

## 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’). Following rapidly behind releases of 6 September 2022 and 21 October 2022, which included quite exceptional thick, high grade gold intersections in holes PEP001 (150.90m @ 3.00g/t Au), PEP005 (36.85m @ 2.85m Au) and PEP007 (80.55m @ 3.05m Au), today’s results contrast quite markedly with identification of lower levels of gold mineralisation from PEP008 and PEP009 while PUP002 and PEP006 both failed to encounter significant anomalism. Such an outcome should not be considered particularly exceptional, however, given that epithermal gold systems are, by their very nature, complex and often require several phases to properly define their geometry before more substantial drilling can be expected to deliver a high level of success. While choosing to temporarily suspend drilling activities, Minera Monte Águila (‘MMA’) is nevertheless demonstrating its commitment to the Project by refocusing near-term efforts on ground works, including additional surface analysis at Pepas, in order to better define local structural controls and identify further drilling targets. In tandem with this, negotiation and execution of the joint venture agreement (‘the JVA’) between MMA and Orosur remains ongoing, with TPI presently anticipating completion by late Q1 2023. This of course will 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.

### Drilling results provide guidance for future targeting

Assay results from the first six holes from Pepas (released on 6 September 2022 and 21 October 2022) identified thick, high grade gold intersections. While highly encouraging, the fact that the drill pad was positioned within the mineralised body, with holes drilling outward, this was problematic in terms of being able to effectively define the shape and orientation of the body and so provide guidance for later drilling.

Accordingly, two new drill pads were constructed c.200m southwest and c.300m northwest respectively from the original in order to drill holes PEP008 and PEP009 (see location on figure overleaf). Based on the assumption that the mineralised body dipped toward the west, this enabled the presumed extension (being vertically below the previous drilling), to be targeted by repositioned rigs.

While results from this latest drilling might be considered less exciting than had been hoped, together with the ground works now underway they will provide guidance for future targeting. The key intersections are noted below:

#### Intercepts from Drill Holes (PEP006, 008, 009 & PUP002)

Hole Number	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Zn (%)
PEP006	No significant results					
PEP008	145.90	147.50	1.60	1.05	2.05	0.04
PEP009	456.95	494.00	37.05	0.30	1.10	0.21
including	492.35	494.00	1.65	3.49	5.21	0.19
PEP009	504.00	518.05	14.05	0.38	1.75	0.07
including	516.30	517.40	1.10	2.16	8.36	0.20
PUP002	No significant results					

Source: Orosur, [RNS of 2 December 2022](#)

#### Stock Data

Share Price:	8.10p
Market Cap:	£15.27m
Shares in issue:	188.5m
52 week high/low:	19.00p/7.03p

#### Company Profile

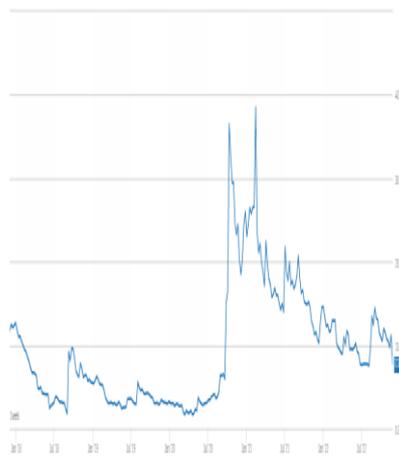
Sector:	Gold Mining
Ticker:	OMI
Exchange:	AIM, TSX-V

#### 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](#)

Past performance is not an indication of future performance.

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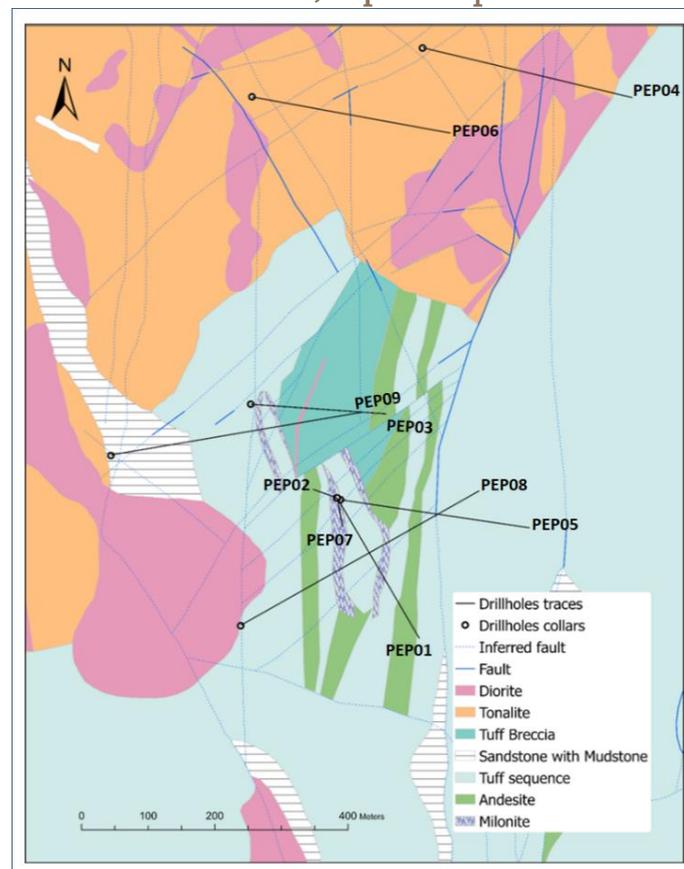
## Pepas' geology presently remains a matter of debate

With only a limited number of holes from the three pads presently 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.

To date, nine holes have been completed 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.

### Drill Plan, Pepas Prospect



Source: Orosur, [RNS of 2 December 2022](#)

PEP008 was drilled to a depth of 647m from the southwest toward the northeast to test directly below the mineralised intersections identified in PEP001. The step back for this new pad was substantial such that PEP008 passed some 220m vertically below PEP001.

PEP009 was drilled to a depth of 602m well north of the previously identified mineralised body and was intended to test an interpreted faulted offset extension of the Pepas body based upon surface mapping and low-level gold mineralisation that had been previously intersected in hole PEP003 (as announced 6 September 2022). Again, the step back was substantial with PEP009 projected to intersect the targeted structures over 300m below previous drilling. Both holes intersected mineralised structures much as expected, albeit identifying markedly lower levels of gold mineralisation than in previous drilling.

Subsequent analysis and interpretation of drill core from these and previous holes is now suggesting three distinct phases of structurally controlled veining. The youngest of these being the polymetallic sheeted veining that produced the thick intersections of high-grade gold intersected at Pepas in earlier holes. It is also likely that these various vein systems have different orientations, with the most important potentially dipping away from hole PEP008. As a result, it is possible that hole PEP008, being drilled from the west, may have gone beneath this important later structure.

PEP006 was drilled to a depth of 882m. It was the last of a group of earlier holes drilled some distance to the north of the mineralised body intersected at PEP001 and encountered no significant gold intersections. This was not considered a surprise, however, given that PEP004 had already produced negative drilling results in the area. PUP002 was drilled to the south at the Pupino prospect to a depth of 301m to test several mapped structures that showed evidence of epithermal alteration. The hole intersected several veins with sulphide mineralisation, but produced no substantial gold anomalism. As noted previously, drilling at Pupino ceased some time ago due to logistical difficulties and the need to develop new camp facilities.

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

As set out in the original exploration Agreement between Orosur and 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. Taking several months to finalise as expected, 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%.)

### 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. Past assay results 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.

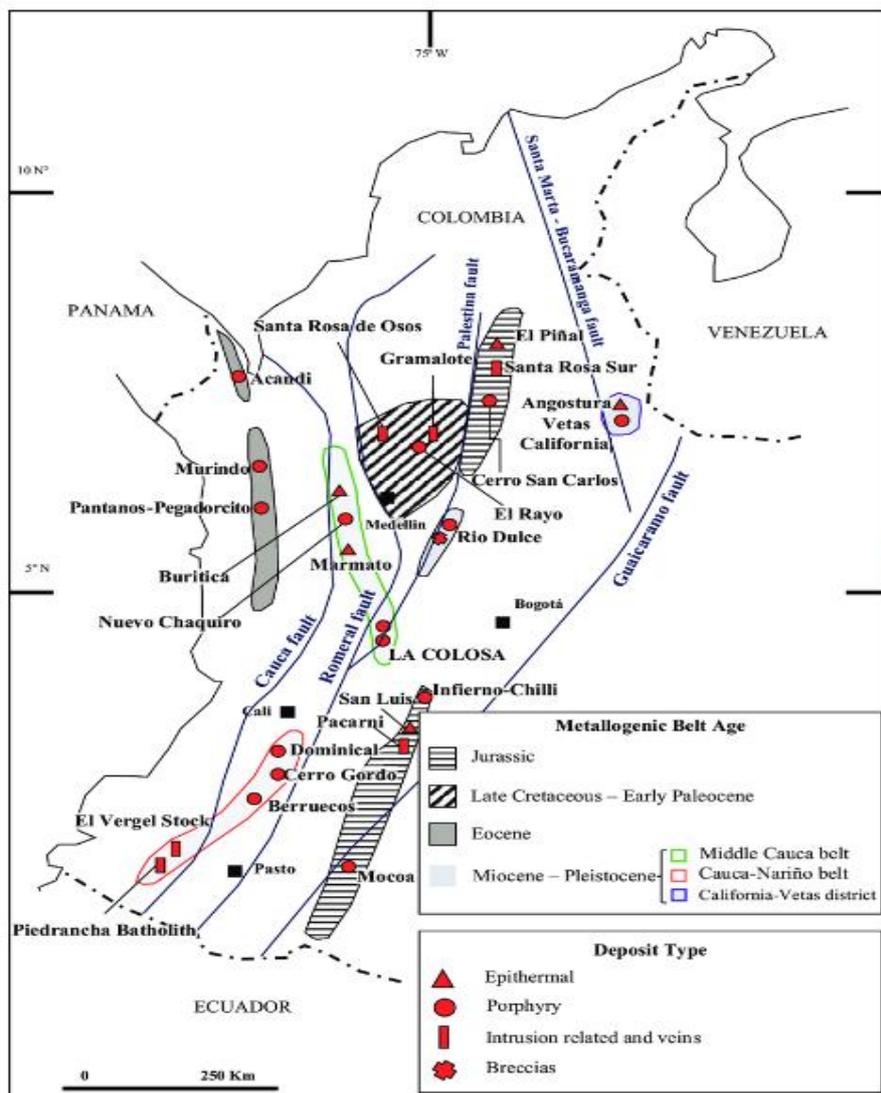
Orosur's Board had repeatedly noted that majors like Newmont and Agnico need big projects (i.e., a +5 million oz. Au field) and so, presumably, they chose to hold held off their decision to progress to Phase 2 until gaining sufficient comfort that such potential exists. PEP001, PEP005 and PEP007's near-surface 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.

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 already delivered by 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. Given the complications involved in the JVA, several months of negotiations are likely to remain; TPI expects a conclusion to be reached around the end of Q1 2023. 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.

**Magmatic and mineralized belts of Colombia, showing known gold deposits**



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

### 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 further good news on the Anzá Project in due course, shareholders will be also hoping that the management's intuition in selecting both the Ariquemes and El Pantano projects can 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 (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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