

**Stock Data**

Share Price:	11.50p
Market Cap:	£21.68m
Shares in issue:	188.5m
52 week high/low:	19.00p/7.03p

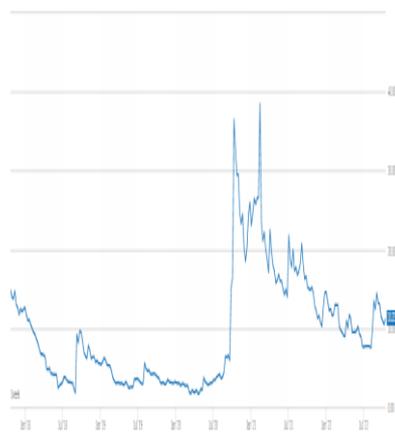
**Company Profile**

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/](http://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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## Orosur Mining Inc.

Orosur has released assay results from four additional diamond drill holes at the Pepas and Pupino prospects located in the north of its Colombian Anzá Project (Anzá or 'the Project'). Located roughly 12km and 8km respectively from the central APTA prospect, these include three holes drilled from the same pad as PEP001 that delivered quite spectacular results from surface back on 6 September 2022. Confirming the impressive findings of the first hole, PEP005 produced a substantial, high-grade gold intersection of 36.85m @ 2.13g/t Au (including 2.00m @ 12.70g/t Au), while PEP007 delivering an even more impressive 80.55m @ 3.05g/t Au (including 41.75m @ 5.24g/t Au). Management accordingly now awaits results from better positioned holes that are currently underway to get an improved sense of the scale and shape of what appears to be a particularly exciting prospect. Indeed, with these holes reconfirming potential for what could prove to be a 'game changer' in terms of the Project's grading and scale, it would be surprising if Minera Monte Águila ('MMA') were now not seeking to accelerate the negotiation and execution of the joint venture agreement ('the JVA') that is presently underway with Orosur. This of course would not only trigger a milestone payment of US\$2m to the Company, but also significantly raise confidence with respect to the Project's future development and prospective commercialisation.

### Preparations for Phase 2 of the Project remain ongoing

As set out in the original exploration Agreement between Orosur and Minera Monte Águila ('MMA'), on 9 September 2022 the parties began the process of forming a new mining company ('the Mining Company') that will hold title to the Project's concessions and other mining interests. Phase 2 of the Project will therefore commence once the Mining Company is constituted and the JVA formally signed. Expected to take several months to finalise, the Company will initially hold a 49% ownership interest and MMA, which will also assume its management, the remaining 51%. From this point, MMA may earn an additional 14% ownership in the Mining Company by committing US\$20 million in qualifying exploration expenditures to the Project over a maximum period of four years. (See tabulation overleaf detailing Orosur's three phase JV with MMA over 12 years to reach 75%.)

### Pepas and Pupino assay results confirm exceptional initial findings

Drilling activities commenced at Pepas in April 2022, and at the nearby Pupino prospect soon afterward. Assay results from the first three holes at Pepas (PEP001, 002 and 003) were released on 6 September 2022, which included an intersection of 150.90m @ 3.00g/t Au from surface in hole PEP001. Assay results from four additional diamond drill holes (PEP004, 005, 007 and PUP001) from the Pepas and Pupino prospects have now been released. Key intersections are noted below:

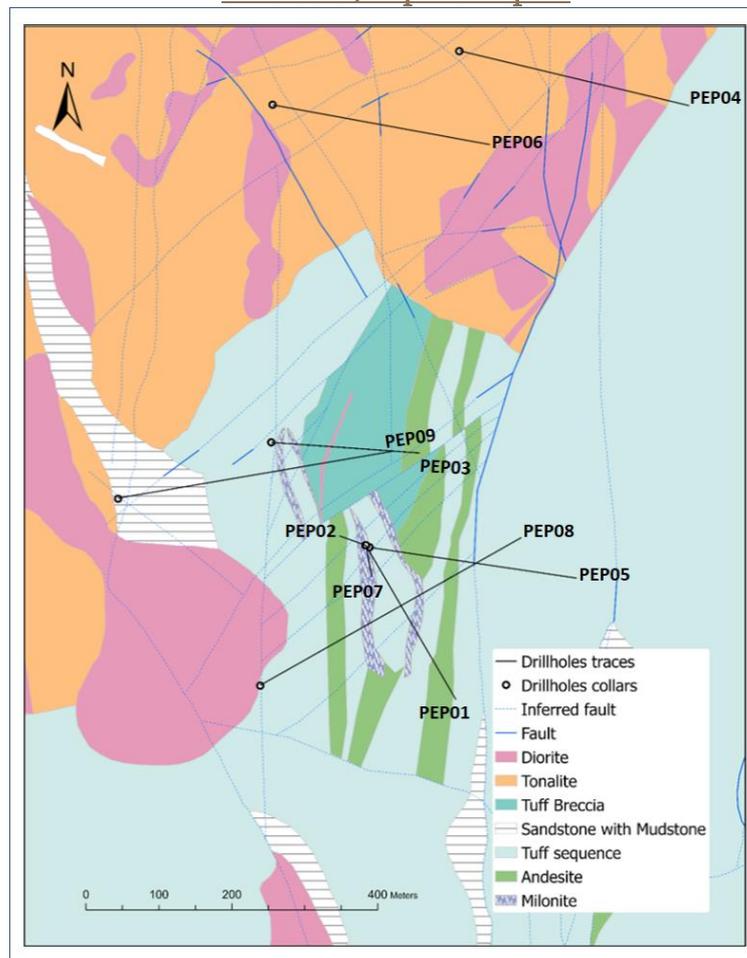
#### Intercepts from Drill Holes (PEP004, 005, 007 & PUP001)

Hole Number	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Zn (%)
PEP004	No significant results					
PEP005	0.00	36.85	36.85	2.13	3.74	0.07
including	1.70	3.70	2.00	12.70	2.78	0.02
including	31.45	35.70	4.25	6.30	5.11	0.04
PEP007	0.00	80.55	80.55	3.05	2.91	0.15
including	36.45	78.20	41.75	5.24	2.82	0.21
PUP001	No significant results					

Source: Orosur, [RNS of 21 October 2022](https://www.rns.com)

The first phase of drilling at Pepas and Pupino included holes across a wide area, focussing on a number of geochemical, geological and/or geophysical targets. While the assay results from PEP001 were particularly encouraging, the hole provided limited information as to the shape and/or orientation of the mineralised zone. This is a common issue for the first hole into a new target, and so further drilling is now underway from different pad locations in order to establish such detail. The development of new drill sites in such terrain, however, is complex and time-consuming. Having numerous rigs available while construction of the new pads was underway, however, a decision was taken to gather additional detail and confidence in the prospect by drilling several interim holes from the same pad as PEP001. Although PEP004 produced no significant results, PEP005 and PEP007 compared well with PEP001's high-grade gold intersection from surface of 150.90m @ 3.00g/t Au (including 102.40m @ 3.73g/t Au).

### Drill Plan, Pepas Prospect



Source: Orosur, [RNS of 21 October 2022](#)

PEP005 entered mineralisation at surface before exiting the breccia body at a shallow depth, returning an intersection of 36.85m @ 2.13g/t Au. This hole has provided some information suggestive of the likely strike of the mineralisation that will require further confirmation. PEP007 entered mineralisation from surface, recording an intersection of 80.55m @ 3.05g/t Au extending to greater depth than that intersected in PEP001. A number of other holes at Pepas have been completed and are awaiting assays, with several additional holes presently underway. Following construction of new drill pads to the west of the mineralised zone and interpreted structural trend of Pepas, two new holes (PEP008 and PEP009) are going ahead. It is anticipated that stepping back and drilling from outside the mineralised zone should provide additional information related to the shape and orientation of the prospect.

Pupino meanwhile proved to be more logistically challenging than expected, particularly with time lost for crews to transfer to the rig and back from a remote camp. PUP001 produced no significant results. Following the recent completion of PUP002, it has been decided to temporarily suspend drilling activities on the prospect until better camp facilities can be developed.

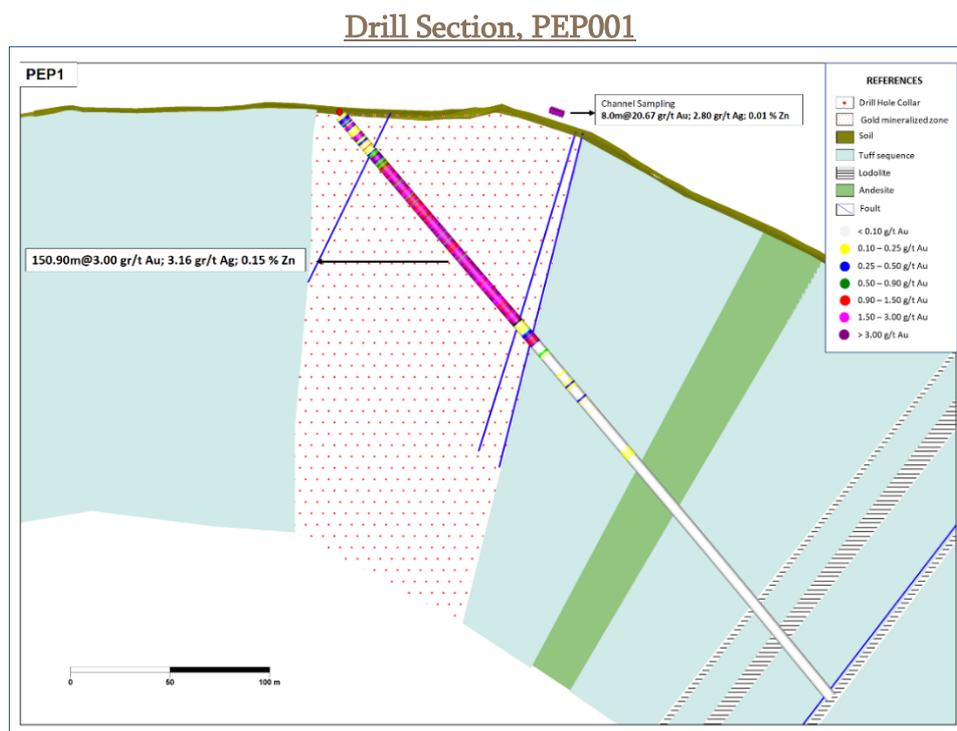
## Pepas' geology presently remains a matter of debate

With only a limited number of holes from one single pad available, geological information still remains limited, leaving the context of the intersection to be resolved. The mineralised bodies would seem to be a substantial hydrothermal breccia, but its shape, size and how it relates to its underlying porphyry will presumably be the subject of substantial work going forward. Other notable gold deposits in this region have been either porphyries or epithermal systems above the porphyries. The porphyries tend to be large, but low grade, with the epithermal systems being smaller but high grade – this intersection would seem to be the latter.

Numerous other large gold systems are currently being explored in the mid-Cauca belt by other companies, in some cases where porphyry systems have come to surface, and so have provided very long mineralised intersections. One example is Los Cerros Limited's (ASX: LCL) JORC compliant Reserves of 0.46Moz within a JORC compliant gold Resources of 0.84Moz at Miraflores, 1.3Moz at Tesorito and 0.46Moz Inferred Resource at Dosquebradas for a total Quinchia Gold Project Resource of 2.6Moz; Royal Road Minerals (TSXv: RYR), another nearby Latam explorer whose Güntar-Niverengo-Margaritas ('GNM') project abuts Anzá, has also recently returned significant low-grade intersections from surface. In contrast, however, the grade of mineralisation intersected in PEP001, PEP005 and PEP007 is several times higher than these porphyry systems which, of course, would make a major impact on project economics if tonnages can be developed.

So far, nine holes have been completed, attempted or are underway at Pepas, across approximately 1 kilometre of strike of the main structural corridor defined by the Aragon and Tonusco faults, targeting a range of lithologies and geological features. Three of these holes encountered difficult drilling conditions from broken ground related to major structures, however, which resulted in them being terminated at shallow depths. This is not particularly unusual and potentially indicates that work is being carried out on geological major structures.

PEP005 and PEP007 focussed on the mineralisation intersected in PEP001, with some modification required to drill pad locations to provide better drilling angles. The original hole was drilled to test highly anomalous rock chip samples that had been identified from previous mapping programs, and publicly announced on March 8th, 2022. It intersected a quartz vein stockwork and breccia zone from surface, demonstrating pervasive stockwork veining related to extensive gold mineralisation. Having established that it is sitting on atop mineralisation in such a complex terrain, however, new drill pads are required to resolve the geometry and dimensions of the zone. This is proving to be a slow and laborious process, given that they first required permitting, followed by manual construction with the rigs themselves needing to be broken down and moved by hand.



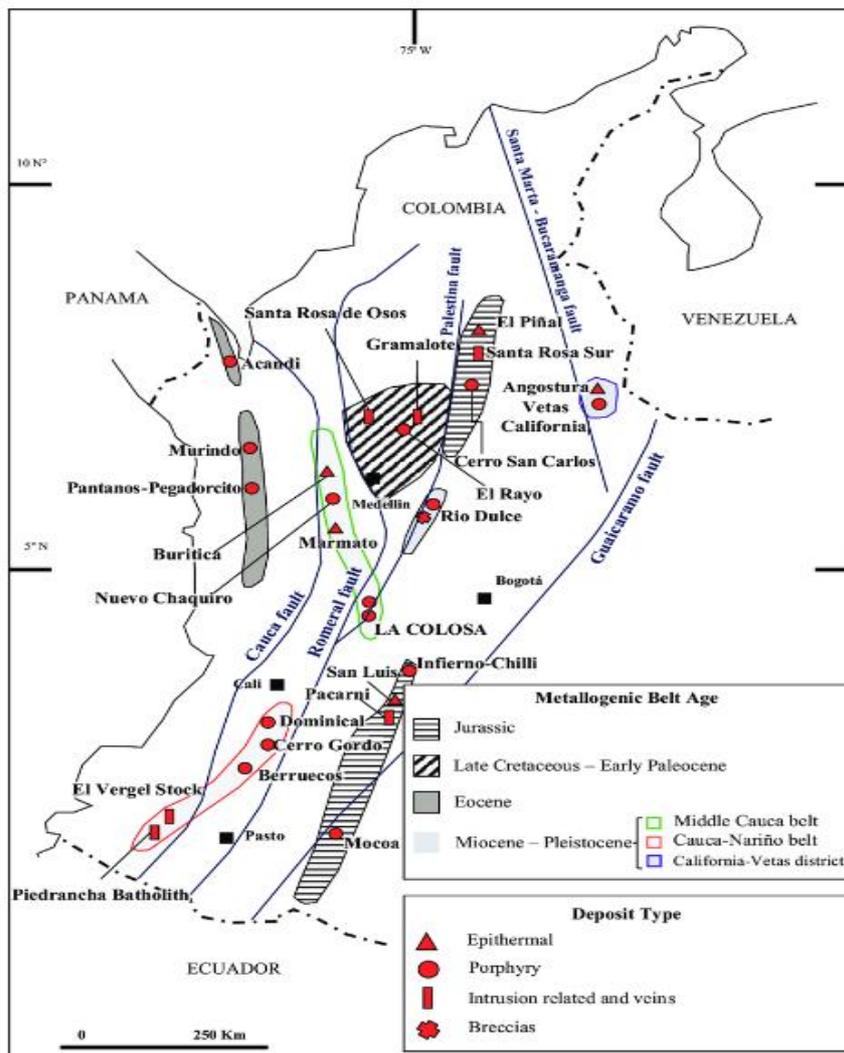
Source: Orosur, [RNS of 6 September 2022](#)

**Imminent triggering of Minera Monte Aguila ‘s Phase 2 Earn-in Right anticipated**

Orosur’s flagship Anzá Project will undoubtedly continue to dominate share price sentiment at this time. Today’s assay results further support the argument that it remains a highly prospective, potentially enormous target. It is complex, however, having already recorded multiple thick and high-grade intersections with substantial mineralisation that includes both high-grade gold and base metals at depth extending beyond the testing capacity of the current drill rig fleet. Such data increasingly points to the theory that the primary mineralisation may be contained within an intermediate-sulfidation epithermal system. The image below identifies two different types of ore deposits, epithermal Au-Ag and porphyry Cu-(Au-Mo), that are located in the Colombian Andes along six major magmatic belts. These range in ages from Triassic to Neogene.

Orosur’s Board had repeatedly noted that majors like Newmont and Agnico need big projects (i.e., a +5 million oz. Au field) and so, presumably, they chose to hold off their decision to progress to Phase 2 until gaining sufficient comfort that such potential exists. PEP001, PEP005 and PEP007’s near-surface discoveries follow identification of high-grade structure at depth (MAP- 098, was as detailed on 8 March 2022); as significant as they are, a large amount of infill drilling is still required to establish the extent of the mineralisation, while possibly also testing the fold hypothesis to potentially open up the western hinge. Ongoing work that Pepas and Pupino, possibly followed by Guaimarala in the far south, may further reinforce confidence. Indeed, Newmont and Agnico’s decision to work in this region of Colombia may also have been influenced by Los Cerros’ successful Quinchia Gold Project, after its Tesorito South porphyry target returned some exceptional intercepts, including 102m @ 2.11 g/t Au from 28m.

Magmatic and mineralized belts of Colombia, showing known gold deposits



Source: Modified [Sillitoe \(2008\)](#) and [LealMejia \(2011\)](#)

Having already seen drilling demonstrate a substantial body of gold mineralisation at APTA, with subsequent regional mapping suggesting possibility for multiple repetitions along strike, the arrival of four rigs in the northern prospects had already suggested development was moving into a higher gear. Given that Orosur is no longer overseeing the onsite work, investors understand they will receive less regular drilling updates going forward. But knowing that the Group still controls 100% of the licences, the agreement does recognise the Company's obligations with regard to 43-101 etc. disclosures and thus management expects all relevant data to be made public in a timely fashion, including any formal decision to accelerate the development phases.

The resounding verification delivered by recent Anzá drilling, together with the Board's expectation that yet further assays (lab turnaround times having largely returned to normal with COVID restrictions largely lifted) may produce similar polymetallic grades and widths, the Project appears capable of driving strong mining economics. During the negotiation phase, as Phase 1 rolls into Phase 2, exploration work can continue uninterrupted at the Company's discretion. Over the same period, Newmont and Agnico will be seeking a high level of certainty from Orosur regarding its eventual passage to commercialisation. Indeed, today's news is likely to reinforce the view that they will wish to accelerate the Project's development. Formally entering Phase 2 would trigger a US\$2m payment to Orosur within 30 days of MMA electing (or being deemed to have elected) which, together with further qualifying expenditure of US\$20m over the following four years would earn them an additional 14%. This implies an absolute base valuation for the 35% of the Project that Orosur would retain at this stage. Considering also that the Company would find itself left with a relatively strong cash position, and the fact that the two recently acquired early-stage South American projects incurred low entry costs with only limited burn anticipated for the first two or three years of operation, the Board is likely to be comfortable with its 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](#)*

While anticipating continuing good news on the Anzá Project, shareholders will be also hoping that the management's intuition in selecting both the Ariqueμες and El Pantano projects will produce similarly positive outcomes in due course. Indeed, with its strong balance sheet presently providing a forward runway of almost 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 (Anzá in Colombia), through brownfields with production options (Ariqueμες in Brazil), greenfields (El Pantano in Argentina) and possibly further new 'walk-up' drill target projects yet to be identified.

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