

**Orosur Mining Inc. Announces  
Exploration and Development Update**

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SANTIAGO, Chile, August 15, 2012 – Orosur Mining Inc. (the "**Company**") (TSX: OMI) (LSE: OMI) a South American-focused gold producer and explorer, announces updates on its major exploration projects in Uruguay and Chile.

David Fowler, Chief Executive Officer commented:

"Good progress has been made on Mahoma and Pantanillo during the quarter. At Mahoma drilling has confirmed the potential to delineate a high grade ore source that could extend the mine life at San Gregorio. A further 4,500 meters of drilling is planned for calendar 2012 to define a NI 43-101 resource. At Pantanillo drilling confirmed the potential for additional oxide resources and our preliminary economic assessment demonstrated the potential for Pantanillo to develop into a production asset."

**Key Developments**

- A 3,016 meter drill program at Mahoma confirms the potential for high grade narrow vein mineralization. A follow-up drilling program of approximately 4,500 meters is planned to commence in September 2012 to enable a NI 43-101 resource to be defined in calendar 2012 with a goal of providing the basis for a 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 September 2012.
- Talca drilling intercepts high grade mineralization in Sector Sur including 2 meters at 47.2 g/t in drill hole TALCA12-43DDH.
- Mr Walter Muelebach was appointed General Manager Exploration on 1 July 2012.

## **Uruguay Projects**

### **San Gregorio**

A drilling program, comprising 4,553 meters of reverse circulation ("RC") and diamond drilling, was completed during the 2012 fiscal year at San Gregorio in order to update the geologic model and better define the resource for the San Gregorio deposit.

OMI completed a 1,523 meter resource definition drill program at the Vaca Muerta project located approximately 85km east (by existing roads) of the San Gregorio plant. Surface work in the Isla Cristalina belt near the San Gregorio operation during 2012 has identified targets at Santa Barbara, Santa Ernestina, Peru/Esperanza and Arenal East.

Final resources and reserves numbers are expected to be released in September 2012.

### **Mahoma**

The Mahoma Project area contains four principal gold bearing quartz veins that were previously mined via shallow open pits within granodiorite host rocks. The granodiorite stock measures approximately 3 km wide in the Mahoma area and contains additional quartz veins that have not yet been explored. The area is located approximately 130 kilometres from Montevideo and 405 kilometres from the San Gregorio mine, into the Florida Greenstone belt.

Four principal veins have been identified; veins I, II, IIB and IV. Vein II is the longest and most consistent that has been historically drilled and mined. It has a drilled strike length of 900 metres and a shallow open pit extends along 450 metres of its strike length. A second portion of vein II is approximately 1,200 metres to the east of the main mineralized lens and it has been drilled for over 700 metres along strike with 220 metres showing continuous mineralization.

Only the upper portions of the four drill hole defined veins have previously been mined and there is significant exploration upside potential to define more veins and extend the known veins down dip.

Orosur has held the property since 2009, however issues with land access had previously prevented exploration. During the second half of 2011 these issues were resolved and exploration is now being conducted.

The Mahoma Project, previously operated by American Resource Corporation, produced 16,419 ounces (73,431 tonnes at 6.98 g/t Au with 91.6 per cent recovery) between 1993 and 1997. A pre-mining non-compliant NI 43-101 probable reserve of 281,000 tonnes at a diluted grade of 9.36 g/t (15 per cent dilution assumed) was estimated by *Watts, Griffis and McQuat*.

During the second half of fiscal 2011/12 the Company completed 38 drill holes for a total of 3,016 meters, comprising 588 meters of RC pre-collars and 2428 metres of diamond drilling. The drill programme was designed to generally confirm historical drill results for vein I, vein II and vein IIB. New drill results are shown in table 1 with previously reported results shown in table 2.

Table 1. New drill hole results for the Mahoma Project, Uruguay.

Target	Drill Hole No	From	To	Interval	Interval g/t Au
VETA II ESTE	MHDD011	82.8	83.6	0.8	31.98
		85.25	86.1	0.8	9.69
VETA II ESTE	MHDD012	78	78.9	0.9	5.93
VETA II ESTE	MHDD013	85.9	86.8	0.9	16.3
VETA II ESTE	MHDD014	83.6	85.7	2.1	9.34
VETA II ESTE	MHDD016	82	83	1.0	11.2
VETA II ESTE	MHDD017	No significant results			
VETA II ESTE	MHDD020	16.7	77.4	0.7	5.46
VETA II ESTE	MHRC021	68.8	69.4	0.6	9.62
VETA II ESTE	MHRC024	73.3	74.7	1.4	9.36
VETA II ESTE	MHDD026	15	17	2.0	3.04
		49.3	51.4	2.1	4.03
VETA II ESTE	MHRC028	52	53.3	1.3	2.63
VETA II OESTE	MHRC006	45	46	1.0	4.43
		59	60	1.0	2.08

Table 2. Selected results from previously reported drill-Hole results for the Mahoma Project, Uruguay (Press release 12 April 2012)

Target	Drill Hole No	From	To	Interval	Interval g/t Au
VETA II ESTE	MHDD003	42.30	42.75	0.45	21.86
		60.75	61.15	0.40	14.38
VETA II ESTE	MHDD005	85.40	85.70	0.30	56.17
		85.70	86.03	0.33	1.40
		87.53	88.25	0.72	2.00
VETA II ESTE	MHDD006	84.95	85.50	0.55	5.33
		86.70	87.20	0.50	2.45
		88.30	88.62	0.32	46.60
		88.62	88.93	0.31	29.30
		88.93	89.43	0.50	1.13
VETA II ESTE	MHDD007	82.55	82.95	0.40	7.97
		85.55	86.60	1.05	2.83
VETA II ESTE	MHDD008	80.45	80.90	0.45	3.47
VETA II ESTE	MHDD009	71.30	71.75	0.45	41.05
		72.20	72.60	.40	5.67
		73.00	73.50	0.50	3.43
		73.80	74.20	0.40	100.63
		74.60	75.00	0.40	6.10
		75.00	75.40	0.40	3.16
		81.30	81.80	0.50	3.11
VETA II ESTE	MHDD010	83.95	84.35	0.40	5.30

Target	Drill Hole No	From	To	Interval	Interval g/t Au
		85.85	86.30	0.45	3.46
VETA II ESTE	MHDD015	83.90	84.40	0.50	19.57
		84.40	85.15	0.75	4.79
		86.65	87.15	0.50	12.23
VETA II ESTE	MHRC001	28.00	29.00	1.00	10.86
		43.00	44.00	1.00	15.20
VETA II ESTE	MHRC002	6.00	7.00	1.00	2.10
VETA II OESTE	MHRC010	42.00	43.00	1.00	4.25
		43.00	44.00	1.00	14.13
		44.00	45.00	1.00	2.13

A drill hole plan map and sections are available on the Company's website [http://www.orosur.ca/exploration\\_uruguay/piedra\\_alta/](http://www.orosur.ca/exploration_uruguay/piedra_alta/).

Diamond drill holes 1 to 17 and reverse circulation drill holes 1 to 3 were all drilled within the historically defined 600 meter main portion of the II vein. Short intervals were assayed to understand grade distribution. While many of the intercepts are narrow the current drilling supports a target of 6-10 g/t Au over a minable width of 1.5 meters. Drilling on Veta II Oeste and Veta IIB has not confirmed mineralization identified in a number of historic sections with results less consistent than expected.

An updated reserve statement for the San Gregorio operation is expected to be released in September 2012. The Company is currently reviewing its mine plans with the objective of maximizing production over the next three years. Efforts to continue to extend mine life with drilling, scoping and feasibility studies on Mahoma, Argentinita Underground, and further extensions of Arenal Deeps and other projects are targeted for 2012/13.

### **Chile Projects**

OMI currently has three key projects in Chile: Pantanillo, Anillo and Talca. During fiscal 2011 drilling was completed on all three projects.

#### **Pantanillo**

The Pantanillo Project is the most advanced project OMI currently has in Chile. It is located 125km east of Copiapo in the prolific Maricunga District and has a NI43-101 compliant measured and indicated resource of 47,093,000 tonnes at an average grade of 0.69 g/t for 1,049,467 ounces.

In May 2012, the Company released results of a Preliminary Economic Assessment ("PEA") for the Pantanillo Project. The financial results show a net present value before income tax of \$US 50 million at an 8 percent discount rate and an IRR of 19 percent at a \$US 1,250 gold price. The estimated capital expenditure for the project is \$US 189 million including contingencies and indirect costs.

The PEA was prepared on the basis of an open pit heap leach operation with a five year mine life averaging 97,000 ounces of annual production. Two stage crushing maintaining a product size of P80 equal to 25 mm was assumed consistent with column leach tests at 1 inch that were carried out at McClelland laboratory in USA. Grinding parameters determinations were done by SGS Chile. Metallurgical recoveries of 79.6 percent for oxide and 44.8 percent for mixed were based on column leach tests. Cash operating costs were estimated to be \$US 567 per ounce.

The scoping study demonstrates that Pantanillo has the potential to develop into an economically viable production asset. Given that the project is at high altitude a simple development route that focuses on higher margin oxide and mixed ore with target production of approximately 100,000 ounces per annum has been selected. This approach targets appropriate economies of scale while allowing the project to be of low complexity to ensure that capital costs can be more reliably estimated. The ensuing project will therefore also be of a size that could ultimately be financed by a junior producer.

The agreement signed by the Company with Lumax S.A. and partners to jointly explore for water and the granting of a water exploration permit during the year are important steps towards the ultimate permitting and development of the project. Four test wells drilled during 2012 confirmed the presence of water. Base line environmental studies were also completed during the year providing the basis for moving forward with environmental permitting.

During the 2012 field season the Company focused drilling on the Pantanillo Central area and completed surface sampling and target definition on Oro 52 and Quebrada Pantanillo. A total of seven RC drill holes for a total of 1,168 meters were drilled in Pantanillo Central. Drilling focused on two zones within this sector.

Results are reported in the following table:

Table 2: Significant Mineral Intersections in selected drill holes

Drill Hole ID	Elevation	Easting	Northing	From (m)	To (m)	Intercept
PCEN-12-003	4532 m	493448	6963965	52	54	3m @ 0.93 g/t Au
				52	54	3m @ 17.2 g/t Ag
PCEN-12-005	4400 m	493565	6963028	82	91	10m @ 0.77 g/t Au
				94	100	6m @ 1.03 g/t Au
PCEN-12-006	4348 m	493593	6962831	38	46	8m @ 0.43 g/t Au
PCEN-12-007	4313 m	493563	6962625	28	30	2m @ 0.55 g/t Au
				93	98	5m @ 0.80 g/t Au

Samples were recovered every one metre from the cyclone of the RC rig and each recovered sample was sent to ACME Labs in Copiapó for analysis of gold and silver using fire assay on a 50g sample. Field duplicates, in the form of a second sample separated through the riffle splitter, blanks and certified standards were inserted alternatively after every 10th field sample and inserted in order within the respective batches (1 batch being 1 individual drill hole).

Four drill holes PCEN-12-004, 005, 006 and 007 targeted a north south trending structure observed in existing historical trenching, testing the theory of the structure being related to the same controlling structure observed in Pantanillo Norte with the potential of a porphyry target at depth. Drill hole PCEN-12-005 returned positive assays of 19 meters at 0.73 g/t Au. Drill holes PCEN-12-006 and PCEN-12-007 were both terminated in mineralization. The advanced argillic alteration observed within host intermediate volcanic rocks is similar to that seen around the Pantanillo Norte porphyry deposit two kilometres to the north of these drill holes.

To the north, and higher up in the porphyry system, holes PCEN-12-001, 002 and 003 targeted high sulphidation ledge structures containing elevated silver grades in samples from the historic Anglo-American trenches completed during the mid-80s. Only drill hole PCEN-12-003 returned any significant intercept, with 3m @ 0.93 g/t Au and 17.2 g/t Ag, where the drill hole intercepted the silicified-alunite rich ledge structure.

Work during 2012 has confirmed the potential for additional oxide resources to be defined within the Pantanillo property. Plans for further exploration drilling in 2012 and early 2013 will be focused on trying to expand and define mineralisation at Pantanillo central and on the discovery of new zones of mineralisation at the Quebrada Pantanillo and Oro 52 targets.

As additional resources are defined and progress on definition of water resources is achieved the project can proceed to pre-feasibility study. In the interim, collection of environmental information for permitting is also continuing.

## **Anillo**

The Anillo Project is located 125km east of Antofagasta close to the El Peñon mine. The property was optioned from CODELCO with Orosur having the right to acquire a 65% interest by spending US\$4 million over four years and completing a bankable feasibility study within a further 2 years. CODELCO retains back in rights for a copper discovery.

In the first half of fiscal year 2011-2012 the Company completed 4,676 meters of drilling to follow-up anomalous results from the 2,497 meters drilled in 2010/11. The programme included deep holes (up to 500 metres) drilled in fences to test mineralized N/S oriented structures where anomalous Ag and Au values had been encountered in previous drilling. A number of holes were also drilled in new areas in the Anillo Central zone where the most notable intercepts of 2 metres at 2.67 g/t Au from 22 metres in hole AN1107 and 2 metres at 100 g/t Ag from 224 metres in hole AN1108 were encountered.

Following additional studies in the second half of fiscal 2012 the prospective corridor for low temperature epithermal mineralization is believed to continue to the north of El Peñon mine owned by Yamana through Zona Oeste (within the Orosur tenements), and then trends diagonally across the Pampa Augusta Victoria permit owned by Yamana into the eastern extent of the La Lengua zone (within the Orosur tenements). No previous drilling has been completed in these areas. Orosur is planning additional geophysics in the Oeste Zone and additional surface work in Lengua before trenching and drilling in the later part of calendar 2012. A map of the areas drilled and target areas for the 2012/13 fiscal year can be found on the Company's website:

[http://www.orosur.ca/exploration\\_chile/anillo/](http://www.orosur.ca/exploration_chile/anillo/)

## **Talca**

The Talca property is located 375 kilometers north of Santiago in the IV Region, of northern Chile. The 1,680 hectare property is located 15 kilometers to the west of Ruta 5 along the Chilean Pacific coast line in the Coastal Cordillera. The Talca property has a historical artisan mining history dating back as much as 60 years. Several well know mines in the district have been mined as far back as colonial times approximately 200 years ago. The property hosts two gold mines that have been exploited by artisan (non-mechanized) mining until this year. Historic gold production in the district is estimated to be approximately 500,000 ounces.

The principal structural controls on the property are two NNW (320°-350°) trending shear zones/fault structures between 2-4 meters wide and 900 meters apart that can be traced from four to eight kilometers along strike. Secondary structural control is a swarm of ± E/W (260°-285°) striking quartz veins ranging between 1-2 meters wide. Au has been historically mined on both these structural trends down to depths of over 250 meters

After acquiring the property in the second half of 2011 the Company completed surface sampling, geophysics, structural mapping and interpretation and mapping of underground workings. Following this work the company drilled 60 holes covering 12,218 meters in two campaigns covering three main targets the Niebla Vein (14 holes for 2,877 meters), the Metalera Shear (29 holes for 5,152 meters) and the Sur Veins (17 holes for 4,189).

Significant intercepts from the second phase of drilling conducted during 2012 can be seen in the table below.

Table 4: Significant Mineral Intersections in Selected Drill Holes

Drill Hole ID	Sector	From	To	Interval	Interval g/t Au
TALCA-11-10RC	Niebla	135	136	1.0	2.55
TALCA-11-18RC	Metalera	36	37	1.0	1.38
TALCA-11-20RC	Metalera	45	46	1.0	1.31
TALCA-12-23RC	Metalera	175	176	1.0	1.08
TALCA-12-23RC	Metalera	178	180	2.0	5.62
TALCA-12-24RC	Metalera	63	64	1.0	1.26
TALCA-12-26DDH	Metalera	122	124	2.0	1.53
TALCA-12-26DDH	Metalera	244	246	2.0	1.20
TALCA-12-29RC	Sector Sur	95	96	1.0	1.86
TALCA-12-29RC	Sector Sur	112	113	1.0	11.55
TALCA-12-29RC	Sector Sur	242	243	1.0	1.69
TALCA-12-29RC	Sector Sur	247	249	2.0	1.36
TALCA-12-30RC	Sector Sur	85	86	1.0	16.15
TALCA-12-35RC	Sector Sur	281	282	1.0	2.90
TALCA-12-35RC	Sector Sur	284	285	1.0	2.50
TALCA-12-35RC	Sector Sur	286	287	1.0	1.10
TALCA-12-35RC	Sector Sur	288	289	1.0	1.82
TALCA-12-31DDH	Sector Sur	245	246.45	1.45	26.40
TALCA-12-31DDH	Sector Sur	248	250	2.0	1.40
TALCA-12-39DDH	Sector Sur	6	8	2.0	3.00
TALCA-12-39DDH	Sector Sur	8	10	2.0	3.62
TALCA-12-41DDH	Sector Sur	64	66	2.0	15.35
TALCA-12-41DDH	Sector Sur	128	130	2.0	2.69
TALCA-12-43DDH	Sector Sur	38	40	2.0	47.20
TALCA-12-43DDH	Sector Sur	124	126	2.0	3.25
TALCA-12-44DDH	Sector Sur	185.80	187	1.2	2.31
TALCA-12-44DDH	Sector Sur	288	290	2.0	1.42
TALCA-12-47DDH	Sector Sur	62	63	1.0	2.69

Drilling below and along strike from historical workings on the Niebla vein did not result in any significant intercepts. Two of the 20 holes drilled along the Metalera Shear intercepted mineralization below the main historical mine along this shear. The best result was 2 meters at 5.62 g/t in hole TALCA-12-23RC. In the southern sector 9 of the 17 holes drilled intercepted historically mined vein structures with intercepts above 1 g/t au. The best results included 2 meters at 47.20 g/t Au in drill hole TALCA-12-43DDH and 2 meters at 15.35 g/t Au in drill hole TALCA-12-41DDH. Both of these holes were relatively shallow intercepts. The Company has demonstrated that the veins tested in the Sector Sur do contain mineralization at economic grades and minable widths. However the consistency of mineralization, the likely quantity of resource that could be delineated and the level of potential production that could be sustained are currently under review.

#### 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 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. He has Chartered Professional Accreditation by the 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.

### **ENDS**

#### **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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