

Orosur Mining Announces Commencement of Drilling in Colombia & Q1 2018 Results: Production & Operating Costs on Target & Increased Investment & Exploration

16.10.2017 | [Business Wire](#)

[Orosur Mining Inc.](#) (‘Orosur’ or the ‘Company’) (TSX/AIM: OMI), a South American-focused gold producer, developer and explorer is pleased to announce the commencement of drilling in Colombia and the results for the first quarter of its fiscal 2018 ended August 31, 2017 (‘Q1 18’ or the ‘Quarter’).

HIGHLIGHTS

Colombia Exploration

- Completed C\$4.0 million (US\$3.2 million) financing in August 2017 to fund drilling in Colombia
- Drilling of the planned 15,000m resource definition campaign commenced on October 12, 2017
- Gold production of 8,626 oz, in Q1 18 at the San Gregorio mine in Uruguay on the higher end of the Company’s 30,000 – 35,000 oz guidance for the full year (Q1 17: 9,950 oz)

Q1 2018 Results

- Cash operating costs of US\$901/oz, as expected for a full year guidance of between US\$800 to US\$900/oz (Q1 17: US\$693/oz)
- All-In-Sustaining costs (‘AISC’) of US\$1,348/oz (Q1 17: US\$989/oz) as the Company increased capital expenditures to US\$2.9M and exploration to US\$1.6M (US\$1.9M and \$0.5M, respectively, in Q1 17) with objective to increase production and/or mine life in Uruguay
- Cash generated from operations of US\$1.5M (Q1 17: US\$4.8M)
- Total cash balance of US\$4.5M at the end of Q1 18

Ignacio Salazar, CEO of Orosur, said: ‘Q1 18 marks the 20th consecutive quarter of meeting internal production and cash operating cost guidance. We are very pleased with our team’s commitment to delivery and optimistic that our recent push in exploration and development activities will shortly begin delivering new reserves and resources. These advances will allow the Company to exploit the potential that exists in both of our core areas, by growing production and mine life in Uruguay and expanding the mineralized potential of our assets in Colombia. We are also excited to announce the recent commencement of drilling at our highly prospective Anza project in Colombia and look forward to updating the market with assay results in the coming months.’

Operational & Financial Summary ¹		Quarter ended August 31		
		2017	2016	Diff
Operating Results				
Gold produced	Ounces	8,626	9,950	(1,324)
Operating cash cost ³	US\$/oz	901	693	208
AISC	US\$/oz	1,348	989	359
Average price received	US\$/oz	1,260	1,324	(64)
Financial Results				
Revenue	US\$ ‘000	11,951	12,658	(707)
Net profit/(loss) after tax	US\$ ‘000	(290)	2,759	(3,049)
Cash flow from operations ²	US\$ ‘000	1,454	4,795	(3,341)
Cash & Debt Summary		August 31, 2017	May 31, 2017	Diff

Cash balance	US\$ ‘000	4,533	3,357	1,176
Total debt	US\$ ‘000	330	403	(73)
Cash net of debt	US\$ ‘000	4,203	2,954	1,249

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's forecast production guidance at San Gregorio for FY18 remains between 30,000 -35,000 oz of gold at operating cash costs of between US\$800 – US\$900/oz.

At current gold prices this is expected to allow the Company to continue to focus on expanding its resource base in Uruguay from both underground and surface operations, with the aim of increasing its mine life and increasing production by utilising existing spare capacity at 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. Still, the Company plans to achieve its production and cost targets over the course of the year.

Following completion of the recent private placement, the Company commenced a 15,000m drilling campaign on October 12, 2017 at its highly prospective Anz  project in the mid-Cauca belt of Colombia,. The Company expects first results to be announced during its fiscal third quarter, before end of February 2018.

Q1 18 Operational and Financial Summary

Over the quarter, despite the mine drawing ore from lower grade sources, gold production totaled 8,626 oz, at cash operating costs of US\$901/oz. These results exceeded expectations and are a promising start to the year, boding well for the Company achieving its 30,000 – 35,000 oz production guidance and US\$800 - US\$900/oz operating cash cost guidance for the full year.

The Company increased capital expenditures to US\$2.9M and exploration spending to US\$1.6M in Q1 18 compared with US\$1.9M and \$0.5M respectively in Q1 17, with the objective to increase production and/or mine life in Uruguay. As a consequence, AISC increased to US\$1,348/oz.

Initial results of the enhanced exploration program in Uruguay were announced on September 21, 2017, following which, exploration drilling continued at Veta A, the potential new UG development in the area. Two new drill holes were drilled recently, with each intersecting the mineralized horizon:

HOLE	From (m)	To (m)	Meters	Au g/t
VADD17-010	107.75	109.75	2.0	0.4
VADD17-011	107.65	110.25	2.6	5.8

A new drill rig was mobilized to the area with the intention of accelerating the Veta A reconnaissance program.

Brown field exploration is currently centered on the Santa Teresa – Polvorin area where the Muro deposit was discovered and mined out during the Quarter. Recent drill intercepts include:

HOLE	From (m)	To (m)	Meters	Au g/t
EMRC17-012	18.00	22.00	4.0	1.1
EMRC17-020	0.00	7.00	7.0	1.3
EMRC17-028	13.00	20.00	7.0	5.8

Also, at the previously producing Sobresaliente project, (5km North of the San Gregorio plant) drilling has returned the following gold values:

HOLE	From (m)	To (m)	Meters	Au g/t
SSRC17-200	25.00	29.00	4.0	0.5
SSRC17-201	10.00	16.00	6.0	2.9
SSRC17-202	1.00	7.00	6.0	1.0

Follow-up drilling and geological work is underway on these areas to further test their potential.

Cash flow from operations before working capital was US\$1.5M compared to US\$4.8M for Q1 17. Net loss after tax was US\$0.3M compared with a profit of US\$2.8M in Q1 17.

As previously mentioned, the Company increased its capital and exploration expenditures in Q1 18 compared to Q1 17. During Q1 17, most of the UG development was from Arenal which was in its final stage of production and there was very little development associated with SGW UG. During Q1 18, the additional development capex is associated with the SGW UG mine, including ramp, access and ventilation shaft work and an increase in brownfield exploration. The increase in brownfield expenditures was the result of expanding the Company's resource base in Uruguay with the aim of increasing its mine life and production for the year.

The cash balance at the end of the Quarter was US\$4.5M compared with US\$3.4M at the fourth quarter ended May 31, 2017 (“Q417”). The Company's debt balance, comprised largely of equipment leases, was US\$0.3M compared to US\$0.4M at Q417.

Qualified Person

The technical information related to the current assets of Orosur Mining in this announcement has been reviewed and approved by mining engineer Miguel Fuentealba, a registered member of the Chilean Mining Commission and independent qualified person as defined by National Instrument 43-101.

About Orosur Mining Inc.

[Orosur Mining Inc.](#) (TSX: OMI; AIM: OMI) 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 information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation ("MAR"). Upon the publication of this announcement via Regulatory Information Service, this inside information is now considered to be in the public domain. If you have any queries on this, then please contact Ignacio Salazar, Chief Executive Officer of the Company (responsible for arranging release of this announcement) on: +1 (778) 373-0100.

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

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<https://www.rohstoff-welt.de/news/279314--Orosur-Mining-Announces-Commencement-of-Drilling-in-Colombia-und-Q1-2018-Results--Production-und-Operati>

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