assets of Orosur Mining in this presentation 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.

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 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 listed in Canada (TSX: OMI) and London (AIM: OMI).

For more information please visit www.orosur.ca

Orosur Mining Inc.

Consolidated Statements of Financial Position

Thousands of United States Dollars, except where indicated

	As at May 31 2016($)	As at May 31 2015($)
Assets		
Cash	4,320	4,787
Accounts receivable and other assets	1,770	1,775
Inventories	12,069	14,363
Total current assets	18,159	20,925
Accounts receivable and other assets	550	414
Property plant and equipment and development costs	10,106	16,662
Exploration and evaluation costs	17,250	17,126
Deferred income tax assets	2,534	551
Restricted cash	221	239
Total non-current assets	30,661	34,992
Total Assets	48,820	55,917
Liabilities and Shareholders’ Equity		
Trade payables and other accrued liabilities	10,586	13,832
Current portion of long-term debt	253	1,129
Environmental rehabilitation provision	360	112
Total current liabilities	11,199	15,073
Long-term debt	99	352
Environmental rehabilitation provision	5,327	6,606
Total non-current liabilities	5,426	6,958
Total liabilities	16,625	22,031
Capital stock	60,751	60,544
Warrants	-	62
Contributed surplus	5,925	5,824
Deficit	(33,497)	(32,287)
Currency translation reserve	(984)	(257)
Total shareholders’ equity	32,195	33,886
Total liabilities and shareholders’ equity	48,820	55,917

Orosur Mining Inc.

Consolidated Statements of Loss and Comprehensive Loss

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

For the years ended May 31	2016 ($)	2015 ($)
Sales	42,866	65,868
Cost of sales	(42,073)	(69,715)
Gross profit/(loss)	793	(3,847)
Corporate and administrative expenses	(2,150)	(2,900)
Restructuring costs	(1,709)	-
Exploration expenses and exploration written off	(351)	(27,880)
Impairment of assets	(4,229)	(14,710)
Obsolescence provision	(39)	(574)
Other income	4,009	702
Finance cost net	24	(376)
Derivative gain	158	-
Foreign exchange gain	336	184
	(3,951)	(45,554)
Loss before income tax	(3,158)	(49,401)
Recovery (provision) for income taxes	1,948	(4,975)
Total loss for the period	(1,210)	(54,376)
Other comprehensive loss		
Cumulative translation adjustment	(727)	(257)
Total comprehensive loss for the period	(1,937)	(54,633)
Loss per common share		
Basic	(0.01)	(0.58)

Orosur Mining Inc.

Consolidated Statements of Cash Flows

Thousands of United States Dollars, except where indicated

For the years ended May 31	2016 ($)	2015 ($)
Net inflow (outflow) of cash related to the following activities		
Cash flow from Operating activities		
Net loss for the year	(1,210)	(54,376)
Adjustments to reconcile net income to net cash provided from operating activities:		
Depreciation	5,975	16,569
Impairment of assets	4,229	14,710
Exploration and evaluation expenses written off	351	27,845
Obsolescence provision	39	574
Fair value of derivates	(92)	-
Accretion of asset retirement obligation	(210)	169
Deferred income tax assets	(1,983)	4,919
Stock based compensation	43	22
Gain on sale of property, plant and equipment	116	(259)
Other	345	410
Subtotal	7,603	10,583
Changes in working capital		
Accounts receivable and other assets	(38)	1,613
Inventories	2,253	(682)
Trade payables and other accrued liabilities	(3,255)	(138)
Net cash generated from operating activities	6,563	11,376
Cash flow from Financing activities		
Proceeds on sale of common shares of Anillo SPA	710	-
Loan payments	(1,128)	(4,572)

Net cash used in financing activities	(418)	(4,572)
Cash flow from Investing activities		
Purchase of property, plant and equipment and development costs	(3,701)	(7,758)
Environmental tasks	(241)	(671)
Proceeds from the sale of fixed assets	123	788
Exploration and evaluation expenditure assets	(2,793)	(5,194)
Net cash used in investing activities	(6,612)	(12,835)
Decrease in cash	(467)	(6,031)
Cash at the beginning of year	4,787	10,818
Cash at the end of year	4,320	4,787

Orosur Mining Inc.

Consolidated Statements of Changes in Shareholders’ Equity

Thousands of United States Dollars, except where indicated

For the years ended May 31	2016 ($)	2015 ($)
Capital stock		
Balance at beginning of year	60,544	55,184
Issued for Waymar acquisition	-	5,360
Termination consideration	195	-
Grant of shares	12	-
Balance at end of year	60,751	60,544
Broker warrants		
Balance at beginning of year	62	-
Warrants issued for Waymar acquisition	-	62
Warrants expiration	(62)	-
Balance at end of year	-	62
Contributed surplus		
Balance at beginning of year	5,824	5,708
Stock based compensation recognized	43	22
Cashless exercise	(4)	94
Warrants expiration	62	-
Balance at end of year	5,925	5,824
(Deficit) Retained earnings		
Balance at beginning of year	(32,287)	22,088
Net loss for the year	(1,210)	(54,375)
Balance at end of year	(33,497)	(32,287)
Currency translation reserve	(984)	(257)
Shareholders’ equity at end of year	32,195	33,886

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