Orosur Mining Inc.
Condensed Interim Consolidated Financial Statements
For the three months and six months ended November 30, 2018

Notice to the reader

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

Contents

Thousands of United States Dollars, except where indicated

	Note Ref.	As at November 30, 2018 ($)	As at May 31, 2018 ($)
Assets			
Cash	3	**1,047**	1,390
Accounts receivable and other assets	5	**718**	1,550
Accounts held for sale	4	**-**	120
Inventories	6	**5,357**	6,100
Total current assets		**7,122**	9,160
Accounts receivable and other assets	5	**73**	73
Property plant and equipment and development costs	7	**3,490**	6,578
Exploration and evaluation costs	8	**9,354**	9,755
Restricted cash		**194**	201
Total non-current assets		**13,111**	16,607
Total assets		**20,233**	25,767
Liabilities and Shareholders' Equity			
Trade payables and accrued liabilities	3,5	**19,331**	17,845
Current portion of long-term debt	3,18	**1,711**	1,730
Warrants	10	**89**	68
Environmental rehabilitation provision	9	**139**	139
Total current liabilities		**21,270**	19,782
Long-term debt	3,18	**211**	211
Environmental rehabilitation provision	9	**5,236**	5,283
Total non-current liabilities		**5,447**	5,494
Total liabilities		**26,717**	25,276
Capital stock	10	**65,290**	63,290
Contributed surplus		**5,929**	5,893
Deficit		**(76,042)**	(67,780)
Currency translation reserve		**(1,661)**	(912)
Total shareholders' equity (deficit)		**(6,484)**	491
Total liabilities and shareholders' equity		**20,233**	25,767

Approved on behalf of the Board of Directors

Ignacio Salazar Chief Executive Officer *John Walmsley* Audit Committee Chair

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Orosur Mining Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Income/(Loss)
Thousands of United States Dollars, except for loss per share amounts

	Note Ref.	Three months ended November 30,		Six months ended November 30,	
		2018 ($)	2017 ($)	**2018 ($)**	2017 ($)
Sales		**-**	9,028	**4,202**	20,979
Cost of sales	20	**-**	(7,708)	**(7,119)**	(19,480)
Gross profit		**-**	1,320	**(2,917)**	1,499
Corporate and administrative expenses		**(639)**	(749)	**(1,041)**	(1,249)
Exploration expenses		**(18)**	-	**(162)**	(145)
Exploration expenses and written off		**(27)**	(17)	**(93)**	(26)
Care and maintenance expenses	3	**(613)**	-	**(613)**	-
Restructuring costs	14	**(645)**	(750)	**(3,967)**	(810)
Obsolescence provision		**(5)**	(9)	**(5)**	(45)
Other income	14	**218**	1	**299**	130
Net finance cost	19	**(28)**	(59)	**(70)**	(146)
Loss on fair value of financial instruments, net	19	**(42)**	-	**(21)**	(10)
Foreign exchange gain (loss)		**(75)**	11	**329**	263
		(1,874)	(1,572)	**(5,344)**	(2,038)
Loss before income tax		**(1,874)**	(252)	**(8,261)**	(539)
Provision for income taxes	13	**-**	1	**-**	(2)
Total loss for the period		**(1,874)**	(251)	**(8,261)**	(541)
Other comprehensive (loss) income					
Cumulative translation adjustment		**(559)**	142	**(749)**	(136)
Total comprehensive loss for the period		**(2,433)**	(109)	**(9,010)**	(677)
Basic and diluted net loss per share	17	**(0.02)**	(0.00)	**(0.07)**	(0.01)

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Thousands of United States Dollars, except where indicated

	Note Ref.	Six months ended November 30, 2018 ($)	2017 ($)
Net inflow (outflow) of cash related to the following activities			
Cash flow from operating activities			
Net Loss for the period		**(8,261)**	(542)
Adjustments to reconcile net income to net cash provided from operating activities:			
Depreciation		**3,345**	4,064
Exploration and evaluation expense written off	8	**93**	26
Obsolescence provision		**5**	45
Fair value of derivatives		**13**	(20)
Stock based compensation		**36**	44
Accretion of asset retirement obligation	9	**19**	38
Loss (gain) on sale of property, pland and equipment		**14**	(61)
Other		**53**	20
Subtotal		**(4,683)**	3,614
Changes in working capital:			
Accounts receivable and other assets		**758**	29
Inventories		**737**	656
Trade payables and other accrued liabilities		**1,541**	(360)
Net cash generated (used in) from operating activities		**(1,647)**	3,939
Cash flow from financing activities			
Loan payments	18	**(19)**	(129)
Investment in Anillo		**-**	69
Proceeds from sale of Talca	4	**60**	-
Loans received		**-**	1,500
Proceeds from private placement	10	**2,000**	2,894
Net cash generated from financing activities		**2,041**	4,334
Cash flow from investing activities			
Purchase of property, pland and equipment and development costs	7	**(269)**	(6,164)
Environmental tasks		**(66)**	(95)
Proceeds from the sale of fixed assets		**-**	10
Exploration and evaluation expenditure assets	8	**(402)**	(3,317)
Net cash used in investing activities		**(737)**	(9,566)
Decrease in cash		**(343)**	(1,293)
Cash at the beginning of period		**1,390**	3,357
Cash at the end of period		**1,047**	2,064

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Thousands of United States Dollars, except where indicated

	Note Ref.	Six months ended November 30, 2018 ($)	Six months ended November 30, 2017 ($)
Capital Stock			
Balance at beginning of period		**63,290**	61,162
Private placement, net of issue costs	10(ii)	**1,762**	2,299
Issue costs of private placement	10(iii)	**238**	-
Balance at end of period		**65,290**	63,461
Contributed Surplus			
Balance at beginning of period		**5,893**	5,836
Stock based compensation recognized		**36**	44
Balance at end of period		**5,929**	5,880
Deficit			
Balance at beginning of period		**(67,780)**	(30,913)
Net loss for the period		**(8,261)**	(542)
Balance at end of period		**(76,041)**	(31,455)
Currency translation reserve		**(1,661)**	(1,026)
Shareholders' equity (deficit) at end of period		**(6,483)**	36,860

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

1. Nature of Operations

Orosur Mining Inc. ("Orosur" or "the Company") a development and exploration company focused on identifying and developing mineral opportunities either directly or through earn-in agreements.

Orosur was incorporated and is domiciled in Canada and is governed by the corporate laws of the Yukon Territory, Canada. The Company's shares are listed on the Toronto Stock Exchange (TSX) in Canada and the Alternative Investment Market (AIM) of the London Stock Exchange in the United Kingdom. The Company's corporate office is located at Saldanha Da Gama 3622 of. 509, Montevideo, Uruguay, and the address of its registered office is Suite 1010 - 1075 West Georgia Street, Vancouver, British Columbia, Canada, V6E 3C9.

Orosur operates in Uruguay and Colombia. In Uruguay, the Company has historically operated the San Gregorio gold mine which is presently in care and maintenance, and has reached an agreement with creditors to settle its liabilities in Uruguay by selling its assets at San Gregorio... In Colombia, the Company conducts exploration and development activities and has a farm-in exploration agreement with Newmont in Anzá.

2. Basis of preparation

These unaudited condensed interim consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations, as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of unaudited condensed interim consolidated financial statements, including International Accounting Standard ("IAS") 34, *Interim Financial Reporting.* These unaudited condensed interim consolidated financial statements do not include all disclosures required by IFRS for an annual consolidated financial statement and accordingly should be read in conjunction with the Company's annual financial statements for the year ended May 31, 2018.

These unaudited condensed interim consolidated financial statements were prepared on a going concern basis under the historical cost method and include the assets of Loryser S.A., the Company's key Uruguayan subsidiary. These assets were previously impaired and have not since been restated to a net realizable value. The Company expects to auction off the assets in the near future with proceeds used to settle the outstanding debts owed to the creditors of Loryser S.A. Whether such proceeds will be sufficient to settle the debts in entirety is unknown at this time.

Accordingly, they do not give effect to adjustments that would be necessary should the Company, at the Orosur level, be unable to continue as a going concern. However, in line with negotiations and the final agreement on December 17, 2018 with creditors in Uruguay (see Note 20), Loryser S.A. is required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business based on the payment plan agreed.

At November 30, 2018, the Company had cash of $1,047 (May 31, 2018 - $1,390) and a net working capital deficiency of $14,148 (May 31, 2018 – $10,622). Cash at November 30, 2018 included $252 held by Loryser S.A. which is not accessible to Orosur. Total amounts due within 12 months on the Company's long-term financial debt is $1,711 (May 31, 2018 – $1,730). Total amount of accounts payables and other accrued liabilities is $19,331 (May 31, 2018 - $17,845).

The Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operations. These material uncertainties may cast significant doubt upon the Company's ability to realize its assets and discharge its liabilities in the normal course of business and accordingly the appropriateness of the use of accounting principles applicable to a going concern. Although the Company has been successful in the past in obtaining financing, recently the Newmont deal, and has been successful in reaching a payment plan agreement with creditors in Uruguay in December 2018, there is no assurance on how the Newmont deal and the agreement with creditors in Uruguay will develop, or that the Company will be able to obtain adequate financing in future on terms advantageous to the Company.

The accounting policies followed in these unaudited condensed interim consolidated financial statements are those applied in the Company's financial statements for the year ended May 31, 2018, as set out in Note 3. The preparation of these interim financial statements requires the use of certain significant accounting estimates and judgment by management in applying the Company's accounting policies. The areas involving significant judgment and estimates have been set out in Note 4 of the Company's audited consolidated financial statements for the year ended May 31, 2018.

3. Loryser Reorganization Proceedings

On June 14, 2018, Loryser S.A. (the Company's operating subsidiary in Uruguay) applied to commence reorganisation proceedings under Uruguayan legislation (Act N°18.387) (the "Loryser Reorganisation Proceedings"). To have continued with the San Gregorio mine plan, a swift and timely transition from San Gregorio Underground to the Veta A Underground project would have been required, which itself would have required external financing plus an environmental permit for Veta A, both of which were not available at the time. As a result of those circumstances, the Board of Directors actively explored a number of alternatives for Orosur and its subsidiaries. The decision to apply for the Loryser Reorganisation Proceedings and creditor protection was made in consultation with the Company's legal and financial advisors and the Company's management believed it to be in the best interests of Loryser, the Company and their stakeholders.

The reorganization process has been ongoing since June 2018. In August 2018, the Uruguayan operations under Loryser S.A. were placed under care and maintenance and all gold production ceased. Under the Loryser Reorganisation Proceedings, the term for credit verification ended on September 3, 2018, and the court-appointed intervenor (the "Intervenor") validated the credits and filed a report on the assets and debts of the Company on October 3, 2018. The Intervenor is preparing a second report assessing the status of the Company and explaining the causes that led Loryser to the current situation.

Loryser has been working diligently to reach a fair and balanced solution in Uruguay in the interests of all its stakeholders. In parallel with ongoing discussions with third parties, Loryser has negotiated and reached a payment plan agreement with the majority of its creditors on December 17, 2018 (as explained in Note 20).

As at November 30, 2018, the cash balance included $252 held by Loryser which is not accessible to the rest of the Company as a result of the Loryser Reorganisation Proceedings.

4. Assets held for sale

On July 2018, the Company sold its remaining 25% interest in the Talca gold project in Chile for a consideration of $120, of which $60 has been collected and $60 remains in accounts receivable. With this sale, the Company is left with no interest or obligation in Talca.

Thousands of United States Dollars, except where indicated

5. Accounts receivable and other assets, trade payables and other accrued liabilities

(i) Accounts receivable and other assets

	November 30, 2018 ($)	May 31, 2018 ($)
Tax receivable *(a)*	**175**	633
Advance payments to suppliers	**194**	197
Marketable securities	**8**	8
Miscellaneous receivable *(b)*	**395**	712
Total accounts receivable	**772**	1,550
Non-current		
Miscellaneous receivable *(c)*	**19**	73

a) Tax receivable consists of refunds to be collected for Uruguayan Value Added Tax and Canadian GST.

b) Current miscellaneous receivable consists of expenses to be reimbursed by farm-out partners and suppliers and income from the Company's laboratory for work performed for outside third parties. It also includes $181 of the prepayment as explained below.

c) Non-current miscellaneous receivable includes a prepayment made to a supplier in April 2013 to start the raise boring of the Arenal underground. The supplier was unable to provide the services. As a result, the Company initiated actions to recover the amount and finally achieved a positive result. The supplier is paying a total of $610, of which 23% correspond to contractual and legal fees payable to the Company's lawyers ($140) and the remainder ($470) is payable to the Company. The $610 is payable in 47 monthly instalments. The Company will be paid the first 23 instalments) and the lawyers will be paid the last 24 instalments. The supplier has paid ten instalments as of the date of these financial statements ($270). As of November 30, 2018, $181 was recognized as current miscellaneous receivable and $19 as non-current asset.

(ii) Trade payables and other accrued liabilities

	November 30, 2018 ($)	May 31, 2018 ($)
Commercial suppliers *(a)*	**10,121**	11,872
Salaries, labour benefits and social security contributions *(b)*	**7,460**	5,136
Mining royalties, income and other taxes	**1,750**	837
Total trade payables and other accrued liabilities	**19,331**	17,845

a) This includes $9,908 to be settled in accordance with the corresponding legal process under the Loryser Reorganization Proceedings (Note 3).

b) This includes a $5,729 provision for a full reduction in Loryser staff in the case of a liquidation of Loryser which would include full labour liabilities associated with the retrenchment of the entire Loryser workforce as stipulated by the payment plan agreement with creditors (see Note 20).

Thousands of United States Dollars, except where indicated

6. Inventories

	November 30, 2018 ($)	May 31, 2018 ($)
Ore in stockpiles *(i)*	**1,500**	681
Gold circuit	**-**	403
Finished metals	**-**	660
Mine operating supplies	**3,857**	4,356
Total inventories	**5,357**	6,100

(i) *Ore in stockpiles includes the valuation (net of costs) of the scavenger gold Loryser expects to recover from the San Gregorio Plant as part of the reorganisation procedures to follow and realize as part of the agreement with creditors.*

7. Property, plant and equipment and development costs

				Development costs				
		Tangible fixed assets *(1)*	Decom-missioning asset *(2)*	Tangible underground development costs *(3)*	Open pit develop-ment costs subject to depreciation *(4)*	Develop-ment costs subject to depreciation *(5)*	Deferred stripping asset *(6)*	Total
Cost								
Balance May 31, 2017	$	79,614	11,283	38,927	55,362	5,075	560	190,821
Additions	$	2,656	95	3,382	126	-	-	6,259
Other	$	(24)	-	-	584	(584)	-	(24)
Disposals	$	(181)	-	-		-	-	(181)
Balance November 30, 2017	$	**82,065**	**11,378**	**42,309**	**56,072**	**4,491**	**560**	**196,875**
Additions	$	1,172	27	2,147	4	225	-	3,575
Reclassification from E&E (7)	$	-	-	148	95	492	-	735
Other	$	84	(216)	-	75	(75)	-	(132)
Disposals	$	(1,826)	-	-		-	-	(1,826)
Balance May 31, 2018	$	**81,495**	**11,189**	**44,604**	**56,246**	**5,133**	**560**	**199,227**
Additions	$	95	65	176	(1)	-	-	335
Other	$	(79)	-	-	-	-	-	(79)
Disposals	$	(1,908)	-	-		-	-	(1,908)
Balance November 30, 2018	$	**79,603**	**11,254**	**44,780**	**56,245**	**5,133**	**560**	**197,575**
Carrying amount								
As at Nov 30, 2018	**$**	**2,960**	**66**	**-**	**(5)**	**469**	**-**	**3,490**
As at May 31, 2018	$	3,470	520	2,023	(1)	565	0	6,578
As at May 31, 2017	$	4,497	792	6,649	1,790	2,431	0	16,160

Thousands of United States Dollars, except where indicated

				Development costs				
		Tangible fixed assets *(1)*	Decom-missioning asset *(2)*	Tangible underground development costs *(3)*	Open pit develop-ment costs subject to depreciation *(4)*	Develop-ment costs subject to depreciation *(5)*	Deferred stripping asset *(6)*	Total
Accummulated depreciation								
Balance May 31, 2017	$	75,117	10,491	32,277	53,572	2,644	560	174,661
Depreciation	$	1,509	120	2,099	336	-	-	4,064
Disposals	$	(181)	-	-	-	-	-	(181)
Balance November 30, 2017	$	**76,445**	**10,611**	**34,376**	**53,908**	**2,644**	**560**	**178,544**
Depreciation	$	1,328	58	2,865	586	-	-	4,837
Impairment of assets	$	2,066	-	5,339	1,210	2,467	-	11,082
Other	$	-	-	-	542	(543)	-	(1)
Disposals	$	(1,814)	-	-	-	-	-	(1,814)
Balance May 31, 2018	$	**78,025**	**10,669**	**42,580**	**56,246**	**4,568**	**560**	**192,648**
Depreciation	$	528	520	2,198	3	96	-	3,345
Disposals	$	(1,908)	-	-	-	-	-	(1,908)
Balance November 30, 2018	$	**76,645**	**11,189**	**44,778**	**56,249**	**4,664**	**560**	**194,085**

(1) *Includes land, buildings, processing facilities, mobile and stationery equipment, furniture and other office equipment. The plant is located on leased land. The lease expires in 2026. No further payments are due on the lease.*
(2) *See note 9.*
(3) *Includes the ramp and gallery access to ore for Arenal Deeps Underground operation, ventilation shafts and other tangible development to access the ore body.*
(4) *Includes exploration and evaluation costs for properties under production, including resource definition work.*
(5) *Includes exploration and evaluation costs for properties for which commercial production has not begun.*
(6) *Includes pre-stripping extracted from Vaca Muerta during June 2014.*
(7) *Includes exploration and evaluation costs prior to the Company defining proven and probable reserves and intention to develop the property commercially.*

For the year ended May 31, 2018, the Company completed an assessment of the carrying value of its CGUs and recorded a non-cash impairment charge of $11,082 for property, plant and equipment and development costs. The impairment was due to the complex and difficult situation in its long-standing operation as a consequence of the lack of good quality ore during the year and the lack of financing to develop the Veta A project.

Thousands of United States Dollars, except where indicated

8. Exploration and evaluation costs

	Uruguay	Chile	Colombia	Total
Opening balance - May 31, 2018	**-**	**-**	**9,755**	**9,755**
Cash expenditure	**92**	-	**310**	402
Foreign exchange movement	**-**	-	**(711)**	(711)
Write-off	**(92)**	-	**-**	(92)
Closing balance - November 30, 2018	**-**	**-**	**9,354**	**9,354**

	Uruguay	Chile	Colombia	Total
Opening balance - May 31, 2017	**3,697**	**6,725**	**7,255**	**17,677**
Cash expenditure	2,276	128	913	3,317
Foreign exchange movement	-	-	(212)	(212)
Write-off	(26)	-	-	(26)
Closing balance - November 30, 2017	**5,947**	**6,853**	**7,956**	**20,756**

Exploration farm-in agreements, acquisitions and farm-out agreements are disclosed in Note 9 of the Company's audited financial statements for the year ended May 31, 2018. No changes occurred during the period ended November 30, 2018 regarding the status of each project as reported at May 31, 2018, with the exception of the transaction with Newmont on the Anzá Project in Colombia (Note 10(ii)).

For the year ended May 31, 2018, the Company recorded an impairment charge of $12,221, of which $5,999 related to exploration projects in Uruguay and $6,222 related to exploration projects in Chile. The Company discontinued its operations in Chile with the sale of its remaining interest in the Talca gold property in July 2018 (Note 4).

9. Environmental rehabilitation provision

The Company's environmental rehabilitation provision relates to the retirement and remediation of the San Gregorio operation in Uruguay. The environmental rehabilitation obligations have been recorded as a liability at estimated fair value determined by calculating the net present value of estimated future costs.

The following table summarizes the movements in the environmental rehabilitation provision for the six months ended November 30, 2018 and year ended May 31, 2018:

	November 30, 2018 ($)	May 31, 2018 ($)
Balance, beginning of period	**5,422**	5,648
Changes in cash flow estimates	**(1)**	(94)
Expenditure incurred in rehabilitation	**(65)**	(122)
Accretion expense	**19**	(10)
Balance at end of period	**5,375**	5,422
Less: current portion	**(139)**	(139)
Balance, end of period (see note below)	**5,236**	5,283

Loryser has a legal and constructive obligation to restore the San Gregorio operation when mining operations cease. This estimate is revised annually according to a mine plan. The Company advances rehabilitation work previous to the closure date at its discretion and in accordance with DINAMA, the Uruguayan environmental agency.

As part of the negotiations with creditors (Note 3), Loryser commenced discussions with DINAMA to agree a proposed closure plan of the operations in Uruguay. The environmental rehabilitation provision in this plan is estimated at approximately $3.8 million which is lower than the recorded provision of $5,375 as at November 30, 2018. Loryser is still waiting confirmation and approval from DINAMA about the proposed closure plan.

Uruguayan mining and environmental legislation require environmental obligations to be supported by guarantees. As a result, a rehabilitation guarantee letter of credit of $1,351 (May 31, 2018 - $1,351) has been provided by Santander Bank Uruguay ($1,200) and a local Uruguayan insurance company ($151).

10. Capital stock

The Company has an authorized capital of unlimited number of common shares of no par value. As of November 30, 2018, the Company had a total of 150,277,672 issued shares outstanding (May 31, 2018 – 117,586,905).

	Number of shares (000's)	($)
Balance as of May 31, 2017	100,846	61,162
Private placement *(i)*	16,741	2,128
Balance as of November 30, 2017 and May 31, 2018	117,587	63,290
Private placement *(ii)* , net of share issue costs *(iii)*	29,213	1,762
Issue costs of private placement *(iii)*	3,478	238
Balance as of November 30, 2018	150,278	65,290

i) *On August 14, 2017, the Company raised gross proceeds of Cdn.$4,034 ($3,223) through a placing and subscription of 16,740,502 new common shares of no par value at a price of C$0.241 per subscription share, together with a grant of 8,370,251 unlisted warrants over new common shares on the basis of one subscription warrant for every two subscription shares at an exercise price of Cdn.$0.337 at any time and until August 14, 2020. The gross proceeds were allocated to the warrants first and then to the shares. The fair value of the warrants of $766 was estimated at the date of the grant using the Black-Scholes option pricing model with a risk-free rate of 1.27% and an annual volatility factor of 91.869%. It was recognized as a liability due to the exercise price is denominated in Canadian dollar. After initial recognition, at the end of November 30, 2018 the fair value of the warrant was $89 due mainly to the change in share price recognition as well the change in the exchange rate of Canadian vs. US dollar. The broker's commissions and other related expenses of the issue amounted to $329.*

ii) *On July 10, 2018, Newmont Mining Corporation advanced $250 to subscribe for 3,603,077 common shares of Orosur at a price of Cdn.$0.091 per share. The share price represents a 102% premium to the closing price of the Company's common shares on the Toronto Stock Exchange on July 9, 2018. This subscription was part of a $2,000 non-brokered private placement completed on September 10, 2018 in conjunction with an exploration and option agreement on the Company's Anza exploration property in Colombia.*

On September 10, 2018, the Company completed the non-brokered private placement of 29,213,186 common shares at Cdn.$0.091 for aggregate proceeds of $2,000 with Newmont (which included the initial advance of $250 on July 10, 2018 (Note 10(ii) and an exploration agreement with venture option with Newmont Colombia S.A.S., a wholly-owned subsidiary of Newmont, for the Anzá exploration property in Colombia. The Exploration and Option Agreement includes a three-phase earn-in structure allowing Newmont to earn up to a 75% ownership interest in the Anzá Project by spending a minimum of $30,000 in qualifying expenditures over twelve years, completing an NI 43-101 compliant feasibility study and making cash payments to Orosur equaling a total of $4,000 over Phases 1 and 2.

iii) On October 26, 2018 for its part in advising Orosur in the strategic agreement and private placement with Newmont Mining Corporation on September 10, 2018, Maxit Capital LP was issued 3,477,581 common shares in full satisfaction of fees equal to Cdn.$250 and US$50. The deemed price of the shares issued was Cdn. $0.091 per share, equivalent to the price of the private placement with Newmont. The issuance of these shares to Maxit Capital LP has been recorded as a share issue cost.

11. Stock-based compensation

a) Stock options

The Company has an option plan (the "Plan") for the officers, directors, employees and consultants of the Company and its subsidiaries. Options under the plan are typically granted in such numbers which reflect the responsibility of the particular optionee and his or her contribution to the business and activities of the Company. Options granted under the Plan have a term between 5 to 10 years. Except in specified circumstances, options are not assignable and terminate on the optionee ceasing to be employed by or associated with the Company. The terms of the Plan further provide that the price at which shares may be issued under the Plan cannot be less than the market price (net of permissible discounts) of the shares when the relevant options were granted. One-third of options vest on the grant date, one-third of options vest 12 months from grant date and the final one-third vest 24 months from grant date. The following table summarizes information regarding the Company's outstanding options at November 30, 2018:

	Number of shares (000's)	Option price per share range CDN $	Weighted average exercise price per share CDN $
Balance as of May 31, 2017	7,222	$0.105 - $0.28	$0.19
Forfeited	(66)	$0.105 - $0.235	$0.16
Expired	(27)	$0.105 - $0.235	$0.14
Granted	1,925	$0.24	$0.24
Balance as of November 30, 2017	9,054	$0.105 - $0.28	$0.20
Forfeited	(71)	$0.105 - $0.240	$0.20
Expired	(39)	$0.105 - $0.240	$0.20
Balance as of May 31, 2018	8,944	$0.105 - $0.28	$0.20
Cancelled	(257)	$0.105 - $0.240	$0.23
Granted (i)	1,845	$0.11	$0.11
Forfeited	(1,538)	$0.105 - $0.240	$0.22
Balance as of November 30, 2018	8,994	$0.105 - $0.28	$0.18

(i) On October 23 2019, 1,845,000 options were granted to directors, officers and employees of the Company pursuant to the Company's stock option plan and $13 of stock-based compensation expense was recorded for this grant. The fair value was determined based on the Black-Scholes option pricing model using the following assumptions: strike price – Cdn.$0.11; risk free interest rate – 2.89%; expected daily volatility – 73.47%; expected life – 5 years; forfeiture rate – 10% and expected dividends - $nil.

	Outstanding			Exercisable	
Range of option price CDN $	Options (000's)	Weighted average exercise price per share CDN $	Weighted average remaining contractual life Years	Options (000's)	Weighted average exercise price per share CDN $
0.00 - 0.12	3,143	$0.11	2.96	2,080	$0.11
0.13 - 0.20	2,293	$0.18	1.23	2,293	$0.18
0.21 - 0.25	3,475	$0.24	3.36	3,015	$0.24
0.26 - 0.30	83	$0.28	2.76	83	$0.28
	8,994	$0.18	2.92	7,471	$0.18

At November 30, 2018, there were 8,994,093 options outstanding, of which 7,179,093 were vested and exercisable (May 31, 2018 – 8,943,924 and 7,107,426, respectively). The weighted average exercise price of the options outstanding at November 30, 2018 was Cdn.$0.18 (May 31, 2018 – Cdn.$ 0.19).

During the six months ended November 30, 2018, $36 of compensation expense was recorded ($44 for the six months ended November 30, 2017).

12. Related parties

Subsidiaries: The consolidated financial statements include the financial statements of Orosur Mining Inc. (the "Parent") and the following subsidiaries (together referred as the "Company"):

Name of subsidiary	Country of incorporation	Equity interest as of November 30, 2018	Equity interest as of May 31, 2018	Functional currency
International Mining Holdings Limited (IMHL)	Barbados	100%	100%	US dollar
Loryser S.A.	Uruguay	100%	100%	US dollar
Minera San Gregorio S.A.	Uruguay	100%	100%	US dollar
Cinco Rios S.A.	Uruguay	100%	100%	US dollar
Nafypel S.A.	Uruguay	100%	100%	US dollar
Triselco S.A.	Uruguay	100%	100%	US dollar
Kevelux S.A.	Uruguay	100%	100%	US dollar
Glendora S.A.	Uruguay	100%	100%	US dollar
Dalvàn S.A.	Uruguay	100%	100%	US dollar
Bolir S.A.	Uruguay	100%	100%	US dollar
Brimol S.A.	Uruguay	100%	100%	US dollar
Montemura S.A.	Uruguay	100%	100%	US dollar
Ugdev S.A.	Uruguay	100%	100%	US dollar
Fortune Valley Resources Inc.	Canada	100%	100%	Canadian dollar
Fortune Valley Resources Inc. BVI	BVI	100%	100%	Canadian dollar
Fortune Valley Resources Chile S.A.	Chile	100%	100%	Canadian dollar
Waymar Resources Ltd.	Canada	100%	100%	Canadian dollar
Cordillera Holdings International Ltd. BVI	BVI	100%	100%	Canadian dollar
Minera Anzà S.A. (BVI)	BVI	100%	100%	Canadian dollar
Minera Anzà S.A. (Colombia branch)	Colombia	100%	100%	Colombian peso
Anillo SPA	Chile	100%	81%	US dollar

Thousands of United States Dollars, except where indicated

13. Income Taxes

(a) Current and deferred income tax composition:

	Three months ended November 30,		Six months ended November 30,	
	2018 ($)	2017 ($)	**2018 ($)**	2017 ($)
Current income tax provision for the period	-	(1)	-	2
Total income tax provision for the period	**-**	(1)	**-**	2

(b) Changes and composition of the deferred income tax asset:

	Three months ended November 30,		Six months ended November 30,	
	2018 ($)	2017 ($)	**2018 ($)**	2017 ($)
Balance beginning of period	-	3,115	-	3,115
Recognized deferred tax recovery	-	-	-	-
Balance end of period	**-**	3,115	**-**	3,115

Changes in the value of the deferred income tax asset have been recognized in the statement of income. The deferred tax asset represents rights for future tax deduction in Uruguay. The Company has no deferred tax asset in any other jurisdiction it operates.

As of November 30, 2018, the Company has recognized $nil (May 31, 2018 - $nil) of deferred tax assets in respect of Uruguayan deductible temporary differences as projections of various sources of income support the conclusion that the realizability of these deferred tax assets is not probable.

Thousands of United States Dollars, except where indicated

14. Segmented Information

As noted in note 3(g) of the Company's financial statements for the year ended May 31, 2018, the Company identifies three operating segments, namely production segment, exploration segment and corporate segment that management reviews regularly in order to evaluate their performance and make decisions about resources to be allocated.

	Production (UY)	Exploration (UY)	Exploration (CH/discon-tinued operation)	Exploration (Colombia)	Corporate	Total
For the three months ended November 30, 2018						
Sales	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-
Care and maintenance	(613)	-	-	-	-	(613)
Exploration expenses	-	(18)	-	-	-	(18)
Exploration expenses and write off	-	(27)	-	-	-	(27)
Restructuring costs *(i)*	(645)	-	-	-	-	(645)
Obsolescence provision	(5)	-	-	-	-	(5)
Corporate and administrative expenses	-	-	-	-	(639)	(639)
Other income	218	-	-	-	-	218
Total segment loss	(1,045)	(45)	-	-	(639)	(1,729)
Investment in exploration and evaluation	-	26	-	144	-	170
Investment in PP&E and development costs	9	-	-	-	-	9
For the six months ended November 30, 2018						
Sales	4,202	-	-	-	-	4,202
Cost of sales	(7,119)	-	-	-	-	(7,119)
Care and maintenance	(613)	-	-	-	-	(613)
Exploration expenses	-	(162)	-	-	-	(162)
Exploration expenses and write off	-	(93)	-	-	-	(93)
Obsolescence provision	(5)	-	-	-	-	(5)
Restructuring costs *(i)*	(3,967)	-	-	-	-	(3,967)
Corporate and administrative expenses	-	-	-	-	(1,041)	(1,041)
Other income	299	-	-	-	-	299
Total segment loss	(7,203)	(255)	-	-	(1,041)	(8,499)
Investment in exploration and evaluation	-	92	-	310	-	402
Investment in PP&E and development costs	269	-	-	-	-	269
As at November 30, 2018						
Property, plant and equipment development costs	3,411	-	(22)	92	9	3,490
Exploration and evaluation costs	-	-	-	9,354	-	9,354

(i) *Restructuring costs is mainly a provision for layoffs representing a reduction in staff in Q2 of 40 employees. This is the remaining staff in Loryser that has not been provided to date.*

(ii) *Includes mainly the sale of crushed rock and also the income from the Company's laboratory for work performed for outside third-party companies.*

Thousands of United States Dollars, except where indicated

	Production (UY)	Exploration (UY)	Exploration (CH/discon-tinued operation)	Exploration (Colombia)	Corporate	Total
For the three months ended November 30, 2017						
Sales	9,028	-	-	-	-	9,028
Cost of sales	(7,708)	-	-	-	-	(7,708)
Exploration expenses and write off	-	(17)	-	-	-	(17)
Obsolescence provision	(9)	-	-	-	-	(9)
Restructuring costs	(750)	-	-	-	-	(750)
Corporate and administrative expenses	-	-	-	-	(749)	(749)
Stock based compensation	-	-	-	-	-	-
Other income *(i)*	(12)	-	-	13	-	1
Total segment profit (loss)	549	(17)	-	13	(749)	(204)
Investment in exploration and evaluation	-	984	28	692	-	1,704
Investment in PP&E and development costs	3,304	-	-	-	-	3,304
For the six months ended November 30, 2017						
Sales	20,979	-	-	-	-	20,979
Cost of sales	(19,480)	-	-	-	-	(19,480)
Exploration expenses and write off	-	(26)	-	-	-	(26)
Obsolescence provision	(45)	-	-	-	-	(45)
Restructuring costs	(810)	-	-	-	-	(810)
Corporate and administrative expenses	-	-	-	-	(1,394)	(1,394)
Other income	102	-	14	14	-	130
Total segment loss	746	(26)	14	14	(1,394)	(646)
Investment in exploration and evaluation	-	2,276	128	913	-	3,317
Investment in PP&E and development costs	6,164	-	-	-	-	6,164
As at November 30, 2017						
Property, plant and equipment development costs	18,267	7	-	49	9	18,332
Exploration and evaluation costs	-	5,947	6,853	7,956	-	20,756
Total assets	38,140	5,954	6,853	8,005	9	58,961

Thousands of United States Dollars, except where indicated

Reconciliation of segmented loss to net loss for the period is as follows:

	Three months ended November 30,		Six months ended November 30,	
	2018 ($)	2017 ($)	**2018 ($)**	2017 ($)
Segmented loss from continuing operations	(1,729)	(204)	(8,499)	(646)
Net finance cost	(28)	(59)	(70)	(146)
Loss on fair value of financial instruments, net	(42)	-	(21)	(10)
Net foreign exchange gain	(75)	11	329	263
Cumulative translation adjustment	(559)	142	(749)	(136)
Income tax provision	-	1	-	(2)
Total comprehensive loss for the period	**(2,433)**	(109)	**(9,010)**	(677)

15. Financial risk management and capital management

The Company is exposed to a variety of financial risks that are disclosed in Note 19 of the Company's audited financial statements for the year ended May 31, 2018.

16. Cash flow – Additional information

Cash comprises cash in the bank and cash on hand.

Cash flow from operating activities includes interest and income tax cash payments as detailed below:

	Three months ended November 30,		Six months ended November 30,	
	2018 ($)	2017 ($)	**2018 ($)**	2017 ($)
Income tax paid	1	1	1	2
Interest paid	-	2	19	53

The Company is reimbursed the Uruguayan VAT included in the purchase of goods and services through the issue of tax credit certificates. Income tax paid shown is a result of the application of such tax credits to the income tax obligations.

Cash flow from investing activities in property, plant and equipment and development costs is detailed below:

	Three months ended November 30,		Six months ended November 30,	
	2018 ($)	2017 ($)	**2018 ($)**	2017 ($)
Tangible fixed assets as defined in Note 7	9	1,504	95	2,656
Mine development costs	-	1,800	175	3,508
Environmental work rehabilitation as defined in Note 9	13	55	65	95
Total invested	**22**	3,359	**335**	6,259

Thousands of United States Dollars, except where indicated

17. Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding during the year to assume conversion of all dilutive potential ordinary shares. A calculation is done to determine the number of shares that could have been acquired at fair value (determined at the average market share price of the Company's share for the corresponding period) based on the monetary value of all dilutive share options to acquire shares of the Company. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options to determine diluted earnings per share (treasury stock method). Details of such calculations are as follows:

(a) Basic:

		2018 ($)	2017 ($)	2018 ($)	2017 ($)
Basic weighted average shares outstanding	number	**146,249,693**	117,586,905	**131,839,985**	112,006,738
Net loss attributable to equity holders	$	**(2,433)**	(109)	**(9,010)**	(677)
Basic loss per share	US cents per share	**(0.02)**	(0.00)	**(0.07)**	(0.01)

(b) Diluted:

		2018 ($)	2017 ($)	2018 ($)	2017 ($)
Potential net incremental of dilutive shares	number	**138,093**	5,251,523	**-**	5,150,967
Potential proceeds from dilutive share options	$	**221**	1,988	**-**	982
Average quoted market share price for the period	Cdn $ per share	**0.12**	0.23	**0.09**	0.24
Potential shares to be repurchased	number	**2,080,000**	4,342,258	**-**	4,148,842
Potential net incremental shares after repurchase	number	**457,600**	909,265	**-**	1,002,125
Diluted weighted average shares outstanding	number	**146,387,786**	118,496,170	**131,839,985**	113,008,863
Net loss attributable to equity holders	$	**(2,433)**	(109)	**(9,010)**	(677)
Diluted loss per share	US cents per share	**(0.02)**	(0.00)	**(0.07)**	(0.01)

18. Long-term debt

	November 30, 2018 ($)	May 31, 2018 ($)
Cash and cash equivalents	**1,047**	1,390
Current financial debt *(i)*	**(1,711)**	(1,730)
Non-current financial debt	**(211)**	(211)
Net debt	**(875)**	(551)

(i) Related to the lease of six light vehicles and a drill rig and the draw down of the line of credit in the amount of $1,500 as a result of a cash shortfall following the deferral of approximately 2,000 ounces of planned production for the quarter ended November 30, 2017 from SGW UG.

The total amount of the financial debt showing above is included under the Loryser reorganization proceedings (Note 3).

Thousands of United States Dollars, except where indicated

19. Cost of sales

The Company's costs of sales are comprised of the following:

	Three months ended November 30,		**Six months ended November 30,**	
	2018 ($)	2017 ($)	**2018 ($)**	2017 ($)
Mining and transportations costs	-	3,105	1,315	7,565
Processing costs	-	2,235	1,320	4,862
Mine site administration costs	-	885	519	1,692
Change in stockpiles, gold in circuit and finished goods	-	(411)	1,085	1,007
Refinery charges	-	116	76	248
Depreciation	-	2,103	2,635	4,064
Mining royalties	-	(325)	169	42
Total cost of sales	**-**	7,708	**7,119**	19,480

The San Gregorio mine was placed in care and maintenance in August 2018, and as such there were no costs related to sales of metals during the three months ended November 30, 2018.

20. Subsequent Event

On December 17, 2018, Loryser S.A., the Company´s wholly-owned Uruguayan subsidiary, reached a payment plan agreement with creditors in Uruguay (the "Agreement").

The Agreement contemplates that net proceeds from the sale of Loryser's assets in Uruguay together with the sale of the assets and mining licences of the rest of the Company's Uruguayan subsidiaries and the issuance of 10 million common shares of Orosur shall fully satisfy all amounts owing to Loryser's creditors as well as provide funds for Loryser to conduct this process and close the operation responsibly. As contemplated by the Agreement, Loryser would manage the process, to be completed within two years of the date the Agreement is approved by the court. The issuance of common shares of Orosur is subject to approval of the Toronto Stock Exchange.

Loryser contacted over 90% of the creditors by value, distributed the Agreement and was successful in obtaining execution of the Agreement by the majority of its creditors. To date, approximately 70% of the creditors by value have executed the Agreement. Loryser may continue to receive executed Agreements from additional creditors. The support level is already above the required simple majority, being 50% of creditors by value, required to proceed. As such, on December 17, 2018, Loryser submitted the Agreement to the Court and the Court cancelled the meeting of creditors.

The Agreement is now subject to control and consideration by the Court and the Intervenor, and normal procedures for approval, including public notice, which the Company expects to conclude in the first half of 2019. Once approved by the Court, the Agreement will be legally binding for all the creditors and Loryser's creditor protection status will cease together with Intervenor´s control over Loryser.