

**Orosur Mining Inc. Announces Results for the  
Full year Ended May 31, 2011**

SANTIAGO, Chile, August 18, 2011. Orosur Mining Inc ('OMI' or 'the Company') (TSX-V: OMI) (AIM: OMI), a South American focused gold producer and explorer, today announces results for the fiscal year ended May 31, 2011.

**Operating and Financial Summary**

<b>Key Results Summary<sup>1</sup></b>		<b>Full Year Ended May 31</b>	
		<b>2011</b>	<b>2010</b>
<b>Operating Results</b>			
Gold produced	Ounces	55,817	56,050
Total cash cost	US\$/oz	754	827
Operating cash cost <sup>3</sup>	US\$/oz	724	794
Average price received	US\$/oz	1,347	1,065
<b>Financial Results</b>			
Revenue	US\$ '000s	78,734	59,613
Net income for the period	US\$ '000s	15,946	1,401
Cash flow from operations <sup>2</sup>	US\$ '000s	29,745	9,021
Cash at the end of the period	US\$ '000s	14,178	8,691
Total Debt at the end of the period	US\$ '000s	negligible	negligible

<sup>1</sup>Results are based on Canadian GAAP and expressed in US dollars

<sup>2</sup>Before non-cash working capital movements

<sup>3</sup>Operating cash cost is Total cost discounting royalties and capital tax on production assets.

David Fowler, Chief Executive Officer commented:

"Orosur has delivered excellent financial results for the 2011 financial year. We recorded a profit after tax of US\$ 15.9 million and generated US\$ 29.7 million cash flow from operations realized at a gold price of US\$ 1,347 per ounce. This performance demonstrates the potential of the company to generate strong cash and profit relative to its enterprise value at current gold prices and puts us in a strong position to

support and develop our existing assets as well as pursue further growth opportunities following the acquisition of the Talca project in June 2011. We remain optimistic about the future and look forward to updating shareholders on our progress through the forthcoming year.”

## **Highlights:**

### **Production**

- Total cash costs reduced to US\$ 754 per ounce Au and operating cash costs reduced to US\$ 724 per ounce (versus US\$ 827 per ounce Au and US\$ 794 per ounce Au respectively in 2010).
- Production for the year of 55,817 ounce in line with management expectations (versus 56,050 ounce in 2010).
- On track to deliver ore from Arenal Deepes with 417 meters of development completed to May 31 2011.

### **Financial**

- Revenue of US\$ 78.7 m (versus US\$ 59.6 m in 2010) an increase of 132 percent with realised gold price up significantly to US\$ 1,347 (versus US\$ 1,065 in 2010).
- Contribution Margin of US\$ 34.8 m increased 174 percent compared to US\$ 12.7 m in 2010.
- After tax profit of US\$ 15.9 m (versus US\$ 1.4 m in 2010), after exploration write-off before tax of US\$ 6.9 m.
- Cash flow from operations increased 230 percent to US\$ 29.7 m when compared to US\$ 9.0 m in 2010.
- Cash balance at period end of US\$ 14.2 m (versus US\$ 8.7 m in 2010).

### **Exploration and development**

- Definition of new measured and indicated resource for Sobresaliente of 2,097,000 tonnes at 1.05 g/t for 71,000 ounces. Probable reserves are 652,000 tonnes at 1.11 g/t for 23,300 ounces.
- Definition of a new measured and indicated resource for Crucera of 237,000 tonnes at 4.05 g/t for 31,000 ounces and probable reserves of 148,000 at 4.64 g/t for 22,000 oz.
- Proven and probable reserves of 6,826,000 tonnes at 1.55 g/t for 339,329 ounces support a mine life of 5 years.
- Initial metallurgical test work at Pantanillo performed – overall recovery for oxide and mixed ores was 68 percent gold recovery with 77 percent recovery for oxide ores.
- 4,500m RC drill programme completed on Anillo with results expected by end September 2011
- Entered into an agreement to acquire 100 percent interest in Talca gold property (“Talca”), with exploration work commenced and 7,500 meter drill programme expected to start in October 2011.

### **Production and costs**

Gold production for the 2011 financial year was 55,817 ounces compared to last year’s production, of 56,050 ounces. This production level is in line with expectations of 55,000 ounces. During the year

1,535,467 tonnes of ore were milled (2010: 1,531,476 tonnes) at an average grade of 1.22 g/t Au (2010: 1.22 g/t) with a recovery of 93.4% (2010: 93.4%).

In December 2010 the Board approved the Arenal Deeps Project. This has become the first mechanized underground mine in Uruguay. The initial permitting to commence development was granted by the Uruguayan Mines Department and portal excavation started in March 2011. In the period to May 2011, the ramp advanced 417 meters and reached the first level. Complete permitting for underground production should be granted by September 2011 when development in ore is anticipated to start. Production from stoping is expected to commence in the 2nd quarter of 2012 financial year.

Total cash cost per ounce of gold for the year was US\$ 754, while operating cash cost (excluding royalties) was US\$ 724 per ounce, compared to US\$ 827 and US\$ 794 respectively in 2010. This is a significant improvement on the Company's original target of US\$ 825 and in line with expectations presented after the third quarter results of a cash cost per ounce of approximately US\$ 750. The reduction in costs is a consequence of several factors including lower tonnes mined, higher grade of ore mined (1.42 g/t Au in 2011 compared to 1.06 g/t in 2010), further cost reduction initiatives undertaken since 2009, and increased silver revenues.

### **Financial Performance**

Net profit after tax for the 2011 financial year was US\$ 15.9 million, equivalent to basic earnings per share of US\$ 0.24. The significant improvement over the prior year resulted from an increase in sales prices and a decrease in operating costs. The average price of gold sold increased from US\$ 1,065 in 2010 to US\$ 1,347 in 2011. The total cash cost per ounce produced was US\$ 754 compared to US\$ 827.

The company generated US\$ 31.3 million in cash flow from operations after working capital movements during fiscal 2011, a significant increase over 2010. Capital expenditure for the year was US\$ 11.3 million on exploration and development and US\$ 15.9 million in property, plant and equipment, including US\$ 10.2 million on Arenal Deeps.

Orosur ended the year with US\$ 14.2 million in cash compared to US\$ 8.7 million at the beginning of the financial year. Cash levels were in accordance with expectations and at 31 May 2011 the Company remains debt free. A financing facility of US\$ 5.5 million was established with HSBC and will be used during 2012 to purchase mobile equipment for Arenal Deeps. Subsequent to the end of the year the Company raised gross proceeds of US\$ 13.5 million through a private placement with new and existing shareholders. The proceeds of this private placement will be used to fund the Company's investment in Talca and to target further growth. Investment in Arenal deeps, construction of the new tailings facility and exploration will be funded from cash flow from operations during 2012.

## Exploration and Development

Exploration in Uruguay during 2011 was focused on defining additional resources to add to the San Gregorio mine plan. The major projects drilled were Sobresaliente, Vaca Muerta, Picaflor, Santa Teresa, and Crucera. At Sobresaliente a measured and indicated resource of 2,097,000 tonnes at 1.05 g/t for 71,000 ounces was defined. A measured and indicated resource was also defined at Crucera of 237,000 tonnes at 4.05 g/t for 31,000 ounces.

Total reserve ounces for San Gregorio increased marginally from 308,786 at May 31 2010 to 339,329 at May 31 2011, meeting the Company's objective of sustaining a five year mine plan at 50,000 to 60,000 ounces per annum. A number of the ore sources defined during the year will be added to the mine plan for 2012, allowing a cut back on the San Gregorio pit to be deferred. Further drilling and feasibility work will be performed in 2012 to optimize the exploitation of the San Gregorio deposit. Exploration in Uruguay during 2012 will continue to focus on developing resources that can extend mine life at San Gregorio.

The Company now has three active projects in Chile, Pantanillo, Anillo and Talca. Pantanillo is located 125 km east of Copiapo in the Maricunga District and is the most advanced of the Company's assets in Chile. The Anillo property is an early stage project located approximately 125 km east of Antofagasta in Northern Chile, close to the El Peñon mine operated by Yamana Gold Inc. The Talca project is a historical mining district approximately 375 km north of Santiago.

During the year Orosur defined a measured and indicated resource at Pantanillo of 47,093,000 tonnes at a grade of 0.69 g/t for 1,049,000 ounces. During the 2011 field season, the Company focused drilling on three oxide mineral targets on the Pantanillo property and infill drilling on the defined Pantanillo Norte porphyry resource. A total of 10 RC drill holes targeted a silver Breccia at Pantanillo Sur, 14 RC drill holes targeted two separate high sulfidation ledge targets at Pantanillo Norte and four DDH drill holes were drilled on the Pantanillo porphyry gold deposit for a total of 3,710m.

Exploration RC drilling at Pantanillo Sur (766m) yielded results including maximum values of 0.78 g/t Au and 200.0g/t Ag over 1m intervals in drill holes PNS-11-04RC, and PNS-11-09RC respectively. Exploration RC drilling at Pantanillo Norte on the Veta Rosa Maria (829m) target resulted in the intercept of the high sulfidation vein structure in six of the eight holes. Best composites were six meters of 4.71 g/t Au in PNN-11-43 and 3 meters of 4.08 g/t Au in PNN-11-44. Drilling on the Veta Vetarron (616 m) target resulted in one intercept of 15 meters of 1.10 g/t Au in drill hole PNN-11-36.

Infill DDH drilling at Pantanillo Norte (1,499) was done to fulfill three objectives including: 1) to twin historic RC drilling from Anglo American, 2) to obtain material for metallurgical tests including column and grinding tests and 3) to infill oxide, mix and sulfide mineralization in the core area of the defined deposit. Results for column composites through the oxide, mixed and sulfide ores in drill hole PNN-11-

50 are still pending the completion of the metallurgical work that is in progress. Best results include 31.20 meters of 0.88 g/t Au and 26.0m of 0.69 g/t Au in drill holes PNN-11-42 and PNN-11-051 respectively.

Plans for further exploration drilling in late 2011 through early 2012 will be focused on other targets within the Pantanillo property, principally the Pantanillo Central, Quebrada Pantanillo and Oro 52 targets. Geotechnical drilling within the optimized "Whittle Pit" design and condemnation drilling in areas where heap leach pads have been planned will also be a priority.

Pre-development work on Pantanillo commenced in June 2010 with the definition of a work programme to complete a scoping study. The scoping study has leveraged off the initial metallurgical and environmental work completed by Anglo American Chile and Kinross in the ten years prior to Orosur acquiring the Pantanillo Project. Simultaneously to commencing the engineering studies done by AMEC, a comprehensive metallurgical programme was conducted, yielding new recovery data that showed the potential to significantly change the initially assumed process flow sheet, aiming at reducing CAPEX and OPEX and improving the NPV of the project. As a result the scoping study was put on hold until column leach metallurgical test work on coarser material is undertaken from core collected in the 2011 drill programme and the recovery data is confirmed. Base line studies for the EIA have been underway since October, 2010.

Metallurgical testing to date was focused in the oxide and mixed zones and included 37 samples tested by bottle roll cyanidation at a size of 1.7 mm in SGS (Chile) and McClelland (USA) laboratories. Results indicate a weighted average of 68 percent gold recovery (only considering oxides, the average recovery was 77 percent). Some 27 percent of the samples were tested at three different sizes (1.7, 4.8 and 9.5 mm), showing little reduction in recovery with increasing size (less than 0.1 % reduction for oxide and less than three percent for mixed ore). This opens a window for exploring processing at coarser sizes, especially ROM heap leaching.

Column leach tests at one inch are being carried out at McClelland laboratory in USA. Grinding parameters determinations are being done at SGS Chile. As mentioned above, as far as the engineering work is concerned, the company decided to wait for the ROM leaching tests results to incorporate them into the Scoping Study, as the upside potential to substantially reduce CAPEX and OPEX which will improve the Project overall NPV.

Orosur's objective at Anillo is to discover a high grade gold/silver vein system similar to the neighboring El Peñon project. The Company completed 2,497 meters during the year and intercepted anomalous Ag and Au values (maximum 0.37 ppm for Au and six ppm for Ag) over several meters in holes drilled in two

different sectors located to the north and east of Yamana's neighboring Pampa Victoria discovery. A further 4,500 meters has been drilled in quarter 1 2012, with the results of assays pending.

In June 2011, Orosur entered into an agreement to acquire the Talca project from a local Chilean family. The Talca property has a historical artisan mining history dating back as much as 60 years. Several well-known mines in the district have been mined as far back as colonial times approximately 200 years ago.

The property hosts two principal gold mines that have been exploited by artisan (non-mechanized) mining until this year. Historic gold production at Talca is estimated to be approximately 300,000 ounces. The gold veins on the property are hosted in Paleozoic rocks such as meta-arenite, phyllite, chert and metabasalts of Devonian-Carboniferous age and interfingering marine and continental sediments of Upper Carboniferous to Permian age. Intrusions of granodiorite to monzodiorite composition and gabbros are locally intruded into these meta-sediments and sediments and have been dated as Triassic-Jurassic age (180-212Ma).

The principal structural control on the property is a system of NNW (320°-350°) trending shear zones and faults structures between two to four meters wide that can be traced from four to eight kilometers along strike. Secondary structural control is a multitude of ± E/W (260°-285°) striking quartz veins ranging between one to two meters wide. Au has been historically mined on both these structural trends up to depths of over 250 meters. Grades up to 10-20g/t Au have been reported and visible gold is common. Other historical and currently operating mines to the south of the property in similar geological settings have been mined to depths of up to 600 meters.

Although significant artisan mining has been done over the years at Talca, the project has never been explored with modern technology and practices. Orosur began its exploration programme in June 2011. A 480 linear kilometer ground magnetic survey has been conducted, and surface mapping and geochemical sampling is in progress. Determination of the locations and extent of underground workings along with geologic mapping and sampling will also begin in the coming weeks. The company hopes to advance the initial exploration quickly in order to plan a first pass exploration drill campaign which will consist of approximately 7,500 meters in the first half of fiscal 2012.

### **Outlook and Strategy**

The Company's forecast production for the fiscal year 2011/12 is 57,500 to 60,000 ounces of gold at an operating cash cost per ounce of approximately US\$ 810 per ounce. This is equivalent to a total cash cost of approximately US\$ 875 per ounce. While, in terms of cash costs, this is an increase compared to the current year, the Company has decided to reduce its cut-off grade for the coming year and add additional higher cost production and benefit from the contribution margin generated at current levels of

gold price. While emphasis in cost control remains a priority, it is expected Arenal Deepes will start contributing to the production in early calendar 2012 as well as contribute to reduce cash costs in the coming years due to the relatively higher gold grades that occur in this deposit.

Production for quarter one of the fiscal year 2011/12 is expected to be in the range of 12,000 to 12,500 ounces. Ounces produced will increase as additional ounces of underground ore are produced from quarter two. Variations in production and costs between quarters will occur as the mine plan is made up of different pits at different grades and stages of stripping.

### **Qualified Person's Statement**

The information presented in this press release has been reviewed by William F. Lindqvist, a director of OMI, and Mr. Randall Corbett, general manager, San Gregorio, and is considered to be in compliance with NI 43-101 reporting guidelines. Dr. Lindqvist holds a Ph.D. in Applied Geology from Imperial College, London, has been a member of the AusIMM for 46 years, and has had 40 years of experience in international minerals exploration and property evaluation. Mr. Corbett has a Bachelor of Engineering (Mining) Degree from Technical University of Nova Scotia (T.U.N.S.), is a Professional Engineer (P. Eng.) registered in the Province of Ontario and has more than 25 years operational, engineering and development experience.

### **Forward Looking Statements**

All statements, other than statements of historical fact, contained or incorporated by reference in this news release, including any information as to the future financial or operating performance of the Company, constitute "forward-looking statements" within the meaning of certain securities laws, including the "safe harbour" provisions of the Securities Act (Ontario) and the United States Private Securities Litigation Reform Act of 1995 and are based on expectations estimates and projections as of the date of this news release. There can be no assurance that such statements will prove to be accurate, such statements are subject to significant risks and uncertainties, and actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements include, without limitation success of exploration activities; permitting time lines; the failure of plant; equipment or processes to operate as anticipated; accidents; labour disputes; requirements for additional capital title disputes or claims and limitations on insurance coverage. The Company disclaims any intention or obligation to update or revise any forward looking statements whether as a result of new information, future events and such forward-looking statements, except to the extent required by applicable law.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

### **About Orosur Mining Inc.**

Orosur Mining Inc. is a fully integrated gold producer and exploration company focused on identifying and developing gold projects in Latin America. The Company operates the only producing gold mine in Uruguay (San Gregorio), and has assembled an exploration portfolio of high quality assets in Uruguay and Chile. The Company is quoted in Canada (TSX-Venture Exchange: OMI) and London (AIM: OMI).

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- **Financial Statements Follow –**

**Orosur Mining Inc.**  
**Consolidated Balance Sheets**  
Thousands of United States Dollars, except where indicated

<b>As at May 31</b>	<b>2011 (\$)</b>	<b>2010 (\$)</b>
<b>Assets</b>		
Cash	14,178	8,691
Accounts receivable (Note 3)	2,473	2,351
Inventories (Note 4)	17,363	18,090
Prepaid expenses	1,074	1,220
Short term investments	90	0
<b>Total current assets</b>	<b>35,178</b>	<b>30,352</b>
Property, plant and equipment and mineral properties (Note 5)	29,836	18,757
Deferred exploration (Note 6)	25,662	24,850
Future income tax assets (Note 9)	5,148	4,181
Restricted cash	223	191
<b>Total non current assets</b>	<b>60,869</b>	<b>47,979</b>
<b>Total assets</b>	<b>96,047</b>	<b>78,331</b>
<b>Liabilities and Shareholder's Equity</b>		
Accounts payable and accrued liabilities (Note 3)	12,362	11,510
Current portion of long term debt	14	19
<b>Total current liabilities</b>	<b>12,376</b>	<b>11,529</b>
Long term debt	0	14
Future income tax liability	1,774	1,774
Asset retirement obligation (Note 7)	2,942	2,954
<b>Total non-current liabilities</b>	<b>4,716</b>	<b>4,742</b>
<b>Total liabilities</b>	<b>17,092</b>	<b>16,271</b>
Capital stock	42,692	42,344
Contributed surplus	5,248	4,647
Accumulated other comprehensive income	(19)	(19)
Retained earnings	31,034	15,088
Total shareholders' equity	78,955	62,060
<b>Total liabilities and shareholders' equity</b>	<b>96,047</b>	<b>78,331</b>

Approved on behalf of the Board:

*signed "Mario Caron"*

Director

*signed "Julio Porteiro"*

Director

**Orosur Mining Inc.**  
**Consolidated Statements of Operations, Comprehensive Income and Retained Earnings**

(Thousands of United States Dollars except for earnings per share amounts and weighted average number of shares outstanding)

<b>For the years ended May 31</b>	<b>2011 (\$)</b>	<b>2010 (\$)</b>
<b>Net sales</b>	<b>78,734</b>	59,613
Operating expenses	<b>(43,950)</b>	(46,949)
Depreciation	<b>(8,219)</b>	(9,562)
<b>Operating expenses and depreciation</b>	<b>(52,169)</b>	(56,511)
<b>Sub-total</b>	<b>26,565</b>	3,102
<b>Other income (expenses)</b>		
Stock based compensation expense (Note 8)	<b>(713)</b>	(407)
Derivative gain (loss)	<b>(212)</b>	355
Exploration expenses	<b>(1,018)</b>	0
Exploration expenses written off (Note 6)	<b>(6,911)</b>	(614)
General and administrative expense	<b>(3,742)</b>	(3,593)
Net Interest and rehabilitation accretion	<b>(269)</b>	(249)
Gain on sale of fixed assets	<b>1,082</b>	1,282
Other income	<b>1,222</b>	338
Foreign exchange	<b>(2)</b>	(116)
	<b>(10,563)</b>	(3,004)
<b>Income before taxes</b>	<b>16,002</b>	98
Recovery (provision ) for income taxes (Note 9)	<b>(56)</b>	1,303
<b>Net and comprehensive income for the year</b>	<b>15,946</b>	1,401
<b>Retained earnings, beginning of year</b>	<b>15,088</b>	13,687
<b>Retained earnings, end of year</b>	<b>31,034</b>	15,088
<b>Earnings per common share</b>	<b>0.24</b>	0.03
<b>Basic and diluted (Note 13)</b>		
<b>Weighted average shares outstanding</b>		
Basic	<b>65,039,779</b>	55,296,537
Diluted	<b>65,688,435</b>	55,322,243

**Orosur Mining Inc.**  
**Consolidated Statements of Cash Flows**  
Thousands of United States Dollars, except where indicated

<b>For the years ended May 31</b>	<b>2011 (\$)</b>	<b>2010 (\$)</b>
<b>Operating activities</b>		
Net income for the year	15,946	1,401
<i>Adjustments for :</i>		
Depreciation	8,219	9,562
Exploration expenses written off	6,911	614
Fair value of derivatives	0	(464)
Accretion of asset retirement obligation	142	155
Future income taxes	(967)	(1,180)
Stock based compensation	713	407
Gain on sale of fixed assets	(1,082)	(1,466)
Others	(137)	(8)
	<u>29,745</u>	<u>9,021</u>
Net change in non-cash working capital balances (Note 12)	1,603	2,654
	<u>31,348</u>	<u>11,675</u>
<b>Financing activities</b>		
Proceeds from the issue of share capital	236	50
Debt payments	(19)	(3)
	<u>217</u>	<u>47</u>
<b>Investing activities</b>		
Purchase of property, plant and equipment and development costs	(15,956)	(6,459)
Proceeds from the sale of assets	1,220	2,717
Exploration expenditure	(11,342)	(8,785)
	<u>(26,078)</u>	<u>(12,527)</u>
Increase (decrease) in cash	5,487	(805)
Cash at the beginning of year	8,691	9,496
<b>Cash at the end of year</b>	<b>14,178</b>	<b>8,691</b>

**Orosur Mining Inc.**  
**Consolidated Statements of Changes in Shareholders' Equity**  
Thousands of United States Dollars, except where indicated

For the years ended	May 31, 2011		May 31, 2010	
	Number (000's)	Amount (\$)	Number (000's)	Amount (\$)
<b>Capital stock</b>				
Balance at beginning of year	64,796	42,344	48,667	34,642
Issued for Fortune Valley acquisition	0	0	15,766	7,628
Exercise of stock options	444	348	363	74
Balance at end of year	<u>65,240</u>	<u>42,692</u>	<u>64,796</u>	<u>42,344</u>
<b>Contributed surplus</b>				
Balance at beginning of year		4,647		4,239
Employee stock based compensation recognized		713		407
Transfer to common shares		(112)		(24)
Issued for Fortune Valley acquisition		0		25
Balance at end of year		<u>5,248</u>		<u>4,647</u>
<b>Accumulated other comprehensive income</b>				
Balance at beginning of year		(19)		(19)
Movement for the year		0		0
Balance at end of year		<u>(19)</u>		<u>(19)</u>
<b>Retained earnings</b>				
Balance at beginning of year		15,088		13,687
Net income for the year		15,946		1,401
Balance at end of year		<u>31,034</u>		<u>15,088</u>
Shareholders' equity at end of year		<u>78,955</u>		<u>62,060</u>