

[Orosur Mining Inc.](#) (“Orosur” or “the Company”;) (TSX/AIM: OMI), the South American-focused gold producer, developer and explorer is pleased to announce an update of its exploration and development activities in Uruguay and Colombia.

HIGHLIGHTS

Uruguay: Development

- Construction of the San Gregorio West underground mine is on budget and on track to commence production towards the end of Q2 FY17, with over 328m of horizontal development completed to the end of Q1 FY17.

Uruguay: Exploration

- Exploration drilling in and around the San Gregorio UG area has yielded positive results, which are expected to significantly enhance mine economics and increase reserves and resources in the short and medium term.
- An eastern continuity of the current San Gregorio West UG mineralized ore body has been drilled from an underground station with seven diamond core holes. These holes were aimed at testing the continuity of the mineralization between the existing San Gregorio West and East underground reserves. Drilling successfully intersected significant gold mineralization in every hole. Further drilling is underway.
- Initial results from diamond drilling at San Gregorio East UG have demonstrated consistent and attractive mineralized intercepts and are expected to validate and increase reserves.
- Previous drilling of a deeper mineralized extension located beneath the San Gregorio West UG has demonstrated continuation of mineralization at depth and the Company is planning a six hole diamond drilling campaign from surface to further test and confirm this mineralization.
- Uruguay open pit brownfields exploration and development activities have shown success in exploration at Don Tito and additionally the re-evaluation of targets at the existing Santa Maria and Perú open pit mines indicate the potential for additional production to the current mine plan at gold prices at or above US\$1,300/oz.
- As part of ongoing Uruguay greenfields exploration, an encouraging geological reinterpretation of the San Gregorio – Arenal corridor has been developed. If proven to be successful, this would unlock an area of approximately 25,000 m² to new exploration with the objective of discovering deposits of similar characteristics as San Gregorio or Arenal.

Colombia: Exploration

- At the Company’s high grade Anzá Project in Colombia, initial preliminary metallurgy and density test work has been completed, with average gold recoveries ranging from 95.9 – 96.1% utilising a combination of gravity concentration, flotation and cyanidation processing, which is in line with the metallurgical recoveries of the development projects and producing mines in the region.

Ignacio Salazar, CEO of Orosur, said:

“We are pleased to be able to report such a positive exploration and development update across our portfolio of gold assets in Uruguay and Colombia. Thanks to our operational performance, positive operating cash flow and the further strengthening of the gold price this year, the Company resumed more active and aggressive exploration work earlier in the year.

Development at our San Gregorio West Underground project is advancing according to plan and on budget, with production due to commence at the end of Q2 FY17. We achieved positive drilling results in a number of exploration projects in Uruguay, most notably in locations at depth, along strike and immediately adjacent to our current San Gregorio West Underground development with the potential to add reserves, expand the project and improve its economics via additional synergies. I’m delighted with the hard work our team has delivered to achieve these positive results and look forward to the next stages of the exploration programme in the coming quarters.

At our Anzá gold project in Colombia, positive preliminary metallurgical results in line with peers in the immediate region represents a de-risking of the project and our team are preparing a geological model with which to plan our next exploration phase at Anzá.”

Uruguay Underground Projects

Development of the San Gregorio West Underground Mine (SGW UG Mine)

The Company continues to make steady progress on the construction and development of the SGW UG mine, the second mechanised underground mine in Uruguay (after Arenal). SGW UG is a continuation at depth of the historic San Gregorio open pit deposit which, to date, has produced approximately 536,000 oz at an average grade of 2.12 g/t. Development tunneling extended a horizontal length of 328 m during the recent Quarter. Development has reached the point where ventilation fans will be positioned, a key milestone in commencing production as anticipated towards the end of Q2 17. The raise-boring machine

which was required to construct the ventilation shaft has been commissioned. Mine development at the SGW UG mine has to date been accomplished while sharing equipment and personnel with ongoing production at the Arenal UG mine in an efficient and safe way.

Potential for Significant Expansion of the San Gregorio West Underground Mine

During FY17, the Company intends to expand the SGW UG operations with three neighboring underground projects. These projects are the San Gregorio East Underground, Deeper Extension of the SGW UG and the San Gregorio Underground Central area. The last two projects relate to areas which were not considered in the SGW UG mining plans and represent new opportunities with a strong potential for near term resource and reserve delineation.

To see full PDF of release with images, click [here](#).

Potential for Expansion of San Gregorio East Underground Reserves

San Gregorio Underground East (“SGE UG”) is contiguous and east of the SGW UG. The area is currently being diamond drilled in order to validate and increase its reserves. The Company is committed to drilling an initial 3,000m programme during FY17. Preliminary results to this point have demonstrated consistent and attractive mineralized intercepts:

Hole ID	From (m)	To (m)	Intercept	Including
SGDD16-060	147.1	160.3	10.3m @ 2.60g/t	-
SGDD16-061	215.1	220.1	5.0m @ 1.10g/t	-
SGDD16-063	175.9	180.9	5.0m @ 1.69g/t	-
SGDD16-064	169.8	184.9	15.3m @ 1.22g/t	5.1m @ 1.77g/t
SGDD16-067	153.3	162.4	9.2m @ 0.50g/t	3.5m @ 0.80g/t

To see full PDF of release with images, click [here](#).

Potential for Delineation of New Reserves Below SGW UG

The Deeper Extension of the SGW UG, is an area located immediately beneath the SGW UG sector. This area is not considered in the current mining plans for SGW UG. Previous drilling has demonstrated the continuation of the mineralization at depth and at multiple depths. These historic intercepts show encouraging gold intercepts:

Hole ID	From (m)	To (m)	Intercept
SGDD002	434.3	437.6	3.3m @ 2.6g/t
SGDD003	656.7	661.3	4.6m @ 3.1g/t

As a result of these intercepts, the Company is initially planning to drill six long diamond core holes, from surface, to further test and confirm this mineralization. Following a positive result, a further campaign to define and increase reserves in the area is expected to proceed.

San Gregorio Underground Central (SGC UG) – A New Mineralised Area in the Core of SG

SGC UG corresponds to the eastern continuity of the current SGW UG mineralized ore body and sits in between the latter and the existing SGE UG reserves. Seven diamond core exploratory holes have been drilled from the SGW UG ramp, aimed at testing the continuity of the mineralization between SGW UG and SGE UG reserves. Results received to date intersected significant mineralization and demonstrate reason for further exploration. During Q1 FY17, the Company drilled 7 holes, with mineralized intercepts as follows:

Hole ID	From (m)	To (m)	Intercept	Including
DDHUGSG16-024_01	113.9	121.9	8.0m @ 4.57g/t	-
DDHUGSG16-024_02	110.2	115.8	5.7m @ 1.43g/t	-
DDHUGSG16-024_0	119.6	124.8	5.2m @ 1.65g/t	-
DDHUGSG16-024_04	110.4	123.0	12.6m @ 2.42g/t	-
DDHUGSG16-024_05	142.2	160.0	17.9m @ 1.47g/t	6.45m @ 2.42g/t
DDHUGSG16-024_06	139.4	143.9	4.5m @ 1.34g/t	-
DDHUGSG16-024_07	92.7	109.1	16.4m @ 5.53g/t	7.8m @ 11.17g/t

To see full PDF of release with images, click [here](#).

These results indicate the strong potential to significantly improve the economics of the entire SG UG Project. Any SGC UG reserves will benefit from the extensive development and mining activities occurring at present and planned in the future at the

SGW UG mine in construction.

Uruguay Open Pit Brownfield Projects

The Company's suite of open pit projects in Uruguay are currently being reevaluated for potential development and production activities in the current gold price environment. Based on the Company's internal economic analysis, some targets at the Santa Maria and Perú mines appear to be economic at or around US\$1,300/oz, which could result in additional 10-12 Koz Au to the current mine plan.

In the Sobresaliente area, approximately 6 km north of San Gregorio, the Don Tito exploration project contains an anomalous area with high grade intercepts. This area has historic artisanal workings, with gold occurring in quartz veins hosted in granite similar to the ore bodies mined previously at Sobresaliente, in operation during 2011 – 2013, producing 21,667 oz of gold at an average grade of 1.04 g/t Au. Exploration work completed to date consists of 5 diamond holes, 7 Reverse Circulation holes, and 7 trenches.

Hole ID	Type	From (m)	To (m)	Intercept	Including
DTDD001	Diamond Drilling	37.0	51.2	14.2m @ 0.34 g/t	1m @ 2.1g/t
		17.8	28.5	10.7m @ 1.33g/t	3.0m @ 3.64g/t
DTDD002	Diamond Drilling	42.7	46.2	3.50m @ 1.37g/t	0.55m @ 4.75g/t
		58.3	74.5	16.15m @ 1.79g/t	0.85m @ 25.63g/t
DTRC002	Reverse Circulation	37.0	42.0	5.0m @ 1.08g/t	1.0m @ 2.91g/t
		48.0	52.0	4.0m @ 0.50g/t	1.0m @ 1.47g/t
DTRC003	Reverse Circulation	14.0	18.0	4.0m @ 1.52g/t	1.0m @ 4.93g/t
		39.0	50.0	11.0m @ 0.72g/t	2.0m @ 1.68g/t
DTRC004	Reverse Circulation	25.0	31.0	6.0m @ 0.80g/t	1.0m @ 1.6g/t
		41.0	46.0	5.0m @ 0.31g/t	
DTRC006	Reverse Circulation	2.0	4.0	2.0m @ 1.51g/t	1.0m @ 2.52g/t
		16.0	27.0	11.0m @ 0.65g/t	3.0m @ 1.40g/t
DTRC007	Reverse Circulation	5.0	9.0	4.0m @ 0.49g/t	1.0m @ 1.23g/t
		21.0	28.0	7.0m @ 0.69g/t	1.0m @ 2.22g/t
DTTR14-001	Trenching	69.5	83.0	13.5m @ 4.07g/t	3.0m @ 14.81g/t
DTTR14-002	Trenching	21.7	24.0	2.3m @ 1.49g/t	
DTTR14-003	Trenching	19.0	48.0	29.0m @ 0.26g/t	2.0m @ 0.62g/t
DTTR14-004	Trenching	8.0	12.0	4.0m @ 1.11g/t	
DTTR14-005	Trenching	71.0	75.0	4.0m @ 2.17g/t	1.0m @ 6.86g/t
DTTR14-007	Trenching	8.0	15.9	7.90m @ 0.33g/t	0.6m @ 1.67g/t

Don Tito drilling and trenching exploration results.

The Company has two other projects in the area near Don Tito and plans to progress exploration in the Sobresaliente district with the objective of adding open pit reserves as soon as the exploration permits are received from the Uruguayan Mining Department (Dinamige).

Uruguay Open Pit Greenfield Projects

As part of a comprehensive geological evaluation of the economic and geologic features of the San Gregorio area, an encouraging geological reinterpretation of the San Gregorio – Arenal corridor has been developed. Geological data, including geophysics, drilling, trenching and soil sampling, indicates a promising new geological model, which if proved, would open an area of approximately 25,000 m² to new exploration with the objective of discovering deposits of similar characteristics as San Gregorio or Arenal.

Additionally, in Southern Uruguay, a number of high grade, low tonnage targets have been identified for further exploration and development work, with the goal of treating and processing this potential ore in the San Gregorio plant, as part of the Company's multi-focal approach to extend mine life and grow production. The permitting process for confirmatory and/or exploration drilling at these projects is currently underway.

Colombia

The Company continues its efforts to advance its high grade Au-Zn Anzá project.

The Company has received positive results for its metallurgical test work on material from the Anzá gold system. Preliminary metallurgical testing from composites was undertaken to characterize the ore. Gravity concentration, flotation, cyanidation and bond tests were performed on the samples. The tests were conducted at ALS Metallurgical Laboratory in Santiago, Chile.

As indicated in drilling intercepts and as expected, the metallurgical tests confirmed the deposit contains areas with high zinc, lead and copper values. Gold occurred either free, or associated with pyrite, and the bulk of samples demonstrated a cyanide only gold recovery of approximately 87%, when whole ore was leached with cyanide at 500 ppm using a grind size of 106 um (P80).

Limited samples were also processing through a combination of gravity concentration, flotation and cyanidation and demonstrated gold recoveries ranging from 95.9 – 96.1%, in line with the metallurgical recoveries of the development and production stage mines in the region and belt.

This work is preliminary and opportunities exist to improve the metallurgical leaching recoveries, especially on some particular samples types, where recoveries declined associated with the presence of talc or calcite. These initial results indicate that processing options may likely be a combination of concentration, flotation and cyanidation, with a final configuration to be defined as the project progresses and the understanding of the gold bearing mineralization, its by-products and gangue are better evaluated and understood.

Specific gravity was measured on three master samples and thirteen composites with an average density of 2.61 g/cm³ with a maximum of 2.74 g/cm³, minimum of 2.47 g/cm³ and standard deviation of 0.06.

The Company is currently engaged in developing a geological model to better understand the gold mineralization and its distribution in the Pastorera-Aragon trend, where the bulk of the historical exploration work has been carried out. A better understanding of the geological features controlling gold mineralization should allow for a more accurate assessment of the regional potential and what steps are best suited and required to define a preliminary resource estimate at the high grade Anzá gold project.

With positive initial metallurgical results in hand, the Company intends to finalise a geological model during Q3 FY17 with a view to evaluating the options through which to most effectively and swiftly advance the Anzá project.

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 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).

For more information, please visit www.orosur.ca.

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