



**Management Discussion & Analysis
for the period ended February 28, 2011**

Prepared as at: April 12, 2011

Management's discussion and analysis ("MD&A") provides a discussion of the Company's financial and operating results for the quarter and the nine month period ended February 28, 2011 with comparisons to previous quarters.

This MD&A accompanies, and should be read in conjunction with, the un-audited interim financial statements and accompanying notes of Orosur Mining Inc. ("OMI" or "Company") for the three and nine month periods ended February 28, 2011. All amounts are expressed in thousands of US dollars, unless otherwise indicated. The reader should also refer to the audited financial statements for the two years ended May 31, 2010 and 2009 and the related Management Discussion and Analysis ("MD&A"), both of which are available on the Company's website at www.orosur.ca and on SEDAR at www.sedar.com. The Company's financial statements and the financial data presented in this document have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). This MD&A is effective as of April 12, 2011.

1. HIGHLIGHTS

Financial and operational highlights for the quarter ended February 28, 2011 include:

- Production for the quarter was 16,573 ounces of gold which is 30% higher than the same quarter last year, and 32% higher than last quarter. This production level is above expectations even considering the Company was planning for a second half of the year with higher production than the first half.
- Total Cash costs per ounce of gold for the quarter were \$ 521 and \$ 699 for the nine month period (compared to \$ 984 and \$ 910) This significant improvement is above the Company's expectations and therefore, Orosur is updating its guidance for the year, reducing its cash cost target from \$ 825 to \$ 750 (see section 2 below about Outlook and Strategy). The reduction in costs is a consequence of several factors, mainly mining higher grade ore (1.54 g/ton Au this year compared to 1.02 g/ton last year), the cost reduction undertaken since 2009, and increased silver revenues.
- The realized gold price was \$ 1,368 per ounce for the quarter compared to \$ 1,110 per ounce for the same quarter last year.
- The after-tax profit for the quarter is \$ 6,286 compared to a loss of \$ (2,920) same quarter in the prior year. Higher gold prices and production, and lower costs explain this significant improvement. This profit of \$ 6,286 is realized after recognizing an exploration write-off of \$2,489 and a tax provision for the quarter of \$1,838. It includes, also on the other hand, the profit from the sale of the drill rig fleet and associated inventories to a local contractor by \$1,531.
- Contribution margin from operations increased to \$ 12,324 compared to \$ 979 same quarter last year. The Company's operations generated a margin in quarter 3, slightly below what was generated in the first half of the year (\$ 12,324 compared to \$ 13,016).
- On a year to date basis, the Company generated \$ 19,627 cash from its mining operations compared to \$ 1,678 in the corresponding period of the previous year. Increased production volumes and gold price, together with a reduction in operating costs explains this considerable cash increase from the operation. Cash flow generated by operations before working capital was \$ 9,242 for the quarter compared to an outflow of \$ (112) in the same quarter of the previous year.
- Final cash balance is \$ 15,331 at the end of February 2011, which doubles the balance of \$ 7,150 from one year ago.
- OMI's cash position at the end of the quarter increased to \$ 15,331, with net working capital (current assets less current liabilities including cash) also increasing to \$ 25,211.
- Progress in Arenal Deeps is summarized in section 3 of this MDA.

(Thousands of United States Dollars, except where indicated)

- The second half of the Sobre Saliente drill campaign has returned positive results including 5 meters at 15.37 g/t au from surface in hole SSDD021 and 5 meters at 15.57 g/t from 71 meters in hole SSRC058. Step out drilling has expanded mineralization down dip and along strike and infill drilling has confirmed the continuity of higher grade results between sections.

2. OUTLOOK AND STRATEGY

- Production for the quarter at 16,573 ounces of gold is above expectations even considering the Company was planning for a second half of the year with higher production than the first half. Variations in production and costs between quarters occur as the mine plan is made up of different pits at different grades and stages of stripping, so the Company reiterates its forecast production for the 2011 financial year at 55,000 ounces of gold.
- Following the trend of reducing cash costs and with the significant reduction in cash costs achieved in the third quarter, the Company is revising its total cash cost per ounce for the financial year to 31 May 2011 down from \$ 825 to \$ 750. This result has been achieved despite an increase in royalties which has been proposed by the Uruguayan government, the appreciation of the Uruguayan peso against the US dollar and increases in fuel prices.
- The Company's medium term objective is to grow its gold production profile in South America. The Company currently has one producing asset, San Gregorio, and it is mining from open pits. Together with the underground operations, which have just started development in March 2011 as explained below in section 3 of this MDA, the Company extended the mine life of the Uruguayan assets to six years at reducing cash costs over the life of mine period.

3. SUBSEQUENT EVENTS

3.1 Grant of permits and first blast of Arenal Deeps underground operation.

The Company announced on March 24th, 2011 that the environmental and mining permits have been granted for the development of the Arenal Deeps project and to commence construction of the second tailings storage facility. The equipment necessary to commence development has been commissioned, and the first jumbo and scoop are on site. The development contractor has already started work on the mine portal with the first blast completed. The Arenal Deeps project is an important step for the Company to extend San Gregorio's operations life, maintain production levels, and achieve lower cash costs. It opens further underground mining opportunities in the area.

3.2 Credit line facility from HSBC for Arenal Deeps underground operation.

On March 15th, 2011, Loryser S.A., a wholly owned subsidiary of the Company, entered into a Line of Credit Facility with the HSBC Uruguayan branch to fund the purchase of the equipment for the Arenal Deeps operation complementing cashflow from operations.

The credit facility amounts to \$ 5,500 with a scheduled duration of 3 years. The Company can drawdown the credit line within the first year. Repayments occur every six months after the first year period for two years, accruing interest at an annual rate equivalent to LIBOR plus 3.25%.

4. OVERVIEW OF FINANCIAL RESULTS

4.1 Profit (loss) after taxes

Profit after tax for the quarter and nine months to February 28, 2011 increased significantly when compared to last year. Contribution margin from mining operations increased from \$ 979 to \$ 12,324 and from \$ 4,072 to \$ 25,340 in the three and nine month period ended February 2010 and 2011 respectively. This improvement is due to higher production and average gold prices and significant operating cost reductions.

Amortization for the quarter and nine month period of the current year decreased from \$ 2,228 to \$ 2,016 and \$ 7,865 to \$ 5,631 compared to the prior year as a result of the lower capitalized development associated to the pits mined during this year.

The majority of the exploration expenses are due to a write-off in the quarter of expenditure in Nueva Australia, Peru, Curtume, Paso Del Lugo & Cuchilla Dionisio on the basis of lack of planned investment in the near future in those areas.

Corporate expenses and other gains (expenses) for the quarter include the profits generated from the sale of the Company's exploration drill fleet in Uruguay and its associated inventories for \$ 1,531. Last year other gains include the \$ 1,335 profit created by the sale of the Montevideo's headquarter offices in the second quarter of the year.

The provision for income taxes increased following higher profitability of the Uruguayan operations.

As a result of all the above, the profit after taxes is \$ 12,478 for the nine months period ended February 2011 compared to a loss of \$ 4,402 in the corresponding period of the previous year.

Table 1 - Profit (loss) after taxes

	Ref.	Q 3 10/11	Q3 09/10	YTD 10/11	YTD 09/10
		\$000's	\$000's	\$000's	\$000's
Revenue	4.2	21,618	13,152	56,415	40,461
Operating expenses	4.3	(9,294)	(12,173)	(31,075)	(36,389)
Contribution Margin		12,324	979	25,340	4,072
Amortization	4.5	(2,016)	(2,228)	(5,631)	(7,865)
Operating loss		10,308	(1,249)	19,709	(3,793)
Derivatives gain (loss)	5.6	0	0	(212)	464
Exploration expenses	5.4	(2,563)	(11)	(2,880)	(382)
Corporate expenses & other gains (expenses)	4.6	(1,152)	(1,086)	(3,023)	(2,920)
Gain on sale of assets	4.6	1,531	0	1,653	1,215
Profit (loss) before taxes		8,124	(2,346)	15,247	(5,416)
Income tax recovery (provision)	4.7	(1,838)	(574)	(2,769)	1,014
Profit (loss) after taxes		6,286	(2,920)	12,478	(4,402)

4.2 Operating revenues

Revenues include gold and silver sales. Table 2 shows a breakdown of operating revenues.

Total sales of gold for the quarter were \$ 20,934 from 15,300 ounces of gold sold at an average price of \$ 1,368 per ounce. This compares to \$ 12,948 for the third quarter of the previous year from 11,662 ounces of gold sold at an average price of \$ 1,110 per ounce. The increase in the gold price and higher amount of ounces sold explain the overall increase in gold revenues.

For the nine month period ended February 28, 2011 total gold sales were \$ 54,622 from 41,875 ounces of gold at an average price of \$ 1,304 per ounce compared to \$ 39,540 from 38,528 ounces of gold at an average price of \$ 1,026 per ounce for the corresponding period of the previous year.

Silver sales have also contributed to higher revenues for the three and nine month period ended February 28 2011 when compared to same periods of the previous year, as a result of significantly higher silver production and prices. Silver prices have been consistently increasing in the market. Silver production, which also has increased significantly, has been positively affected by processing stockpiles with higher silver content and by increasing cyanide concentration to recover more silver economically.

4.3 Production statistics

Key production statistics are shown in Table 3 below. During the quarter, 1,730,000 tonnes were mined (Q3 09/10 – 2,603,000 tonnes), including 1,334,000 tonnes of waste (Q3 09/10 – 2,169,000 tonnes) and 396,000 tonnes of ore (Q3 09/10 – 434,000 tonnes) with an average grade of 1.49 g/t (Q3 09/10 – 0.96 g/t), to provide a final strip ratio of 3.4 tonnes of waste to one tonne of ore (Q3 09/10 – 5.0).

Table 2 - Sales composition

Q3 – 10/11	\$000's	Oz	\$ per oz
Gold	20,934	15,300	1,368
Silver	684	23,596	29
Export refund	0		
Total Sales	21,618		

Q 3 – 09/10	\$000's		
Gold	12,948	11,662	1,110
Silver	204	11,907	17
Export refund	0		
Total Sales	13,152		

Year to date – 10/11			
Gold	54,622	41,875	1,304
Silver	1,793	72,379	25
Export refund	0		
Total Sales	56,415		

Year to date – 09/10			
Gold	39,540	38,528	1,026
Silver	627	39,181	16
Export refund	294		
Total Sales	40,461		

Note: During the previous year, the revenues also included export costs refunds granted by the Government of Uruguay that were cancelled on October 2009.

Orosur Mining Inc.
Management's Discussion and Analysis
(Unaudited)

(Thousands of United States Dollars, except where indicated)

On a year-to-date basis, an 5,924,000 tonnes were mined (YTD 09/10 – 8,672,000 tonnes) including 5,159,000 tonnes of waste (YTD 09/10 – 7,366,000 tonnes) and 765,000 tonnes of ore (YTD 09/10 – 1,306,000 tonnes) with an average grade of 1.54 g/t (YTD 09/10 – 1.02 g/t), to provide a final strip ratio of 6.7 tonnes of waste to one tonne of ore (YTD 09/10 – 5.6).

Ore mined has been sourced from several veins and pits at different stripping stages.

During the quarter 405,407 tonnes of ore (Q3 09/10 – 389,139) were fed to the plant at an average grade of 1.38 g/t (Q3 09/10 – 1.09 g/t) to produce 16,573 ounces of gold (Q3 09/10 – 12,742 ounces) at a recovery of 94.1% (Q3 09/10 – 93.5%). On a year to date basis 1,147,717 tonnes of ore (YTD 09/10 – 1,135,750) were directed to the plant at an average grade of 1.23 g/t (YTD 09/10 – 1.16 g/t) to produce 42,086 ounces of gold (YTD 09/10 – 39,495 ounces) with a 93.4% recovery (Q2 09/10 – 93.3%).

The higher head grade processed

explains the gold production increase on a quarter and annual basis. Table 4 summarizes quarterly gold production statistics.

Table 3 – Key production statistics		Q3 10/11	Q3 09/10	YTD 10/11	YTD 09/10
Waste	tons (000's)	1,334	2,169	5,159	7,366
Ore	tons (000's)	396	434	765	1,306
Total mined	tons (000's)	1,730	2,603	5,924	8,672
Grade mined	Grams / tons Au	1.49	0.96	1.54	1.02
Strip ratio	Waste / Ore	3.4	5.0	6.7	5.6
Ore processed	tons (000's)	406	389	1,148	1,136
Grade processed	tons (000's)	1.38	1.09	1.23	1.16
Recovery	%	94.1	93.5	93.4	93.3
Gold produced	Ounces	16,573	12,742	42,086	39,495

Table 4 - Production statistics	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	May-09	Aug-09	Nov-09	Feb-10	May-10	Aug-10	Nov-10	Feb - 11
Ore processed (tonnes)	389,341	384,195	362,416	389,139	395,726	369,175	373,135	405,407
Grade processed (g/t Au)	1.58	1.15	1.25	1.09	1.39	1.18	1.12	1.38
Recovery (%)	92.8	92.9	93.6	93.5	93.6	92.6	93.3	94.1
Gold produced (ounces)	18,500	13,173	13,580	12,742	16,555	12,937	12,576	16,573

Orosur Mining Inc.
Management's Discussion and Analysis
(Unaudited)

(Thousands of United States Dollars, except where indicated)

4.4 Operating expenses

Total operating costs were \$ 9,294 for the quarter equivalent to cash cost per ounce of \$ 521, compared to \$ 12,173 and \$ 984 per ounce for the corresponding quarter of the previous year. For the nine month period ended February 28 , 2011, total operating costs were \$ 31,075 equivalent to cash cost per ounce of \$ 699 compared to \$ 36,389 or cash cost per ounce of \$ 910 for the corresponding period of previous year. Table 5 reconciles operating costs to cash cost per ounce.

Cash cost is a non – GAAP measure which is explained in section 11 of this MD&A document. Cash operating costs are calculated as total cash costs deducting royalties and capital gains tax. The Company previously reported only Total cash costs. Given that a majority of companies in the industry report the measure Cash operating costs per ounce, the Company deemed it appropriate to report both measures to facilitate comparisons.

Table 5 - Reconciliation of Operating costs to cash cost per ounce

	Q3 10/11 \$000's	Q3 09/10 \$000's	YTD 10/11 \$000's	YTD 09/10 \$000's
Operating expenses	9,294	12,173	31,075	36,389
Movement in non ore inventories	408	651	362	654
Export refund and silver credits.	(684)	(203)	(1,793)	(921)
Other adjustments	(386)	(88)	(223)	(166)
Total cash costs basis	8,632	12,533	29,421	35,956
Taxes	(628)	(572)	(1,276)	(1,055)
Cash cost basis before taxes	8,004	11,961	28,145	34,541
Gold production in ounces	16,573	12,742	42,086	39,495
Total cash costs per ounce	521	984	699	910
Cash operating cost per ounce	483	939	669	875

The significant improvement in cash costs is above the Company's expectations and therefore, Orosur is updating its guidance for the year, reducing its total cash cost target (see section 2 above about Outlook and Strategy). The reduction in costs is a consequence of several factors, mainly mining higher grade ore (1.54 g/ton Au year-to-date compared to 1.02 g/ton last year), the cost reduction undertaken since 2009, and increased silver revenues.

4.5 Depreciation

Amortization includes straight line depreciation of fixed assets and the depreciation of mine properties based on contained ounces of gold in ore mined. Table 6 provides a breakdown of depreciation between fixed assets and mine properties.

Table 6 - Depreciation composition

	Q 3 10/11 \$000's	Q3 09/10 \$000's	YTD 10/11 \$000's	YTD 09/10 \$000's
Fixed Assets	1,309	884	4,045	3,314
Mine properties	707	1,344	1,586	4,551
Total depreciation	2,016	2,228	5,631	7,865

Orosur Mining Inc.
Management's Discussion and Analysis
(Unaudited)

(Thousands of United States Dollars, except where indicated)

Depreciation of fixed assets includes the depreciation of heavy equipment and major spare parts, plant facilities, tailings dam facilities and other site infrastructure. Mine properties includes pre-stripping activities realized to access ore bodies and capitalized exploration expenditure incurred to discover and outline pits reserves and resources.

Amortization expense was \$ 2,016 for the current quarter compared to \$ 2,228 in the corresponding quarter of the prior year. For the nine month period ended February 28, 2011, amortization expense was \$ 5,631 compared to \$ 7,865. Mine properties amortization decreased as a result of the lower capitalized development costs associated to the pits mined during this year. Fixed assets amortization increased mainly as a result of the depreciation of major spare parts.

4.6 Corporate expenses, gain on sale of assets and other gains and expenses

Corporate expenses and other gains and expenses include corporate overhead costs, stock based compensation expense, net interest and bank commissions, capital tax, foreign exchange gains and losses, sales from assets disposition and other items. A breakdown of those revenues and expenses are shown in Table 7.

Corporate overheads include corporate administration expenses in Canada, Uruguay and Chile, holding structure costs, listing and regulatory expenses, director's fees and the costs related to corporate work to develop the business.

Table 7 - Corporate expenses and other gains and expenses composition

	Q3 10/11	Q3 09/10	YTD 10/11	YTD 09/10
	\$000's	\$000's	\$000's	\$000's
Corporate overheads	993	845	2,644	2,282
Capital tax	(20)	90	142	259
Stock based compensation	164	73	585	377
Foreign exchange loss (gain)	28	73	(123)	84
Net interest and rehabilitation accretion	89	43	161	190
Gain on sale of assets	(1,531)	0	(1,653)	(1,215)
Other gains	(102)	(38)	(386)	(272)
Total loss (gain)	(379)	1,086	1,370	1,705

Corporate expenses and other gains and expenses for the quarter resulted in a gain of \$ 379 compared to a loss of \$ 1,086 for last year corresponding quarter. During the quarter the Company sold its exploration drill fleet located in Uruguay and its associated inventory of consumables and spare parts generating profits of \$ 1,531.

For the nine month period ended February 2011, corporate expenses and other gains (expenses) showed a total expense of \$ 1,370 compared to a total expense of \$ 1,705 for the corresponding period in previous year. Last year figures include a \$ 1,335 profit for the sale of Montevideo's headquarter offices and some surplus old mobile equipment.

4.7 Taxes

As shown in Table 8, Income tax for the quarter ended February 2011 resulted in a net provision for \$ 1,838 compared to a net provision of \$ 574 for the same quarter of the previous year. For the nine month period ended February 2011 the Company booked a net provision of \$ 2,769 compared to a net recovery of \$ 1,014 for the same period of the previous year.

Orosur Mining Inc.
Management's Discussion and Analysis
(Unaudited)

(Thousands of United States Dollars, except where indicated)

Current income tax increase on a quarter and year to date comparison is due to higher profits from the operations.

In relation to deferred tax, the current stockpile and other production inventories, property, plant and equipment, mine properties and exploration expenditure generate income tax deductions in the future, denominated in Uruguayan pesos. The increase in these tax deductions is a result of the appreciation of the Uruguayan peso against the US dollar and the revaluation, for fiscal purposes, of fixed assets by Uruguay's inflation index.

Table 8 - Current and deferred income tax

	Q3 10/11	Q3 09/10	YTD 10/11	YTD 09/10
	\$000's	\$000'	\$000's	\$000's
Current income tax recovery (provision)	(2,506)	9	(3,171)	216
Future income tax recovery (provision)	668	(583)	402	798
Total income tax recovery (provision)	(1,838)	(574)	(2,769)	1,014

5. LIQUIDITY AND FINANCIAL POSITION

5.1 Cash

Table 9 shows the main cash movements.

Cash increased by \$ 1,392 and \$ 6,640 for the quarter and nine month period ended February 2011 compared to a decrease of \$ 2,241 and \$ 2,346 for the same periods of the previous year.

Final cash balance is \$ 15,331 at the end of February 2011 which doubles the balance of \$ 7,150 from one year ago. Cash generated from operations explains that increase, despite a higher accumulated capital

expenditure during the nine month period ended February 2011 – mainly due to the acquisition of equipment to develop the Arenal Deeps project.

Table 9 - Cash increase (decrease)

	Reference	Q3 10/11	Q3 09/10	YTD 10/11	YTD 09/10
		\$000's	\$000's	\$000's	\$000's
Cash flow from (used) in operations before working capital investment		9,242	(112)	19,627	1,678
Working capital investment (realization)	5.2	(981)	1,220	342	4,214
Exploration investment	5.3	(2,911)	(2,200)	(7,028)	(5,574)
Capital Expenditure	5.3	(5,085)	(1,191)	(7,671)	(5,240)
Assets sales proceeds	5.3	1,035	8	1,160	2,572
Funding	5.4	92	34	210	4
Cash increase (decrease)		1,392	(2,241)	6,640	(2,346)
Cash at beginning of the period		13,939	9,391	8,691	9,496
Cash at the end of the period		15,331	7,150	15,331	7,150

Orosur Mining Inc.
Management's Discussion and Analysis
(Unaudited)

(Thousands of United States Dollars, except where indicated)

Cash flow from operations includes the result from the San Gregorio operation less the cost of general and administrative expenses, interest and income taxes. During the quarter ended February 2011, the Company generated \$ 9,242 from its mining operations compared to a small outflow in the corresponding quarter of the previous year. On a year to date basis, the Company generated \$ 19,627 cash from its mining operations compared to \$ 1,678 in the corresponding period of the previous year. Increased production volumes and gold price, together with a reduction in operating costs explains this considerable cash increase from the operation.

5.2 Working capital items

As shown in Table 10, during the quarter and nine month period ended February 2011, \$ 981 was invested and \$ 342 was released in working capital compared to a working capital release of \$ 1,220 and \$ 4,214 respectively for the corresponding periods of the previous year.

Table 10 - Working capital movements

	Q3 10/11	Q3 09/10	YTD 10/11	YTD 09/10
	\$000's	\$000's	\$000's	\$000's
Cash flow from operations before working capital investment	9,159	(112)	19,669	1,678
Warehouse inventories	(105)	238	842	187
Stockpile	(1,291)	463	(323)	1,784
Finished and in process inventories	(408)	(651)	(362)	(654)
Supplier's net of prepayments	3,030	53	1,314	3,038
Tax credits and other receivables	(2,207)	1,117	(1,129)	(141)
Total working capital movements	(981)	1,220	342	4,214
Cash flow from (used) in operations after working capital investment	8,178	1,108	20,011	5,892

Tax credit and other receivables increased during the quarter and

nine month period ended February 2011 as a result of the sale of the drill fleet and associated stock sold at the end of the quarter and not yet collected.

Supplier's net of prepayments increased mainly as a consequence of the tax provision created following the profit of the quarter. The valuation of the stockpile has increased in the quarter due to high and medium grade ore left in inventory at the end of February 2011. That is the result of higher grade mined in the operations.

5.3 Capital Expenditure

Capital expenditure on property, plant and equipment and mineral properties for the quarter was \$ 5,085 compared to \$ 1,191 for the corresponding quarter of the prior year, and \$ 7,671 compared to \$ 5,240 on a year to date comparison. The capital expenditure for the nine month period ended February 2011 was mostly related to the commission of equipment for the Arenal Deeps underground development together with the replacement of major components for mobile equipment and tailings dam internal dykes work.

Orosur Mining Inc.
Management's Discussion and Analysis
(Unaudited)

(Thousands of United States Dollars, except where indicated)

During the quarter, the exploration drill fleet was sold for a consideration of \$ 1,035 while last year the Company sold the Montevideo's headquarter offices and some surplus equipment for a consideration of \$ 2,572.

Exploration expenditure for the quarter was \$ 2,911 compared to \$ 2,200 for the corresponding quarter of the prior year, and \$ 7,028 for nine month period compared to \$ 5,574 for the corresponding period in the prior financial year. Table 11 summarizes expenditure on exploration by main areas year to date.

The Company continues its investments in Chile exploring Anillo & Pantanillo properties while developing the latter. The quarter includes a completed first pass drill campaign at the Anillo project, the commencement of a summer drilling program at Pantanillo and work associated towards the development of such property. In Uruguay, exploration work was focused on the resource definition for pits to come into production and a completed drill program at Vaca Muerta.

The Company recognized a write-off of \$ 2,489 in the quarter related to exploration expenditure in Nueva Australia, Peru, Curtume, Paso Del Lugo & Cuchilla Dionisio on the basis of lack of planned investment in the near future in those areas.

Table 11 – Exploration by area	Uruguay Isla Cristalina	Uruguay Other	Chile	Total
Balance May 2010	2,107	9,767	12,976	24,850
Cash expenditure	3,317	117	3,594	7,028
Write off	(1,905)	(584)	0	(2,489)
Transfer to mine properties	(2,507)	0	0	(2,507)
Balance February 2011	1,012	9,300	16,570	26,882

5.4 Funding

During the quarter, 150,000 stock options were granted at an exercise price of CAD\$1.20 per share (Q3 09/10 – 1,008,815 options were issued as a consideration of Fortune Valley acquisition at a weighted average price of CAD\$ 0.83), while on a year to date basis a total of 2,105,000 stock options were granted at an average exercise price of CAD\$ 0.76 (YTD 09/10 – 791,000 stock options at CAD\$ 0.61 plus the options issued for Fortune Valley acquisition).

During the quarter 93,498 stock options were exercised at a weighted average price of CAD\$ 0.62 providing funds for \$ 97. Year to date, 411,629 stock options were exercised at a weighted average price of CAD\$ 0.56 providing funds for \$ 224. No options were exercised during the nine month period ended February 2010.

As at February 28, 2011 the Company has 3,924,053 outstanding stock options (May 31, 2010 – 2,749,850) at a weighted average exercise price of CAD\$ 1.35 (May 31, 2010 – CAD\$ 2.04), of which 2,361,762 (May 31, 2010 – 1,882,517) were vested at a weighted average exercise price of CAD\$ 1.74 (May 31, 2010 – CAD\$ 2.52).

The Company is practically debt free, and no warrants, promissory or convertible notes are outstanding. The Company continues to fund its exploration, development and growth programs from cash flow from operations. On 15th March 2011, subsequent to the end of this reporting period, the Company –through one of its subsidiaries– entered into a Line of Credit Facility for \$ 5,500 with HSBC Bank (Uruguay) S.A. to fund the purchase of equipment for Arenal Deeps complementing cash from operations. No drawdowns have been made yet to date from this credit line. There is a 12 month period where the Company can utilize from the Credit Line.

5.5 Financial instruments

The Company does not enter into financial instruments for trading or speculative purposes. Currently, the Company has no hedge instruments in place. Consequently, the Company is now fully exposed to the gold price.

During May 2010, the Company purchased 14,000 put options for quarter ending 31 August 2010 at a strike price of \$ 1,165 per ounce, \$ 75 below the spot price at the time the options were purchased, for a premium of \$ 212 (or \$ 15 per ounce hedged).

5.6 Contractual obligations and commitments

The Company's contractual obligations and commitments are as follows:

	Total	Less than 1 Year	1-2 Years	2-3 years	3-4 years
Debt	19	19	-	-	-
Asset Retirement Obligations	2,598	796	805	271	726
Total	2,617	201	1,159	674	814

Commitments derived from exploration farm-outs and acquisition agreements are disclosed in Note 9 of our financial statements for the year ended May 31, 2010 with the updates in note 5 of the interim financial statements for the current quarter.

Uruguayan mining and environmental legislation requires environmental obligations to be supported by guarantees. As a result, a rehabilitation guarantee letter of credit of \$ 1,500 has been provided by HSBC Uruguayan local branch.

Orosur Mining Inc.
Management's Discussion and Analysis
(Unaudited)

(Thousands of United States Dollars, except where indicated)

6. QUARTERLY RESULTS

	Qtr 4 May 2009	Qtr 1 Aug 2009	Qtr 2 Nov 2009	Qtr 3 Feb 2010	Qtr 4 May 2010	Qtr 1 Aug 2010	Qtr 2 Nov 2010	Qtr 3 Feb 2011
Gold sold (ounces)	19,353	13,188	13,678	11,662	16,376	14,722	11,853	15,300
Average sales price (\$/oz)	841	912	1,065	1,110	1,157	1,216	1,332	1,368
Cash operating cost (\$/oz)	702	880	871	984	629	839	790	521
Operating revenues	16,871	12,498	14,811	13,152	19,152	18,213	16,584	21,618
Operating expenses	(13,129)	(11,861)	(12,355)	(12,173)	(10,560)	(11,884)	(9,897)	(9,294)
Contribution Margin	3,742	637	2,456	979	8,592	6,329	6,687	12,324
Administration expenses	(745)	(838)	(1,074)	(1,003)	(1,085)	(797)	(1,437)	(1,137)
Amortization and depletion	(6,355)	(2,593)	(3,044)	(2,228)	(1,697)	(1,480)	(2,135)	(2,016)
Derivatives gain (loss)	1,232	464	0	0	(109)	(212)	0	0
Exploration expenses written off and exploration expenses	(1,919)	0	(371)	(11)	(232)	(317)	0	(2,563)
Net interest and accretion of retirement obligation	(25)	(71)	(76)	(43)	(59)	(15)	(57)	(89)
Foreign exchange gain (loss)	11	(17)	6	(73)	(32)	260	(109)	(28)
Other income (expenses)	68	252	1,199	33	136	275	131	1,633
Income Tax	1,495	8	1,580	(574)	289	(533)	(398)	(1,838)
Net income (loss) for the period	(2,496)	(2,158)	676	(2,920)	5,803	3,510	2,682	6,286
Basic earnings per share	(0.05)	(0.08)	0.014	(0.05)	0.09	0.05	0.04	0.10
Cash flow from (used in) operations	3,760	2,659	2,125	1,108	5,783	5,307	6,526	8,261
Cash from (used for) financing	(35)	(21)	(9)	34	76	(3)	121	92
Cash invested	(2,280)	(3,976)	(883)	(3,383)	(4,285)	(3,249)	(3,454)	(6,961)
Cash on hand	9,496	8,158	9,391	7,150	8,691	10,746	13,939	15,331
Total Assets	63,516	62,665	65,044	70,857	78,331	78,764	82,985	92,455
Shareholders Equity	52,549	50,485	51,371	56,176	62,060	65,629	68,800	75,347

7. RISKS AND UNCERTAINTIES

The Company's net earnings in the near-term are affected principally by its mining operations and, in the longer term, will be affected primarily by the success or failure of its exploration and development activities. The Board recognizes that the exploration and development of natural resources is a speculative activity that involves a large numbers of uncertainties, and a degree of financial risk. Accordingly the Board considers the risks to which the Corporation is exposed as part of its regular operations, and keeps these under review.

The principal risks are considered to be those set out below.

Sensitivity to commodity prices and foreign exchange rates

The Company's revenues, net earnings and cash flow from operations are affected materially by changes in the price of gold. Gold has historically been subject to large price fluctuations, and is affected by factors which are unpredictable, including international economic and political conditions, speculative activities, the relative exchange rate of the US dollar with other currencies, inflation, global and regional levels of supply and demand and the gold inventory levels maintained by producers and others.

The Company's gold sales are priced in US dollars while its operating costs are predominantly incurred in US dollars, Canadian dollars, and Chilean and Uruguayan pesos. The Company has financial exposure to foreign exchange fluctuations in the Uruguayan and Chilean peso and the Canadian dollar relative to the US dollar.

Key Personnel Risks

Recruiting and retaining qualified personnel is critical to the Company's success. The number of skilled mining and exploration professionals in Uruguay is limited and competition for such persons is intense in the global mining industry. As the Company's business activity continues to grow, it will be required to hire additional personnel and retain the services of key personnel. Although the Company believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

Exploration, Mining and Operational Risks

The Company's longer term strategy depends to a certain extent on its ability to find commercial quantities of minerals within Uruguay, and to obtain and retain appropriate access to these minerals. The Board cannot guarantee that it will be able to identify appropriate properties, or negotiate acquisitions, on favorable terms.

The Company's currently has one producing asset, the San Gregorio project. As more of its projects mature, the Board expects that more projects will develop into producing assets. In common with all mining operations, there is uncertainty, and therefore risk, associated with operating parameters and costs. Whilst costs can be budgeted with a reasonable degree of confidence, operating parameters can be difficult to predict and are often affected by factors outside the Group's control. In addition, other risks, including cuts in electricity supply, fuel supply shortages, industrial accidents, technical failures, labour disputes and environmental hazards are also beyond the Group's control.

The nature of resource and reserve quantification studies means that there can be no guarantee that estimates of quantities and grades of minerals will be available to extract. The figures for reserves and resources estimates are determined in accordance with National Instrument 43-101, issued by the Canadian Securities Administrators. This

National Instrument lays out the standards of disclosure for mineral projects including rules relating to the determination of mineral reserves and resources

The exploration for and development of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate or adequately mitigate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. There is no assurance that commercial quantities of ore will be discovered on any of OMI's exploration properties. There is no assurance that, even if commercial quantities of ore are discovered, a mineral property will be brought into commercial production. In addition, assuming discovery of a commercial ore-body, depending on the type of mining operation involved, several years can elapse from the initial phase of drilling until commercial operations are commenced

The Company's business activities are also affected to varying degrees by government regulations respecting, among other things, tax, royalties, utilities service supply, mining legislation and environmental legislation changes.

Title Risks

Individual titles expire from time to time and the Company manages the process of retaining its rights by re-application or conversion to other forms of title relevant to each stage of development. The process of re-application involves some risk however, as released titles must fall open before they can be re-applied for.

There can be no guarantee that the State in the jurisdictions in which the Company operates will continue to grant or respect mining titles, and that the titles of the properties will not be challenged or negated for political or legal reasons.

Political and Economic Risks

Political conditions in the countries where the Company operates are stable. Changes may however occur in political, fiscal and legal system that might affect the ownership or operation of the Group's interests, including inter alia, changes in exchange control regulations, expropriation of mining rights, changes of government and in legislative and regulatory regimes.

8. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates may vary from related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

Economic lives of mining assets and recoverable value

The economic lives of the Company's mining operation and development assets is based upon the individual mine's mineral reserves. The Company's resources and reserves are calculated in accordance with mining standards and in compliance with NI 43-101 requirements. The Company reviews and re-evaluates the estimated future discounted net cash flows of its mines and development properties on a regular basis, to ensure that they exceed the carrying value for each property. These calculations rely on estimated reserves and/or resources, estimated future commodity price and production cost.

Inventory

The value assigned to ore stockpiles, in process inventories and finished metal inventories are based on estimated volumes and grades. Volume and grade estimates are made relying on assays and other sampling tests.

Asset retirement obligation

The fair value of the liability is determined based on the net present value of estimated future costs estimated by management based on feasibility and engineering studies on a site by site basis. While care was taken to estimate the retirement obligations, these amounts are estimates of expenditures that are not due until future years.

Share based compensation

The Company has chosen to use the fair value method to account for stock-based employee compensation plans. The calculation of this benefit relies on estimates of the anticipated life of the option and the volatility of the company's share price.

Net future income tax assets and liabilities

Significant judgment is required in determining the worldwide provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences may impact the carrying amount of future income taxes.

Exploration and evaluation expenditure

The recoverability of amounts shown for capitalized exploration and evaluation expenditure is dependant upon the discovery of economically recoverable reserves.

9. CHANGES IN ACCOUNTING POLICIES

There are no new accounting policies to be included.

10. DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING**Disclosure Controls and Procedures**

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Corporation's President and Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), on a timely basis so that appropriate decisions can be made regarding public disclosure. The Company's system of disclosure controls and procedures includes, but is not limited to, our Continuous Disclosure Policy Procedure, our Code of Business Conduct and Ethics, our Insider Trading Policy and Share Trading Code and Price Sensitive Information Policy, our Whistleblower Policy, Release of Public Information Policy and the effective functioning of the Audit Committee and Board of Directors.

As at the end of the period covered by this MD&A, management of the Corporation, with the participation of the President and CEO and the CFO, does not expect that the Corporation's Disclosure Controls will prevent or detect all error and all

(Thousands of United States Dollars, except where indicated)

fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud and error, if any, within the Corporation have been detected.

As at the end of the period covered by this MD&A, management of the Corporation, with the participation of the CEO and the CFO, evaluated the effectiveness of the Corporation's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the President and CEO and the CFO have concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were effective in providing reasonable assurance that information required to be disclosed in the Corporation's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Corporation, including the President and CEO and the CFO, as appropriate to allow timely decisions regarding required disclosure.

Internal Controls over Financial Reporting

Multilateral Instrument 52-109 also requires CEOs and CFOs to certify that they are responsible for establishing and maintaining internal controls over financial reporting ("ICFR"), as defined therein, for the Corporation, that the ICFR have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP, and that the Corporation has disclosed any changes in its ICFR during its most recent interim period that has materially affected, or is reasonably likely to materially affect its financial reporting.

As discussed above, the inherent limitations in all controls systems are such that they can provide only reasonable, not absolute, assurance that all controls issues and instances of fraud or error, if any, within the Corporation have been detected. Therefore, no matter how well designed, ICFR has inherent limitations and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

During the period covered by this MD&A, the Corporation's senior management, including CEO and CFO, evaluated the existence and design of the Corporation's ICFR and confirm there were no changes to the ICFR that have occurred during the quarter which materially affected, or are reasonably likely to materially affect, the Corporation's ICFR.

11. NON GAAP MEASURES

Cash flow from operations, contribution margin and cash cost per ounce are not measures that have any standardized meaning prescribed by Canadian GAAP and are considered non GAAP measures. Therefore these measures may not be comparable to similar measures presented by other issuers. These measures have been presented in this MD&A as additional information regarding the Company's financial performance and financial position.

Cash flow from operations is calculated by adding back non-cash items to net earnings. Contribution margin has been calculated by deducting operating expenses from sales. Operating expenses include movements in inventories but exclude operating amortization and depletion.

(Thousands of United States Dollars, except where indicated)

Total Cash cost per ounce are determined according to the Gold Institute Standard and consist of site costs for all mining, processing, administration, royalties, refining charges, silver credits and inventory adjustments relating to metal production. Capital expenditure, depletion and amortization, corporate costs and financing costs are not included. Cash operating costs are calculated by deducting royalties and capital gains tax from total cash costs. The Company previously reported only Total cash costs. Given that a majority of companies in the industry report the measure Cash operating costs per ounce, the Company deemed it appropriate to report both measures to facilitate comparisons.

12. INTERNATIONAL FINANCIAL REPORTING STANDARDS

In February 2008, the Canadian Accounting Standards Board ("AcSB") announced that changeover for publicly-listed companies to adopt IFRS, replacing Canadian GAAP, will be effective for publicly accountable enterprises for financial periods beginning on and after January 1, 2011. The Company's interim and annual financial statements relating to the fiscal year ending May 31, 2012 will include IFRS-compliant financial statements. The transition date of June 1, 2011 will require the restatement, for comparative purposes, of amounts reported by the Company for the year ended May 31, 2011.

Project Status

In 2010, the Company started an IFRS diagnostic study with a view to assessing the main areas expected to be impacted through the transition to IFRS on the Company's accounting policies and to establish a project plan to implement IFRS.

During the third quarter of fiscal 2010/2011, a number of key accounting areas where IFRS differs from current accounting policies and accounting alternatives in those and other key accounting areas have been identified and reviewed. The Company performed a detailed assessment of the financial statement impact areas during transition to IFRS. The transition matters relating to financial accounting policy decisions are as follows:

- Optional exemptions
- Stock based compensation
- Asset retirement obligations
- Taxation
- Foreign currency translation
- Exploration and evaluation assets
- Property, plant and equipment

The Company is currently in the process of quantifying the impact of any identified GAAP differences and expects to complete this process by the end of the fourth quarter of 2010/2011. This process will coincide with the determination of IFRS transition adjustments in order to construct a set of fully compliant IFRS financial statements as well as assessing the disclosure requirements of IFRS on the Company's financial statements.

Other impacts of adopting IFRS

As part of the analysis of transition differences, the Company is assessing the related impact to internal control over financial reporting, as well as disclosure controls and procedures. Although no significant changes are expected, management will continue to monitor this area and update the control environment if needed. The Company believes that the accounting systems and related information technology environment can accommodate any necessary changes as a result of the transition.

The Board of Directors and Audit Committee have been regularly updated on the progress of the IFRS conversion plan. This has included an evaluation of the significant decisions and key aspects of the project to date.

13. FORWARD LOOKING STATEMENTS

Certain information contained in this Management Discussion and Analysis constitutes "forward- looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and forward looking information under applicable Canadian Securities Legislation. Such forward-looking statements or information, included but not limited to those with respect to prices for gold, estimated future production, estimated costs of production, the Company's hedging policy involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements or information. Important factors that could cause actual results to differ materially from those in the forward looking statements contained herein include among others, gold price, weather, exploration results, development and mining activities, geotechnical assumptions, environmental approvals and the availability of technical personnel.