

Orosur Mining Inc.

Orosur has announced its signing of an Exploration & Joint Venture agreement ('the Agreement') with shareholders of a private Argentinean company, Deseado Dorado S.A.S., ('Deseado') in relation to its El Pantano Gold Project ('the Project') in the Province of Santa Cruz, southern Argentina. The Agreement covers nine licences over a combined 607km² in the prolific Deseado Massif region, c.45km from Anglo Gold's Cerro Vanguardia mining camp. With no upfront payments, a low commitment for the first phase, and a low-cost path to 100% ownership, El Pantano provides Orosur with a substantial foothold in one of the world's major gold provinces. Given that the soon to be completed hand-over of Orosur's Colombian Anzá Project's operatorship will free up technical and logistical capacity along with support from a balance sheet that presently holds free cash of c.US\$5m, near-term exploration of this new high-potential, early-stage JV is to be internally resourced. Along with last month's signing of a similarly structured joint venture with Meridian Mining UK Societas (TSX-V: MNO) in relation to its Ariqueles Tin Exploration Project in Brazil, today's news provides further evidence of management's efforts to diversify shareholders' South American interests by both geography and geology.

Terms of the JV

Unusually, the Agreement allows for Orosur to earn a full 100% equity in the Project through the investment of US\$3m over five years in two phases:

- Phase 1: Earning 51% through investment of US\$1m over an initial 3-year period.
- Phase 2: Move to 100% ownership through investment of an additional US\$2m over a subsequent 2-year period and granting Deseado a residual 2% net smelter return royalty ('NSR') on the Project.

Formalisation of the ownership structure through the Agreement is expected to take several weeks to complete. It is nevertheless expected to involve Orosur securing its position by direct ownership in the holding company, Deseado Dorado S.A.S., although for added security of tenure, the Company will commence with 100% ownership of Deseado's capital. Given that Orosur's geological team and Directors have already made several visits to the Project, desk top targeting work has already begun in support of the rapid commencement of exploration work once the deal structure has been finalised.

Deseado Massif - Hosts high-grade, tier-1 gold & silver deposits

The Deseado Massif is a large area (>60,000km²) of mid to late Jurassic volcanic rocks in southern Argentina. The region has in recent decades been shown to host numerous high-grade tier-1 gold and silver deposits, the two largest being Anglo Gold's Cerro Vanguardia mine (mineral resource of 3.3M oz Au with all-in sustaining costs ('AISC') of US\$931/oz) and Newmont Mining's Cerro Negro deposit (AISC <US\$900/oz). Other substantial projects in the region include Yamana Gold's Cerro Moro (proven & probably mineral reserves of 341,000 oz Au & 23.9M oz Ag) and Pan American Silver's Manantial Espejo deposit (12.7m oz Ag with AISC of US\$15.68/oz).

Gold and silver deposits in the Deseado Massif are generally low-to-intermediate sulfidation epithermal vein style. The most substantial deposits are generally constrained to the extensive areas of Jurassic volcanics, being dominated by major SE-NW structural corridors.

Stock Data

Share Price:	12.00p
Market Cap:	£22.6m
Shares in issue:	188.4m
52 week high/low:	45.99p/5.00p

Company Profile

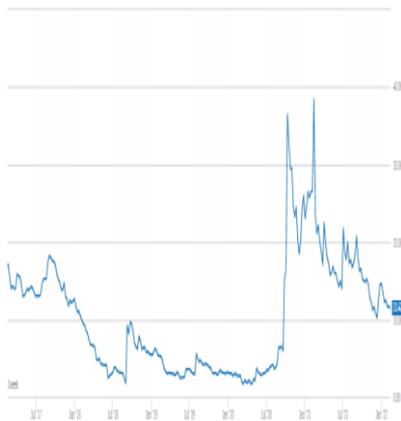
Sector:	Gold Mining
Ticker:	OMI
Exchange:	AIM, TSX-V

Activities

Orosur Mining Inc. ('Orosur', 'the Company', 'OMI') is a South American-focused gold developer and explorer.

Company website: www.orosur.ca/

5-year share price performance



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

Past performance is not an indication of future performance.

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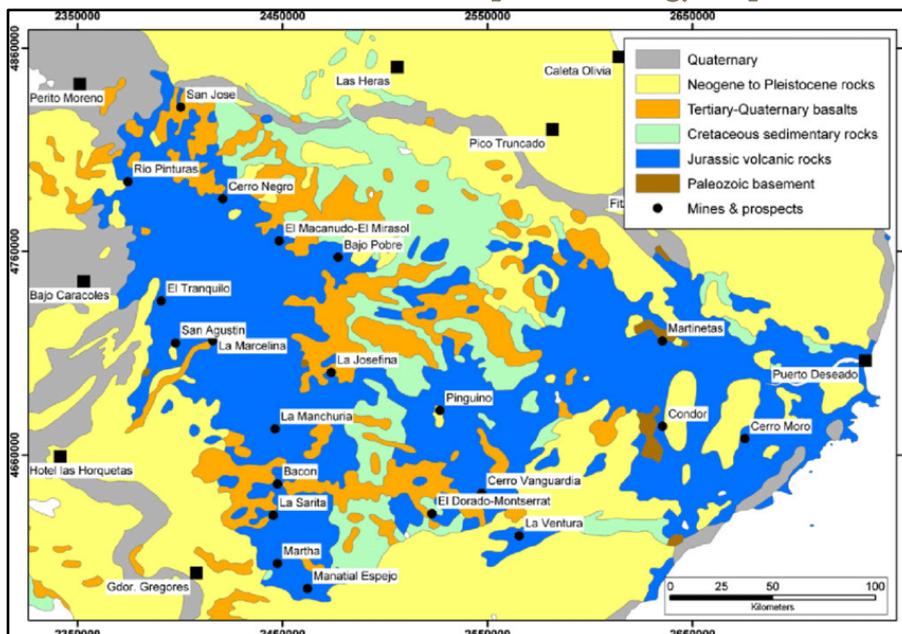
Barry Gibb
Research Analyst

TPI acts as Joint Broker to Orosur Mining Inc.

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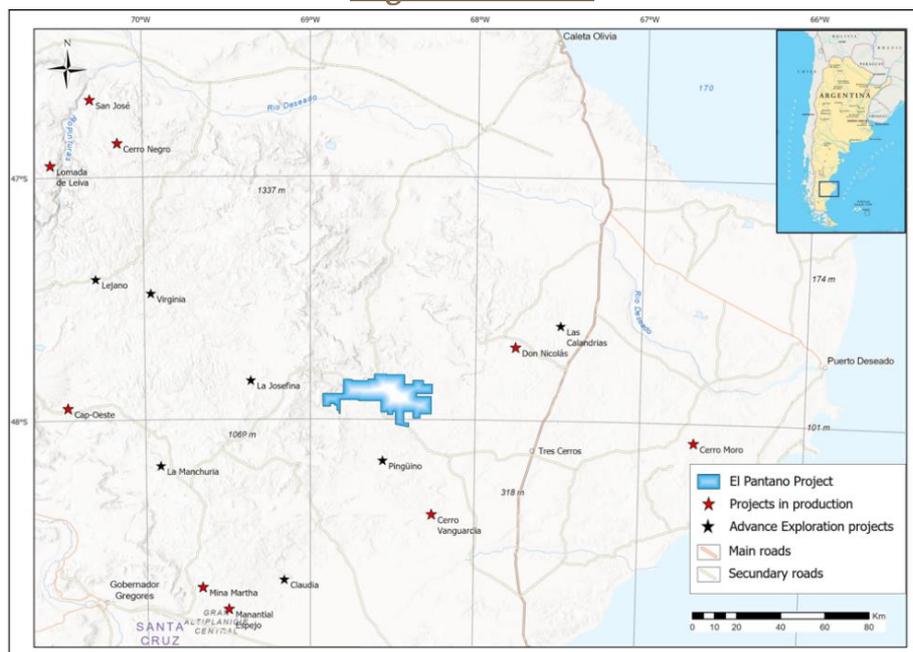
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Deseado Massif - Simplified Geology Map



Source: Orosur, [RNS of 15 February 2022](#)

Regional Location



Source: Orosur, [RNS of 15 February 2022](#)

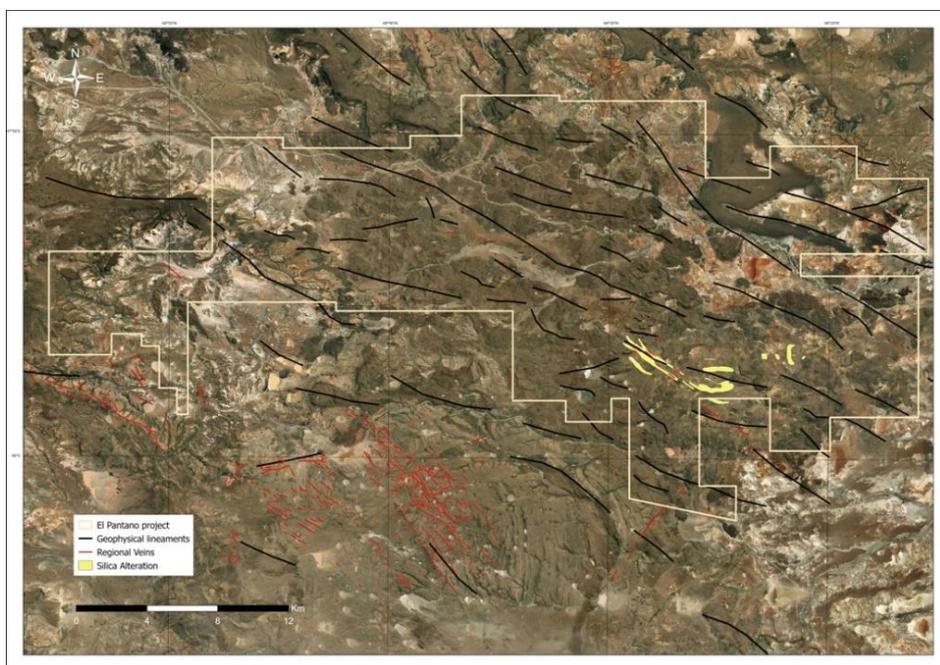
The El Pantano Project - Comprising nine contiguous exploration licences

The Project and the terms of the JV agreement are in line with Orosur’s strategic plan of gaining access to very large parcels of highly prospective exploration ground in proven geological provinces, safe in mining-friendly jurisdictions and near to existing production, at very low cost. Contrasting sharply with Colombia, Argentina is presently Latin America’s most economical region for mining exploration. Hit by deep recession and a currency (the peso) that has suffered successive devaluations, the country offers high availability of cheap but relatively experienced labour while its extensive southern plains feature flat treeless open terrain. Significantly also in this respect, El Pantano’s ESG appears to already be relatively locked-in, given that the entire landscape was devastated by Monte Hudson’s 1991 volcanic eruption (one of the twentieth century’s largest) that covered a radial area of 1000km to the east across the Argentine Patagonic meseta, leaving it without any agricultural use whatsoever in the process.

Jurassic volcanic rocks that are known to be the primary host of gold and silver mineralisation across the Massif almost completely dominated the Project area. Moreover, a relatively low level of historical exploration than might otherwise have been expected for a region with such attractive geology, can seemingly be attributed to its widespread covering of late basalts (hard, black volcanic rock) as well as the prospect's exceptionally remote location.

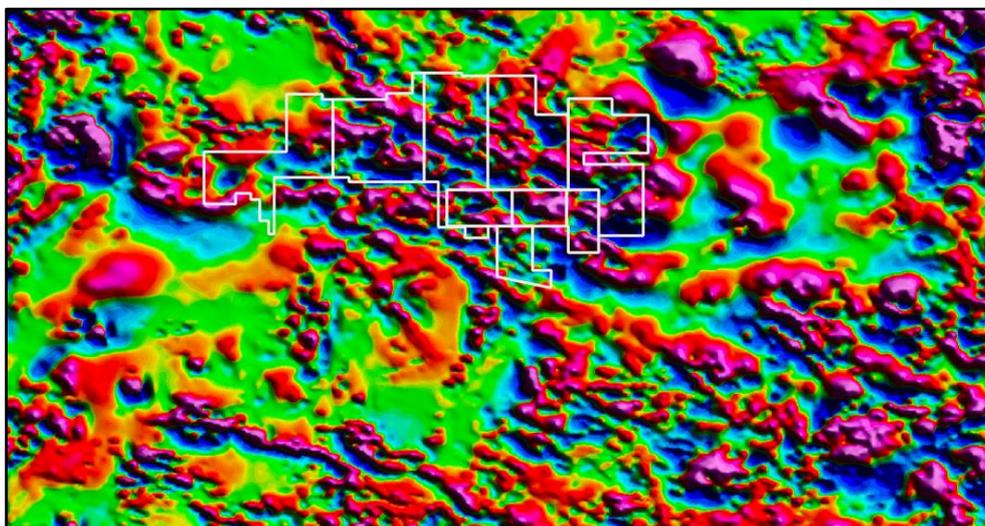
Significantly, preliminary field inspections undertaken by Orosur's geological team, have noted large erosional windows within this cover that expose extensive areas of prospective volcanics, swarms of gold bearing quartz veins and areas of pervasive silicification all within a major SE-NW regional structure that is clearly evident on regional government airborne magnetic data. Thus, despite being at an early stage, the Project demonstrates lithological and structural components necessary for the development of gold and silver mineralisation. Although short days will limit the extent of work carried out during the mid-winter months (June to August), management expects completed ground magnetics/sampling etc. during this time to open opportunity for drilling to commence in September of this year.

El Pantano Project – Satellite Imagery



Source: Orosur, [RNS of 15 February 2022](#)

El Pantano Project - Regional aeromag data showing clear SE-NW structural corridor



Source: Orosur, [RNS of 15 February 2022](#)

With imminent hand-over of Anzá's operatorship, Orosur is now maximising shareholder opportunity

Although Orosur's flagship Anzá Project must continue to dominate share price sentiment at this time, the addition of the El Pantano and Ariquemes projects now offer shareholders desired diversification by geography and geology.

The fact that Minera Monte Águila elected to exercise its right to assume operatorship of Anzá at such an early stage must be interpreted as a very positive endorsement for the project. Orosur's Board had repeatedly noted that majors like Newmont and Agnico need big projects (i.e., a +5 million oz. Au field) and would therefore hold off any decision to assume control until gaining sufficient comfort that such potential exists. Its decision may have been influenced by Los Cerros Limited (ASX: LCL), who's nearby Quinchia Project in the Mid-Cauca gold belt on 21 January 2021 reported drilling from their Tesorito South porphyry target with exceptional intercepts, including 102m @ 2.11 g/t Au from 28m.

Having already seen drilling demonstrate a significant underlying resource at APTA, with subsequent regional mapping suggesting possibility for multiple repetitions along strike, it would now be something of a surprise if development is not moved into a much higher gear. Given that Orosur will no longer be overseeing the onsite work investors understand they will receive less regular drilling updates going forward. But given that that the Group still controls 100% of the licences, data from completed holes submitted for 43-101 resource assessment will nevertheless be available for publication, as well as any formal decision to accelerate the development phases. September 6th is the anniversary date for the current Year 4 of the project (highlighted in yellow below) with qualifying expenditure of US\$4m. Given Agnico's apparent wish to accelerate development, the triggering of Phase 2 in the coming months is a possibility which would result in Orosur receiving a further US\$2m payment from Newmont/Agnico before this date. This, together with a presently strong cash position and the fact that the two newly acquired early-stage projects incurred very low entry costs with only limited burn anticipated for the first two or three years of operation, suggests management remains comfortable with the Group's balance sheet at this time.

Three phase JV with Minera Monte Aguila ('MMA') over 12 years to reach 75%

Phase	Year	Qualifying Expenditure	Payment to OMI	MMA equity at end of Phase
1	1	US\$1m	US\$1m	51%
	2	US\$1m	US\$1m	
	3	US\$4m		
	4	US\$4m		
2	5	US\$4m	US\$2m	65%
	6	US\$4m		
	7	US\$4m		
	8	US\$4m		
	**	US\$4m		
3	9	43-101 Feasibility Study		75%
	10			
	11			
	12			

*** Phase 2 requires US\$4m per year for 4 years, plus an additional US\$4m to be spent over the 4-year period at Newmont's discretion
Source: Orosur, Turner Pope Webinar Presentation, 14 July 2021*

Given the resounding verification delivered by recent Anzá drilling, together with the Board's expectation that yet further assays (whose turnaround time currently remains a relatively protracted 5 weeks) will produce similar polymetallic gradings and widths, the Project appears capable of driving strong mining economics. Shareholders will be hoping that the management's intuition in selecting both the Ariquemes and El Pantano projects results in a similarly confident outcome in due course.

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