

Stock Data

Share Price:	9.10p
Market Cap:	£17.16m
Shares in issue:	188.6m
52 week high/low:	19.00p/5.50p

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](https://www.lse.com)

Past performance is not an indication of future performance.

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Orosur Mining Inc.

As part of its move from Phase 1 to Phase 2 Orosur's joint venture partner, Minera Monte Águila ('MMA'), has now paid its US\$2m option payment obligation. Not only does this move significantly support confidence with respect to the Anzá Project's ('Anzá' or 'the Project') future development and prospective commercialisation, but also strengthens the Company's balance sheet which now holds over US\$4m in cash. Following completion of drilling, exploration work was wound back in order to complete the complex corporate restructuring of their joint venture agreement (the 'JVA'), while also advancing a variety of licence processes, including integration of smaller licences and conversion of applications to granted status. Mapping and sampling work at Orosur's earlier stage El Pantano Project in Argentina meanwhile is yielding positive results, with the outcome of a similar regional campaign at its Ariqueles Project in Brazil now also pending. Validating its decision to focus on such large but early-stage opportunities the Board is pressing ahead with these developments, the first of which holds out the prospect of first drilling commencing later this year.

El Pantano - Extremely encouraging results to date

Results to date have been extremely encouraging, with the latest round of mapping and sampling suggesting that El Pantano has potential to host a major, previously unexplored low-sulphidation epithermal system. Fluid boiling is the key gold depositional mechanism for such models, with gold mineralisation typically being constrained to a distinct vertical zone, with the possibility of limited or no gold anomalism at surface. Pathfinder elements, notably mercury (Hg) and arsenic (As), are consequently considered a more important guide to mineralisation. Recent work appears to demonstrate an expanding picture of very large zones of Hg and As anomalism along more than 8km strike of a major NW trending structure.

Geological mapping, geochemical sampling and ground magnetic surveys are continuing. It is also planned that other geophysical methods such as IP may be employed before the winter break in late May. Environmental permitting work is also underway that will allow drilling to be undertaken later in the year. Following completion of a field visit by the Orosur team and a specialist structural geology consultant, a framework for potential mineralisation is being developed in order to form the basis for future targeting. Significantly, the visit along with an allied study of regional geological & mining data is also proving invaluable as a means of gaining a better understanding of the primary controls on the style of mineralisation, as well as providing exploration strategies that may be employed.

Ariqueles Project – Results from regional sampling pending

Despite being one of the world's major tin provinces, this Brazilian region has seen little or no modern exploration, with most of the mineral exploitation having been undertaken by local cooperatives. Orosur thus remains of the view that substantial potential for new discoveries exists.

To this end, a large-scale regional sampling program has been underway for

the last several months, taking stream and drainage sediment samples over much of the Ariquemes district. This large program is now complete and final results are pending. Once received, it is anticipated that this regional dataset will be able to provide vectors to potential mineralisation that will then form the basis for more targeted exploration programs in the relatively near term.

Preparations for Phase 2 of the Anzá Project remain ongoing

The process of moving to Phase 2 requires a substantial level of corporate restructuring in order to crystallise MMA's 51% shareholding and to provide a mechanism for Phases 2 and 3 to progress. This process has already been underway for some months and TPI considers completion could potentially stretch into Q3 2023.

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 updated JVA formally signed. During the negotiation phase, as Phase 1 rolls into Phase 2, exploration work can continue uninterrupted at the Company's discretion. Over this same period, Newmont and Agnico will be seeking a high level of certainty from Orosur regarding its eventual passage to commercialisation. Upon completion, Orosur 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%.) This in turn implies an absolute base valuation of US\$50m for the 35% of the Project that Orosur would retain at this point.

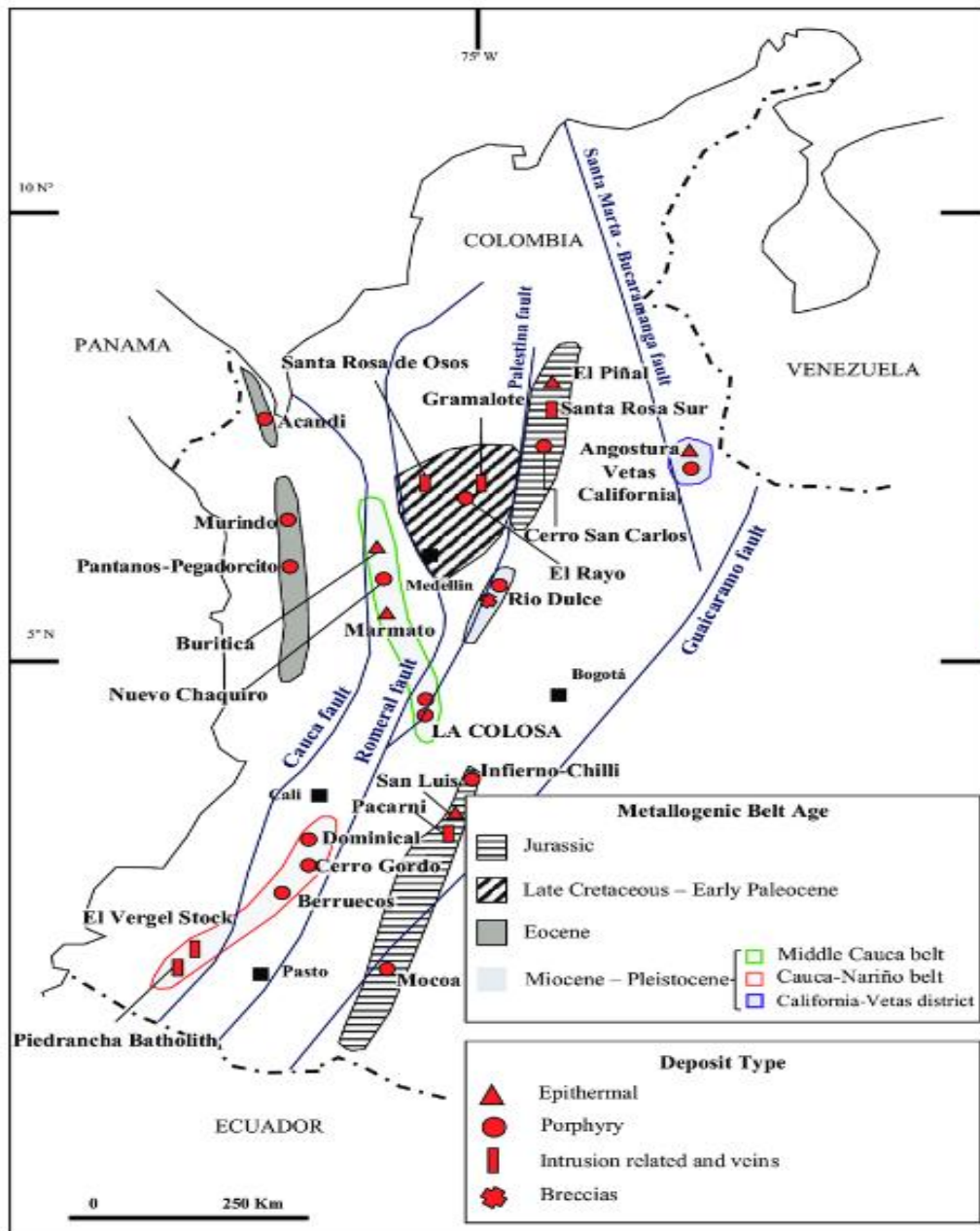
Anzá remains a highly prospective, potentially enormous target

Past assay results support the argument that Anzá 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 that extend beyond the testing capacity of the drill rigs utilised to date. Available data 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.

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 placement of four rigs in the northern prospects during H2 2022 did appear to confirm development had moved 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. Although the Mining Company will then own the licences, the updated JVA may recognise the Company's obligations with regard to 43-101 etc. disclosures, possibly permitting management to receive relevant data in a timely fashion including any formal decision to accelerate the development phases.

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. Identification of high-grade structure at depth (MAP- 098, was as detailed on 8 March 2022) followed by PEP001, PEP005 and PEP007's near-surface discoveries support such a scenario although, 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. Further work at Pepas and Pupino, possibly followed by Guaimarala in the far south, may further reinforce confidence. 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 \(2011\)](#)

Considering that Orosur now finds 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.

While anticipating further positive development news from the Anzá Project following formal completion of the updated JVA, shareholders will also be 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 a forward runway in excess of 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.

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		
	**	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](#)

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