

Stock Data

Share Price:	26.50p
Market Cap:	£49.6m
Shares in issue:	187.1m

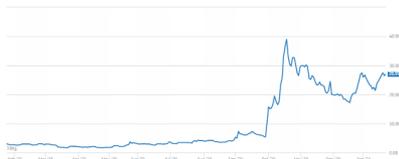
Company Profile

Sector:	Gold Mining
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. Anzá is a proven discovery in a well-known gold mining jurisdiction.

Company website: www.orosur.ca/

1-year share price performance


Source: [LSE](https://www.lse.com)

Past performance is not an indication of future performance.

Turner Pope contact details

Turner Pope Investments ("TPI") Limited
8 Frederick's Place
London EC2R 8AB

Tel: 0203 657 0050
Email: info@turnerpope.com
Web: www.turnerpope.com

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Barry Gibb
Research Analyst
Tel: 0203 657 0050
barry.gibb@turnerpope.com

Andrew Thacker
Corporate Broking & Sales
Tel: 0203 657 0050
andy.thacker@turnerpope.com

Zoe Alexander
Corporate Broking & Sales
Tel: 0203 657 0050
zoe.alexander@turnerpope.com

Orosur Mining Inc.

Orosur has released an update on the progress of Minera Anzá's drilling campaign that is currently underway on its Anzá project in Colombia. Following submission of assays from the first drill hole, MAP-072, positive results – including 70.50m @ 3.53g/t Au – have been received. Four additional holes in the APTA deposit for this exploitation campaign have also been completed, all of which have intersected wide zones of mineralised breccia. Although Pandemic-related delays in assay processing appear set to continue for some time to come, stark visual indications observed in sample core have been deemed sufficiently positive by the Company's highly experienced works and management team to take the decision to immediately expand and accelerate its preliminary drill campaign. To this end, a third rig has already been mobilised to site in anticipation of commencing work before the end of this month.

MAP-072 verifies excellent results that emerged from previous drilling

MAP-072 forms part of a new exploration campaign targeting the APTA deposit that had previously returned exceptionally positive results, of which the nearest and most relevant being MAP-060, which returned an intersection of 25m @ 4.85 g/t. Diamond drilling commenced back in mid-November 2020, with the first hole planned largely for verification of the excellent results from a drilling campaign that was reported on [20 February 2018](#). Although not a strict requirement, for prudence management accepted that some level of confirmation might be considered necessary, given the likelihood that certain of the older holes drilled by previous companies, may be incorporated into a mineral resource estimate.

Samples from MAP-072 were gradually submitted for assay during November and December but, as was announced on [12 January 2021](#), results were delayed due to COVID-19 related staffing shortages at the [ALS Global's](#) laboratory in Lima, Peru. These are expected to continue for the foreseeable future, although steps are being taken to ensure this should not materially impact ongoing exploration progress for the next six or so months.

MAP-072 intersected two distinct gold bearing horizons. The first was a thin hanging wall mineralised fault, well above the main breccia zone, returning a weighted average intersection of 4.1m @ 6.52g/t Au, 29.73g/t Ag and 0.28% Zn from 108m. The second and more significant horizon was the main breccia zone target. This was intersected at a shallower depth than expected and was, as a result, thicker than anticipated at over 110m. The entire breccia zone appears to be mineralised, demonstrating stacked veins, substantial silicification and the presence of metallic sulphides, often massive.

Gold mineralisation across the width of the breccia zone varies from multiple narrow, high grade veins, interspersed with lower grade mineralised halos, for which weighted average intersections have been reported as below, along with wider intersections containing several narrower zones of higher grade, the full details of which are tabulated overleaf:

- 5.90m @ 4.55g/t Au, 2.74g/t Ag and 0.30% Zn from 171.1m, and
- 70.50m @ 3.53g/t Au, 9.33g/t Ag and 1.62% Zn from 184.80m.

APTA - Additional holes completed, samples submitted for analysis

Most drilling across the Anzá Project has been completed on the central APTA ore zone, which includes historic drilling in excess of 24,000m. As well as being located in Colombian 'elephant country', the prospect has consistently demonstrated numerous features considered typical of an ideal gold deposit, including a well-defined breccia zone in excess of 50m thickness which contains multiple high grade mineralised structures and veins. Importantly, with past drilling having been completed over several hundred metres of strike length, large high-grade intercepts have been encountered, several of which were in excess of 40m with sections showing continuity and uniformity while mineralisation remained open in all directions.

The current campaign includes preliminary planning for 2400m (of which c.1800m has now been done across five holes). Assay results from the first hole, MAP-072 produced today's headline announcement of 70.5m at 3.53g/t Au, along with significant Ag and Zn credits. Designed largely as a verification hole, it demonstrated a breccia package that exceeded management expectations by producing thickness of c.110m. This provided confidence to step some 90m down dip to complete a further hole, MAP-075, that provided core with stark visibility of similar breccia package intercepts to those seen in MAP-072. Assay results are now pending for this and three other diamond drill holes (MAP-073,074, 076) while, stepping further down dip, drilling of MAP-077 is now also underway.

Given that MAP-072 produced not only high-grade Au, but also quite exceptional results in excess of 80g/t Ag along with, in certain places, Zn of over 8%, management has concluded the polymetallic nature of the orebody now needs to be considered in greater depth. Although the economics of the opportunity this might present have yet to be established, it clearly is a nice situation for any mining project to have. Further metallurgical testing will be undertaken to deepen understanding and enable a more detailed review of prospective mining economics to be ascertained.

On a medium-term view, the achievement of a Compliant Resource Estimate for APTA might also be anticipated, although management is clear that it intends to prioritise completion of a significant amount of drilling to more fully define the deposit, including any new target areas. Such estimation will also require a sound understanding of the deposit's geological continuity, which is something that was not provided through previous drilling completed by Waymar Resources Limited, prior to Orosur's acquiring it in an all-share deal for the Canada-listed junior back on [10 July 2014](#). The reason for this, at least in part, was the fact that although the on-site drilling itself is relatively simple to undertake, the nature of the region's thick forestation and steep elevations meant that it was necessarily complex, labour intensive and expensive (in terms of creating tracks, new drill pads etc.) to move from location to location. As a result, the tendency was to simply drill from the same place into a small part of the orebody, thereby clumping and not extending up and down dip. Significantly also in this respect, previous drilling had assumed the mineralisation dipped to the west and as a result many early holes were drilled toward the east. Subsequent work has confirmed that the mineralisation actually dips to the east and Orosur is now gaining a deeper understanding of this in order to correctly define the resource.

Accelerating the drilling campaign

Given that stark visual indications seen in core have been deemed sufficiently positive for a decision to be taken to expand and accelerate the current drill campaign by mobilising a third rig to site, drilling efforts designed to move APTA forward as quickly as possible have been put in place irrespective of any continuing delays in receiving assay results from the laboratory. With a third rig having already been mobilised to site, management is presently considering extending its preliminary plan to drill 2400m, to something larger between 5000m and 10,000m to extend mineralisation at APTA and, ultimately, to provide foundation for a Compliant Resource Estimate. Subject to camp, local infrastructure and operating capacity being enlarged, there could be potential to accept and facilitate further rigs at short notice.

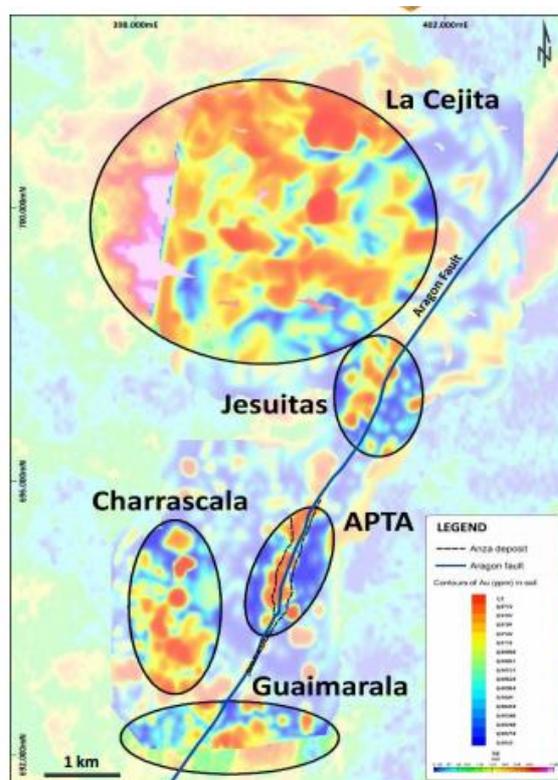
The challenge now faced by Orosur in terms of extended assay turnaround times, while highly inconvenient is not expected to significantly hinder the on-site campaign. ALS Global's laboratories in Peru are presently suffering from COVID-19 related staff shortages, with normal practice of returning sample results within a fortnight or so, currently extending out to 5 or 6 weeks. And while the Pandemic is not considered rampant in Colombia by any means, management does recognise the need for all of its teams to remain close to camp in the coming weeks. Normally this would mean that any continuing drilling would effectively be being carried out 'blind', but Anzá has the distinct advantage that its main breccia zones are visually stark with intense silicification plus quite pervasive development of massive sulphides. This provides management with a high level of confidence of exactly where the zone is, meaning the 80 or so people presently supporting the on-site works are expected to be largely unaffected, as they continue a schedule of normal drilling/exploration over the coming six months or so. Investors might anticipate significant news flow from assay results, drilling etc. for the remainder of 2021.

Significant regional potential

APTA was originally selected for drilling due to it being the easiest target to get to given its relatively good access. A regional geochemical map covering the Anzá Project, however, highlights further anomalies to the north, south and west of APTA that Orosur's management is keen to investigate, despite the numerous locational challenges they are expected to present. High quality geochemical anomalies derive from artisanal workings present both to the north and south along the Aragon fault. Planning is now underway across the granted tenements to define more targets amongst these, which could potentially lead to follow-up programmes while also seeking to extend APTA.

As such, Orosur has begun the process of converting applications to granted status with an expectation of commencing regional surveys, potentially followed by initial drilling, once the new tenements have been secured. Charrascala to the west, for example, has seen preliminary drilling with positive results, while La Cejita is considered the likely primary source. Both of these have yet to have their licenses granted, as is also the case with Jesuitas, although the Board hopes they will all be in place later in 2021. Land access negotiations for Guamarala, which is on Orosur's tenements, are also presently that are presently underway with the ambition of being agreed later this year.

Multiple Targets with Coincident Anomalies in Anzá



Source: Orosur, [Investor Presentation 25 June 2020](#)

Diamond Drill Hole MAP-072 Intersections¹

Hole	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Zn (%)
MAP-072	108	112.10	4.10	6.52	29.74	0.28
including	109.85	111.08	1.23	14.55	9.52	0.21
MAP-072	171.10	177	5.90	4.55	2.74	0.30
including	175.5	177	1.50	11.97	5.45	0.73
MAP-072	184.80	255.30	70.50	3.53	9.33	1.62
including	188.50	190.42	1.92	9.18	2.69	1.86
including	205.90	206.90	1.00	19.87	10.39	1.16
including	210.80	212.90	2.10	7.00	5.57	2.00
including	220.10	228.60	8.50	6.73	4.63	3.69
including	240.65	255.30	14.65	5.33	3.28	2.11

¹Intersections are reported as down-hole widths, not true widths. The Company does not yet have sufficient drilling information to accurately calculate true widths of drill hole intersections

Source: Orosur, RNS of [25 January 2021](#)

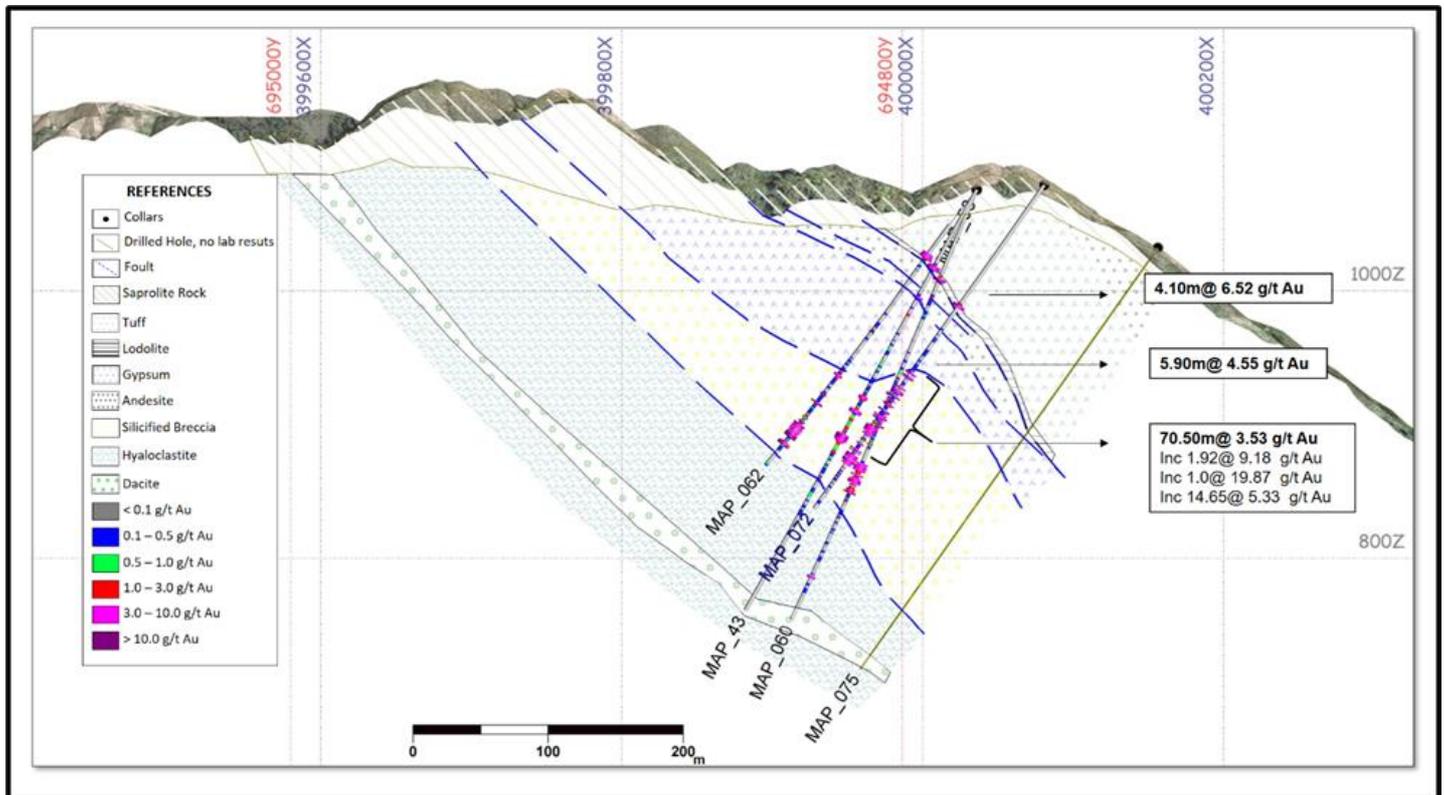
Drill Hole Details – 2020/2021 Programme²

Hole ID	Easting (m)	Northing (m)	Elevation asl (m)	Dip (°)	Azimuth (°)
MAP-072	400088	694745	1075	-55	293
MAP-073	400018	694503	1097	-58	295
MAP-074	399981	694684	1110	-58	295
MAP-075	400168	694723	1024	-55	295
MAP-076	400019	694527	1107	-50	295
MAP-077	400168	694723	1024	-69	295
MAP-078	399917	694719	1112	-50	295

²Coordinates WGS84, UTM Zone 18

Source: Orosur, RNS of [25 January 2021](#)

Drill Section, Hole MAP-072¹



Source: Orosur, RNS of 25 January 2021

Orosur now has limited execution or funding risk

As part of the recently completed private placement, [Newmont](#) was granted a right to participate in future equity offerings of Orosur in order to maintain its ownership level at 19.9% (following the Placing, Newmont's participation was cut to 15.6%). The Exploration and Option Agreement originally entered into includes a three-phase earn-in structure to earn up to 75% 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, for example, 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 remains sufficient to carry Orosur through to the completion of a pre-feasibility study for APTA. Today's news provides not only excellent verification of previous drill results, but also sufficient confidence for management to see activity 'stepped up a gear' by expanding and accelerating the campaign. Realistically, Monte Águila will wait for Minera Anzá to complete at least the planned 2400m over eight holes and then comprehensively analyse the data generated, following which they could then take a formal decision to assume operational control of the Anzá Project. On this basis, its participation could potentially increase to a majority within 18 or so months thereafter. In this respect, the Board's decision to ensure that the campaign will not be unduly hindered by the Pandemic most certainly appears to be in shareholder's best interests, particularly when considering drilling results reported by [Los Cerros Limited](#) (ASX:LCL) whose nearby Quinchia Project in the Mid-Cauca gold belt on [21 January 2021](#) reported latest drilling from its Tesorito South porphyry target returning its strongest gold intercept ever recorded, including 102m @ 2.11 g/t Au from 28m. This further demonstration of the regions exceptional prospectivity, resulted in Los Cerros' share price spiking some 50% this news. Given the resounding verification delivered by MAP-072, together with the Board's expectation that the remaining assays will produce similar polymetallic gradings and widths, the Anzá Project appears capable of driving strong mining economics. On this basis, TPI considers a positive decision from Agnico & Newmont could potentially be delivered within the next 12 to 18 months which, in turn, would add considerably to Orosur's current valuation.

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