

Stock Data

Share Price: 20.6p
Market Cap: £38.5m*
Shares in issue: 187.1m*

*Post-Placing numbers

Company Profile

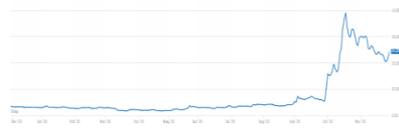
Sector: Goldmining
Ticker: OMI
Exchange: AIM, TSX

Activities

Orosur Mining Inc. ('Orosur', 'the Company', 'OMI') is a South American-focused gold developer and explorer. Its mission is to create shareholder value by identifying exploration opportunities in South America and turning them into successes. Orosur acquired Waymar Resources in 2014, owner of the Anzá Project ('Anzá', 'the Project') in Colombia with active mining and environmental licenses. Anza is a proven discovery in a well-known gold mining jurisdiction.

Company website: <https://www.orosur.ca/>

1-year share price performance



Source: LSE

Past performance is not an indication of future performance.

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Orosur Mining Inc.

Orosur has announced its raising of c.£4.0m (gross) through an oversubscribed placing (the 'Placing') of new ordinary shares at a price of 17.0p per Placing Share, together with a grant of one unlisted warrant ('Warrant') for every two Placing Shares subscribed. Warrant holders have the right to exercise on a 1-for-1 basis into new ordinary shares at any time up to 7 December 2022 at a price of 25.5p each. TPI considers this funding will potentially be sufficient to carry Orosur through to the completion of its Anzá Project's pre-feasibility study. The Placing was undertaken by TPI, which has now been appointed as Orosur's Joint Corporate Broker.

Exposure to a tier-1 discovery in prolific LatAm gold belt

Orosur's 100%-owned flagship asset, the Anzá Project, is strategically located in the prolific mid-Cauca Belt in Colombia, which is generally considered to be in Latin America's most underexplored and prospective country. The Project's significance first became apparent on [11 November 2017](#), when it published drilling results that identified high grade gold intercepts, including 5.32m at 17.76g/t Au along with good credits of Cu and Zn, after having taken three holes to a total of just 962.5m of a planned 15,000m diamond campaign on the licence's Aragon-Pastorera Trend Area ('APTA'). With mineralisation remaining open at depth and along strike, this supported Orosur's belief in the presence of mineralization over significant intervals and increased confidence in the mineral body beyond the 17,000m of historic drilling undertaken prior to the Project's acquisition. Extending to a total land holding of 207.5km², subsequent extensions totalling almost 27,000m have identified high grades over significant widths with multiple untested targets.

Newmont entered Orosur equity plus an Anzá earn-in agreement

Anzá is located just 60km south from the major [Buriticá](#) deposit which, prior to its acquisition, had been projected by owner, [Continental Gold](#), as a prospective a world-class, lowest-quartile cost gold producer with particularly robust mine economics and resource base currently in excess of 10 Mozs. [Newmont Corp.](#) (NYSE: NEM. 'Newmont'), the world's leading gold mining group, co-invested in this development ahead of it being sold for CAN\$1.4 billion to [Zijin Mining](#) in December 2019. Newmont's familiarity with the [Antioquia Department](#) with its [highly prospective Tonusco Fault](#), resulted in Orosur announcing on [10 September 2018](#) that it had completed a non-brokered private placement of US\$2m with Newmont along with the signing of an Exploration and Option Agreement for it to earn-in to 75% of the Project. Having built a strong reputation through its exploration record, proprietary technology, financial strength and focus on safety/ environmental responsibility, Newmont appears to be an ideal development partner.

Orosur now has limited execution or funding risk

As part of the private placement, Newmont was granted a right to participate in future equity offerings of Orosur to maintain its ownership level at 19.9% (following today's Placing, Newmont holds 15.6% of Orosur). The Exploration and Option Agreement entered includes a three-phase earn-in structure through a minimum commitment of US\$30.0 million in qualifying expenditures over twelve years, completing a NI 43-101 compliant feasibility study while making cash payments to Orosur totalling US\$4.0 million during phases 1 and 2. Most recently, on [10 November 2020](#), Orosur received the sum of US\$582,170, from Minera Monte Águila S.A.S. ('Monte Águila'), the new name for Newmont Colombia SAS, a Colombian company that is a 50:50 JV between Newmont and Agnico Eagle Mines Limited ('Agnico', NYSE:AEM, TSX:AEM), in connection with maintaining the earn-in rights pursuant to the Option Agreement. TPI estimates that cash generated from the Placing, along with existing cash/receipt of remaining instalments will now be sufficient to carry Orosur through to the completion of Anzá's pre-feasibility study.

Use of funds

Orosur's Board has stated that the net proceeds of the Placing will be used to fund the Company's general working capital needs, to strengthen its position in relation to the Anzá Project and to allow it to evaluate/potentially pursue other attractive exploration projects. Within this, it is important to note that under the terms of the joint funding and financing option that, upon Monte Águila completing Phase 3 of the Option Agreement, Orosur may elect for Monte Águila to solely fund all expenditures until the commencement of commercial production at the Anzá Project. If the Company elects for Monte Águila' to do so then, amongst other things, Monte Águila's ownership interest shall increase by 5% to 80% in the Project. Accordingly, today's funding round, together with cash, remaining instalments due from Monte Águila plus warrant/option conversions, may provide Orosur's with some options regarding future Project participation in the best interest of shareholders, while also being able to undertake other early stage work in other locations with confirmed geological potential and/or seeking new opportunities.

Drilling re-commenced at the Anzá Project on 15 November 2020

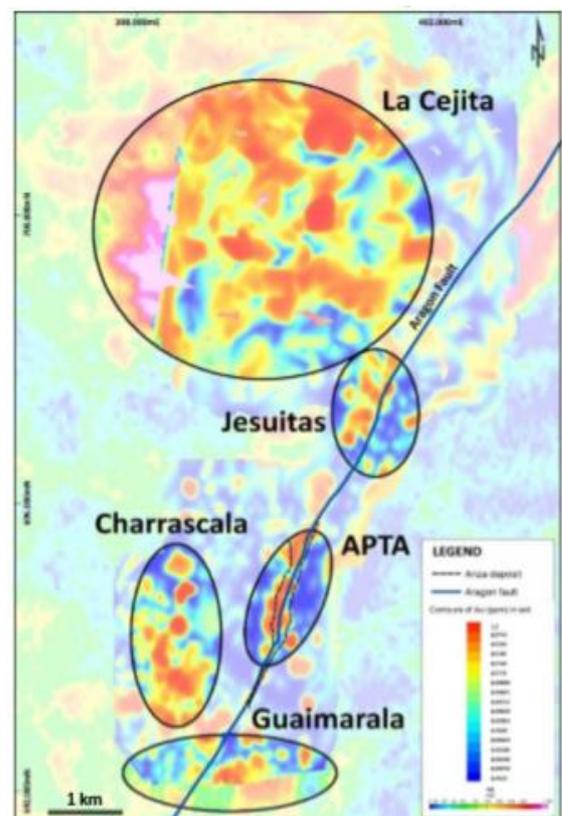
From September 2020, the Anzá Project development stepped up a gear with Monte Águila being contracted to spend a minimum of US\$4m in the ground each year (compared with US\$1m for each of the two previous years). On [12 October 2020](#), Orosur confirmed its wholly-owned Colombian subsidiary, Minera Anzá S.A, had received from Monte Águila the sum of COP\$2.52 billion (Colombian Pesos, approximately US\$0.65m) as a first payment to fund exploration at the Anzá project for the 12 month period commencing 7 September 2020. Prior to receipt of these funds, Minera Anzá and Monte Águila staff had been developing detailed exploration plans for the re-commencement of field work at Anzá once restrictions and risks associated with the Covid-19 pandemic had subsided sufficiently to allow operations to safely resume.

By [10 November 2020](#), the first drill rig had arrived on site and drilling commenced on 15 November. Since then, a second rig has arrived and with required logistical arrangements expected to be fully in place within the next week or so, it is anticipated that this rig will also commence operations shortly. The Company has provided no guidance on drilling schedules other than to note that operations are progressing well, but it could be reasonably expected that first assay results may become available early in the new year.

Anzá Project - Multiple Targets with Coincident Anomalies

Anzá is a high-grade gold and base metal exploration project located in the Western Cordillera, c.50km west of the city of Medellín and c.60km south of the Buriticá high-grade gold deposit. Access is by paved road to the town of Anzá and a 17km gravel road which is operable year-round. It comes with good infrastructure, power grid, abundant water and mine facilities on site. Elevation ranges from 700m to 2,000m above sea level. The licence area already has the necessary environmental permit in place to mine both underground and open pit.

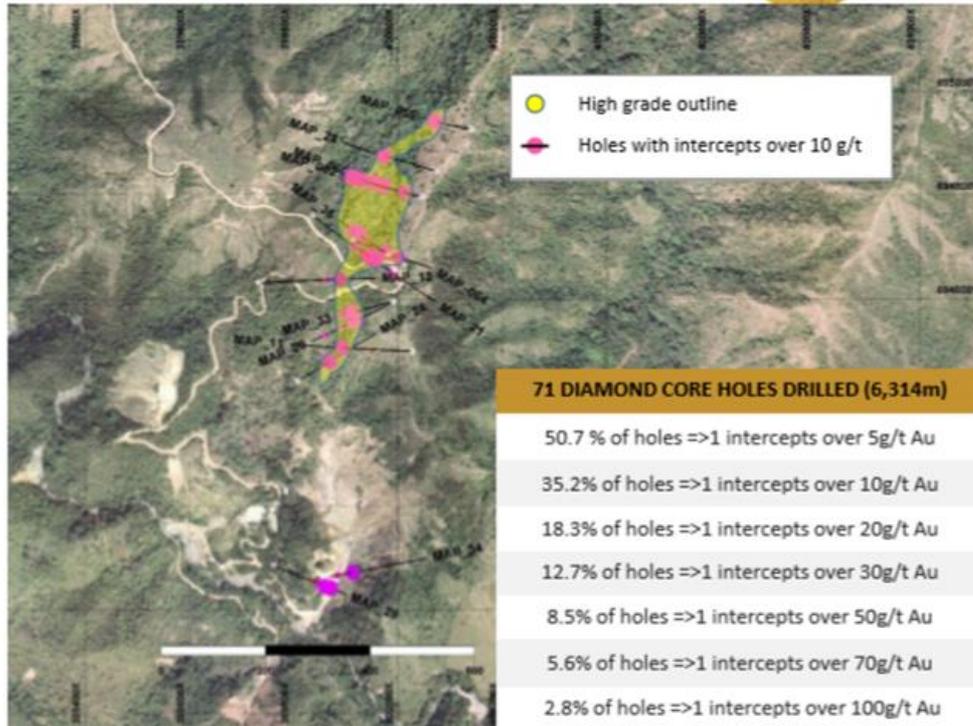
It contains multiple high-grade zones in a wide low-grade envelope. It has favourable topography with a pipeline of drill ready targets. Drilling to date has been favourable and encountered significant gold and zinc mineralisation, with best intercepts including 15 m of 40 g/t Au (DDH MAP-48) and 41 m of 14 g/t Au. The APTA target has been drilled (c.24,000 metres) and is considered a 'Discovery'. Some 1.5 km west of the APTA deposit, gold mineralization has also been confirmed at Charrascal which has a strong soil anomaly on north-south structures. A further three targets are presently untested; these include extensions of APTA along the Aragón Fault, namely Jesuitas and Guaimarala, while La Cejita has demonstrated gold anomalies associated with tonalite and diorite intrusives that cover an area of 6.1 km². A gold anomaly measuring > 1 km² is present and associated with the northern edges of the intrusives. Porphyries and vein targets have been identified.



Source: Orosur

Orosur's 2017/18 campaign delivered consistently high intercepts, with over 35% of holes drilled producing grading over 10 g/t Au. Demonstrating also the Discovery's multiple zones of gold mineralization, a newly defined broad zone covering a continuous strike of 450m immediately north of previous drilling was identified. This zone is characterized by strongly silicified breccias with disseminated sulphides like pyrite, sphalerite, chalcocopyrite and traces of galena.

Orosur Campaign 2017 -2018



Source: Orosur

Three holes (MAP_60, MAP_62 & MAP_70) also demonstrated multiple zones of gold mineralization within a newly discovered APTA extension:

New Zone Discovered in APTA

MAP_60

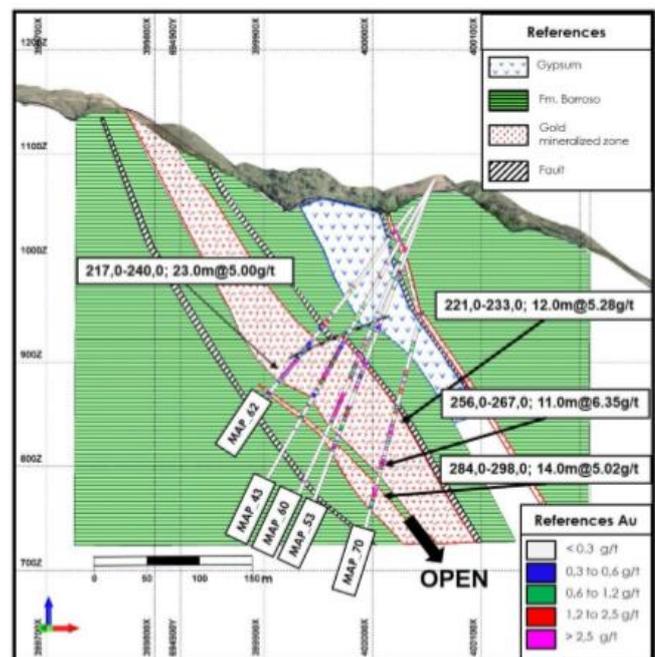
- 5.5g/tAu over 3.34 metres from 70 metres depth
- 4.86g/tAu over 25 metres from 222 metres depth

MAP_62

- 5.09g/tAu over 5.3 metres from 60 metres depth
- 5.00g/tAu over 23 metres from 217 metres depth

MAP_70

- 6.35g/tAu over 11 metres from 256 metres depth
- 5.02g/tAu over 14 metres from 284 metres depth



Source: Orosur

Buriticá Deposit – Setting a standard for Anzá?

Anzá is located centrally within a highly prolific gold region. Nearby projects include the [Titirib Project](#), the [Marmato Project](#), the [Quinchia Project](#), [La Colosa](#) and, closest of all, the Buriticá Project, which perhaps is the one that most easily compares to Anzá.

On [4 March 2020](#) Continental Gold Inc., whose 100%-owned flagship asset was the Buriticá Project, was acquired for CAD\$1.4 billion by China's [Zijin Mining](#). Located some 60km from Anzá, Buriticá is a high-grade gold project similarly located in the mid-Cauca belt in the northwest region of Colombia. On the acquisition date, it was fully permitted and remained on schedule for production in 2020. The site is accessible by a two-hour drive on the paved Pan-American highway from Medellín, Colombia's second largest city. It comprised of two major vein systems, boasting a combination of size, grade, excellent metallurgy and potential for further expansion.

The Buriticá Project's Mineral Resource is 5.67 million Measured and Indicated gold (equivalent) ounces @ 11 g/t from 16.02 million tonnes, 6.46 million Inferred gold equivalent ounces @ 9.2 g/t from 21.87 million tonnes. It retains significant exploration upside, with multi-million ounces of existing Inferred gold not included in its Feasibility Study. Both deposits remain open along strike and depth, with four new vein systems at drill-ready stage.

Buriticá Feasibility Study together with an updated post-tax Economic Model suggested potential for the project to be a lowest quartile cost producer and operate an economically robust mine. Prudently, its base case scenario utilised a gold price of just US\$1,200/ounce, a silver price of \$15/ounce and an exchange rate, using a US\$:COP (Colombian Peso) of 1:2,850, which nevertheless produced the following highly attractive economics projections to which Anzá may aspire:

- **An after-tax net present value at a 5% discount ('NPV5') amounting to US\$0.86 billion**
- **An after-tax Internal Rate of Return ('IRR') of 31.2%**
- **Capital payback of 2.3 years**

Anzá Project: Strategically Located in Prolific Mid-Cauca Belt



Source: Orosur

Creditor Agreement for Uruguayan subsidiary ratified by court

Orosur's transition from a gold producing company (through the ending of its mining operation at San Gregorio in Uruguay) to focus on South American gold exploration, reached a fair and balanced solution following its [15 June 2018](#) application for Loryser S.A. ('Loryser'), Orosur's operating subsidiary, to commence reorganisation proceedings under Uruguayan legislation (Act N°18.387).

Since late 2017, Orosur had been hindered by operational challenges in its San Gregorio Underground Mine in Uruguay. The scarcity of alternative sources of ore had made it difficult to reverse this situation which resulted in financial liquidity constraints. On [17 December 2018](#), Loryser reached an Agreement (the 'Agreement') with more than 71% of its creditors supporting the motion. On [17 September 2019](#) it was approved with court ratification, meaning that the agreement is legally binding on all parties and that the Intervenors control over Loryser ceases.

The Agreement dictates that net proceeds from the sale of Loryser's assets plus 10 million ordinary shares of Orosur shall fully satisfy all amounts owed to trade creditors. The Agreement requires Loryser to manage and complete the sale and payment process within two years of the plan (17 September 2021) being approved by the Court.

Greatland Gold plc – A model for Orosur?

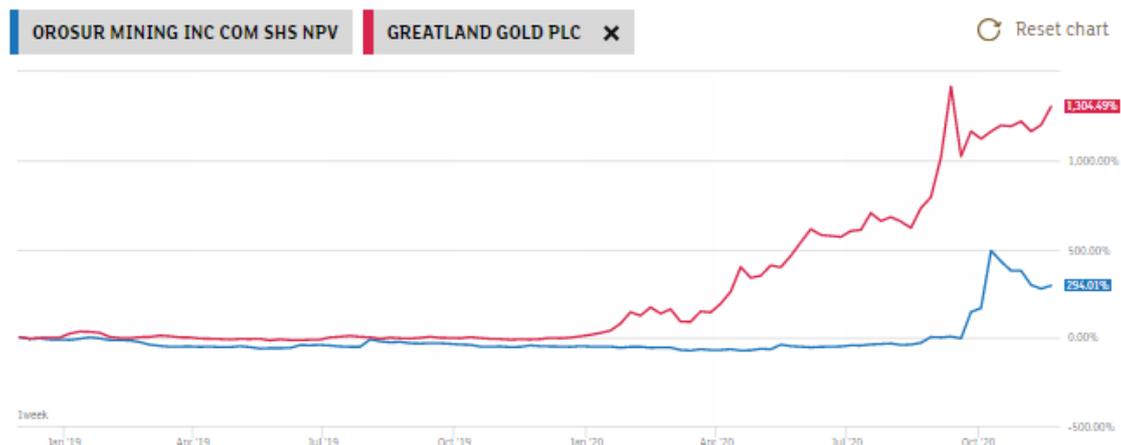
One other UK-quoted company that has particularly highlighted success through its early stage gold project development, followed by the subsequent signing of a farm-in agreement with a high reputation, global scale gold mining group, is [Greatland Gold plc](#) ('Greatland', AIM:GGP). This junior explorer has a number of projects in Australia, including the flagship [Havieron Project](#) in the Paterson Province of Western Australia. In many respects, the similarities between Orosur and Greatland, in terms of both identifying and then successfully progressing their high potential assets, are striking.

[Newcrest](#) (ASX:NCM, TSX:NCM), the AUS\$22bn market capitalisation international gold mining group with a high reputation for securing and subsequently delivering world-class assets, recognised the potential of Havieron through its [12 March 2019](#) signing of a farm-in agreement to earn up to 70% of the asset based on the spend of up to US\$65m. It has since drilled 71 km on the project and is presently reviewing various studies with an ambition to rapidly accelerate to production within the next two to three years. Such a timeline is not considered unrealistic, given Newcrest's level of past experience in the region, including access to existing infrastructure and facilities at its nearby [Telfer gold and copper mine](#) and the fact that there is no need to add any processing capacity at Havieron itself. 2018 drilling results indicated potential for Havieron to become a large, underground mining operation, with further exploration having identified four key target regions: South East Crescent and Breccia, North West Breccia, Northern Breccia and the Eastern Breccia. The project's Initial Inferred Mineral Resource is scheduled for Q4 2020, with studies progressing to support potential commencement of decline by end-2020/early 2021.

Like Orosur, Greatland is pursuing a potential tier-one opportunity which contains multiple high-priority targets in a prolific region already occupied by a number major international gold producing groups. Both have similarly experienced management teams with proven track records of operating innovative, cost-disciplined exploration programmes while seeking to unlock the potential of their assets. They are now also similarly capitalised, with Greatland holding £6m in cash as at 30 June 2020 in order to support its future participation and exploration activities.

Investors have seen Greatland's valuation multiply more than a 13-fold increase over the past two years, taking its market capitalisation to in excess of £0.9 billion. By contrast, over the same period, Orosur's valuation has increased less than five-fold, with its current market capitalisation of just £31.8m suggesting opportunity for considerable further re-rating.

2-year Share Price Chart Comparison – Orosur Mining Inc. and Greatland Gold plc



Source: [LSE](#)

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