

Orosur Mining Inc. – Q3 2019 Update and Results

15.04.2019 | [Business Wire](#)

[Orosur Mining Inc.](#) (“Orosur” or “the Company”) (TSX/AIM: OMI), a South American-focused gold developer and explorer announces the results for the third quarter ended February 28, 2019 (“Q3 19” or the “Quarter”).

HIGHLIGHTS

- In February 2019, Orosur received US\$500,000, being the first of four half yearly cash payments from [Newmont Mining Corp.](#) (“Newmont”) as part of the previously announced Exploration Agreement with Venture Option for the Anzá project in Colombia.
- In March 2019, Minera Anzá (Orosur’s Colombian subsidiary), received US\$240,000 from Newmont Colombia S.A.S., a subsidiary of Newmont, to fund the property maintenance costs in Colombia during the first 6 months of the exploration period (October 2018 to March 2019). This occurred after the end of the Quarter and is therefore not reflected in the Q3 19 balance sheet.
- In Uruguay, as previously announced, Loryser SA (“Loryser”), the Company’s largest Uruguayan subsidiary, has received to date support from approximately 72% of its creditors by value (comprising 67 different creditors) for its proposed reorganisation agreement (“the Agreement”). Under the Agreement, Loryser will manage a process, to be completed within two years, whereby the net proceeds from the sale of assets in Uruguay will be used to reclaim and close operations responsibly, and any remaining funds together with the issue of 10 million Orosur common shares will be used to fully satisfy all amounts owing to Loryser’s creditors.
- During Q3 2019, Loryser started part of the work included in the Agreement. This work has included advancing the remediation of the tailings dam and dewatering, taking advantage of the summer months, approximately 700,000 cubic metres, equivalent to 26 hectares of the total 40 hectares covered by the dam. In parallel, Loryser is starting to cover the dry area of the tailings dam with gravel.
- In March 2019, Loryser executed a brokerage agreement with Savona Equipment Ltd to support the sale of specialized mining equipment of the San Gregorio mine, including its CIL plant, in the international markets.
- As previously announced, on March 28, 2019, the Arbitral Tribunal in Chile rendered its decision, ruling that Fortune Valley Resources Chile S.A. (“FVRC”) (an indirect, wholly-owned subsidiary of Orosur) is required to pay Anglo American Inversiones SA approximately US\$1.6 million plus interest at Chile’s current interest rate calculated from December 2015 until its effective payment. The Tribunal’s decision is exclusively against FVRC. Orosur was not named in the decision from the Tribunal. FVRC is evaluating its options with its Chilean lawyers.
- At February 28, 2019, the Company had a cash balance of US\$1.0 million of which US\$246k is held by Loryser and not accessible to the Company (November 30, 2018 - \$1.0 million; May 31, 2018 - \$1.4 million).
- On April 12, 2019, Mr. Robert Schafer was formally appointed Chairman of the Board of Directors.

Ignacio Salazar, CEO of Orosur, said:

“At the end of 2018, the Company managed to close two key strategic agreements which provide a platform to transform Orosur: in Colombia with Newmont and with Loryser creditors in Uruguay. The Company has been working diligently to deliver on both agreements during last quarter and remains committed to its plan to restructure its businesses, and recapitalize and transform the Company.”

Outlook and Strategy

During the year ended May 31, 2018, the Board adopted an aggressive strategic plan to restructure its businesses, and recapitalize and transform the Company by advancing its operations in Colombia (now with Newmont as a partner), as well as finding a fair solution in Uruguay for all stakeholders and reducing its activities in Chile. The strategy remains unchanged.

In Colombia, Newmont is performing a strategic review of the Anzá project to define an exploration program in the area in cooperation with Orosur.

In Uruguay, Loryser has commenced implementing the Agreement with creditors in anticipation of ratification by the Court. The reorganisation process and the Agreement are subject to consideration by the Court and the Intervenor. The process will continue with the Court confirming that the majorities required for the Agreement were effectively obtained, to be followed by public notice of the Agreement to all interested parties. Provided there is no valid opposition, the ratification process is expected to be completed by the end of the first half of 2019. Once approved by the Court, the Agreement will be legally binding on all Loryser's creditors and Loryser's creditor protection status will cease together with the Intervenor's control over Loryser.

Forward Looking Statements

All statements, other than statements of historical fact, contained in this news release constitute "forward looking statements" within the meaning of applicable securities laws, including but not limited to the "safe harbour" provisions of 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. Forward-looking statements include, without limitation, the exploration plans in Colombia and the funding from Newmont of those plans, Newmont's decision to continue with the option agreement, the ability to continue operations in Uruguay, and the approval by the Court of the Agreement in Uruguay, expectations that the Agreement will become legally binding on all creditors of Loryser and successful emergence from creditor protection proceedings and Intervenor control, and the outcome of the arbitration process in Chile against FV and any effects of that arbitration's decision to the Company. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from those anticipated in such forward looking statements. Such statements are subject to significant risks and uncertainties including those as described in Section "Risks Factors" of the Management's Discussion and Analysis for the three months ended February 28, 2019 and for the year ended May 31, 2018. The Company's continuance as a going concern is dependent upon its ability to obtain adequate financing. These material uncertainties may cast significant doubt upon the Company's ability to realize its assets and discharge its liabilities in the normal course of business and accordingly the appropriateness of the use of accounting principles applicable to a going concern. Although the Company has been successful in the past in obtaining financing there is no assurance that it will be able to obtain adequate financing in future or that such financing will be on terms advantageous to the Company. 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.](#) (TSX: OMI; AIM: OMI) is a precious metals developer and explorer focused on identifying and advancing gold projects in South America. The Company operates in Colombia and Uruguay.

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 Ryan Cohen, VP Corporate Development of the Company (responsible for arranging release of this announcement on behalf of the Company) on: +1 (778) 373-0100.

Orosur Mining Inc.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in thousands of United States Dollars)
Unaudited

As at As at
February 28, May 31,

| | 2019 | 2018 |
|--|-----------|-----------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 1,033 | \$ 1,390 |
| Accounts receivable and other assets | 928 | 1,550 |
| Inventories | 5,301 | 6,100 |
| Asset held for sale | - | 120 |
| Total current assets | 7,262 | 9,160 |
| Non-current assets | | |
| Accounts receivable and other assets | 73 | 73 |
| Property, plant and equipment | 3,261 | 6,578 |
| Exploration and evaluation assets | 9,724 | 9,755 |
| Restricted cash | 49 | 201 |
| Total assets | \$ 20,369 | \$ 25,767 |
| EQUITY AND LIABILITIES | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 20,500 | \$ 17,845 |
| Current portion of long-term debt | 1,711 | 1,730 |
| Warrants | 409 | 68 |
| Environmental rehabilitation provision | 139 | 139 |
| Total current liabilities | 22,759 | 19,782 |
| Non-current liabilities | | |
| Long-term debt | 211 | 211 |
| Environmental rehabilitation provision | 5,248 | 5,283 |
| Total liabilities | 28,218 | 25,276 |
| Equity | | |
| Share capital | 65,290 | 63,290 |
| Contributed surplus | 5,965 | 5,893 |
| Currency translation reserve | (1,037) | (912) |
| Deficit | (78,067) | (67,780) |
| Total equity | (7,849) | 491 |

\$ 70 \$

\$ (66)

| | | | | |
|--|------------|------------|-------------|------------|
| Other comprehensive income (loss) for the period | 624 | 70 | (125) | (66) |
| Total comprehensive loss for the period | \$ (1,402) | \$ (1,907) | \$ (10,412) | \$ (2,584) |
| Basic and diluted net loss per share | \$ (0.01) | \$ (0.02) | \$ (0.08) | \$ (0.02) |
| Weighted average number of common shares | | | | |
| outstanding | 150,278 | 117,587 | 136,774 | 113,867 |

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Orosur Mining Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in thousands of United States Dollars)
Unaudited

| | Nine Months Ended February 28, 2019 | Nine Months Ended February 28, 2018 |
|---|--|--|
| Operating activities | | |
| Net loss for the period | \$ (10,287) | \$ (2,518) |
| Adjustments for: | | |
| Depreciation | 3,533 | 5,911 |
| Share-based payments | 72 | 50 |
| Exploration and evaluation expenses written off | 121 | 32 |
| Obsolescence provision | 5 | 35 |
| Fair value of financial instrument | 341 | (20) |
| Accretion of asset retirement obligation | 57 | 57 |
| Gain on sale of property, plant and equipment | (902) | (65) |
| Other | 383 | (23) |
| Changes in non-cash working capital items: | | |
| Accounts receivable and other assets | 622 | 234 |
| Inventories | 794 | 397 |
| Accounts payable and accrued liabilities | 2,655 | 2,212 |
| Net cash provided by (used in) operating activities | (2,606) | 6,302 |
| Investing activities | | |
| Purchase of property, plant and equipment | (340) | (7,897) |
| Environmental tasks | (92) | |

| | | |
|--|----------|----------|
| Proceeds from sale of fixed assets | 938 | 10 |
| Exploration and evaluation expenditures | (510) | (4,553) |
| Net cash used in investing activities | (4) | (12,554) |
| Financing activities | | |
| Issue of common shares | 2,000 | 2,894 |
| Restricted cash | 152 | - |
| Loan payments | (19) | (176) |
| Investment in Anillo | 120 | 69 |
| Loans received | - | 1,500 |
| Net cash provided by financing activities | 2,253 | 4,287 |
| Net change in cash and cash equivalents | (357) | (1,965) |
| Cash and cash equivalents, beginning of period | 1,390 | 3,357 |
| Cash and cash equivalents, end of period | \$ 1,033 | \$ 1,392 |

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

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Die URL für diesen Artikel lautet:

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