

## Orosur Mining Inc. Announces Results of the Preliminary Economic Assessment on Pantanillo Norte project in Chile

SANTIAGO, Chile January 12, 2012. **Orosur Mining Inc.** (“OMI” or “the Company”) (TSX VENTURE: OMI) (LSE: OMI), a South American-focused gold producer and explorer announces the results of the Preliminary Economic Assessment ('PEA') on its wholly owned Pantanillo Norte project in Chile. The study was completed by AMEC E&C Services Inc. ('AMEC') and compliant with NI 43-101 regulations.

### *Highlights of the PEA*

#### Summary of Financial Parameters

	Unit	LOM
<b>Gold Contained</b>	<b>oz '000</b>	<b>686</b>
<b>Gold Recovered</b>	<b>oz '000</b>	<b>484</b>
<b>Total Cash Cost</b>	<b>US\$/oz</b>	<b>581</b>
<b>Net Present Value @ 8%</b>	<b>US\$ million</b>	<b>32.2</b>
<b>Internal Rate of Return</b>	<b>%</b>	<b>17</b>
<b>Average Annual Gold Production</b>	<b>Ounces '000</b>	<b>97</b>

Financial parameter	Unit	Discount Rate Sensitivity		
		0%	5%	8%
<b>NPV</b>	US\$ million	96.8	52.2	32.2
<b>IRR</b>	%	17	17	17
<b>Payback time</b>	Month	34	40	45

The financial results indicated a five-year mine life, with Net Present Value of US\$32 million (before tax) and IRR of 17per cent. The gold price assumption for the PEA was constant at US\$ 1,200/oz. No other metals were considered payable.

David Fowler, Chief Executive Officer commented:

“We are pleased to announce a preliminary economic assessment for the Pantanillo project in Chile which has been independently prepared by AMEC. This PEA is based on the existing resource at Pantanillo Norte and demonstrates Pantanillo development potential. We believe that further exploration has the potential to significantly enhance the project and a number of initiatives will be pursued through development in an effort to reduce capital expenditure further.”

#### PEA Background

OMI has requested AMEC to prepare an updated NI 43-101 Technical Report on the wholly-owned Pantanillo Norte Au Project, located in the III Region, Northern Chile.

The Technical Report discloses a Mineral Resource estimate for the Project, which supported a Preliminary Economic Assessment. The life of Mine plan (“LOM”) was based on the resources disclosed effective as of July 9, 2010, at a commodity price of US\$ 1,035/oz gold.

The PEA envisages a 7 Mt per annum heap leaching operation processing only the oxide, leached and mixed materials to a total of approximately 686 thousand oz gold in situ.

### **Mineral Resource Statement**

Mineral Resources take into account geologic, mining, processing and economic constraints, and have been confined within appropriate pit shells based on Lerchs-Grossman Algorithm (LG), and therefore are classified in accordance with the 2010 CIM Definition Standards for Mineral Resources and Mineral Reserves.

Mineral Resources are reported at a commodity price of US\$1,035/oz gold, and have an effective date of 9 July 2010. Table 1 summarises these resources and table 2 details the parameters used to establish the open pit resource shell.

**Table 1: Mineral Resources by Mineralization Domains as of July 9, 2010**

Mineralization Type	Cutoff		Measured		Indicated		Measured + Indicated			Inferred			
	Au	Tonnage	Au	Au Metal	Tonnage	Au	Au Metal	Tonnage	Au	Au Metal	Tonnage	Au	Au Metal
	(g/t)	(kt)	(g/t)	(koz)	(kt)	(g/t)	(oz)	(kt)	(g/t)	(koz)	(kt)	(g/t)	(koz)
Oxide	0.3	19,806	0.72	456	1,752	0.55	31	21,558	0.70	488	124	0.39	2
Mixed	0.3	16,011	0.7	361	8,336	0.65	174	24,348	0.68	535	180	0.62	4
Sulphide	0.5	748	0.72	17	440	0.68	10	1,187	0.70	27	0	0.00	0
<i>Total</i>		36,565	0.71	835	10,528	0.63	215	47,093	0.69	1,050	304	0.53	6

Notes to accompany Mineral Resource Table

1. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
2. Mineral resources are reported within a Lerchs-Grossman (LG)-optimized pit shell using Whittle® software with a gold price of 1,035 US\$/oz; mining cost of 1.65 US\$/t; processing cost of 4.00 US\$/t; general and administration cost of 1.00 US\$/t and recoveries of 75.0% for leached and oxide material types, 65.0% for mixed material, and 50.0% for sulphide material
3. Copper and arsenic average grades above cut-off are respectively: 0.025% and 144 ppm for Measured plus Indicated and 0.019% and 124 ppm for Inferred
4. Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content
5. Tonnage and grade measurements are in metric units. Contained gold ounces are reported as troy ounces.

**Table 2: Optimization Parameters for Open-Pit Resource Shell**

Parameter	Value
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Slope Angle (°)	45
Mining Cost (US\$/t)	1.65
Processing Cost (US\$/t) 1	4.0
General and administration cost (US\$/t)	1.0
Au recoveries for Leached and Oxide (%)	75
Au recoveries for Mixed (%)	65
Au recoveries for Sulphide (%)	50
Gold Price (US\$/oz)	1,035

Note: Processing cost is based on heap leach recovery method only

### ***Mining***

Mine planning was constrained within the limits of an optimized open-pit shell. Table 3 shows the parameters set up in Whittle to generate this ultimate pit.

The value of the blocks was calculated assuming the mineralization will be treated to recover the gold by heap leaching.

The metal prices used for the pit optimization are based on AMEC's internal guideline on industry consensus of long term prices provided by the Financial Services Group.

***Table 3: Ultimate Pit Input Parameters***

<b>Parameters</b>	<b>Unit</b>	<b>Value</b>
Metal Price-Au	US\$/oz	1,000
Mining Cost	US\$/t	1.40
Processing Cost	US\$/t feed	3.23
Overall G&A Cost	US\$/t feed	1.52
Au Recovery- Oxide	%	75.00
Au Recovery- Mixed	%	57.00
Selling Cost-Au	US\$/oz	1.00
Whittle Pit Slope (Overall Pit Slope, based on inter-ramp angle of 45°)	Degrees	39.0

The marginal cut-off grades and the parameters considered for the different material types are shown Table 4.

*Table 4: Material Type Cut-Off Grades*

Marginal Cu-Off Grades			
Parameters	Unit	Material Type	
		Oxide	Mixed
Au Price	US\$/oz	1,000	1,000
Au Refining Cost	US\$/oz	11.00	11.00
Processing Cost	US\$/t	3.23	3.23
G&A Cost	US\$/t	1.52	1.52
Au Recovery	%	75.00	57.00
Au Cut-off Grade	g/t	0.20	0.26

The proposed mine production schedule was prepared on an annual basis. Table 5 shows the proposed production plans. AMEC cautions that the mine production forecast is preliminary in nature. Dates discussed are for illustrative purposes only, as a decision to proceed with mine construction still requires additional studies, regulatory approval, and approval by the management of OMI.

*Table 5: Proposed Mine Production Plan*

Period	Oxide Material Mined (Tonnes and Au Grades)						Leached Material Mined (Tonnes and Au Grades)					
	Measured		Indicated		Inferred		Measured		Indicated		Inferred	
	kt	g/t	kt	g/t	kt	g/t	kt	g/t	kt	g/t	kt	g/t
1	974	0.64	144	0.50			4,425	0.59	749	0.47	9	0.35
2	5,495	0.64	306	0.51	2	0.37	960	0.56	110	0.32	14	0.35
3	5,660	0.75	105	0.49	10	0.32	112	0.40	6	0.25	17	0.28
4	2,994	0.61	241	0.43	5	0.27	66	0.34	7	0.36		
5	1,698	0.61	245	0.47	1	0.25	378	0.36	169	0.41		
Total	16,822	0.67	1,040	0.48	18	0.31	5,940	0.57	1,041	0.44	40	0.32

Period	Mixed Material Mined (Tonnes and Au Grades)						Waste	Total Rock
	Measured		Indicated		Inferred			
	kt	g/t	kt	g/t	kt	g/t		
1							13,706	20,006
2	101	0.47	12	0.47			13,061	20,061
3	878	0.63	213	0.72			13,014	20,014
4	2,981	0.68	688	0.59	18	0.37	13,077	20,077
5	2,881	0.75	695	0.75			5,913	11,980
Total	6,841	0.70	1,607	0.67	18	0.37	58,772	92,139

Once the pit optimization was completed, AMEC designed four preliminary phases and scheduled production.

AMEC applied horizontal and vertical dilution of 0.5 m and 1.8 m, respectively, to the block model to account for mining dilution and material loss.

The average stripping ratio over the mine life is relatively low at 1.57.

### ***Process Plant***

AMEC proposed a preliminary process plant similar to other gold plants in Latin America.

The crushing plant capacity is 19,886 tpd, maintaining the product size at P80 = 25 mm. The material is then processed by heap leaching with cyanide solution and carbon-in-column recovery of gold.

The run-of-mine material will be placed on a stockpile at the primary crusher. From there, it will be processed in the following steps:

- Primary crushing
- Transport by conveyor to secondary crushing
- Transport by conveyor to the ore load out bin and reagent addition (lime)
- Transport and heap loading with trucks
- Heap cyanide leaching/solution recovery
- ADR/EW plant.

The primary crushing plant is located near the pit to reduce the trucking distance and hence reduce the mine operating costs. The crushed material is conveyed via a conveyor belt for secondary crushing. The crushed material is hauled by trucks to a new leach pad located near the pit where it is leached using a cyanide solution. The pregnant solution rich in gold (PLS) is processed in an ADR plant. The ponds and ADR plant are located near the leach pad.

The Pantanillo plant has the capacity to process up to 115,000 oz/year of gold from a total resource of 33.4 million tonnes at an average grade of 0.64 g/t of gold. The life of the project is estimated to be 5 years.

### ***Capital and Operating Costs***

The initial capital cost to construct the Pantanillo project was assessed at US\$ 178.2 million, as detailed in Table 6.

***Table 6: Initial Capital Cost Estimate***

<b>ITEM</b>	<b>Total (MUS\$)</b>
Mine fleet	34.5
Primary crushing	9.0
Fine crushing	8.5
Conveying	4.7
Leaching	13.7
ADR / Reactives	11.6
Fresh water	5.0

Truck shops	9.3
Camp / facilities	8.3
Electrical (power supply)	17.9
Roads (access)	4.6
Subtotal	127.2
Indirect Construction	27.8
Contingencies	23.2
<b>TOTAL</b>	<b>178.2</b>

The capital cost estimate for the project includes US\$ 12.9 million of sustaining capital for the process plant.

Operating costs over the projected life-of-mine are as indicated in Table 7.

**Table 7: Total Operating Costs**

<b>Operating Cost</b>	<b>Total Cost (US\$ '000)</b>	<b>Unit Cost (US\$/t feed)</b>	<b>Unit Cost (US\$/oz Au)</b>
Mining	135,894	4.07	280.8
Process	111,611	3.34	230.6
G&A	33,793	1.01	69.8
<b>Total</b>	<b>281,298</b>	<b>8.43</b>	<b>581.2</b>

### **Economic Analysis**

AMEC has estimated the project's net present value based on a discounted cash flow model. Using the mine plan as input, the model calculates annual quantities of metal production and associated revenues, and the capital, operating and other costs to sustain the production.

The metallurgical recoveries were updated and used in the pit optimization analysis. Based on the latest test works, the recoveries considered in the financial analysis are:

- Au recovery oxide material: 80.27 %
- Au recovery leached material: 80.27 %
- Au recovery mixed material: 43.05 %

An updated long-term average price of US\$ 1,200/oz for gold was used by AMEC. Based on the current data there is no other credit or saleable product.

An Anglo American royalty of 3.5% was considered in the financial analysis.

No taxes were applied since this financial model is showing results before taxes.

The closure and salvage costs considered in the project are US\$ 6 million and US\$ 20million respectively.

The financial results are shown in Table below.

A sensitivity analysis was conducted on the financial model to identify key variables with significant impact on forecasted project returns. The analysis included consideration of metal recovery, gold price, capital costs and operating costs.

Tables 8 to 13 show sensitivity results and Figure 1 presents the same results represented in a spider diagram.

The Project is most sensitive to variations in gold price, then to variations in operating costs and capital costs and least sensitive to variations in metal recovery.

**Table 8: Financial Results Variation of the discount rate**

Discount rate variation		6%	8%	10%
NPV	MUS\$	45	32	21
NPV/INV <sup>1</sup>	-	0.3	0.2	0.1
IRR	%	17%	17%	17%
Payback time	month	41	45	50

**Table 9: Financial Results Variation of Gold Price, before taxes**

Variable: Gold price		-10%	-5%	0%	5%	10%
Average Price (long term)	US\$/oz	1,080	1,140	1,200	1,260	1,320
NPV (8%)	MUS\$	-7	13	32	52	71
NPV/INV <sup>2</sup> (8%)	-	0.0	0.1	0.2	0.3	0.4
IRR	%	NA	13%	17%	20%	24%
Payback time	month	NA	56	45	38	34

**Table 10: Financial Results of the Base Case, before Taxes, With the Variation of Gold Recovery**

Variable: Gold recovery		-6%	-3%	0%	3%	6%
Average Recovery	%	66	68	70	72	74
NPV (8%)	MUS\$	9	21	32	44	55
IRR	%	12%	15%	17%	19%	21%
Payback time	month	58	51	45	41	37

**Table 11: Financial Results of the Base Case, before taxes, with the Variation of Capex**

Variable: CAPEX		-10%	-5%	0%	5%	10%
Total CAPEX	MUS\$	-172	-182	-191	-201	-210
NPV (8%)	MUS\$	49	41	32	24	16
IRR	%	21%	19%	17%	15%	13%
Payback time	month	37	41	45	50	55

**Table 12: Financial Results of the Base Case, before taxes, with the Variation of Mining Opex**

Variable: Mining OPEX	-10%	-5%	0%	5%	10%
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<sup>1</sup> INV: Total capital investment discounted

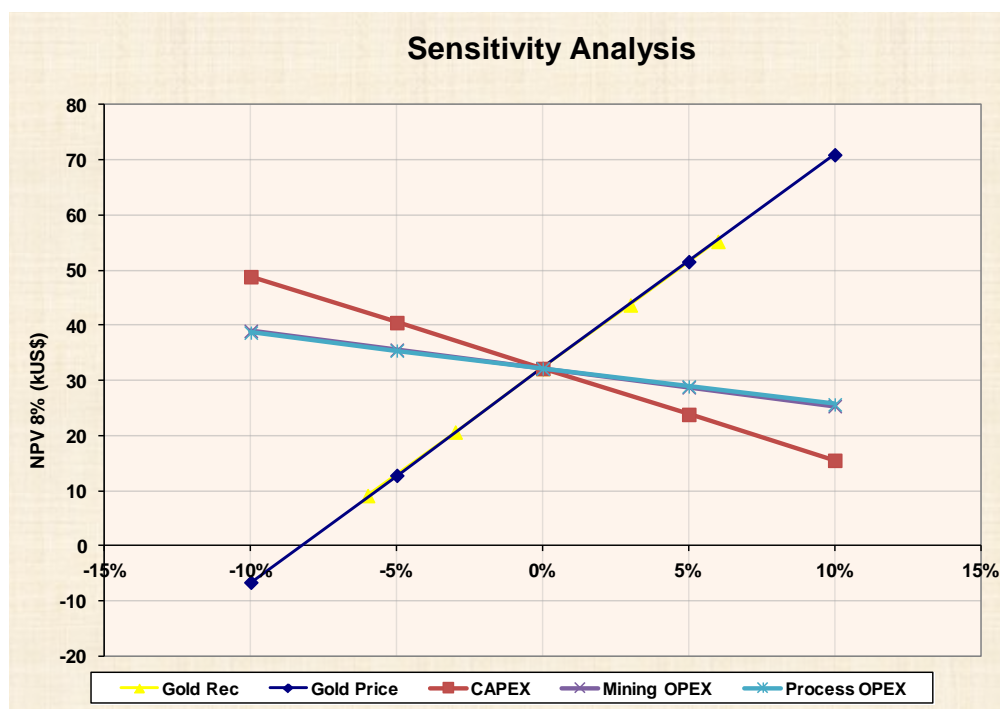
<sup>2</sup> INV: Total capital investment discounted at discount rate of 8%

<b>Mining OPEX</b>	<b>US\$/t</b>	<b>0.96</b>	<b>1.02</b>	<b>1.07</b>	<b>1.12</b>	<b>1.18</b>
NPV (8%)	MUS\$	39	36	32	29	25
IRR	%	18%	17%	17%	16%	15%
Payback time	month	43	44	45	47	49

**Table 13: Financial Results of the Base Case, before taxes, with the Variation of Processing Opex**

<b>Variable: Processing OPEX</b>		<b>-10%</b>	<b>-5%</b>	<b>0%</b>	<b>5%</b>	<b>10%</b>
<b>Processing OPEX</b>	<b>US\$/t</b>	<b>2.58</b>	<b>2.72</b>	<b>2.87</b>	<b>3.01</b>	<b>3.15</b>
NPV (8%)	MUS\$	39	35	32	29	26
IRR	%	18%	17%	17%	16%	15%
Payback time	month	43	44	45	47	48

**Figure 1: Spider Diagram**



## Water Requirements

OMI announced on November 9, 2011 that the Consortium made up by OMI and the LUMAX S.A. had received a water exploration permit from the Chilean Water authority DGA for its Pantanillo Project in Chile. This latest advancement represented a significant development in the overall permitting process for the project. The consortium has since requested a proposal from Geohidrología Consultores in Chile to conduct exploration work. During the second half of fiscal 2012 geophysics and approximately 2,000 metres of RC exploration drilling will be conducted. Exploration should be done within 2 years, followed

by an application for obtaining water exploitation rights, whose approval will be concomitant to obtaining the Environmental approvals required.

### **Environmental Permit**

Given the location of the Pantanillo project, an Environmental Impact Study ('EIS') will have to be prepared and approved by the federal and regional authorities. Base line studies are in progress to support the EIS preparation, the last base line data collection campaign is scheduled to be undertaken during this summer.

### **Community Relations**

In October 2010, an agreement was signed with the Colla Pai Ote Community native to the region where the Project is located. The Colla Community agreed to support OMI with required Government permits (DIA by that time).

### **Next Steps**

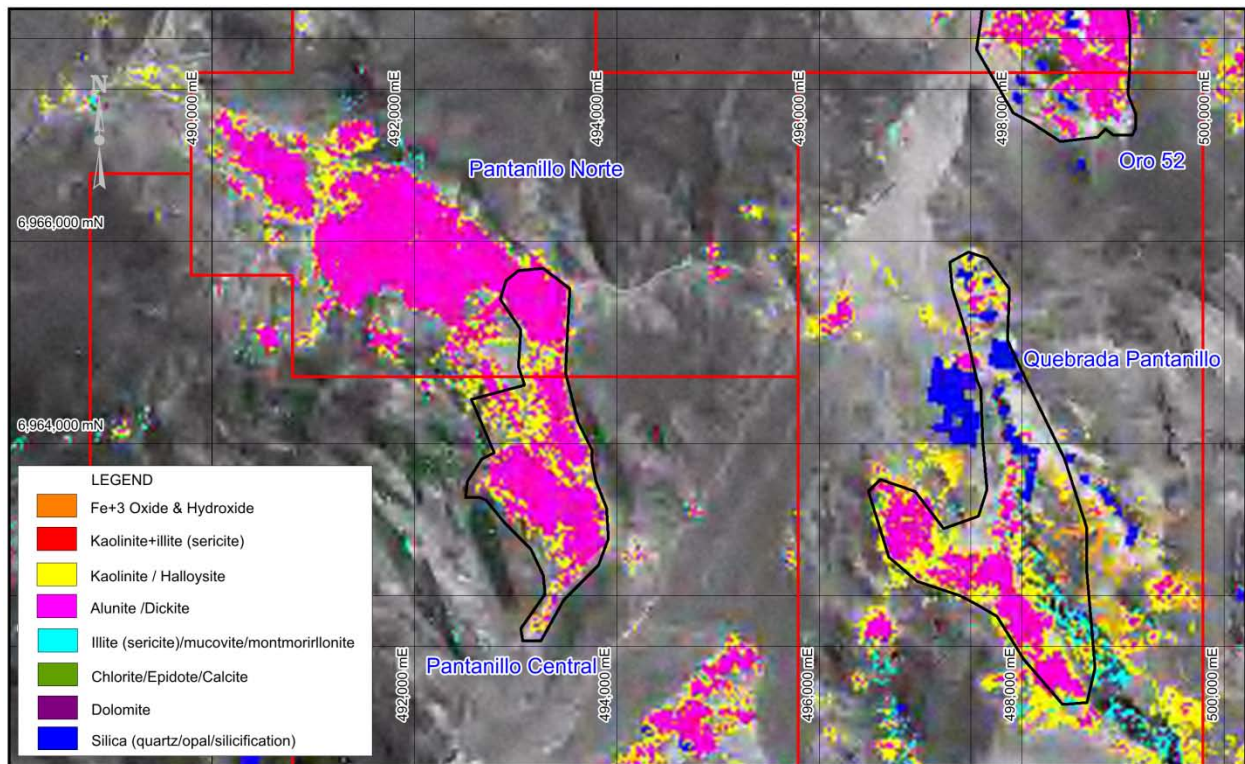
The Company is planning a new drilling campaign for this summer to target more resources that will enhance the project and is planning to deliver a more robust Pre-Feasibility Study, which expects to start in Q2 calendar 2012. The objective is for the exploration programme to run in tandem with geotechnical and metallurgical drilling planned for supporting the project development and meet the contractual obligations with Anglo-American, for OMI to drill 2,000 extra metres in Pantanillo.

Field work commenced in December 2011 to target the discovery of further satellite deposits within the Pantanillo license and around the Pantanillo Norte ore body, Pantanillo Central, Quebrada Pantanillo and Oro 52 were highlighted as main target areas for surface sampling / mapping, potentially followed by first pass RC drill campaign.

Areas were highlighted for low detection limit analysis in the surface sampling programme with up to 2,000 samples to be collected over 100 x 100 metres grid. Based on the results of surface sampling, OMI will commence a 2,000-3,000 metre RC drilling programme over a four to six week period and due to be completed by the end of February 2012.

The Aster imaging in Figure 2 shows intense hypogene alunite alteration, typically observed throughout the whole of the Maricunga belt, across Pantanillo Central, Quebrada Pantanillo and Oro 52 targets. This alteration style is typically associated with advanced argillic alteration caps potentially overlying gold bearing porphyry-type stockworks.

***Figure 2: Hypogene Alunite Alteration on the Pantanillo Property***



A number of geotechnical drill holes are aimed at checking whether the current pit slope (37 °) could be steepened up. New core samples will also be used to undertake further metallurgical tests to continue to explore the dump leach alternative, to further optimize CAPEX and OPEX of the project. The current metallurgical results indicate a top size of 25 mm could be coarser without incurring major losses in the heap leaching recovery. Finally, the plan is to undertake Bottle Rolls Variability Tests using different ore types and locations throughout the mine blocks, to better characterize the metallurgical response of the deposit.

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

The information presented in this press release has been reviewed Mr Luis Tondo, COO and is considered to be in compliance with NI 43-101 reporting guidelines. Mr Tondo holds a Master of Engineering Science Degree (from the University of Queensland, Australia, is a registered fellow of the Aus IMM and has over 23 years of international operational, metallurgy and development experience.

The Qualified Person for the mineral resource estimate on Pantanillo Norte is Dr. Armando Simon, M.AIG, R.P.Geo., Principal Geologist, AMEC Santiago and Ms Maria Angelica Gonzalez, Comisión Calificadora de Competencias en recursos y Reservas Mineras, Senior Mining Engineer/Senior Resource Modeler AMEC Santiago, Mr Marcelo Hernando, Comisión Calificadora de Competencias en recursos y Reservas Mineras, Principal Mining Engineer, AMEC Santiago and Ms Joyce Maycock, P.Eng., Project Manager, AMEC Santiago are the Qualified Person for the LOM plan development and PEA preparation. All of the people cited in this paragraph are independent of the Company as within meaning of NI 43-101.

## **Forward Looking Statements**

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

## **ENDS**

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

## **About Orosur Mining Inc.**

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

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