OROSUR MINING

News Release

Orosur Mining Inc. Announces Results for the Full year Ended May 31, 2012

SANTIAGO, Chile, August 15, 2012. Orosur Mining Inc (‘OMI’ or ‘the Company’) (TSX: OMI) (AIM: OMI), a South American focused gold producer and explorer, today announces results for the fiscal year ended May 31, 2012.

Operating and Financial Summary

Key Results Summary[1]		**Full Year Ended May 31**	
		2012	**2011**
Operating Results			
Gold produced	Ounces	55,458	55,817
Operating Cash cost[3]	US$/oz	1,016	724
Average price received	US$/oz	1,656	1,347
Financial Results			
Revenue	US$ ‘000s	93,679	78,734
Net income for the period	US$ ‘000s	1,197	16,099
Cash flow from operations[2]	US$ ‘000s	22,647	29,745
Cash at the end of the period	US$ ‘000s	11,461	14,178
Total Debt at the end of the period	US$ ‘000s	6,223	14

[1]*Results are based on IFRS and expressed in US dollars*
[2]*Before non-cash working capital movements*
[3]*Operating cash cost is total cost discounting royalties and capital tax on production assets.*

David Fowler, Chief Executive Officer commented:

“*The last year has been challenging as we have laid much of the foundation for the future success of Orosur. We achieved our production target; completed the first phase of the new tailings storage* *facility; made good progress on closing and rehabilitating the old tailings facility; took Arenal Deeps (the first mechanized underground mine in Uruguay) into production; and continued with our exploration in Uruguay and Chile including the completion of a successful Preliminary Economic Assessment at Pantanillo, while also looking at many potential acquisitions in Latin America. This stretched the resources of the company and our operating and capital costs have been higher than expected.*

We plan for 2012/13 to be a year of consolidation. We have introduced changes to management and the Board, are controlling our costs, and are refocusing the Company's management and resources on delivering results from San Gregorio and on extending the mine life, whilst advancing our existing Chilean projects.

We are forecasting production for the 2013 fiscal year of 63,000 to 68,000 ounces at an operating cash cost of approximately $ 975 per ounce. As we need to complete our capital expenditure programs in 2012/13, our *cash flow generation will not be as strong as previously anticipated. Thereafter we anticipate that we will generate significant operating cash with lower levels of capital for the three years to 31 May 2016.*

Over the coming weeks we will be reviewing our strategy as to how best to use this cash flow to maximize returns to shareholders, and consider what level of dividends the Company should pay: We plan on announcing the results of this review in the first half of September. The Board and I are confident that we can deliver on our targets for 2012/13, and we look forward to it with enthusiasm."

We are announcing our recent exploration results in a separate announcement today.

Main points:

Production

- Production for the year of 55,458 ounce in line with guidance given at the end of the third quarter (versus 55,817 ounces in 2011).
- Arenal Deeps ore production in line with expectations for the fourth quarter with 159,549 tonnes of ore at a grade of 1.75 g/t. Development meters for Arenal Deeps for the year were 3,288 compared to a budget of 4,052 meters.
- Operating cash costs increased to US$ 1,016 per ounce Au compared to US$ 724 per ounce Au in 2011.
- Juan Lacerda appointed General Manager of San Gregorio operation

Financial

- Revenue of US$ 93.7 m (versus US$ 78.7 m in 2011) an increase of 19 percent with realised gold price up significantly to US$ 1,656 (versus US$ 1,347 in 2011).
- Contribution Margin of US$ 31.0 m compared to US$ 34.5 m in 2011.
- After tax profit of US$ 1.2 m (versus US$ 16.1 m in 2011), after exploration write-off before tax of US$ 9.4 m (versus US$ 6.9 m in 2011) in relation to the Talca project in Chile and other costs.
- Cash flow from operations was US$ 22.6 m when compared to US$ 29.7 m in 2011.
- Cash balance at period end of US$ 11.5 m (versus US$ 14.2 m in 2011) with debt of US$6.2 m (versus US$14,000 in 2011).

Exploration and development

- A 3,016 meter drill program at Mahoma confirms potential for high grade narrow vein mineralization. A follow-up program of 4,500 meters is planned to commence in September 2012 to allow a NI 43-101 resource to be defined in calendar 2012 with a goal of providing the basis for a preliminary feasibility study during the first half of calendar 2013.
- Preliminary Economic Assessment of the Pantanillo project released in May 2012 showed a net present value before income tax of $US 50 million at an 8% discount rate and an IRR of 19 percent at a $US 1,250 gold price.
- New mineralized breccia zone drilled at Pantanillo Central approximately 2 km from the existing resource confirms potential to add to oxide resources at Pantanillo. Drill hole PCEN-12-005 returned an encouraging intercept of 19 meters at 0.73 g/t Au.
- Follow-up field work on new target at Anillo expected to commence in August 2012.
- Talca drilling intercepts high grade mineralization at minable widths in Sector Sur including 2 meters at 47.2 g/t in drill hole TALCA12-43DDH. The company is evaluating current results to determine if the drilling in Sector Sur has the potential to develop into an economic orebody.
- Mr Walter Muelebach was appointed General Manager Exploration on 1 July 2012.

Production, costs and capital expenditure

Gold production for the 2011 financial year was 55,458 ounces compared to last year´s production, of 55,817 ounces. This production level is in line with expectations released at the end of the third quarter of 55,000 to 55,750 ounces. This third quarter target was a reduction from the original budget for the year of 57,500 to 60,000 ounces per annum. During the year 1,619,510 tonnes of ore were milled (2011: 1,535,467 tonnes) at an average grade of 1.15 g/t Au (2011: 1.22 g/t) with a recovery of 92.8% (2011: 93.4%).

Production performance for the year was affected by three factors.

- Firstly approximately 6,500 ounces of production from Arenal Deeps has been deferred to future years due to delays in permitting and a slower ramp up in production than anticipated. The slower ramp up in turn was due to the need to undertake definition drilling which occurred at a slower rate than anticipated due to the late delivery of a component for the underground exploration drill. These ounces have not been lost as they are expected to be produced in future years. On a positive note, stope production quantities and contained ounces produced in the five months to 31 July 2012 have been in accordance with plan.
- Secondly there was a shortfall of approximately 129,000 tonnes of ore at a grade of 0.85 g/t equivalent for 3,350 contained ounces of gold in open pit ounces produced from the Santa Teresa pit in the fourth quarter when compared to the resource model. This was a geologically

complex area of the pit. Production from this pit is expected to be completed in quarter one of the 2013 financial year. In the prior financial year Santa Teresa produced 2,013 ounces more ore than was in the resource model, so over the two years to 31 May 2012 production was approximately 5% less than the resource model.

- Lastly, to compensate for the shortfall in production from Arenal, mining from Santa Teresa and Crucera was accelerated and additional low grade stockpile ore was processed producing an additional 5,770 ounces.

The variance in ounces produced for the 2012 financial year is summarised below

Midpoint of production estimate	**58,750**
Deferral in Arenal Deeps production (6,500 ounces at a recovery of 92%)	(5,980)
Shortfall of open pit ore compared to model (3,351 ounces at a recovery of 92%)	(3,082)
Acceleration of additional open pit ore and processing low grade stockpiles	5,770
Actual production for the year	**55,458**

During 2012, the Company budgeted to complete 4,052 meters of horizontal development. Total horizontal development for the project is anticipated to be 10,200 meters. The Company contracted Redpath to provide the management and labour to perform development with Orosur providing the equipment and consumables. Actual development completed by Redpath in the year to 31 May 2012 was 3,288 meters. The cost to complete this development during 2012 was $US 1.1 m more than estimated which increased the cost per meter developed by 42%. This higher cost reflects the higher cost of using expatriates and lower productivity than anticipated despite good ground. The majority of this variance occurred in the second half of the fiscal year. The Company and Redpath agreed to terminate the development contract effective 31 July 2012. The Redpath workforce (excluding management) has been retained by Orosur and a smooth transition has been achieved. These changes are expected to reduce costs. After an external review in May a series of initiatives are being implemented to improve productivity in the first half of fiscal 2013. Good progress is also being made in training local Uruguayan employees who now represent 50% of the total underground workforce. Each of these initiatives are anticipated to reduce operating costs in the coming year.

Cash cost per ounce of gold for the year was US$ 1,016 compared to US$ 724 in 2011. Cash costs for the quarter and for the year were significantly higher than expected. Cost per ounce increased as fewer ounces were produced from Arenal while total underground mining costs for the year were similar to budget. Contractor ore development costs were over budget and operating costs reductions for lower tonnes stoped were not significant as fixed costs were high during the ramp up phase.

Due to the delays in stope ore delivery from Arenal the Santa Teresa and Crucera projects were accelerated in the second half of the year and additional lower grade stockpile ore was milled. Although additional costs of approximately $US 3.7 m were incurred to do this, overall unit costs per tonne for milling and open pit mining were in accordance with budgets.

A summary of the reasons for cost per ounce variances for the year is explained further below

	$US / ounce
Original estimate for the year	**810**
Variance due to production	57
Variance due to the acceleration of open pit material and processing low grade stockpiled ore	92
Variance due to unit costs	57
Actual production for the year	**1,016**

Considerable effort has been made to contain unit costs despite increases in fuel, electricity and labour which are largely market driven. The reason for the increase in cash costs above what was anticipated in fourth quarter was the lower than anticipated production from Santa Teresa and acceleration of mining at Santa Teresa and Crucera to compensate.

Capital expenditure for the 2012 fiscal year was $US 32.8 million, approximately $US 2.7 million more than budgeted. Expenditure on Arenal Deeps was $US 1.0 million more than budgeted and expenditure on tailings was $US 3.3 m more than budget, with the net under expenditure on all other projects providing a saving of $US 1.6 m. The first, most substantial, phase of the new tailings storage facility is now complete with tailings being discharged into the facility following receipt of the necessary permits. The overrun on the construction of the tailings facility related to the need to excavate additional material at the base of the dam, higher contractor costs for the installation of the liner due to rain and the need to establish roads to haul clay for construction.

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Total capital expenditure for the Arenal Deeps project is now forecast to be $US 40.1 million. This includes $US 7.5 million of expenditure that was classified as operating expenditure when the project budget of $US 30.2 million was approved. The actual overrun in capital expenditure compared to the original budget is therefore $US 2.4 million. Cash cost per ounce over the life of the project, excluding the $US 7.5 m that will be capitalized is now forecast to be $US 690 per ounce compared to $US 634 when the project was approved by the Board. These reforecasts of cash cost and capital expenditure reflect experience based on actual costs incurred to date, contractor overruns on development, the need to use a higher proportion of expatriate labour and increases in local labour costs, electricity and fuel prices. Offsetting this has been lower explosives consumption and reduced ground support costs.

The Company has over the past five years used small contractor equipment to mine smaller deposits. An evaluation of potential savings to convert to owner mining was complete in the second half of fiscal 2012 and concluded that an investment of $US 4.5 million in a company owned fleet would deliver operating cost savings and generate a direct NPV of $US 5 million at a 7% discount rate based on existing reserves with additional potential benefits from greater flexibility and mine life extensions. As a result the Company is planning to acquire $US 4 million of small open pit mining equipment in 2012. The equipment will be acquired using a finance lease which has been approved by a local Uruguayan bank.

During the quarter a new General Manager, Juan Lacerda and a new Mining Manager Alfredo Elizondo were appointed to San Gregorio. These appointments and other changes in mine management have been made to improve the focus on operational performance, productivity and accountability on planning, capital implementation and achieving production targets.

Financial Performance and Position

The after tax profit for the year was $US 1.2 million compared to $US 16.1 million in the prior year. This profit of $US 1.2 million is after an exploration expense write off of $US 11.9. The higher costs of the current year explain most of the difference in profitability year on year, partially offset by the realized gold price which was $US 1,656 per ounce for the year compared to $US 1,347 per ounce for last year.

The $11.9 million of exploration expenses written off in the year include $8.3 million directly attributed to the Talca project in Chile and $948 on the evaluation of new mining properties for acquisition in Latin America. The Board has decided to write-off off this amount of the Talca exploration expense as a prudent approach as two of the key targets at Talca have not delivered the anticipated results. Drilling in the third target at Sector Sur has intercepted mineralization at economic grades and minable widths. The potential quantity of resource, consistency of mineralisation and the level of potential production that could be sustained are currently under review. At this point all drilling has ceased, and the results are being evaluated. Management has no current plans to continue further exploration on this property until a comprehensive review of the projects potential is completed with a positive conclusion.

Cash flow generated by operations before working capital was $US 22.7 million for the year (fiscal 2011 - $US 29.8 million). The Company invested $US 32.8 million in capital and $US 17.6 million in exploration for the year compared to $US 16.0 million and $US 11.3 million respectively in fiscal 2011.

Orosur's cash position at the end of the year was $US 11.5 million. The cash position is not as strong as was anticipated. Production for the year had to be achieved by incurring higher costs and additional capital expenditure was incurred to construct the tailings dam and at Arenal.

Exploration and Development

A separate update on Exploration and Development projects has been released today.

Outlook and Strategy

The Company's forecast production for the 2013 fiscal year is 63,000 to 68,000 ounces of gold at an operating cash cost of approximately $ 975 per ounce. Production from Arenal Deeps for the 2013 fiscal year is expected to be 25,000 ounces at a cash cost of $ 900 per ounce reflecting higher cost per meter of ore development, increased electricity costs (these have increased 30% since feasibility) and increased labour costs. Approximately 50% of the fiscal 2013 production will come from development ore and 50% from stope production. Early in the following fiscal year ore development will be completed for the life of mine and cash operating costs are expected to fall significantly.

Capital expenditure for the 2012/13 fiscal year is estimated to be $US 20.5 million including $US 11 million on Arenal Deeps, $US 4.5 million on acquiring a small open pit equipment fleet, $US 3 million on the next phase of the tailings dam with the balance of $US 2 million on sustaining capex. Total expenditure on sustaining capital and tailings expansion is expected to fall to approximately $US 4 million per annum for the following three years of currently defined mine life. As mentioned, $US 4.5 million of this expenditure on acquiring additional open pit mining equipment will be funded via a finance lease.

The forecast cashflow generation in 2012/13 will not be as strong as anticipated during the Company's third quarter conference call. At a US$ 1,600 gold price, the Company anticipated to reach a cash balance of US$ 25 m to US$ 30 m by May 2013 however, the Company's revised plans, at that same gold price of US$ 1,600, are to reach a cash balance of US$ 15 m. The cash balance is expected to fall in the first half as capital expenditure programs are completed, and to rise in the second half as higher grade ore starts to be delivered and as capital expenditure falls. The main reasons for the variance in cashfow generation in 2012/13 are summarized below.

Cash balance at 31 May 2013 estimates	US$ Million
Original estimate cash balance at 31 May 2013	27
Higher Cash cost Q4 2011/2012	(4)
<u>2012/2013 new estimates:</u>	
Higher Capex for Arenal Deeps	(5)
Higher Capex for Tailing Dam	(2)
Higher cash costs in 2012/2013	(5)
offset by higher production 2012/2013	4
Revised estimate cash balance at 31 May 2013	15

On this basis we will have fully funded capital expenditure at Arenal Deeps for the coming year from cash flow from operations and a modest amount of debt. We will still have a gearing ratio of less than 10% to book equity. As a result we expect our financial position to remain strong and that we will be in a position to look at providing returns to shareholders.

The Company anticipates that at a $US 1,500 gold price, we will be able to generate significant operating cashflow for the three years to May 2016. We anticipate that by 31 May 2013 the capital expenditure programs will have been substantially completed, Arenal ore will be higher grade, and no mine development will be required to deliver the current mine plan. Over the coming months the Company will be reviewing its strategy as to how best to use this cashflow to maximize returns to shareholders. The strategic review will also consider what level of dividends the Company should pay as cashflow supports such payment and we expect to announce the results of this review in September 2012.

During 2012/13 the Company will focus on delivering results from San Gregorio. Exploration expenditure will be focused on extending the San Gregorio mine life and advancing Chilean projects.

Qualified Person's Statement

The information presented in this press release has been reviewed by William F. Lindqvist, a director of OMI, and Mr. Luis Tondo, Chief Operating Officer, and are 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. He recently was granted Chartered Professional Accreditation by AusIMM Mr. Tondo holds a BSc degree in Mining Engineering and an MBA degree awarded by Brazilian Institutions and a MEngSc by Research awarded by the University of Queensland, Australia. Mr Tondo is a Fellow of the AusIMM and has more than 25 years of 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.

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: OMI) and London (AIM: OMI).

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- Financial Statements Follow –

Orosur Mining Inc.

Consolidated Statements of Financial Position

Thousands of United States Dollars, except where indicated

	Notes	**As at May 31, 2012($)**	As at May 31, 2011($)	As at June 1, 2010 ($)
Assets				
Cash and cash equivalents		**11,461**	14,178	8,691
Accounts receivable and other assets	**5**	**4,734**	3,637	3,571
Inventories	**6**	**17,110**	17,363	18,090
Total current assets		**33,305**	35,178	30,352
Property, plant and equipment and development costs	**7**	**58,737**	29,836	18,757
Exploration and evaluation costs	**8**	**26,872**	23,888	23,076
Deferred income tax assets	**13**	**3,642**	5,148	4,181
Restricted cash		**231**	223	191
Total non-current assets		**89,482**	59,095	46,205
Total Assets		**122,787**	94,273	76,557
Liabilities and Shareholders' Equity				
Trade payables and other accrued liabilities	**5**	**18,868**	12,362	11,510
Financial debt	**19**	**3,418**	14	19
Derivative financial instruments	**16**	**41**	0	0
Total current liabilities		**22,327**	12,376	11,529
Financial debt	**19**	**2,805**	0	14
Environmental rehabilitation provisions	**9**	**5,091**	3,474	3,544
Total non-current liabilities		**7,896**	3,474	3,558
Total liabilities		**30,223**	15,850	15,087
Capital stock	**10**	**55,074**	42,692	42,344
Warrants	**11**	**276**	0	0
Contributed surplus	**11**	**5,424**	5,138	4,632
Retained earnings		**31,790**	30,593	14,494
Total shareholders' equity		**92,564**	78,423	61,470
Total liabilities and shareholders' equity		**122,787**	94,273	76,557

Approved on behalf of the Board:

Tony Shearer – Director

Julio Porteiro – Director

Orosur Mining Inc.

Consolidated Statements of Income and Comprehensive Income

(Thousands of United States Dollars except for earnings per share amounts)

For the years ended May 31	Note	2012 ($)	2011 ($)
Sales		**93,679**	78,734
Cost of sales	**21**	**(73,279)**	(52,042)
Gross profit		**20,400**	26,692
Corporate and administrative expense		**(5,242)**	(4,360)
Exploration expenses and exploration write off	**8**	**(11,927)**	(7,697)
Other income		**629**	1,855
Finance cost	**20**	**(252)**	(227)
Finance income	**20**	**3**	106
Derivative loss	**15**	**(41)**	(212)
Net foreign exchange gain (loss)		**182**	(2)
Profit before income tax		**3,752**	16,155
Provision for income taxes	**13**	**(2,555)**	(56)
Total income and comprehensive income for the year		**1,197**	16,099

Earnings per common share			
Basic	**18**	**0.02**	0.24
Diluted	**18**	**0.02**	0.24

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

For the years ended May 31	Note	2012 ($)	2011 ($)
Net inflow (outflow) of cash related to the following activities			
Cash flow from Operating activities			
Net income for the year		**1,197**	16,099
Adjustments to reconcile net income to net cash provided from operating activities:			
Depreciation	**7**	**10,650**	8,219
Exploration and evaluation expenses written off	**8**	**9,435**	6,911
Fair value of derivatives	**15**	**41**	0
Accretion of asset retirement obligation	**9**	**52**	53
Deferred income tax assets	**13(b)**	**1,506**	(967)
Stock based compensation	**11**	**296**	618
Gain on sale of property, plant and equipment	**7**	**(523)**	(1,082)
Others		**(7)**	(106)
Subtotal		**22,647**	29,745
Changes in operating assets and liabilities			
Accounts receivable and other assets		**(197)**	24
Inventories		**253**	727
Trade payables and other accrued liabilities		**6,506**	852
Net cash generated from operating activities		**29,209**	31,348
Cash flow from Financing activities			
Proceeds from the exercise of share options		**37**	236
Proceeds from the issue of shares in a private placement	**10**	**12,360**	0
Loans received	**19**	**5,636**	0
Loans payments		**(53)**	(19)
Net cash from financing activities		**17,980**	217
Cash flow from Investing activities			
Purchase of property, plant and equipment and development costs	**17**	**(32,820)**	(15,956)
Loans granted	**5(b)**	**(900)**	0
Proceeds from the sale of fixed assets		**1,366**	1,220
Exploration and evaluation expenditure assets	**8**	**(17,552)**	(11,342)
Net cash used in investing activities		**(49,906)**	(26,078)
Increase (decrease) in cash and cash equivalents		**(2,717)**	5,487
Cash and cash equivalents at the beginning of year		**14,178**	8,691
Cash and cash equivalents at the end of year		**11,461**	14,178