# Orosur Mining Inc.

**Orosur has announced a modest fundraise of £0.50m (gross) through an equity placing priced at 2.95p/share, together with a grant of one unlisted warrant ('Warrant') at 50% premium for every Placing share subscribed (together the 'Placing'). With cash-in-hand of c.US$1.7m (c.£1.4m) at end-January 2024, the Group was already more than able to fund its corporate overhead into 2025. The additional funds, however, will enable it to complete its move away from the primarily passive phase it assumed since 2018 (during which exploration funding was provided through its major JV partners), to become an active explorer once again. Given that the uncertainty generated amongst the international mining community following the appointment of Gustavo Petro's left-wing administration in 2022 has now largely receded, amid surging support for more right-leaning and more investment-friendly opposition parties, the timing looks good. Improved sentiment toward funding early-stage mineral exploration across Colombia, appears set to coincide with Orosur reclaiming 100% control of its flagship Anzá Gold Project (the 'Anzá Project'). Pledging to direct all of yesterday's net new funding into the ground, the Board plans to progress its early-stage projects this year, all of which are considered world class in terms of district and potential scale. With the majors having left Anzá with a number of 'walk up' drill-ready targets for when the negotiations complete, the Placing proceeds will instead be directed to rapidly advance and add value to the Group's projects in Nigeria, and South America. This is likely to include a first drill program for Lithium West in Nigeria while also defining targets at El Pantano in Argentina. With over of 12 months forward runway now in hand, the Group can be expected to generate significant news flow in the coming weeks and months.**

## Capital raise – Use of funds

The net proceeds of the Placing will be used to progress the Group's relatively low-cost projects in South America and Africa, while it uses existing resources to conclude Anzá Project negotiations with its partners in Colombia. The re-strengthening of its balance sheet ahead of PDAC 2024 (one of the world's premier mineral exploration and mining convention that is due to take place between the 3rd and 6th March in Toronto) also appears to be a sensible 'confidence builder' ahead of finalising negotiations with Newmont and Agnico (both of which will be in attendance). The 2.95p/share Placing price represents a discount of approximately 24% to the closing mid-market price on 14 February 2024, being the last trading day prior to yesterday's announcement.

Holders of the unlisted Warrant will have the right at any time prior to 21 February 2026 upon written notice to subscribe for new ordinary shares on the basis of one new share for each Warrant held at US$0.0558 (approximately 4.425p based on current foreign exchange rates), being 150% of the Placing price. Orosur relied upon the exemption described in Section 602.1 of the TSX Company Manual with respect to TSX private placement rules since it qualifies as an Eligible Interlisted Issuer.

## Anzá Project – Negotiations to regain 100% control now advanced

The Anzá Project is subject to an Exploration Agreement with Venture Option ('the JV'), as announced on 10 September 2018, between Orosur's 100%-owned

**Stock Data**

| | |
|---|---|
| Share Price: | 3.00p |
| Market Cap: | £6.17m* |
| Shares in issue: | 205.51m* |
| 52 week high/low: | 10.50p/1.90p |

**Post-Placing numbers*

**Company Profile**

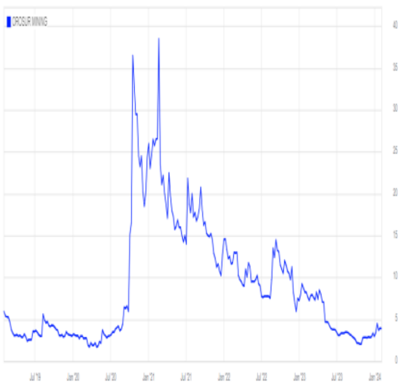
| | |
|---|---|
| Sector: | Gold Mining |
| Ticker: | OMI |
| Exchange | AIM, TSX-V |

**Activities**

Orosur Mining Inc. ('Orosur', 'the Group', 'OMI') is an international explorer and developer of high-quality mineral assets in key jurisdictions.

Company website: www.orosur.ca/

5-year share price performance



*Source: LSE*

Past performance is not an indication of future performance.

**Turner Pope contact details**

Tel: 0203 657 0050
Email: info@turnerpope.com
Web: www.turnerpope.com

Andrew Thacker
Corporate Broking & Sales

Barry Gibb
Research Analyst

TPI acts as Joint Broker to Orosur Mining Inc.

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subsidiary Minera Anzá S.A ('Minera Anzá') and Minera Monte Águila SAS ('MMA'), a 50/50 joint venture between Newmont Corporation ('Newmont') (NYSE: NEM, TSX: NGT), and Agnico Eagle Mines Limited ('Agnico') (NYSE: AEM, TSX: AEM).

The first phase (of four) of the JV was completed in September 2022, with MMA spending over US$10m on the Project and thereby earning an equity interest of 51% in the JV. Positive development results prompted MMA to elect to move to Phase 2 of the JV, that would require it to spend US$20m on the Project over a maximum of four years to earn an additional 14% equity, taking its total ownership position to 65%. As part of the move from Phase 1 to Phase 2, a US$2m option payment became payable to Orosur (received in February 2023) at which time formation of a new mining company was required to crystallise the various ownership stakes. On 4 May 2023, however, MMA surprised by advising Orosur's Board that a decision had been taken to reduced exploration expenditures on the Project and effectively place it in care and maintenance at that time. Subsequent to this, on 23 January 2024, Orosur confirmed that ongoing negotiations with all parties regarding its prospective purchase of MMA's 51% interest in the Project (which could possibly even take the form of acquiring MMA itself) had reached an advanced stage.

There were multiple reasons for the JV agreement to have cooled. One was Newmont's US$16.8bn takeover of Newcrest Mining, which resulted in formation of the world's leading gold miner. Finding itself somewhat overwhelmed by the number of projects inherited at various stages of development across a huge portfolio, its Board chose to initially focus on the more advanced ones located in stable politically jurisdictions only. Another was Agnico's apparent discomfort with the underlying terms within the JV agreement itself. Coinciding with Colombia's 2022 election of an avowedly left-wing, inward-looking President, Gustavo Petro, the international mining community almost immediately pushed back on new investment across the country, effectively stalling a number of existing projects.

So what next? Legally disentangling itself from such a complicated agreement is of course not a simple process and is still likely to take several weeks to conclude. Nevertheless, it is understood that a verbal understanding between all parties, under which Orosur returns to having direct or indirect control of 100% of the Project, has been reached. Within this, the Group must ensure it and its shareholders do not incur any major tax/work/ownership obligations through extensive due diligence. One possible route could even be through acquisition of MMA itself, rather than just its shareholding.

Should agreement be reached, the next question must be for 'how much'? Newmont and Agnico have spent something in the order of US$16m in developing the asset to its current stage. Clearly, it is now in a much better and proven condition than when MMA first entered the JV. That said, they understand that Orosur neither has the balance sheet nor willingness to place any upfront cash on the table. So, any payment would need to be in the form of a share of the positive cashflow generated once the mine is built and producing. Such deferred considerations generally come in the form of a variable or fixed Net Smelter Royalty ('NSR'), possibly along with some direct profit share for a fixed opening period. This could mean that their eventual reward is a decade or so away, but without exposing themselves to any ongoing project risk (which for a pre-resource asset requiring continuing exploration success, permitting and mine construction etc., clearly remains high).

Clearly, even if Orosur were able to independently invest in the Project sufficient to regain 51% of the JV, no other party would consider entering the fray while Newmont and Agnico retain a seat at the table. This would be in no party's interest, so they can be expected to willingly hand it back. This will leave Orosur with a number of viable options to ensure development of the Project, including to (i) Go it alone; (ii) Sell it outright or, (iii) Bring in a new partner. All of these, of course, hinge on the wider market appetite.

Importantly for investors, being freed of the strict disclosure constraints/editorial oversight imposed by Newmont and Agnico, once it has got its 'feet back on Colombian ground' Orosur is likely to be far more transparent and communicative regarding its own development plans. This could include more detail about the extensive work already undertaken by MMA, their extensive results and a view regarding overall prospectivity. Given its scale and global position, Newmont considers it important to retain, to the extent it can, 'a finger in the pie' of all and any potential world-class gold prospects. Even if it will now not be directly involved in the Project's future development, it nevertheless still retains an indirect participation through its c.14.21% (following yesterday's Placing) ordinary shareholding in Orosur (which originally came from its US$2m investment back in 2018, then giving it a 19.9% shareholding which has subsequently been diluted through follow-on fundraisings, etc.) Effectively this provides Newmont with a first option on all of Orosur's developments and, as such, the Board does not expect this holding to be disposed of, even if it chose not to subscribe to the Placing and appears unlikely to become involved in any such future offerings. Contrasting this, however, Orosur may well be open to discussions with Agnico regarding the possibility of it entering an amended/updated joint venture agreement for co-development of the Project.

## Colombian politics – Now feeling more comfortable

One of leftist President Gustavo Petro's campaign pledges at the time of his election in August 2022 was to wean the South American nation off its dependence on oil and coal exports, which he decried as 'poisons' while also pledging to block open pit mining where communities do not want it. Not surprisingly, this resulted in the international mining community rapidly putting investment plans in the country on hold. Petro's populist headlines, of course, ignored the fact that mining companies were expected to contribute some 15.9 trillion pesos (US$4 billion) in taxes and royalties to Colombia's national purse, the sustaining of which could directly help fund his policies of improving access to healthcare and reducing widespread inequalities across the country.

Having been one of Latin America's top performers, Colombia experienced a major slowdown last year with its GDP growth tumbling from 7.3% in 2022 to 1.2%, according to the World Bank. Not surprisingly, the apparent euphoria that surrounded the new President at the time of his election has rapidly evaporated. Along with the economic malaise created, his left-wing administration has continued to confront mounting political setbacks, unforced errors amid extensive reports of corruption within the President's family, during which time both domestic and international investment inevitably turned tail.

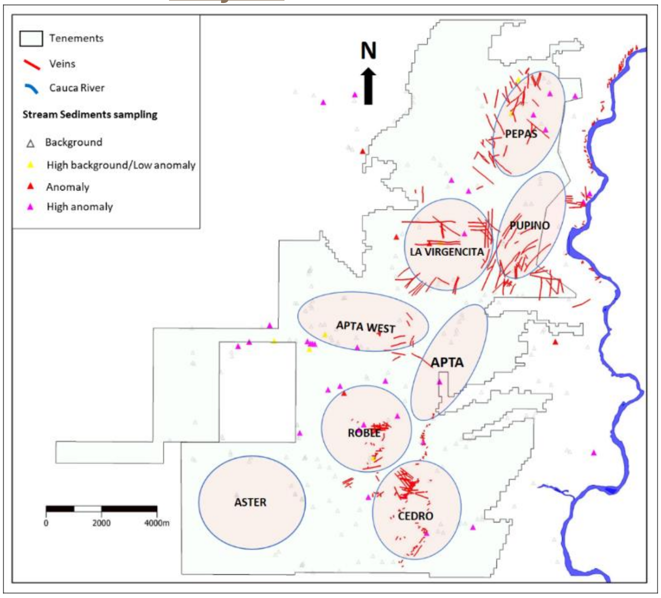
According to pollster Invamer, Petro's approval rating was a mere 26% last December, a loss of 22 percentage points in 12 months. Conversely, his disapproval increased to 66%, a 22-point increase in the same period. Things first started to get serious in February 2023 when tensions between moderates and radicals inside the Cabinet surfaced. At the end of October 2023, another sign of weakness emerged through the municipal and regional elections; the candidates supported by Petro's Pacto Histórico coalition were defeated in all the major cities and most governorships. In Bogotá, Petro's longtime ally Gustavo Bolívar, who had resigned from the Senate to run for mayor, came in third.

Having already seen parties to his centre and the right gradually abandon the coalition, this August's second election anniversary leaves Petro is facing growing doubts about his ability to fulfil his promises in the remainder of his four-year term (after which he cannot stand for re-election). The possibility of both a softening of his coalition's anti-mining stance and prospective appointment of a more centralist government in 2026 appears to have already attracted interest from international funders supporting operations run by Glencore, Fura Gems, Collective Mining etc. In the same respect, it is also worth noting that the Colombian Constitutional court overturned Petro's legal proposal to make mining royalties non-tax deductible, which is a further incentive for exploration investment. Altogether, this suggests the anticipated timing of Orosur regaining full control of the Anzá Project could be very good indeed.

## The Anzá Project - More than 20 km strike of both Tonusco and Aragon faults

The Anzá Project ('the Project') consists of seven potentially world-class licences (three granted and four applications) totalling approximately 207km$^2$. Since the JV was created, the Project advanced significantly with spending of the order of US$16m, wherein ongoing drilling programs have consistently produced very thick, high grade gold intersections. Having over 20km strike of both Tonusco and Aragon faults, >40,000m have been drilled (mostly on APTA). Mapping indicates a major porphyry system at El Roble and El Cedro, while first drilling on Pepas (mid-2022) produced 150m @ 3g/t Au from surface. Orosur's Board consider the prospect's various walk-up targets to be ready for drilling, which could potentially lead to an early first resource.

**Anzá Project - Mineralized trend**



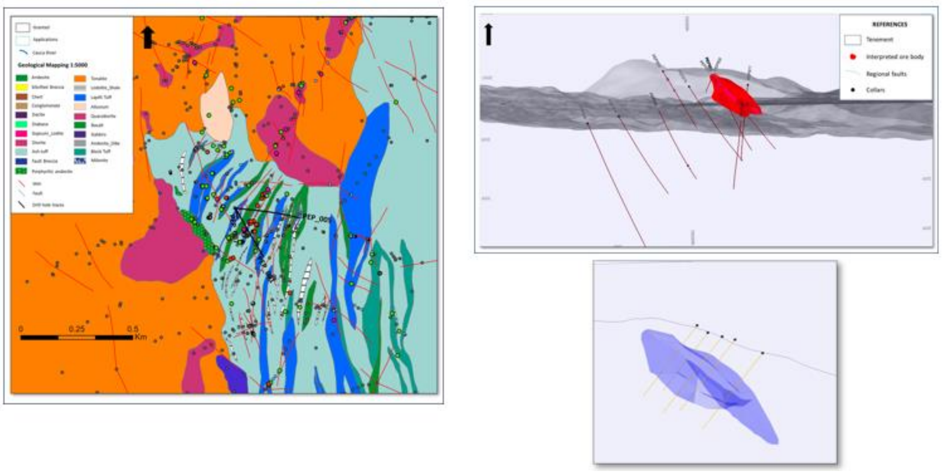

*Source: Orosur, Investor Presentation, February 2024*

## Multiple drilling opportunities, including at the Pepas, El Roble and El Cedro prospects

The Pepas prospect is the most northern of the Project, approximately 12 kilometres northeast of the central APTA prospect, where most drilling has been historically focussed to date. Assay results from hole PEP001 in September 2022 returned a substantial, high-grade gold intersection of 150.90m @ 3.00g/t Au (from surface). This demonstrated the opportunity's exceptional potential. Subject to Board approval, preparations for further drilling at Pepas, this time from an easterly direction, could now be considered to confirm previous results and open the potential of moving into a resource drilling phase.

Epithermal gold systems by their nature are complex and several phases of drilling are often required to properly define the geometry before more substantial drilling can then be undertaken. Its geophysical anomalism, window of attractive host rocks along with high-grade rock chips over several hundred metres of strike, however, provided a high level of confidence. Hence the surprise subsequently expressed when decidedly unexciting results from drilling PUP002, PEP006, 008 and 009 were released on 2 December 2022. The on-site team rapidly concluded that this later drilling had simply been 'in the wrong direction,' as a result of which the Board is now preparing a return to the same location with a view to instead enter from the east.

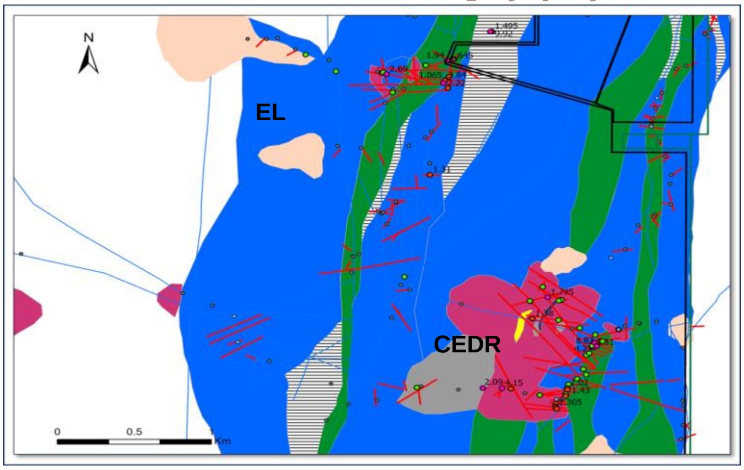
**PEPAS – High Grade, at Surface**



*Source: Orosur, Investor Presentation, February 2024*

To the south of the Project, the El Roble and El Cedro prospects appear to be different parts of a single porphyry system. The prospects display widespread, high-grade anomalism/high-grade rock chips amid large areas of silicification, veining and alteration, all of which is consistent with a large porphyry. Having only been explored to a low level and never drilled, numerous key hosts already identified (silicified breccias) will help with targeting. Orosur's Board may be able to advance these prospects during 2024 with a view to identify suitable drill targets.

## El Roble and El Cedro – Porphyry System



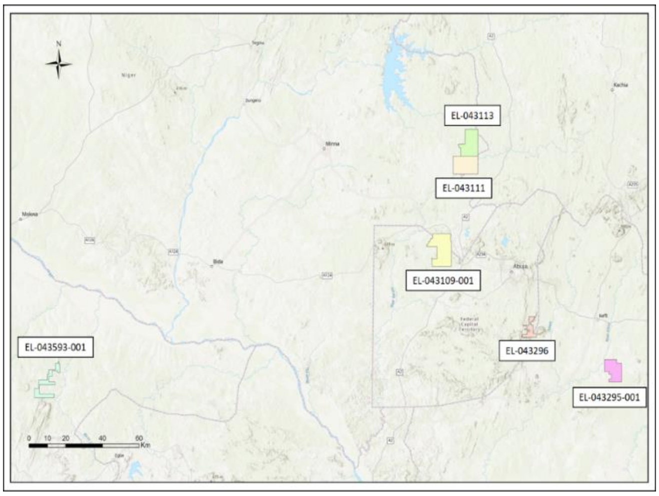

*Source: Orosur, Investor Presentation, February 2024*

## Lithium West Project- The new Nigerian joint venture agreement

Back on 16 October 2023, Orosur announced continuation of its strategy of securing high quality mineral exploration opportunities in key jurisdictions, with a signed joint venture (the 'Lithium JV') agreement to explore a number of exploration licences across Nigeria which the Board considers to be highly prospective for Lithium mineralisation ('the Lithium Project'). The Lithium JV was signed with Nigerian company, Jurassic Mines Limited, which enables the Group to use existing local teams in order to avoid adding overhead, staff, premises and related equipment. It formed a new 100%-owned company, Lithium West Limited, may earn up to 70% equity in the Lithium Project in two phases over 5-years by spending US$5m in its development.

## Lithium West Project – Central Nigeria


## Lithium West Project - Six Licences Held




*Source: Orosur, Investor Presentation, February 2024*

The Project at inception comprised four exploration licences across Nigeria's primary pegmatite belt, covering a total of c.322km$^2$. The six currently held total over 533km$^2$ spread across several major structures in several states.

Several more licenses are presently in advanced stages of acquisition. All licenses are within known pegmatite belts.

Benefitting from large pre-existing databases, Orosur was able to rapidly commence work on the prospects; field programs started with preliminary reconnaissance delivered rapid results, which were followed by rock sampling and surface mapping. First phase of these produced very positive results, with evidence of +2% $LiO^2$; results from other licenses are imminent. The Board is presently planning detailed soil/geochemical sampling programmes with a view to commencing its first drill programme on its main targets later in 2024. Should this lead to positive results, resource drilling could be scheduled.

## El Pantano Project - Evidence of Argentinian massive low sulphidation epithermal system

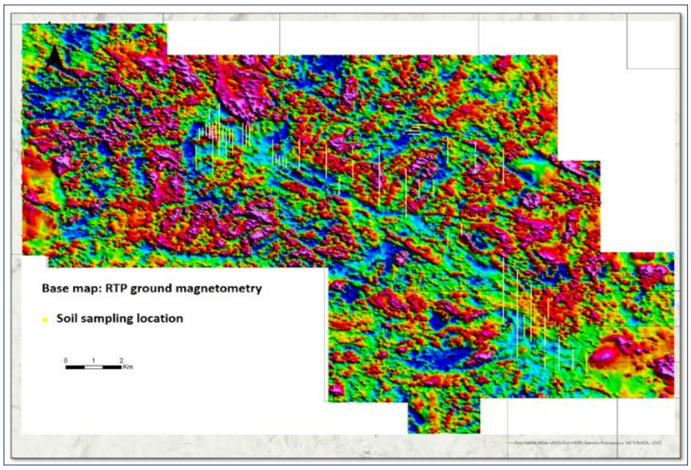
Orosur announced it had signed an Exploration & Joint Venture ('Argentinian JV') agreement ("Agreement") with private Argentinean company DESEADO DORADO S.A.S ('Deseado') and its shareholders in relation to the El Pantano Gold Project in the Province of Santa Cruz, Argentina (the 'Argentinian Project') on 15 February 2022. The Agreement covers nine licences owned by Deseado, that total a combined 607$km^2$ in the prolific Deseado Massif region which has, in recent decades, been shown to host numerous high-grade tier-1 gold and silver deposits.

The two largest of these are Anglo Gold's Cerro Vanguardia mine and Newmont Mining's Cerro Negro deposit. Other substantial projects in the region include Yamana Gold's Cerro Moro (that was taken over by Pan America Silver Corp. (NYSE: PAAS) in March 2023 which also owns the nearby Manantial Espejo silver deposit. Very rarely for an exploration project, Orosur was granted an option to earn up to 100% of the El Pantano Project by investing in excess of US$3m in exploration over 5 years. Orosur has held preliminary discussions with a number of these same parties and their representatives to review interest and their possible future involvement pending further development results.

Orosur is now in a position to progress mapping, ground magnetics and sampling in order to begin defining its main structures later this year. This should help delineate the location of the prospect's veins, while examining soil geochemistry to map anomalous gold/pathfinders. The local team will also undertake background environmental work in preparation for securing drill permits and defining initial targets. Subject to funding, the prospects should be ready to drill (or possibly joint venture) in H2 2024.

**El Pantano – Large, Key Land Holding**


**Base Map – Magnetometry & Soil Sampling**




*Source: Orosur, Investor Presentation, February 2024*

## The Ariquemes Project – Major collections of highly prospective tin exploration leases

The Ariquemes Project consists of package of 34 granted licences and applications in the Brazilian state of Rhondonia, totalling almost 2800km$^2$. The region has been one of the world's major tin producers for some decades, but with most production coming from a range of privately owned mining operations (that were discovered by local prospectors), little or no modern exploration has ever been undertaken. A major government geological program in 2019 was the first attempt to bring modern techniques to the region, but the application for this work was then severely constrained by the Covid-19 pandemic in 2020. The project thus offers Orosur access to a major exploration opportunity. The licences and applications are all held 100% by Brazilian company Meridian Mineracão Jabiru S.A, a wholly owned subsidiary of TSX-V listed Meridian Mining Ltd.

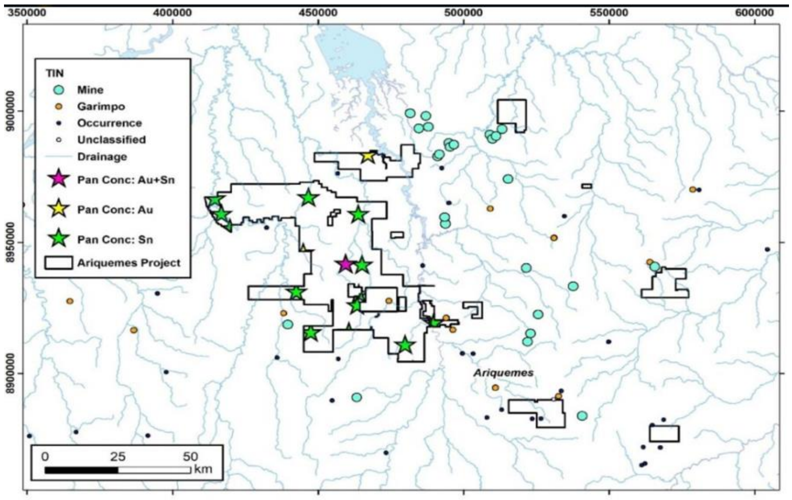
A start-up Joint Venture was signed with Meridian Mining on 14 January 2022. It allows for Orosur to earn 75% equity in the project by investing US$3m in the project over a four-year period, in two phases:

- Phase 1- earn 51% interest by spending US$1m over a 24-month period;
- Phase 2 – earn an additional 24% interest (for a total of 75%) by spending an additional US$2m over a subsequent 24-month period.

The JV will require the establishment of several Canadian and Brazilian companies which remains ongoing. In anticipation of this completing, Orosur will shortly be undertaking a soil geochemistry programme on the prospect's key targets.

**Brazil – Ariquemes Project**


**Ariquemes Project - Tenure**




*Source: Orosur, Investor Presentation, AGM December 2023*

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