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Marketing Communication
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TP RESEARCH 25 April 2022

Orosur Mining Inc.

Stock Data

Share Price:	9.81p
Market Cap:	£18.48m
Shares in issue:	188.4m
52 week high/low:	27.50p/8.50p

Company Profile

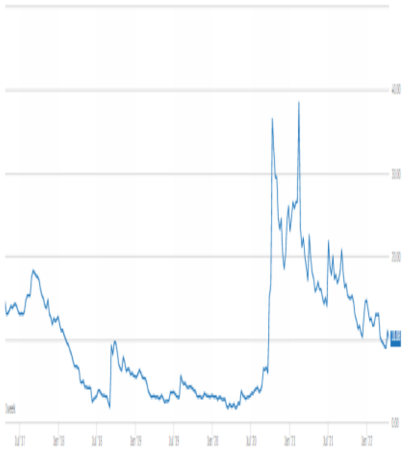
Sector:	Gold Mining
Ticker:	OMI
Exchange	AIM, TSX-V

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

Past performance is not an indication of future performance.

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Orosur has released an update on the progress of the drilling campaign underway at the Company's Anzá Project ('the Project') in Colombia. Having completed 35 holes (MAP-072 to MAP-105) for a total of 15,195 metres at the central APTA prospect, the rig has been mobilised to the NE of the Project area in anticipation of commencing work at the next target know as Pepas. Two further rigs, which are currently in the process of being imported into Colombia with a view to additional drilling not only at APTA but also at Pepas and Pupino, are expected to arrive on site in the next several weeks. Given that almost all drilling to date has concentrated at APTA which has at times delivered quite spectacular results yet only represents about 5% of the strike length of the Aragon fault, this news clearly reflects Minera Monte Águila's (the Operator, 'MMA') wider ambitions for the Project. Indeed, Orosur's Board has repeatedly noted that majors like Newmont Corporation (NYSE: NEM, TSX: NEM) and Agnico Eagle Mines Ltd. (TSX: AEM) (for which MMA is their 50/50 joint venture) only take large projects to production (i.e., a +5 million oz. Au field) and this move may signal a final step in gaining comfort that such potential exists. Reflecting Agnico's apparent wish to accelerate the Project's development, the triggering of Phase 2 by the 6th September anniversary date of the current Year 4 would commit it to minimum qualifying expenditure of US$4m/year for 4 years (plus a discretionary US$4m which takes the total to US$20m) along with a further US$2m payment to Orosur.

Less than 5% drilled of the 20km strike of the prospective Aragon Fault

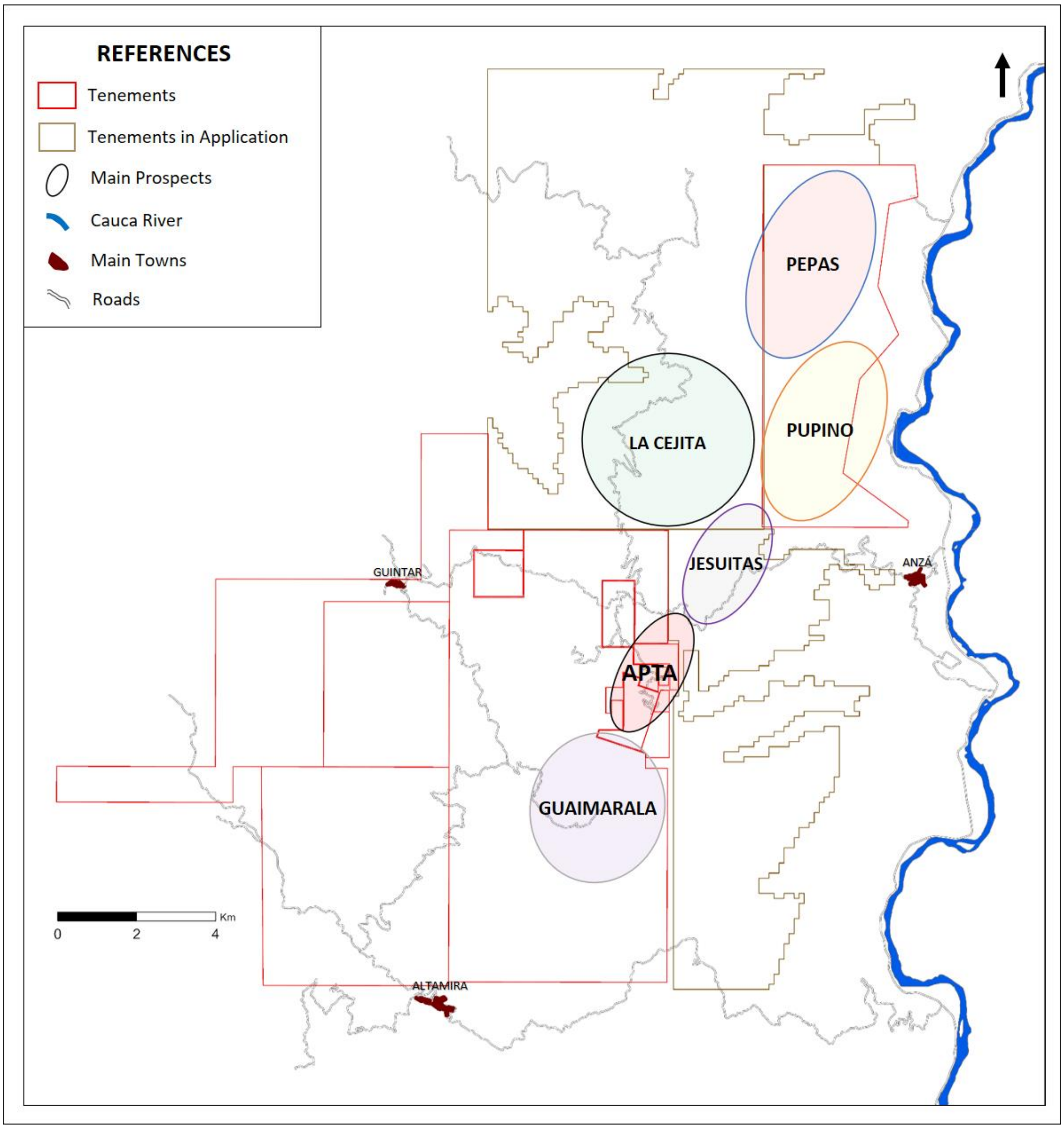
Preparations for drilling in the Project's two most northern targets have been underway for some time, with all necessary permitting processes being commenced some months back. Pepas is in a particularly rugged area, which has required a substantial degree of access preparation, including some minor helicopter support to move the current rig into the vicinity, after which it can then be transported by hand.

The two additional rigs are also man-portable, but with more power that allows them both to drill to depths in excess of 1,200 metres. The current and previous rigs used at APTA were constrained to depths of roughly 800 metres. As announced on 8 March 2022, recent drilling at APTA demonstrated substantial depth extents to mineralisation, well beyond what had been previously understood. MMA has thus decided to bring in new rigs capable of exploring these depth extents more efficiently at APTA, Pepas and Pupino.

Pepas has been selected as the first new target for drilling not only because of extremely positive geochemical assay results as detailed in last month's news release, but also because the prospect has recently seen the completion of ground Induced Polarisation ('IP') geophysical surveys. IP surveys were trialled effectively at APTA in late 2021, only to be halted due to difficulties in sourcing local labour during the coffee harvest. IP work recommenced in early 2022, starting in the northern extents before gradually moving southward toward Pupino.

Details of the new drill program at Pepas will be released as the work progresses. Samples from five holes (MAP-101 to MAP-105) are presently in the laboratory for assay, results of which will also be made available in due course.

Project Anzá – Prospect Locations



Source: Orosur, RNS of 25 April 2022

Following the hand-over of Anzá's Operatorship, Orosur is now maximising shareholder opportunity

Although Orosur's flagship Anzá Project will continue to dominate share price sentiment at this time, the recent addition of the El Pantano and Ariquemes projects now offer shareholders desired diversification by geography and geology. The fact that MMA 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. Today's news appears to be another decisive step toward this ambition.

The discovery of a high-grade structure at depth (MAP-098) as detailed on 8 March 2022 is significant in this respect, necessitating a large amount of infill drilling to establish the extent of the mineralisation, while also testing the fold hypothesis to potentially open up the western hinge. When targeting new prospects, Pepas and Pupino are the initial focus, possibly followed by Guaimarala in the far south. Newmont and Agnico's decision to work in this region of Colombia is also likely to 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 substantial body of gold mineralisation 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 is no longer 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, the agreement does recognise Orosur's obligations with regard to 43-101 and public disclosure and thus management expects all relevant data to be made public in a timely fashion, including 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 their Phase 2 Earn-in Right in the coming months is a possibility which would result in Orosur receiving a further US$2m payment from Newmont/Agnico within 30 days of MMA electing (or being deemed to have elected). This, together with a current strong cash position and the fact that the two recently acquired early-stage South American 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 (lab turnaround times seem to be returning to normal) may produce similar polymetallic grades and widths, the Project appears capable of driving strong mining economics. Assuming Phase 1 rolls over into Phase 2 in early September 2022, this will require a major new agreement between all parties, including the formation of a new company (49%-owned by Orosur) into which all assets will be injected. This will likely take some time to negotiate, during which time Newmont and Agnico are likely to seek a high level of certainty from Orosur regarding the Project's eventual passage to commercialisation, subject to which they would irrevocably commit to US$20m spend for Phase 2 over the following 4 years.

Anticipating continuing good news on this front, shareholders will be also hoping that the management's intuition in selecting both the Ariquemes and El Pantano projects will produce similarly positive outcomes in due course. Indeed, with its strong balance sheet providing a forward runway of perhaps 24 months, the Board appears set to demonstrate its credentials through the creation of a truly balanced portfolio of LATAM mining assets that stretch from advanced resource drilling (Anza in Colombia), through brownfields with production options (Ariquemes in Brazil), greenfields (El Pantano in Argentina) and possibly further new 'walk-up' drill target projects yet to be identified.

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