OROSUR MINING INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED FEBRUARY 28, 2019

(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS)

(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of Orosur Mining Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Orosur Mining Inc.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in thousands of United States Dollars)
Unaudited

	As at February 28, 2019	As at May 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	**$ 1,033**	$ 1,390
Accounts receivable and other assets (note 4)	**928**	1,550
Inventories (note 6)	**5,301**	6,100
Asset held for sale (note 5)	**-**	120
Total current assets	**7,262**	9,160
Non-current assets		
Accounts receivable and other assets (note 4)	**73**	73
Property, plant and equipment (note 7)	**3,261**	6,578
Exploration and evaluation assets (note 8)	**9,724**	9,755
Restricted cash	**49**	201
Total assets	**$ 20,369**	$ 25,767
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (notes 3 and 9)	**$ 20,500**	$ 17,845
Current portion of long-term debt (notes 3 and 10)	**1,711**	1,730
Warrants	**409**	68
Environmental rehabilitation provision (note 11)	**139**	139
Total current liabilities	**22,759**	19,782
Non-current liabilities		
Long-term debt (notes 3 and 10)	**211**	211
Environmental rehabilitation provision (note 11)	**5,248**	5,283
Total liabilities	**28,218**	25,276
Equity		
Share capital (note 12)	**65,290**	63,290
Contributed surplus	**5,965**	5,893
Currency translation reserve	**(1,037)**	(912)
Deficit	**(78,067)**	(67,780)
Total equity	**(7,849)**	491
Total equity and liabilities	**$ 20,369**	$ 25,767

Nature of operations and going concern (note 1)
Subsequent event (note 19)

Approved on behalf of the Board:

(Signed) *"Ignacio Salazar"* Chief Executive Officer (Signed) *"Horng Dih Lee"* Audit Committee Chair

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

Orosur Mining Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in thousands of United States Dollars)
Unaudited

	Three Months Ended February 28, 2019	Three Months Ended February 28, 2018	Nine Months Ended February 28, 2019	Nine Months Ended February 28, 2018
Gross profit (loss)				
Sales	**$ -**	$ 8,555	**$ 4,202**	$ 29,534
Cost of sales	**-**	(9,234)	**(7,119)**	(28,714)
Gross profit (loss)	**-**	(679)	**(2,917)**	820
Operating expenses				
Corporate and administrative expenses	**(528)**	(382)	**(1,569)**	(1,776)
Restructuring costs	**(81)**	(597)	**(4,048)**	(1,407)
Exploration written off	**(28)**	(6)	**(121)**	(32)
Exploration expenses	**(1,850)**	(417)	**(2,012)**	(417)
Obsolescence provision	**-**	10	**(5)**	(35)
Other income	**1,236**	92	**1,535**	222
Net finance cost	**(17)**	(63)	**(87)**	(209)
Care and maintenance	**(571)**	-	**(1,184)**	-
Loss on fair value of financial instrument	**(320)**	-	**(341)**	(10)
Net foreign exchange gain/(loss)	**133**	65	**462**	328
	(2,026)	(1,298)	**(7,370)**	(3,336)
Loss before income taxes	**(2,026)**	(1,977)	**(10,287)**	(2,516)
Income tax recovery (note 15)	**-**	-	**-**	(2)
Net loss for the period	**$ (2,026)**	$ (1,977)	**$ (10,287)**	$ (2,518)
Other comprehensive income (loss)				
Items that will be reclassified subsequently to income				
Cumulative translation adjustment	**$ 624**	$ 70	**$ (125)**	$ (66)
Other comprehensive income (loss) for the period	**624**	70	**(125)**	(66)
Total comprehensive loss for the period	**$ (1,402)**	$ (1,907)	**$ (10,412)**	$ (2,584)
Basic and diluted net loss per share (note 16)	**$ (0.01)**	$ (0.02)	**$ (0.08)**	$ (0.02)
Weighted average number of common shares outstanding	**150,278**	117,587	**136,774**	113,867

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

Orosur Mining Inc.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in thousands of United States Dollars)
Unaudited

	Nine Months Ended February 28, 2019	Nine Months Ended February 28, 2018
Operating activities		
Net loss for the period	**$ (10,287)**	$ (2,518)
Adjustments for:		
Depreciation	**3,533**	5,911
Share-based payments	**72**	50
Exploration and evaluation expenses written off	**121**	32
Obsolescence provision	**5**	35
Fair value of financial instrument	**341**	(20)
Accretion of asset retirement obligation	**57**	57
Gain on sale of property, plant and equipment	**(902)**	(65)
Other	**383**	(23)
Changes in non-cash working capital items:		
Accounts receivable and other assets	**622**	234
Inventories	**794**	397
Accounts payable and accrued liabilities	**2,655**	2,212
Net cash provided by (used in) operating activities	**(2,606)**	6,302
Investing activities		
Purchase of property, plant and equipment	**(340)**	(7,897)
Environmental tasks	**(92)**	(114)
Proceeds from sale of fixed assets	**938**	10
Exploration and evaluation expenditures	**(510)**	(4,553)
Net cash used in investing activities	**(4)**	(12,554)
Financing activities		
Issue of common shares	**2,000**	2,894
Restricted cash	**152**	-
Loan payments	**(19)**	(176)
Investment in Anillo	**120**	69
Loans received	**-**	1,500
Net cash provided by financing activities	**2,253**	4,287
Net change in cash and cash equivalents	**(357)**	(1,965)
Cash and cash equivalents, beginning of period	**1,390**	3,357
Cash and cash equivalents, end of period	**$ 1,033**	$ 1,392

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Orosur Mining Inc.

Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in thousands of United States Dollars)
Unaudited

	Share capital	Contributed surplus	Currency translation reserve	Deficit	Total
Balance, May 31, 2017	**$ 61,162**	**$ 5,836**	**$ (890)**	**$ (30,913)**	**$ 35,195**
Private placement	2,299	-	-	-	2,299
Stock-based compensation	-	50	-	-	50
Currency translation adjustment	-	-	(66)	-	(66)
Net loss for the period	-	-	-	(2,518)	(2,518)
Balance, February 28, 2018	**$ 63,461**	**$ 5,886**	**$ (956)**	**$ (33,431)**	**$ 34,960**

Balance, May 31, 2018	**$ 63,290**	**$ 5,893**	**$ (912)**	**$ (67,780)**	**$ 491**
Private placement	2,000	-	-	-	2,000
Stock-based compensation	-	72	-	-	72
Currency translation adjustment	-	-	(125)	-	(125)
Net loss for the period	-	-	-	(10,287)	(10,287)
Balance, February 28, 2019	**$ 65,290**	**$ 5,965**	**$ (1,037)**	**$ (78,067)**	**$ (7,849)**

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

1. Nature of operations and going concern

Orosur Mining Inc. ("Orosur" or "the Company") is a is a South American-focused gold developer and explore development and exploration company focused on producing gold as well as 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.

These unaudited condensed interim consolidated financial statements were prepared on a going concern basis under the historical cost method except for certain financial assets and liabilities which are measured at fair value in Uruguay. 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 February 28, 2019, the Company had cash of $1,033 (May 31, 2018 - $1,390) and a net working capital deficiency of $15,497 (May 31, 2018 – $10,622). Cash at February 28, 2019, included $156 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 $20,500 (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 the agreement with creditors in Uruguay. 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.

2. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of April 12, 2019, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended May 31, 2018. Any subsequent changes to IFRS that are given effect in the Company’s annual financial statements for the year ending May 31, 2019 could result in restatement of these unaudited condensed interim consolidated financial statements.

Functional and presentation currency

The functional and presentation currency of the Company is the United States dollar.

All of the Company's entities have the United States dollar as the functional currency, except for Waymar Resources Ltd., Cordillera Holdings International Ltd. and Minera Anzá S.A., whose functional currency is the Canadian dollar and Minera Anzá S.A. (Colombia branch), whose functional currency is the Colombian peso.

The results of operations and financial position of all the Company’s entities that have a functional currency different from the presentation currency (United States dollar) are translated into the presentation currency as follows:

a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
b) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
c) All resulting exchange differences are recognized in other comprehensive income under the caption “Currency translation reserve”.

New standards adopted

<u>IFRS 9 Financial Instruments ("IFRS 9")</u>

On July 24, 2014, the IASB issued the completed IFRS 9, Financial Instruments, (IFRS 9 (2014) to come into effect on January 1, 2018 with early adoption permitted.

IFRS 9 (2014) includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”) based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39 Financial Instruments: recognition and measurement, for the classification and measurement of financial liabilities.

(Expressed in thousands of United States Dollars)

2. Significant accounting policies (continued)

New standards adopted (continued)

IFRS 9 Financial Instruments ("IFRS 9") (continued)

The Company adopted IFRS 9 in its consolidated financial statements on June 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening accumulated deficit balance on June 1, 2018. The impact on the classification and measurement of its financial instruments is set out below.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the consolidated statement of loss and comprehensive loss for the year. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

Classification	IAS 39	IFRS 9
Cash and cash equivalents	Loans and receivables (amortized cost)	Amortized cost
Amounts receivable	Loans and receivables (amortized cost)	Amortized cost
Marketable securities	Fair value through profit and loss ("FVTPL")	FVTPL
Restricted cash	Loans and receivables (amortized cost)	Amortized cost
Amounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost
Long-term debt	Other financial liabilities (amortized cost)	Amortized cost

The original carrying value of the Company’s financial instruments under IAS 39 has not changed under IFRS 9.

New standards not yet adopted and interpretations issued but not yet effective

IFRS 16 - Leases:

On January 13, 2016, the IASB issued IFRS 16 which supersedes existing standards and interpretations under IAS 17, Leases. IFRS 16 requires all leases, including financing and operating leases, to be reported on a company’s balance sheet. The new standard will provide greater transparency on a company’s lease assets and liabilities. IFRS 16 in effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Company is currently assessing the impact of adopting IFRS 16 on the consolidated financial statements.

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.

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 72% 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.

Pursuant to the Uruguayan Reorganization Act, the reorganisation process and the Agreement are subject to consideration by the Court and the Intervenor, and the normal formal procedures for approval. As part of the reorganisation process, the Intervenor has been reviewing the legitimity of the creditors´ debt claim in order to prepare the final list of creditors. Out of more than 150 creditors, only a small minority is still under discussion and review due to minor formalities. The process will continue by the Court confirming formally that the majorities required for the Agreement were effectively obtained, which will be followed by public notice of the Agreement to all interested parties. Provided there is no valid opposition, the Court will proceed to ratify the Agreement and the ratification process is expected to conclude during the first half of 2019. Once approved by the Court, the Agreement will be legally binding on all the creditors and Loryser's creditor protection status will cease together with Intervenor's control over Loryser.

As at February 28, 2019, the cash balance included $156, held by Loryser which is not accessible to the rest of the Company as a result of the Loryser Reorganisation Proceedings.

(Expressed in thousands of United States Dollars)

4. Accounts receivable and other assets

		February 28, 2019		May 31, 2018
Tax receivable (1)	**$**	**304**	$	633
Advance payments to suppliers		**188**		197
Marketable securities		**10**		8
Miscellaneous receivable (2)		**426**		712
Total Accounts receivable and other assets	**$**	**928**	$	1,550

(1) Tax receivable consists of refunds to be collected for Uruguayan Value Added Tax and Canadian GST / HST.
(2) 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.
(3) As at February 28, 2019, the cash balance included $787, held by Loryser which is not accessible to the rest of the Company as a result of the Loryser Reorganisation Proceedings.

5. 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. With this sale, the Company is left with no interest or obligation in Talca.

6. Inventories

		February 28, 2019		May 31, 2018
Ore in stockpiles (1)	**$**	**1,500**	$	681
Gold in circuit		**-**		403
Finished metals		**-**		660
Mine operating supplies		**3,801**		4,356
Total Inventories	**$**	**5,301**	$	6,100

(1) 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.

(Expressed in thousands of United States Dollars)

7. Property, plant and equipment

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.

			Development costs			
Cost	**Tangible fixed assets**(1)	**Asset retirement obligation**(2)	**Tangible underground development costs**(3)	**Open pit and deferred stripping subject to depreciation**(4)(5)	**Development costs not subject to depreciation**(6)	**Total**
Balance, May 31, 2017	$ 79,614	$ 11,283	$ 38,927	$ 55,922	$ 5,075	$ 190,821
Additions	3,828	122	5,529	130	225	9,834
Reclassification from E&E (7)	-	-	148	679	(92)	735
Other	60	(216)	-	75	(75)	(156)
Disposals	(2,007)	-	-	-	-	(2,007)
Balance, May 31, 2018	81,495	11,189	44,604	56,806	5,133	199,227
Additions	99	65	176	-	-	340
Other	(88)	-	-	-	-	(88)
Disposals	(4,171)	-	-	-	-	(4,171)
Balance, February 28, 2019	$ 77,335	$ 11,254	$ 44,780	$ 56,806	$ 5,133	$ 195,308

			Development costs			
Accumulated depreciation	**Tangible fixed assets**(1)	**Asset retirement obligation**(2)	**Tangible underground development costs**(3)	**Open pit and deferred stripping subject to depreciation**(4)(5)	**Development costs not subject to depreciation**(6)	**Total**
Balance, May 31, 2017	$ 75,117	$ 10,491	$ 32,277	$ 54,132	$ 2,644	$ 174,661
Depreciation for the year	2,837	178	4,964	922	-	8,901
Disposals	(1,995)	-	-	542	(543)	(1,996)
Impairment of assets	2,066	-	5,339	1,210	2,467	11,082
Balance, May 31, 2018	$ 78,025	$ 10,669	$ 42,580	$ 56,806	$ 4,568	$ 192,648
Depreciation for the period	717	520	2,296	-	-	3,533
Disposals	(4,134)	-	-	-	-	(4,134)
Balance, February 28, 2019	$ 74,608	$ 11,189	$ 44,876	$ 56,806	$ 4,568	$ 192,047

(Expressed in thousands of United States Dollars)

7. Property, plant and equipment (continued)

			Development costs			
Carrying amount	**Tangible fixed assets**[(1)]	**Asset retirement obligation**[(2)]	**Tangible underground development costs**[(3)]	**Open pit and deferred stripping subject to depreciation**[(4)(5)]	**Development costs not subject to depreciation**[(6)]	**Total**
Balance, May 31, 2018	$ 3,470	$ 520	$ 2,024	$ -	$ 565	$ 6,579
Balance, February 28, 2019	$ 2,727	$ 65	$ (96)	$ -	$ 565	$ 3,261

(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 11.
(3) Included 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 pre-stripping extracted from Vaca Muerta during June 2014.
(6) Includes exploration and evaluation costs for properties for which commercial production has not begun.
(7) Includes exploration and evaluation costs prior to the Company defining proven and probable reserves and intention to develop the property commercially.

8. Exploration and evaluation costs

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 5).

Nine months ended February 28, 2018	**Uruguay**	**Chile**	**Colombia**	**Total**
Balance, May 31, 2017	**$ 3,697**	**$ 6,725**	**$ 7,255**	**$ 17,677**
Additions	2,647	166	1,740	4,553
Foreign exchange movement	-	-	(73)	(73)
Other	(37)	-	-	(37)
Write-off	(32)	-	-	(32)
Balance, February 28, 2018	6,275	6,891	8,922	22,088

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 nine months ended February 28, 2019 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 12(b)(ii)).

(Expressed in thousands of United States Dollars)

8. Exploration and evaluation costs (continued)

Nine months ended February 28, 2019	Uruguay	Chile	Colombia	Total
Balance, May 31, 2018	**$ -**	**$ -**	**$ 9,755**	**$ 9,755**
Additions	121	-	389	510
Foreign exchange movement	-	-	(420)	(420)
Write-off	(121)	-	-	(121)
Balance, February 28, 2019	**$ -**	**$ -**	**$ 9,724**	**$ 9,724**

9. Accounts payable and accrued liabilities

	February 28, 2019	May 31, 2018
Commercial suppliers (1)	**$ 11,496**	$ 11,872
Salaries, labour benefits and social security contributions (2)	**7,169**	5,136
Mining royalties, income and other taxes (3)	**1,835**	837
Total accounts payable and accrued liabilities	**$ 20,500**	$ 17,845

(1) This includes $10,074, to be settled in accordance with the corresponding legal process under the Loryser Reorganization Proceedings (Note 3).
(2) This includes a $7,103 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 3).
(3) This includes a $1,796 provision regarding relinquishment by Fortune Valley Resources Chile S.A. ("FVRC") (an indirect, wholly-owned subsidiary of Orosur) of the Pantanillo project located in Chile, to Anglo American Inversiones SA regarding payment of minimum royalties (see note 19).

10. Long-term debt

	February 28, 2019	May 31, 2018
Cash and cash equivalents	**$ 1,033**	$ 1,390
Current financial debt (1)	**(1,711)**	(1,730)
Non-current debt	**(211)**	(211)
Net debt	**$ (889)**	$ (551)

(1) 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).

(Expressed in thousands of United States Dollars)

11. 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 nine months ended February 28, 2019 and year ended May 31, 2018:

	February 28, 2019	May 31, 2018
Balance, beginning of period	**$ 5,422**	$ 5,648
Changes in cash flow estimates	**-**	(94)
Expenditure incurred in rehabilitation	**(92)**	(122)
Accretion expense	**57**	(10)
Balance at end of period	**$ 5,387**	$ 5,422
Less: current portion	**(139)**	(139)
Balance, end of period	**$ 5,248**	$ 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 $5,387 as at February 28, 2019. Loryser is still waiting for 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) had been provided by Santander Bank Uruguay ($1,200) and a local Uruguayan insurance company ($151). Before the expiration of the coverage period, DINAMA has executed these guarantees in order to secure the funds for the future remediation. Loryser is in discussions with DINAMA to collect these funds to pursue with the remediation work at San Gregorio.

12. Share capital

a) Authorized share capital

The authorized share capital consisted of unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(Expressed in thousands of United States Dollars)

12. Share capital (continued)

b) Common shares issued

	Number of common shares ('000)	Amount $
Balance, May 31, 2017	**100,846**	**61,162**
Private placement [(1)]	16,741	2,128
Balance, February 28, 2018 and May 31, 2018	117,587	63,290
Private placement [(2) (3)]	29,213	1,762
Issue costs of private placement [(4)]	3,478	238
Balance, February 28, 2019	150,278	65,290

(1) 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 CDN$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 February 28, 2019 the fair value of the warrant was $409. The broker’s commissions and other related expenses of the issue amounted to $329.

(2) 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.

(3) 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) 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.

(4) 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.

(Expressed in thousands of United States Dollars)

13. 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 February 28, 2019:

	Number of stock options	Weighted average exercise price
Balance, May 31, 2017	7,222	$ 0.19
Issued (1)	1,925	0.24
Expired	(33)	0.16
Forfeited	(93)	0.16
Balance, February 28, 2018	9,021	$ 0.20
Balance, May 31, 2018	8,944	$ 0.20
Issued (2)	1,845	0.11
Cancelled	(740)	0.22
Forfeited	(1,538)	0.22
Balance, February 28, 2019	8,511	$ 0.18

(1) On November 17, 2017, 1,925,000 options were granted to directors, officers and employees of the Company pursuant to the Company's stock option plan and $22 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$0.24; risk free interest rate – 1.44%; expected daily volatility – 73.47%; expected life – 5 years; forfeiture rate – 10% and expected dividends - $nil.

(2) On October 23, 2018, 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.

(Expressed in thousands of United States Dollars)

13. Stock options (continued)

The following table reflects the actual stock options issued and outstanding as of February 28, 2019:

Expiry date	Exercise price (CDN$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
December 10, 2019	0.19	0.78	1,960	1,960
January 20, 2021	0.11	1.90	1,355	1,355
March 4, 2021	0.13	2.01	194	194
June 1, 2021	0.18	2.26	129	129
September 1, 2021	0.28	2.51	84	84
November 30, 2021	0.235	2.76	1,681	1,681
November 17,. 2022	0.24	3.72	1,463	1,003
October 23, 2023	0.11	4.65	1,645	582
	0.18	2.67	8,511	6,988

At February 28, 2019, there were 8,511 options outstanding, of which 6,988 were vested and exercisable (May 31, 2018 – $8,944 and $7,107, respectively). The weighted average exercise price of the options outstanding at February 28, 2019 was CDN$0.18 (May 31, 2018 – CDN$ 0.19).

During the nine months ended February 28, 2019, $72 of compensation expense was recorded ($50 for the nine months ended February 28, 2018).

14. Cost of sales

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

	Three Months Ended February 28, 2019	Three Months Ended February 28, 2018	Nine Months Ended February 28, 2019	Nine Months Ended February 28, 2018
Mining and transportation costs	**$ -**	$ 4,105	**$ 1,315**	$ 11,670
Processing costs	**-**	2,650	**1,320**	7,512
Mine site administration costs	**-**	731	**519**	2,357
Change in stockpiles, gold in circuit and finished goods	**-**	(397)	**1,085**	610
Refinery charges	**-**	107	**76**	355
Depreciation	**-**	1,847	**2,635**	5,911
Mining royalties and other production tax	**-**	192	**169**	234
Other	**-**	(1)	**-**	65
Total cost of sales	**$ -**	$ 9,234	**$ 7,119**	$ 28,714

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 February 28, 2019.

(Expressed in thousands of United States Dollars)

15. Income taxes

(a) Current and deferred income tax composition:

	Three Months Ended February 28, 2019	Three Months Ended February 28, 2018	Nine Months Ended February 28, 2019	Nine Months Ended February 28, 2018
Current income tax recovery for the period	**$ -**	$ -	**$ -**	$ (2)
Total income tax recovery for the period	**$ -**	$ -	**$ -**	$ (2)

Changes and composition of the deferred income tax asset:

	Three Months Ended February 28, 2019	Three Months Ended February 28, 2018	Nine Months Ended February 28, 2019	Nine Months Ended February 28, 2018
Balance, beginning of period	**$ -**	$ 3,115	**$ -**	$ 3,115
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 February 28, 2019, 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.

16. Loss per share

For the three and nine months ended February 28, 2019, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of $2,026 and $10,287, respectively (three and nine months ended February 28, 2018 - $1,977 and $2,518, respectively) and the weighted average number of common shares outstanding of 150,278 and 136,774, respectively (three and nine months ended February 28, 2018 - 117,587 and 113,867, respectively). Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

(Expressed in thousands of United States Dollars)

17. 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 February 28, 2019	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
Orosur Mining (UK) Limited	United Kingdom	100%	100%	US dollar

18. 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.

(Expressed in thousands of United States Dollars)

18. Segmented information (continued)

	Production (Uruguay)	Exploration (Uruguay)	Exploration (Discontinued) (Chile)	Exploration (Columbia)	Corporate	Total
Three Months Ended February 28, 2019						
Sales	$ -	$ -	$ -	$ -	$ -	$ -
Cost of sales	-	-	-	-	-	-
Care and maintenance	(571)	-	-	-	-	(571)
Exploration expenses	-	(54)	(1,796)	-	-	(1,850)
Exploration expenses and write off	-	(28)	-	-	-	(28)
Restructuring costs	(81)	-	-	-	-	(81)
Obsolescence provision	-	-	-	-	-	-
Corporate and admin expenses	-	-	-	-	(528)	(528)
Other income	736	-	-	-	500	1,236
Total segment loss	$ 84	$ (82)	$ (1,796)	$ -	$ (28)	$ (1,822)
Investment in exploration and evaluation	-	29	-	79	-	108
Investment in PP&E	6	-	-	-	-	6

	Production (Uruguay)	Exploration (Uruguay)	Exploration (Discontinued) (Chile)	Exploration (Columbia)	Corporate	Total
Nine months ended February 28, 2019						
Sales	$ 4,202	$ -	$ -	$ -	$ -	$ 4,202
Cost of sales	(7,119)	-	-	-	-	(7,119)
Care and maintenance	(1,184)	-	-	-	-	(1,184)
Exploration expenses	-	(216)	(1,796)	-	-	(2,012)
Exploration expenses and write off	-	(121)	-	-	-	(121)
Restructuring costs	(4,048)	-	-	-	-	(4,048)
Obsolescence provision	(5)	-	-	-	-	(5)
Corporate and admin expenses	-	-	-	-	(1,569)	(1,569)
Other income	1,035	-	-	-	500	1,535
Total segment loss	$ (7,119)	$ (337)	$ (1,796)	$ -	$ (1,069)	$ (10,321)
Investment in exploration and evaluation	-	121	-	389	-	510
Investment in PP&E	275	-	-	-	-	275

	Production (Uruguay)	Exploration (Uruguay)	Exploration (Discontinued) (Chile)	Exploration (Columbia)	Corporate	Total
As at February 28, 2019						
Property, plant and equipment costs	3,157	-	-	95	9	3,261
Exploration and evaluation costs	-	-	-	9,724	-	9,724

(Expressed in thousands of United States Dollars)

18. Segmented information (continued)

	Production (Uruguay)	Exploration (Uruguay)	Exploration (Discontinued) (Chile)	Exploration (Columbia)	Corporate	Total
Three Months Ended February 28, 2018						
Sales	$ 8,555	$ -	$ -	$ -	$ -	$ 8,555
Cost of sales	(9,234)	-	-	-	-	(9,234)
Exploration expenses and write off	-	(6)	(259)	(158)	-	(423)
Restructuring costs	(597)	-	-	-	-	(597)
Obsolescence provision	9	-	-	-	-	9
Corporate and admin expenses	-	-	-	-	(382)	(382)
Other income	77	-	15	-	-	92
Total segment loss	$ (1,190)	$ (6)	$ (244)	$ (158)	$ (382)	$ (1,980)
Investment in exploration and evaluation	-	370	38	827	-	1,235
Investment in PP&E	1,733	-	-	-	-	1,733

	Production (Uruguay)	Exploration (Uruguay)	Exploration (Discontinued) (Chile)	Exploration (Columbia))	Corporate	Total
Nine months ended February 28, 2018						
Sales	$ 29,534	$ -	$ -	$ -	$ -	$ 29,534
Cost of sales	(28,714)	-	-	-	-	(28,714)
Exploration expenses and write off	-	(32)	(259)	(158)	-	(449)
Restructuring costs	(1,407)	-	-	-	-	(1,407)
Obsolescence provision	(35)	-	-	-	-	(35)
Corporate and admin expenses	-	-	-	-	(1,776)	(1,776)
Other income	179	-	29	14	-	222
Total segment loss	$ (443)	$ (32)	$ (230)	$ (144)	$ (1,776)	$ (2,625)
Investment in exploration and evaluation	-	2,646	167	1,740	-	4,553
Investment in PP&E	7,897	-	-	-	-	7,897

	Production (Uruguay)	Exploration (Uruguay)	Exploration (Discontinued) (Chile)	Exploration (Columbia)	Corporate	Total
As at February 28, 2018						
Property, plant and equipment costs	18,137	6	-	49	9	18,201
Exploration and evaluation costs	-	6,275	6,891	8,922	-	22,088

(Expressed in thousands of United States Dollars)

18. Segmented information (continued)

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

	Three Months Ended February 28, 2019	Three Months Ended February 28, 2018	Nine Months Ended February 28, 2019	Nine Months Ended February 28, 2018
Segment (loss) gain	**$ (1,822)**	$ (1,980)	**$ (10,321)**	$ (2,625)
Net finance cost	**(17)**	(63)	**(87)**	(209)
Loss on fair value of financial instruments, net	**(320)**	-	**(341)**	(10)
Net foreign exchange gain	**133**	66	**462**	328
Cumulative translation adjustment	**624**	70	**(125)**	(66)
Income tax provision	**-**	-	**-**	(2)
Total comprehensive loss for the period	**$ (1,402)**	$ (1,907)	**$ (10,412)**	$ (2,584)

19. Subsequent event

- Subsequent to the the nine months ended February 28, 2019, the Arbitral Tribunal rendered its decision, ruling that Fortune Valley Resources Chile S.A. (“FVRC”) is required to pay Anglo American Inversiones SA ("Anglo") approximately $1.6 million, plus interests at Chile´s current interest rate, calculated from December 2015 until its effective payment. This relates to the relinquishment by FVRC (an indirect, wholly-owned subsidiary of Orosur) of the Pantanillo project located in Chile. Anglo sought the payment of minimum royalties totalling US$3 million and requested arbitration in September, 2017. The Tribunal´s decision is exclusively against FVRC. Orosur was not named in the decision from the Tribunal.