



**Management Discussion & Analysis
for the period ended November 30, 2010**

Prepared as at: January 11, 2011

Management's discussion and analysis ("MD&A") provides a discussion of the Company's financial and operating results for the quarter and the six month period ended November 30, 2010 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 six month periods ended November 30, 2010. 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 January 11, 2010.

1. HIGHLIGHTS

Financial and operational highlights for the quarter ended November 30, 2010 include:

- During the quarter 373,135 tonnes of ore (Q2 09/10 – 362,416) were processed at an average grade of 1.12 g/t (Q2 09/10 – 1.25 g/t) to produce 12,576 ounces of gold (Q2 09/10 – 13,580 ounces) with a 93.3% recovery (Q2 09/10 – 93.6%). Production for the quarter at 12,576 ounces of gold was in the middle of the target band for the quarter (12,000 to 13,000 oz).
- Cash costs per ounce of gold for the quarter were \$ 790. It shows a reduction compared to \$ 871 in the same quarter last year. The reduction in costs is a consequence of mining from pits closer to the plant, the restructuring and cost reduction undertaken since 2009, including better rates negotiated with mining contractors and rebuild of major components in-house.
- The realized gold price was \$ 1,332 per ounce for the quarter compared to \$ 1,065 per ounce for the same quarter last year.
- The after-tax profit for the quarter is \$ 2,682 compared to a profit of \$ 676 same quarter in the prior year. Higher gold prices, lower costs and depreciation explain the improvement.
- Cash flow generated by operations before working capital was \$ 5,100 for the quarter (Q2 09/10, \$ 1,760). The Company invested \$ 1,592 in capital and \$ 1,862 in exploration for the quarter compared to \$ 1,489 and \$ 1,694 respectively in the second quarter of the previous year.
- OMI's cash position at the end of the quarter increased to \$ 13,939, with net working capital (current assets less current liabilities including cash) of \$ 22,838.

2. OUTLOOK AND STRATEGY

- Production for the quarter at 12,576 ounces of gold was in the middle of the target band for the quarter (12,000 to 13,000 oz). Production for the previous quarter at 12,937 ounces of gold was in the upper end of the target band for the quarter. The Company reiterates its forecast production for the 2011 financial year at 55,000 ounces of gold, which means a production of 29,487 ounces of gold in the second half compared to 25,513 ounces of gold in the first. 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. In the second half of the year, pits with higher head grade (Zapucay and Veta Sur) are expected to produce above the average to reach the estimated 55,000 oz for the year.

- Despite the fact that Q2 cash costs at \$ 790 were better than forecasted, the Company reiterates the target cash cost per ounce of approximately \$ 825 for the year as the Uruguayan Government is considering an increase in royalties to be applied from January 2011.
- 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 are about to start development as explained below in section 3 of this MDA, the Company extended the mine life of the Uruguayan assets to six years.

3. SUBSEQUENT EVENTS

3.1 Drill Results at the Vaca Muerta Project, in Uruguay

On December 2nd, the Company announced continued positive drill results from follow up drilling at the Vaca Muerta:

- Best gold intercepts from the follow-up drilling at Vaca Muerta include 24 meters at 1.65g/t from 26 meters in hole VMRC024, 19 meters at 1.78g/t from 6m in hole VMRC025, 15 meters at 3.38g/t from 50 meters in hole VMRC026, 10m at 1.65g/t from 56m and 12m at 1.96g/t from 69m respectively in hole VMRC027 and 12m at 1.42g/t from 32m in hole VMRC034.
- The follow-up drilling in October and November has provided additional information on the dip and width of the mineralized zone, expanded the strike length of significant gold mineralization to 425 meters, and extended down dip continuation to 120m vertical from surface. Mineralization continues to be open down dip and along strike to the NW.

3.2 Award of Arenal Deeps development contract to Redpath

On December, 21, the company announced the approval of the Arenal Deeps project by its Board of Directors and the execution of a Letter of Intent with Redpath for the mining development contract. A definitive agreement is expected to be signed early in 2011 with targeted commencement of development in February 2011, following equipment delivery and final environmental permitting.

The contract will involve the development of approximately 2 km of decline, 8 km of lateral development and stope preparation and is expected to be completed in approximately 30 months.

4. OVERVIEW OF FINANCIAL RESULTS

4.1 Profit (loss) after taxes

The Company has increased profitability significantly compared to last year. Contribution margin from mining operations increased from \$ 2,456 to \$ 6,687 and from \$3,093 to \$ 13,016 in the three and six month period ended 30th November 2009 and 2010 respectively. This improvement is due to higher average gold prices and significant operating cost reductions, while the Company has been able to maintain its gold production.

Amortization decreased on a quarter to quarter and six month period comparison from \$ 3,044 to \$ 2,135 and \$ 5,637 to \$ 3,615 as a result of the lower capitalized development associated to the pits mined during this year.

Table 1 - Profit (loss) after taxes

	Ref.	Q 2 10/11	Q2 09/10	YTD 10/11	YTD 09/10
		\$000's	\$000's	\$000's	\$000's
Revenue	4.2	16,584	14,811	34,797	27,309
Operating expenses	4.3	(9,897)	(12,355)	(21,781)	(24,216)
Contribution Margin		6,687	2,456	13,016	3,093
Amortization	4.5	(2,135)	(3,044)	(3,615)	(5,637)
Operating loss		4,552	(588)	9,401	(2,544)
Derivatives gain (loss)	5.6	0	0	(212)	464
Exploration expenses	5.4	0	(371)	(317)	(371)
Corporate expenses and other gains (expenses)	4.6	(1,472)	55	(1,749)	(619)
Profit (loss) before taxes		3,080	(904)	7,123	(3,070)
Income tax recovery (provision)	4.7	(398)	1,580	(931)	1,588
Profit (loss) after taxes		2,682	676	6,192	(1,482)

Corporate expenses and other gains include, during the second quarter of the previous year, a gain of \$ 1,335 related to the sale of the Montevideo's headquarter offices and of some surplus mobile equipment. .

Provision for income taxes increased due to the higher profit. As a result of all the above, the Company made a profit of \$ 6,192 in the first half of 2010/11 compared to a loss of \$ (1,482) last year.

4.2 Operating revenues

Revenues include gold and silver sales. During the previous year, the revenues also included export costs refunds granted by the Government of Uruguay that were cancelled on October 2009. Table 2 shows a breakdown of operating revenues.

Total sales of gold for the quarter were \$ 15,783 from 11,853 ounces of gold sold at an average price of \$ 1,332 per ounce. This compares to \$ 14,564 for the second quarter of the previous year with 13,678 ounces of gold sold at an average price of \$ 1,065 per ounce. While the amount of ounces sold decreased, the increase in gold price more than offset it ending with a overall increase in gold revenues.

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Table 2 - Sales composition

For the six month period ended November 30th, 2010 total gold sales were \$ 33,688 from 26,575 ounces of gold at an average price of \$ 1,268 per ounce compared to \$ 26,592 from 26,866 ounces of gold at an average price of \$ 990 per ounce for the corresponding period of the previous year. On a year to date basis, the increase in gold price and in sales resulted in higher revenues overall for the first half of the year.

Silver sales have also contributed to higher revenues for the three and six month period ended November 30th 2010 when compared to same periods of the previous year, as a result of higher silver production and higher silver prices.

4.3 Production statistics

Key production statistics are shown in Table 3 below. During the quarter, 2,273 thousand tonnes were mined (Q2 09/10 – 2,931 thousand tonnes), including 2,027 thousand tonnes of waste (Q2 09/10 – 2,455 thousand tonnes) and 246 thousand tonnes of ore (Q2 09/10 – 476 thousand tonnes) with an average grade of 1.37 g/t (Q2 09/10 – 1.08 g/t), to provide a final strip ratio of 8.2 tonnes of waste to one tonne of ore (Q2 09/10 – 5.2).

On a year-to-date basis, an amount of 4,194 thousand tonnes were mined (YTD 09/10 – 6,175 thousand tonnes) including 3,825 thousand tonnes of waste (YTD 09/10 – 5,302 thousand tonnes) and 369 thousand tonnes of ore (YTD 09/10 – 873 thousand tonnes) with an average grade of 1.60 g/t (YTD 09/10 – 1.04 g/t), to provide a final strip ratio of 10.4 tonnes of waste to one tonne of ore (YTD 09/10 – 6.1).

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

Q2 – 10/11	\$000's	Oz	\$ per oz
Gold	15,783	11,853	1,332
Silver	801	33,519	24
Export refund	0		
Total Sales	16,584		

Q 2 – 09/10	\$000's		
Gold	14,564	13,678	1,065
Silver	219	12,735	17
Export refund	28		
Total Sales	14,811		

Year to date – 10/11			
Gold	33,688	26,575	1,268
Silver	1,109	48,783	23
Export refund	0		
Total Sales	34,797		

Year to date – 09/10			
Gold	26,592	26,866	990
Silver	423	27,274	16
Export refund	294		
Total Sales	27,309		

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During the quarter 373,135 tonnes of ore (Q2 09/10 – 362,416) were directed to the plant at an average grade of 1.12 g/t (Q2 09/10 – 1.25 g/t) to produce 12,576 ounces of gold (Q2 09/10 – 13,580 ounces) with a 93.3% recovery (Q2 09/10 – 93.6%). On a year to date basis 742,310 tonnes of ore (YTD 09/10 – 746,611) were directed to the plant at an average grade of 1.15 g/t (Q2 09/10 – 1.20 g/t) to produce 25,513 ounces of gold (Q2 09/10 – 26,753 ounces) with a 93.3% recovery (Q2 09/10 – 93.6%). A lower head grade processed resulted in the gold production reduction. Table 4 summarizes quarterly gold production statistics.

Table 3 – Key production statistics		Q2 10/11	Q2 09/10	YTD 10/11	YTD 09/10
Waste	tons (000's)	2,027	2,455	3,825	5,302
Ore	tons (000's)	246	476	369	873
Total mined	tons (000's)	2,273	2,931	4,194	6,175
Grade mined	Grams / tons Au	1.37	1.08	1.60	1.04
Strip ratio	Waste / Ore	8.2	5.2	10.4	6.1
Ore processed	tons (000's)	373	362	742	747
Grade processed	tons (000's)	1.12	1.25	1.15	1.20
Recovery	%	93.3	93.6	92.9	93.2
Gold produced	Ounces	12,576	13,580	25,513	26,753

Table 4 - Production statistics	Q3 Feb-09	Q4 May-09	Q1 Aug-09	Q2 Nov-09	Q3 Feb-10	Q4 May-10	Q1 Aug-10	Q2 Nov-10
Ore processed (tonnes)	332,704	389,341	384,195	362,416	389,139	395,726	369,175	373,135
Grade processed (g/t Au)	1.96	1.58	1.15	1.25	1.09	1.39	1.18	1.12
Recovery (%)	92.5	92.8	92.9	93.6	93.5	93.6	92.6	93.3
Gold produced (ounces)	19,371	18,500	13,173	13,580	12,742	16,555	12,937	12,576

Production for the quarter at 12,576 ounces of gold was in the middle of the target band for the quarter (12,000 to 13,000 oz). Production for the previous quarter at 12,937 ounces of gold was also in the upper end of the target band for the quarter. The Company reiterates its forecast production for the 2011 financial year at 55,000 ounces of gold, which means a production of 29,487 ounces of gold in the second half compared to 25,513 ounces of gold in the first. 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.

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4.4 Operating expenses

Total operating costs were \$ 9,897 for the quarter equivalent to cash cost per ounce of \$ 790, compared to \$ 12,355 and \$ 871 per ounce for the corresponding quarter of the previous year. For the six month period ended November 30, 2010, total operating costs were \$ 21,781 equivalent to cash cost per ounce of \$ 815 compared to \$ 24,216 or cash cost per ounce of \$ 876 for the corresponding period of previous year. Table 5 reconciles operating costs to cash cost per ounce.

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

	Q2 10/11 \$000's	Q2 09/10 \$000's	YTD 10/11 \$000's	YTD 09/10 \$000's
Operating expenses	9,897	12,355	21,781	24,216
Movement in non ore inventories	758	(305)	(46)	3
Export refund and silver credits.	(801)	(248)	(1,109)	(718)
Other adjustments	82	29	163	(78)
Total cash costs basis	9,936	11,831	20,789	23,423
Gold production in ounces	12,576	13,580	25,513	26,753
Total cash costs per ounce	790	871	815	876

Cash cost in a non – GAAP measure which is explained in section 10 of this MD&A document.

The reduction in costs is a consequence of mining from pits closer to the plant and with lower unit cost per ton, the restructuring and cost reduction undertaken during 2009, including better rates negotiated with mining and transport contractors and the improvement of

maintenance and major components repairs performed in-house instead of being serviced from suppliers in the USA.

4.5 Amortization

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 - Amortization composition

	Q 2 10/11 \$000's	Q2 09/10 \$000's	YTD 10/11 \$000's	YTD 09/10 \$000's
Fixed Assets	1,521	1,148	2,736	2,430
Mine properties	614	1,896	879	3,207
Total depreciation	2,135	3,044	3,615	5,637

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 \$ 2,135 for the current quarter compared to \$ 3,044 in the corresponding quarter of the prior year. For the six month period ended November 2010, amortization expense was \$ 3,615 compared to \$ 5,637. Mine properties amortization decreased as a result of the lower capitalized development associated to the pits mined during this year. Fixed assets amortization increased mainly as a result of major spare parts depreciation.

4.6 Corporate expenses 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

	Q2 10/11	Q2 09/10	YTD 10/11	YTD 09/10
	\$000's	\$000's	\$000's	\$000's
Corporate overheads	978	765	1,651	1,439
Capital tax	97	99	162	169
Stock based compensation	362	210	421	304
Foreign exchange loss (gain)	109	(6)	(151)	11
Net interest loss (gain)	57	76	72	147
Assets sales and other gains	(131)	(1,199)	(406)	(1,451)
Total loss (gain)	1,472	(55)	1,749	619

Corporate expenses and other gains and expenses for the quarter resulted in an expense of \$ 1,472 compared to a gain of \$ 55 for last year corresponding quarter. For the six month period ended November 2010, a total expense of \$ 1,749 compared to a total expense of \$ 619 for the corresponding period in previous year.

While during the quarter and the six month period ended November 30, 2009, the Company completed the sale of Montevideo's headquarter offices and some surplus old mobile equipment with a gain of \$ 1,335, there were no assets sales during the quarter and six month period ended November 30, 2010.

4.7 Taxes

Table 8 shows a breakdown of income tax between current and deferred. Income tax for the quarter ended November 30th 2010 resulted in a net provision for \$ 398 compared to a net \$ 1,580 recovery for the same quarter of the previous year. For the six month period ended November 30, 2101 the Company booked a net provision of \$ 931 compared to a net recovery of \$ 1,588 for the same period of the previous year.

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

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On deferred tax, current stockpile and other production inventories, property, plant and equipment, mine properties and exploration expenditure generate future income tax deductions nominated in Uruguayan pesos. The depreciation reversal and inventories consumption explains the deferred income tax provision, partially offset by the

increase in future tax deductions as a result of the appreciation of the Uruguayan peso against the US dollar.

Table 8 - Current and deferred income tax

	Q2 10/11	Q2 09/10	YTD 10/11	YTD 09/10
	\$000's	\$000's	\$000's	\$000's
Loss before taxes	3,080	(904)	7,123	(3,070)
Current income tax recovery (provision)	(548)	215	(665)	215
Future income tax recovery (provision)	150	1,365	(266)	1,373
Gain (loss) after taxes	2,682	676	6,192	(1,482)

5. LIQUIDITY AND FINANCIAL POSITION

5.1 Cash

Table 9 shows the main cash movements.

Cash increased by \$ 3,193 and \$ 5,248 for the quarter and six month period ended 30th November 2010 (\$ 1,233 and \$ (105) for the same periods of the previous year) to a final balance of \$ 13,939 at the end of November 2010 (\$ 9,391 at November 2009).

Cash flow from operations includes the result from the San Gregorio operation less the cost of general and administrative expenses, interest and income taxes.

Table 9 - Cash increase (decrease)

	Reference	Q2 10/11	Q2 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		5,100	1,760	10,510	1,790
Working capital investment (realization)	5.2	1,426	365	1,323	2,994
Exploration investment	5.3	(1,862)	(1,694)	(4,117)	(3,374)
Capital expenditure net of assets sales	5.3	(1,592)	811	(2,586)	(1,485)
Funding	5.4	121	(9)	118	(30)
Cash increase (decrease)		3,193	1,233	5,248	(105)
Cash at beginning of the period		10,746	8,158	8,691	9,496
Cash at the end of the period		13,939	9,391	13,939	9,391

During the quarter ended 30th November, 2010, the Company generated \$ 5,100 from its mining operations compared to \$ 1,760 for the corresponding quarter of the previous year. On a year to date basis, the Company generated \$ 10,510 cash from its mining operations compared to \$ 1,790 in the corresponding period of the previous year. While the

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Company is keeping sales and production volumes, the increase in gold price together with the operating costs reduction are increasing the cash generated by operations.

The quarter and six month period ended 30th November 2009 included a cash inflow of \$ 2,000 related to the sale of Montevideo's headquarter offices during November 2009, while there are no significant asset sales during this year.

5.2 Working capital items

As shown in Table 10, during the quarter and six month period ended November 30, 2010, \$ 1,426 and \$ 1,323 respectively of working capital was released compared to a working capital release of \$ 365 and \$ 2,994 respectively for the corresponding periods of the previous year.

The Company continues its effort to reduce working capital investment. Table 10 shows of the movements in working capital. The Company continues to reduce its level of warehouse inventories. Ore from stockpiles is being also reduced.

During the current ended November 30th 2010 the Company agreed with the Uruguay Government on the parameters to apply in the calculation for the mining royalty corresponding to calendar year 2009 and cancel its obligation.

Table 10 - Working capital movements

	Q2 10/11	Q2 09/10	YTD 10/11	YTD 09/10
	\$000's	\$000's	\$000's	\$000's
Cash flow from operations before working capital investment	5,100	1,760	10,510	1,790
Warehouse inventories	316	(468)	947	(51)
Stockpile	(61)	25	968	1,321
Finished and in process inventories	(757)	304	46	(3)
Supplier's net of prepayments	1,379	1,375	(1,716)	2,985
Tax credits and other debt	549	(871)	1,078	(1,258)
Total working capital movements	1,426	365	1,323	2,994
Cash flow from (used) in operations after working capital investment	6,526	2,125	11,833	4,784

5.3 Capital Expenditure

Capital expenditure on property, plant and equipment and mineral properties for the quarter was \$ 1,592 compared to \$ 1,489 for the corresponding quarter of the prior year, and \$ 2,586 for the half compared to \$ 4,049 in the corresponding half of the prior financial year.

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The main investments for the six month period ended 30th November 2010 were Arenal Deeps underground operation development, replacement of major components for mobile equipment for \$ 485 and tailings dam internal dykes work. There were no asset sales this year while last year includes the sale of Montevideo's headquarter offices (\$2,300).

Exploration expenditure for the quarter was \$ 1,862 compared to \$ 1,694 for the corresponding quarter of the prior year, and \$ 4,117 for the half compared to \$ 3,374 in the corresponding half of the prior financial year. Table 11 summarizes expenditure on exploration by main areas during the first half of the year. Work performed in Uruguay focused on drilling in Vaca Muerta and resource definition for Santa Teresa, Zapucay, Argentinita, Knob hill and Picaflor. Chilean expenditure focused on exploration on Anillo and Incahuasi properties and on development work for Pantanillo.

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	2,032	150	1,935	4,117
Write off	0	0	0	0
Transfer to mine properties	(1,117)	0	0	(1,117)
Balance November 2010	3,022	9,917	14,911	27,850

5.4 Funding

During the quarter, 1,830,000 stock options were granted at an exercise price of CAD\$ 0.75 per share (Q2 09/10 – 791,000 stock options at CAD\$ 0.61), while on a year to date basis a total of 1,955,000 stock options were granted at an average exercise price of CAD\$ 0.73 (YTD 09/10 – 791,000 stock options at CAD\$ 0.61).

During the quarter and half year of the previous financial year no employee stock options were exercised. During the quarter ended 30th November 2010, 317,631 stock options were exercised at a weighted average price of CAD\$ 0.55 providing funds for \$ 127 following the appreciation of the Company's share price.

As at November 30, 2010 the Company has 3,952,885 outstanding stock options (May 31, 2010 – 2,749,850) at a weighted average exercise price of CAD\$ 1.39 (May 31, 2010 – C2.04), of which 2,480,706 (May 31, 2010 – 1,882,517) were vested at a weighted average exercise price of CAD\$ 1.79 (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.

5.5 Financial instruments

The Company does not enter into financial instruments for trading or speculative purposes.

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	25	19	6	-	-
Asset Retirement Obligations	2,823	182	1,153	674	814
Total	2,848	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.

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6. QUARTERLY RESULTS

	Qtr 3 Feb 2009	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
Gold sold (ounces)	20,002	19,353	13,188	13,678	11,662	16,376	14,722	11,853
Average sales price (\$/oz)	822	841	912	1,065	1,110	1,157	1,216	1,332
Cash operating cost (\$/oz)	547	702	880	871	984	629	839	790
Operating revenues	17,125	16,871	12,498	14,811	13,152	19,152	18,213	16,584
Operating expenses	(11,071)	(13,129)	(11,861)	(12,355)	(12,173)	(10,560)	(11,884)	(9,897)
Contribution Margin	6,054	3,742	637	2,456	979	8,592	6,329	6,687
Administration expenses	(860)	(745)	(838)	(1,074)	(1,003)	(1,085)	(797)	(1,437)
Amortization and depletion	(4,600)	(6,355)	(2,593)	(3,044)	(2,228)	(1,697)	(1,480)	(2,135)
Derivatives gain (loss)	(901)	1,232	464	0	0	(109)	(212)	0
Exploration expenses written off and exploration expenses	(775)	(1,919)	0	(371)	(11)	(232)	(317)	0
Net interest and accretion of retirement obligation	(80)	(25)	(71)	(76)	(43)	(59)	(15)	(57)
Foreign exchange gain (loss)	13	11	(17)	6	(73)	(32)	260	(109)
Other income (expenses)	32	68	252	1,199	33	136	275	131
Income Tax	19	1,495	8	1,580	(574)	289	(533)	(398)
Net income (loss) for the period	(1,098)	(2,496)	(2,158)	676	(2,920)	5,803	3,510	2,682
Basic earnings per share	(0.02)	(0.05)	(0.08)	0.014	(0.05)	0.09	0.05	0.04
Cash flow from (used in) operations	4,091	3,760	2,659	2,125	1,108	5,783	5,307	6,526
Cash from (used for) financing	(46)	(35)	(21)	(9)	4	76	(3)	121
Cash invested	(2,433)	(2,280)	(3,976)	(883)	(3,383)	(4,285)	(3,249)	(3,454)
Cash on hand	8,051	9,496	8,158	9,391	7,150	8,691	10,746	13,939
Total Assets	70,742	63,516	62,665	65,044	70,857	78,331	78,764	82,985
Shareholders Equity	54,936	52,549	50,485	51,371	56,176	62,060	65,629	68,800

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. The discounted value of these asset retirement obligations was as at August 31, 2010 \$ 2,977 and is included in the mine closure and site restoration liability. 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.

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

(Thousands of United States Dollars, except where indicated)

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 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. Cash cost per ounce are determined according to the Gold Institute Standard and consist of site costs for

(Thousands of United States Dollars, except where indicated)

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 costs are total cash costs divided by gold ounces produced.

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 Canada's own GAAP, will be effective for interim and annual financial statements of the Company relating to fiscal years beginning on or after June 1, 2012. 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.

In 2010, the Company has completed an IFRS diagnostic study assessing the main areas expected to be impacted through the transition to IFRS on the Company's accounting policies and establishing a project plan to implement IFRS. 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. Following this, over the second half of financial 2010/2011, the Company will evaluate the alternatives and analyze the impact upon the implementation of IFRS, calculate the IFRS transition adjustments that impact the financial statements as well as assessing the disclosure requirements of IFRS on the Company's financial statements.

The IFRS diagnostic study identifies key system, staffing, and business process areas that will be addressed as part of the conversion project. These include: the development of an accounting policy manual that defines the Company's IFRS accounting policies, identification of the significant financial data required from the Company's financial systems in order to define the transition adjustments and produce IFRS financial statements on an on-going basis, possible system modifications as well as change analysis and maintenance of effective disclosure controls and controls over financial reporting throughout the IFRS transition period.

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.