

[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, 2017 (“FY17”).

Highlights

Financial & Operational Results

- FY17 production of 35,371 oz (within stated guidance of 35-40 koz) following a significant increase in production in Q4 (10,748 oz).
- FY17 Operating cash cost guidance of US\$829 (confirmed within stated guidance of US\$800 - 900/oz) and representing an improvement on FY16: US\$877.
- Average gold price received of US\$1,258/oz (FY15: US\$1,154/oz).
- Cash flow generated by operations was US\$9.7M (FY16: US\$7.6M) due to better operating performance and gold price in FY17.
- Profit before tax was US\$2.0M (FY16: loss of US\$3.2M) due to higher gold price at \$1,258/oz (FY16: \$1,154/oz) and lower overall costs of sales.
- Successfully built and developed the San Gregorio West underground mine in Uruguay (“SGW UG”.) from internally generated funds (total investment in SGW UG during FY17 was US\$5.9M).
- The Company invested US\$10.8M in capital and US\$2.6M in exploration (FY16: US\$3.9M and US\$2.8M, respectively). In addition to the construction of the SGW UG mine, the Company invested in the completion of the construction of phase 4A of the new tailings dam during FY17.
- All-In-Sustaining Costs (“AISC”.) of US\$1,228/oz (FY16: US\$1,069/oz). The increase was due mainly to the additional development capex associated with building the SGW UG mine.
- Cash balance at the end of May 2017 was US\$3.4M (Q3 US\$2.4M and FY 2016 US\$4.3M) with debt of just US\$0.4.

Exploration and Corporate

- Following completion of the equity raise announced on August 11th, 2017, the company is in the process of ramping up drilling in Colombia and plans to update the market on recent Exploration progress in both Colombia and Uruguay in short order.

Ignacio Salazar, CEO of Orosur, commented:

“We are very pleased to report a successful FY17 having achieved a number of important corporate milestones whilst simultaneously delivering in line with production and cost targets for the fourth consecutive year.

Cost management and technical excellence remain central to our strategy, demonstrated by successfully building and opening of the second UG mine in Uruguay during the year. The completion of the recent financing announced on August 11th 2017, which was oversubscribed and at a premium to the prevailing market when negotiated, is an important step to support our growth strategy.

The quality of our assets, our track record on delivery and the recent financing position the Company well for FY18 to make significant progress towards its growth potential and we look forward to reporting results from the resource definition in Colombia, tapping the potential of the highly prospective 100km greenstone belt we control in Uruguay and advancing Anillo in Chile,”

Operational & Financial Summary ¹		Fiscal Year (FY)		
		ended May 31		Change
		2017	2016	
Operating Results				
Gold produced	Ounces	35,371	35,773	(402)
Operating Cash cost ³	US\$/oz	829	877	(48)
Total Cash cost	US\$/oz	882	891	(9)
AISC	US\$/oz	1,228	1,069	159
Average price received	US\$/oz	1,258	1,154	104
Financial Results				
Revenue	US\$ ‘000	44,226	42,866	1,360
Net income (loss) before tax	US\$ ‘000	2,028	(3,158)	5,186
Cash flow from operations ²	US\$ ‘000	9,664	7,603	2,061
Cash & Debt at the end of the period		2017	2016	Diff
Cash balance	US\$ ‘000	3,357	4,320	(963)
Total Debt	US\$ ‘000	403	352	51
Cash net of debt	US\$ '000	2,954	3,968	(1,014)

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.

FY18 Outlook & Guidance

The Company expects production from the San Gregorio mine in Uruguay for FY18 to be between 30,000 - 35,000 ounces of gold, with operating costs of US\$800 - US\$900 per ounce.

At current gold prices this will allow the Company to continue to focus on expanding its resource base in Uruguay both from underground and surface operations, with the aim of increasing its mine life and/or increasing production by utilising the spare capacity in the San Gregorio plant.

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.

The Company is preparing to commence a 15,000m drilling campaign in its highly prospective Anzá project in the mid-cauca belt of Colombia. The Company will update the market with drilling results during the year as the program advances.

FY17 Financial Summary

Cash operating costs for the year were \$829/oz (FY16: \$877/oz), a reduction of 6%, due primarily to lower operating costs related to lower tonnes transported, processed at higher grades during the year and continuous technical improvements and cost management efforts. The Company successfully reached its cash operating cost guidance of US\$800 - 900/oz for the year.

All-in-sustaining costs ("AISC") were \$1,228/oz (FY16: \$1,069/oz). The increase was due mainly to the additional development capex associated with the SGW UG mine, including ramp, access and ventilation work while at the same time in FY17 the company did not have the benefit of the exemption of the royalty granted for FY16. AISC peaked at \$1,345/oz in Q2 17 and since then, the Company started to reduce capital investment during the remainder of FY17.

Cash flow generated by operations before working capital investment was US\$9.7M (FY16: US\$7.6M) due to better operating performance in FY17 as explained above.

Contribution margin FY17 was US\$11.1 (FY16: US\$6.8M) and Profit before tax was US\$2.0M (FY16: loss of US\$3.2M) due to higher gold price at \$1,258/oz (FY16: \$1,154/oz) and lower costs of sales overall. Net profit after tax for the year was US\$2.6M (FY16: loss of US\$1.2M).

The Company invested US\$10.8M in capital and US\$2.6M in exploration (FY16: US\$3.9M and US\$2.8M, respectively). In addition to the construction of the SGW UG mine, the Company invested during FY17 in completing the construction of the phase 4A of the new tailings dam.

Cash balance at the end of the year was US\$3.4M compared to US\$4.3M at May 31, 2016. The decrease in cash was mainly due to the development of the SGW UG mine (total investment in SGW UG during the year 2017 was US\$5.9M). The SGW UG mine was financed fully from cash from operations. Total debt as at May 31, 2017 was US\$0.4M compared to US\$0.4M at May 31, 2016. This debt relates to leases on small vehicles and equipment.

The Company has a US\$1.5M committed and undrawn line of credit with Banco Santander available as at May 31, 2017, and as of the date hereof.

Exploration Update

Following the equity raise announced on August 11th, 2017, the company is in the process of ramping up drilling in Colombia and plans to update the market on recent Exploration progress in both Colombia and Uruguay in short order.

END

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

– Financial Statements Follow –

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

	As at May 31 2017(\$)	As at May 31 2016(\$)
Assets		
Cash	3,357	4,320
Accounts receivable and other assets	1,519	1,770
Inventories	13,157	12,069
Total current assets	18,033	18,159
Accounts receivable and other assets	550	550
Property plant and equipment and development costs	16,160	10,106
Exploration and evaluation costs	17,677	17,250
Deferred income tax assets	3,115	2,534
Restricted cash	229	221
Total non-current assets	37,731	30,661
Total Assets	55,764	48,820
Liabilities and Shareholders' Equity		
Trade payables and other accrued liabilities	14,518	10,586
Current portion of long-term debt	202	253
Environmental rehabilitation provision	243	360
Total current liabilities	14,963	11,199
Long-term debt	201	99
Environmental rehabilitation provision	5,405	5,327
Total non-current liabilities	5,606	5,426
Total liabilities	20,569	16,625
Capital stock	61,162	60,751
Contributed surplus	5,836	5,925
Deficit	(30,913)	(33,497)
Currency translation reserve	(890)	(984)
Total shareholders' equity	35,195	32,195
Total liabilities and shareholders' equity	55,764	48,820

Orosur Mining Inc.

Consolidated Statements of Profit/(Loss) and Comprehensive Profit/(Loss)

(Thousands of United States Dollars except for earnings per share amounts)
For the years ended May 31

2017 (\$) 2016 (\$)

Sales	44,226	42,866
Cost of sales	(40,271)	(42,073)
Gross profit	3,955	793
Corporate and administrative expenses		(2150)
	(2,398)	
Restructuring costs	143	(1,709)
Exploration and evaluation costs written off	(131)	(351)
Impairment of assets	-	(4,229)
Obsolescence provision	(113)	(39)
Other income	1,527	4,009
Finance cost net	(164)	24
Derivative gain/(loss)	(458)	158
Foreign exchange gain/(loss)	(333)	336
	(1,927)	(3,951)
Profit/(Loss) before income tax	2,028	(3,158)
Recovery for income taxes	557	1,948
Total Profit/(loss) for the period	2,585	(1,210)
Other comprehensive profit/(loss)		
Cumulative translation adjustment	93	(727)
Total comprehensive profit/(loss) for the period	2,678	(1,937)
Profit/(Loss) per common share		
Basic	0.03	(0.01)
Diluted	0.03	(0.01)

Orosur Mining Inc.

Consolidated Statements of Cash Flows

(Thousands of United States Dollars, except where indicated)

For the years ended May 31

2017 (\$) 2016 (\$)

Net inflow (outflow) of cash related to the following activities

Cash flow from operating activities

Net profit/(loss) for the year

2,585 (1,210)

Adjustments to reconcile net income to net cash provided from operating activities:

Depreciation

7,143 5,975

Impairment of assets

- 4,229

Exploration and evaluation expenses written off

131 351

Obsolescence provision

113 39

Fair value of derivatives

458 (92)

Accretion of asset retirement obligation

18 (210)

Deferred income tax assets

(581) (1,983)

Stock based compensation

93 43

Loss/(gain) on sale of property, plant and equipment

(241) 116

Other

(55) 345

Subtotal

9,664 7,603

Changes in working capital

Accounts receivable and other assets

(211) (38)

Inventories

(1,200) 2,253

Trade payables and other accrued liabilities

3,932 (3,255)

Net cash generated from operating activities

12,185 6,563

Cash flow from investing activities

Purchase of property, plant and equipment and development costs

(10,621) (3,701)

Payments for environmental rehabilitation

(213) (241)

Proceeds from the sale of fixed assets

240 123

Exploration and evaluation expenditure assets

(2,604) (2,793)

Net cash used in investing activities

(13,198) (6,612)

Cash flow from financing activities		
Proceeds on sale of common shares of Anillo SPA	-	710
Loan proceeds	320	-
Loan payments	(270)	(1,128)
Net cash generated from/(used in) financing activities	50	(418)
Decrease in cash	(963)	(467)
Cash at the beginning of year	4,320	4,787
Cash at the end of year	3,357	4,320

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