Management Discussion & Analysis
for the three months ended August 31, 2018

Prepared as at October 12, 2018

Management's discussion and analysis ("MD&A") provides a discussion of Orosur Mining Inc. ("Orosur" or the "Company") financial and operating results for the quarter ended August 31, 2018 with comparisons to previous quarters.

This MD&A accompanies, and should be read in conjunction with, the unaudited condensed interim consolidated financial statements and selected explanatory notes of the Company for the three months ended August 31, 2018. All amounts are expressed in thousands of United States Dollars (US$), unless otherwise indicated. The reader should also refer to the audited consolidated financial statements and MD&A for the year ended May 31, 2018, both of which are available on SEDAR at www.sedar.com. The Company's unaudited condensed interim consolidated financial statements and the financial data presented in this document have been prepared in accordance with International Financial Reporting Standards (IFRS). This MD&A is effective as of October 12, 2018.

1. DESCRIPTION OF BUSINESS

Orosur Mining Inc. ("Orosur", "OMI" or the "Company") is a gold production, development and exploration company incorporated in Canada and operating in Uruguay and Colombia. The Company's common shares are listed on the Toronto Stock Exchange (symbol OMI) and the London Alternative Investment Market (symbol OMI).

In Colombia, the Company has an exploration program in its wholly owned Anzá gold project located in the Middle Cauca Belt in Antioquia, Colombia which hosts such projects as Buriticá, Titiribí, Marmato and La Colosa. Recent activities include the drilling of over 9,000m of diamond core, generating a geological model, carrying out initial metallurgical tests and taking over operatorship of the two underground gypsum mines in the Anzá concession, each of which have environmental and mining permits in place. On September 10, 2018, the Company completed a non-brokered private placement of $2,000 with Newmont Mining Corporation and an exploration agreement with a venture option with Newmont Colombia S.A.S., a wholly-owned subsidiary of Newmont, for the Anzá exploration property.

In Uruguay, the Company has historically operated the San Gregorio gold mining complex, the only producing gold operation in the country, in the northern Department of Rivera. Orosur has been exploring in Uruguay since 1996 and acquired the San Gregorio operation in October 2003. During this fiscal year, the Company was operating several small open pits and the San Gregorio West underground mine ("SGW UG") in the San Gregorio district. On June 14, 2018 the Company applied for Reorganization Proceedings and creditor protection over Loryser S.A. ("Loryser"), the Company's primary operating subsidiary, in the best interests of

Loryser, the Company and their stakeholders. Creditor protection was applied for due to financial liquidity constraints caused by the scarcity of alternative sources of ore at SGW UG.

2. HIGHLIGHTS

Financial and operational highlights for the quarter ended August 31, 2018 ("Q1 19" or the "Quarter") include:

- In August 2018, the Company placed its San Gregorio mining operations under care and maintenance. The Company's ability to resume operating in Uruguay is dependent upon its ability to obtain adequate financing. The reorganization process has been ongoing since June 2018. Under the Loryser Reorganisation Proceedings, the term for credit verification ended on September 3, 2018, and a court-appointed Controller has validated all the credits and has filed a report on the assets and debts of the Company on October 3, 2018. The report is currently subject to review and potential reassessment before the creditors meeting scheduled for December 17, 2018. A final date for approval of the report, including the final list of creditors and assets, is dependent on whether there are any challenges. The Controller is preparing a second report assessing the status of the Company and explaining the causes that led Loryser to the current situation.
- In line with expectations, Q1 19 production was 3,029 oz of gold, compared to 8,626 oz in Q1 18.
- 65,163 tonnes of ore were processed at a grade of 1.28 grams per tonne ("g/t") with recovery averaging 93.01%. This compares to 268,964 tonnes at 0.96 g/t and recoveries averaging 93.64% for Q1 18.
- The average gold price realized for the Quarter was $1,261/oz (Q1 18: $1,260/oz).
- Average cash operating cost was $1,040/oz, compared to $901/oz Q1 18 due primarily to lower production and higher process and administrative unit costs.
- All-In-Sustaining Costs ("AISC") were $1,342/oz compared to $1,348/oz in Q1 18. The decrease in capital expenditure and brownfield exploration were offset by lower production.
- Restructuring costs of $3,322 (Q1 18: $60) were recognized as a provision for layoffs as a result of substantial reductions in staff, leaving the Company with 24 employees at the end of August.
- Loss before tax was $6,118 compared to a loss of $384 in Q1 18. This was mainly due to a diminished operations and higher restructuring costs.
- Cash flow from operations before changes in working capital was ($3,617) compared to $1,454 in Q1 18.
- The Company invested $313 in capital expenditures and $232 in exploration compared to $2,900 and $1,613 respectively in Q1 18. The Company has significantly decreased its investment related to the San Gregorio project compared to Q1 18 due to the completion of operations in Uruguay during August. The variance in exploration was primarily a result of the increased focus on expanding the Company's resources base in Uruguay with the aim of increasing mine life during Q1 18 compared to the minimum expenses to maintain the exploration permits in Uruguay and Colombia during Q1 19.
- The Company's cash balance at August 31, 2018 was $1,119 compared to $1,390 at May 31, 2018, with a deficiency in net working capital (current assets less current liabilities including cash) of $14,613 compared to $10,622 at May 31, 2018. Loryser has drawn on the full Santander line of credit in the amount of $1,500 since Q2 FY18. On August 31, 2018, the total liabilities under the Loryser Reorganization Proceedings, subject to validation by the Controller was $12,250 (including the total financial debt). The validation by the Controller do not include labour and environmental liabilities as they are not part of the proceedings as long as Loryser is not put into liquidation.

- On August 31, 2018, cash of $1,068 was held in Loryser, and therefore part of the creditor protection process. In September 2018, the Company successfully obtained additional funding for corporate and Colombia holding costs through its recently announced agreement and private placement with Newmont, as explained below. The use of proceeds of this Newmont funding is Colombia exploration and general working capital purposes.
- The Company's total debt at August 31, 2018 was $1,922 compared to $1,941 at May 31, 2018. The debt represents the drawing of the full $1,500 Santander line of credit by Loryser and leases on small vehicles, two Volvo trucks and a drill rig. All this debt is under the Loryser Reorganisation Proceedings.
- In Chile, the Company is discontinuing its operations.
- On July 2018, the Company sold its remaining 25% interest in Talca for a consideration of $120. With this sale, the Company is left with no interest or obligation in Talca.
- At the Company's relinquished Pantanillo project, Anglo has disputed the payment of an amount of minimum royalties totalling $3,000 and requested arbitration which is ongoing as of the date of these financial statements. As the claim is exclusively against Fortune Valley (Company's wholly owned subsidiary) and there are sufficient arguments to support the Company's position, following advice from its Chilean lawyers, management has concluded that the payment is unlikely to result in any successful award to Anglo from the Company.
- On September 10, 2018, the Company completed a non-brokered private placement of $2,000 with Newmont Mining Corporation (NYSE: NEM) 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. Newmont purchased 29,213,186 common shares at a price of C$0.091 per share for aggregate proceeds of $2,000 which includes the initial advance of $250 previously announced on July 10, 2018.

3. OUTLOOK AND STRATEGY

As a consequence of the weaker mineralization encountered at the Company's SGW UG mine in Uruguay and the consequent difficult financial situation of the Company, the Board adopted, during the year ended May 31, 2018, an aggressive strategic plan which is currently being implemented, with the main objective to restructure its businesses, recapitalize and transform the Company by advancing Colombia with Newmont as partner, finding a fair solution in Uruguay for all stakeholders and reducing its activities in Chile.

Orosur is planning the next stages of exploration of the high grade Anzá project in Colombia in coordination with Newmont.

The Company is hard at work and anticipates reaching a fair and balanced solution in Uruguay in the interest of all its stakeholders. As part of the reorganisation procedures, the Court has scheduled a creditors' meeting for December 2018. In parallel with ongoing discussions with third parties, the Company has started working on a payment plan proposal agreement with the creditors which should be filed and negotiated in advance of the creditors' meeting.

(Thousands of United States Dollars, except where indicated)

4. OVERVIEW OF FINANCIAL RESULTS

4.1 Selected financial information

During the Quarter, the Company reported a loss of $6,575 compared to a loss of $568 for Q1 18. Operating loss (contribution margin) from the San Gregorio operation before depreciation was $282 compared to a profit of $2,140 in Q1 18. The decrease was due to lower revenue and higher operating costs. Contribution margin is a non-IFRS measure which is explained in section 11 of this MD&A.

Table 1 shows the profit/(loss) breakdown and contribution margin composition.

Table 1 –Profit/(Loss) breakdown

	Q1 19	**Q1 18**	Reference
	$	**$**	
Revenue	4,202	11,951	4.2
Cost of sales (except depreciation)	(4,484)	(9,811)	4.4
Contribution margin	(282)	2,140	
Mine site depreciation	(2,635)	(1,961)	4.5
Gross profit/(loss)	(2,917)	179	
Exploration expenses	(20)	-	
Exploration costs and write off	(66)	(10)	
Obsolescence provision	-	(35)	
Corporate expenses	(402)	(561)	4.6
Restructuring costs	(3,322)	(60)	4.6
Other net gains	609	103	4.6
Net loss before taxes	(6,118)	(384)	
Income tax provision	-	(3)	4.7
Net loss after taxes	(6,118)	(387)	
Cumulative translation adjustment	(190)	(278)	
Total comprehensive loss for continuing operations	(6,308)	(665)	
(Loss)/profit from discontinued operations	(267)	97	
Total comprehensive loss for the period	(6,575)	(568)	
Basic loss per share (cents per share)			
Continuing operations	$ (0.06)	$ (0.01)	
Discontinued operations	$ (0.00)	$ (0.00)	

Table 2 below shows the main movements in the balances of current and non-current assets and liabilities, financial outstanding liabilities and shareholder's equity as at August 31, 2018 compared to May 31, 2018 and 2017.

Table 2 – Assets and liabilities selected information

	As of August 31, 2018	As of May 31, 2018	As of May 31, 2017
	$000's	**$000's**	**$000's**
Total non-current assets	14,062	16,607	37,731
Total current assets	6,797	9,160	18,033
Total assets	20,859	25,767	55,764
Total liabilities under reorganization process *(i)*	12,250	-	-
Total liabilities	26,870	25,276	20,569
Total shareholders' (deficit) equity	(6,011)	491	35,195

(i) *The validation by the Controller do not include labour and environmental liabilities as they are not part of the proceedings as long as Loryser is not put into liquidation.*

4.2 Sales

Sales include gold and silver sales as shown in Table 3. Total sales of gold for the Quarter were $4,155 with 3,296 ounces of gold sold at an average price of $1,261/oz. This compares to $11,861 for Q1 18 with 9,411 ounces of gold sold at an average price of $1,260/oz. Silver sales for the Quarter were lower than Q1 18.

Table 3 – Sales Composition

Q1 19	$000's	Ounces	$ per oz
Gold	4,155	3,296	1,261
Silver	47	3,011	16
Total Sales	**4,202**		

Q1 18	$000's	Ounces	$ per oz
Gold	11,861	9,411	1,260
Silver	90	5,366	17
Total Sales	**11,951**		

4.3 Production statistics

Key production statistics are shown in Table 4. During the Quarter, 138,332 tonnes were mined (Q1 18 – 1,092,440 tonnes), including 75,900 tonnes of waste (Q1 18 – 909,718) and 62,432 tonnes of ore (Q1 18 – 182,723) with an average grade of 1.34 g/t (Q1 18 – 1.22 g/t), to provide a final strip ratio for the quarter of 1.22 tonnes of waste to 1 tonne of ore (Q1 18 – 4.98).

538 of the ounces produced were extracted from the stock of ore in process as a result of putting the mining operations under care and maintenance during August 2018.

Approximately 95% of the ore mined during the current period came from SGW UG underground operation, and 5% from small open pits.

Table 4 – Key production statistics

		Q1 19	**Q1 18**
Waste	tons (000's)	76	910
Ore	tons (000's)	62	183
Total mined	tons (000's)	138	1,092
Grade mined	Grams / tons Au	1.34	1.22
Strip ratio	Waste / Ore	1.22	4.98
Ore processed	tons (000's)	65	269
Grade processed	tons (000's)	1.28	0.96
Recovery	%	93.01	93.64
Gold in circuit	Ounces	538	-
Gold produced	Ounces	2,491	8,626
Total gold produced	Ounces	3,029	8,626

All ore sources have different structural characteristics and grades resulting in variability of production quarter on quarter. Quarterly production statistics are provided in Table 5.

Table 5 - Quarterly production statistics

	Q2 17 Nov 17	**Q3 17 Feb 17**	**Q4 17 May 17**	**Q1 18 Aug 18**	**Q2 18 Nov 18**	**Q3 18 Feb 18**	**Q4 18 May 18**	**Q1 19 Aug 18**
Ore processed (tonnes)	232,964	226,193	312,495	268,964	204,315	240,432	161,729	65,163
Grade processed (g/t Au)	0.99	1.15	1.15	0.96	1.14	0.93	1.03	1.28
Recovery (%)	92.19	93.77	93.27	93.64	94.49	94.43	94.25	93.01
Gold produced (ounces)	6,852	7,820	10,748	8,626	7,052	6,859	5,049	3,029

During the Quarter, 65,163 tonnes of ore (Q1 18 – 268,964) were fed into the plant at an average grade of 1.28 g/t (Q1 18 – 0.96 g/t) to produce 2,491 ounces of gold (Q1 18 – 7,780) with a metallurgical recovery of 93.01% (Q1 18 – 93.64%). 538 ounces were extracted from the stock of ore in process as a result of putting the mining operations under care and maintenance during August 2018. The total production for the period was 3,029 ounces.

The Company put its mining operations at San Gregorio on hold under care and maintenance. The Company's continuance in Uruguay is dependent upon its ability to obtain adequate financing.

(Thousands of United States Dollars, except where indicated)

4.4 Production costs

Total operating costs (excluding depreciation) were $4,424 for the Quarter, equivalent to cash operating costs of $1,040/oz compared to Q1 18 cash operating costs of $9,811 for ($901/oz).

AISC was $1,296/oz for the Quarter compared to $1,348/oz in Q1 18. The decrease was due to lower capital expenditure and brownfield exploration in Q1 19. During Q1 19, the development capex was associated with the final stages of production of SGW UG mine. During Q1 18, the additional development capex was associated with the SGW UG mine, including ramp, access and ventilation shaft work. The variance in exploration was primarily a result of the increased focus on expanding the Company's resources base in Uruguay with the aim of increasing mine life during Q1 18 compared to the minimum expenses to maintain the exploration permits in Uruguay and Colombia during Q1 19.

Table 6 provides the reconciliation of cost of sales as stated in the Company's financial statements to all in sustaining cost per ounce. This is a non-GAAP measure which is explained in section 11 of this MD&A.

Table 6 - Reconciliation of Operating costs to cash cost per ounce

	Q1 19 $	**Q1 18 $**
Cost of sales as per financial statements	7,119	11,772
Depreciation	(2,635)	(1,961)
Operating expenses excluding depreciation	4,484	9,811
Movement in non-ore inventories	(1,062)	(1,480)
Silver credit	(103)	(189)
Mining royalties and other production taxes	(169)	(367)
Total cash costs before taxes (A)	**3,150**	**7,775**
Mining royalties and other production taxes	169	367
Total cash costs after taxes (B)	**3,319**	**8,142**
Corporate costs	359	503
Reclamation and remediation	59	79
Brownfield exploration	65	651
Capital expenditure	263	2,253
All in sustaining costs (C)	**4,065**	**11,628**
Gold production in ounces (D)	3,029	8,626
Cash operating cost per ounce (A)/(D)	**1,040**	**901**
Total cash cost per ounce (B)/(D)	**1,096**	**944**
All in sustaining cost (C)/(D)	**1,342**	**1,348**

(Thousands of United States Dollars, except where indicated)

4.5 Depreciation

The total depreciation for the Quarter was $2,635 compared to $1,961 in Q1 18. Depreciation includes straight line depreciation of fixed assets for the mine site, exploration and corporate segments of operation, depreciation of tangible development, depreciation of exploration and evaluation costs associated to pits under commercial production based on contained ounces of gold in ore mined, and the depreciation of the environmental costs for rehabilitation that are recognized over the life of the mine. Mine site depreciation of fixed assets includes the depreciation of heavy equipment and major spare parts, plant facilities, tailings dam facilities and other mining site infrastructure. Tangible development depreciation includes depreciation of pre-stripping activities realized to access ore bodies and depreciation of the ramp and access to the reserves of the underground operation. Exploration and evaluation depreciation include the depreciation of previously capitalized expenditure incurred to discover and outline pit reserves and resources. Table 7 provides a breakdown of depreciation.

Table 7 - Depreciation composition

	Q1 19 **$**	**Q1 18** **$**
Tangible fixed assets	299	840
Tangible underground development costs	2,197	1,000
Environmental rehabilitation provision	40	60
Other exploration and evaluation costs *(i)*	99	61
Total depreciation	**2,635**	**1,961**
Exploration equipment depreciation	-	(2)
Corporate facilities depreciation	-	-
Mine site depreciation *(ii)*	**2,635**	**1,959**

(i) Other exploration and evaluation costs relate to capitalized costs associated with the discovery and resource definition of satellite projects in production during the period. For these assets, depreciation is calculated using the units of production method based on the estimated proven and probable reserve of each pit. As a consequence, depreciation may vary significantly from quarter to quarter, and with respect to the previous year, according to which pit is under production in such period and how much gold is produced. This quarter, all the depreciation of other exploration and evaluation costs is due to Sobresaliente which was the only open pit in production during this period.

(ii) Depreciation during Q1 19 is higher than Q1 18 due to the depreciation of SGW UG which was in its final stages of production during this period.

4.6 Corporate expenses and other gains and expenses

Corporate expenses and other gains and expenses include corporate overhead costs, stock-based compensation expense, net finance costs, foreign exchange gains and losses, sales from asset disposition and other miscellaneous items. A breakdown of such income and expenses is shown in Table 8.

(Thousands of United States Dollars, except where indicated)

Table 8 - Corporate expenses and other gains and losses composition

	Q1 19 $	Q1 18 $
Director's fees and executive remuneration and benefits	241	288
Investor relations	-	72
Listing and regulatory expenses	77	58
Audit fees	26	49
Exploration site general and administrative	45	83
Management stock-based compensation	13	11
Total corporate expenses continuing operations	402	561
Total corporate expenses discontinuing operations	-	84
Foreign exchange gain	(549)	(252)
Net finance cost	21	97
Restructuring cost	3,322	60
Other gains	(81)	(115)
Total other net (gains)/losses continuing operations	2,713	(43)
Total other net losses discontinuing operations	166	181

Corporate overheads include corporate administration expenses in Uruguay, Colombia and Canada, holding structure costs, listing and regulatory expenses, directors' fees, executive remuneration, shareholder communications and associated costs related to corporate work to maintain and develop the business. Executive salaries and benefits related to site work are shown under cost of sales.

Restructuring costs of $3,322 (Q1 18: $60) were recognized as a provision for layoffs representing a substantial reduction in staff since May 2018 (198 employees) and leaving the Company with 33 employees (24 at Loryser) at the end of August, and after putting San Gregorio operations under care and maintenance.

Net finance cost includes mainly interest expense derived from the credit line facilities with Santander Bank.

Other income for both periods was comprised mainly of the sale of crushed rock, income from the San Gregorio laboratory which performed work for other third-party companies, income from leasing the exploration camp in Colombia and the sale of some heavy equipment.

(Thousands of United States Dollars, except where indicated)

4.7 Income tax

Table 9 - Current and deferred income tax composition

	Q1 19	Q1 18
	$	**$**
Current income tax provision	-	(3)
Income tax provision	**-**	**(3)**

No income tax expense was recognized for the quarter compare to a provision of income tax expense for Q1 18. The Company's only revenue generating jurisdiction is Uruguay. The statutory income tax rate of Uruguay is 25%. A detail of current and deferred income tax is shown in Table 9 above.

The deferred income tax provision (recovery) relates to property, plant and equipment and development costs tax assets, as well as the fiscal losses. Both of them represent future income tax deductions denominated in Uruguayan pesos. When translated to US dollars, these amounts may increase or decrease based on the current exchange rate of the Uruguayan peso (UY$) against the US dollar (US$).

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 August 31, 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.

5. FINANCIAL POSITION

5.1 Cash and other liquid resources

Table 10 - Cash increase/(decrease)

	Ref.	Q1 19 $	Q1 18 $
Cash flow from operations before changes in working capital		(3,617)	1,454
Working capital	5.2	3,600	1,334
Site capital expenditure	5.3	(313)	(2,900)
Sale of fixed assets		-	10
Exploration investment	5.3	(232)	(1,613)
Funding	5.4	291	2,891
Cash increase/(decrease)		**(271)**	**1,176**

(Thousands of United States Dollars, except where indicated)

Cash flow from operations includes the results from the San Gregorio operations less the cost of corporate expenses, exploration expenditure that is not capitalized, finance interest and income taxes. Cash flow generated by operations before the use of working capital was an outflow of $3,617 (Q1 18: inflow of $1,454).

At August 31, 2018, Orosur had cash resources of $1,119 compared to $1,390 at May 31, 2018. Cash decreased by $271 during the Quarter. The cash balance included cash of $1,068 held by Loryser which is not accessible to the Company as a result of the declaration of the creditor protection process. Table 10 shows the main cash movements.

The liabilities under the Loryser Reorganization Proceedings, subject to validation by the Controller are the following:

	August 31, 2018 ($)
Commercial suppliers	**10,178**
Mining royalties, income and other taxes	**150**
Financial debt	**1,922**
Total trade payables and other accrued liabilities	**12,250**

5.2 Working capital items

Table 11 shows details of changes in the working capital.

Table 11 – Working capital

	Q1 19 $	Q1 18 $
Cash flow from operations before changes in working capital	(3,617)	1,454
Warehouse inventories	476	350
Stockpile	22	(60)
Other production inventories	1,062	1,480
Trade payables and other accrued liabilities	1,724	(585)
Tax credits and other debtors	316	149
	3,600	1,334
Cash flow from operations including changes in working capital	(17)	2,788

Inventory of medium grade stockpiles decreased by $22 during the quarter compared to an increase of $60 in Q1 18. Low grade ore stockpile for potential future processing is carried at zero value. High and medium ore stockpile are valued at the lower of average cost or net realizable value.

(Thousands of United States Dollars, except where indicated)

Changes in tax credits variations are due to the timing in receiving VAT refunds from the Uruguayan Government and its final application.

5.3 Capital expenditure

Capital expenditure on property, plant and equipment and mineral properties, net of fixed assets sales, was $313 for the Quarter compared to $2,900 for Q1 18.

The Company has significantly decreased its investment related to the San Gregorio project compared to Q1 18 due to the completion of operations in Uruguay during August.

Cash exploration and evaluation investment incurred in Uruguay, Chile and Colombia is shown in Table 12 below. In Q1 19, cash exploration expenditure was $232 compared to $1,613 for Q1 18.

The variance in exploration was primarily a result of the increased focus on expanding the Company's resources base in Uruguay with the aim of increasing mine life during Q1 18 compared to the minimum expenses to maintain the exploration permits in Uruguay and Colombia during Q1 19.

Table 12 – Exploration investment by area

Project Area	Uruguay	Chile	Colombia	Total
Opening balance, May 31, 2018	-	-	9,755	9,755
Cash expenditure	66	-	166	232
Foreign exchange movement	-	-	(325)	(325)
Write off	(66)	-	-	(66)
Closing balance, August 31, 2018	-	-	9,596	9,596

Project Area	Uruguay	Chile	Colombia	Total
Opening balance, May 31, 2017	3,697	6,725	7,255	17,677
Cash expenditure	1,292	100	221	1,613
Foreign exchange movement	-	-	(108)	(108)
Write off	(10)	-	-	(10)
Closing balance, August 31, 2017	4,979	6,825	7,368	19,172

(Thousands of United States Dollars, except where indicated)

5.4 Funding

On July 10, 2018, Newmont Mining Corporation ("Newmont") advanced $250 to subscribe for 3,603,077 common shares of Orosur at a price of CAD$0.091 per share. The share price represented a 102% premium to the closing price of the Company's common shares on the Toronto Stock Exchange on July 9, 2018.

On September 10, 2018, the Company completed a non-brokered private placement of $2,000 with Newmont (29,213,186 common shares at a price of C$0.091 per share, including the $250 advanced subscription of 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 equalling a total of $4,000 over Phases 1 and 2.

5.5 Financial instruments

The composition and measurement of the Company's financial instruments, and the Company's action to manage different types of financial risks are discussed in Note 18 and 19 of the audited consolidated financial statements for the year ended May 31, 2018.

5.6 Contractual obligations and commitments

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

Table 13 – Financial maturity dates

	Total	Less than 1 Year	1-2 Years
Santander loan for mobile fleet	422	211	211
Santander loan (line of credit)	1,500	1,500	-
Total	1,922	1,711	211

The total amount of the above financial debt is included under the Loryser Reorganization Proceedings.

Commitments derived from exploration farm-outs and acquisition agreements are disclosed in Note 9 of the audited financial statements for the year ended May 31, 2018 and Note 7 of the interim financial statements for the three months ended August 31, 2018.

Commitments for environmental rehabilitation are disclosed in note 11 of the audited financial statements for the year ended May 31, 2018. The Company, as normal practice, performs restoration work prior to the closure date and in accordance with the Uruguayan Environmental Agency. Such liabilities are recorded as liabilities of the Company. 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). An environmental guarantee for $5,000 (May 31, 2018 – $5,000) has been provided by AIG, a local Uruguayan insurance company.

5.7 Outstanding share data

The Company has an authorized capital of unlimited number of common shares of no par value. As of October 12, 2018, the Company has a total of 146,800,091 issued shares outstanding. It has additionally 7,000,759 unexercised vested stock options to acquire common shares of the Company.

On July 10, 2018, Newmont Mining Corporation advanced $250 to subscribe for 3,603,077 common shares of Orosur at a price of CAD$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.

On September 10, 2018, Newmont completed a non-brokered private placement of 29,213,186 common shares at a price of C$0.091 per share for aggregate proceeds of $2,000 which includes the initial advance of $250 on July 10, 2018.

At August 31, 2018, there were 8,837,258 options outstanding, of which 7,030,759 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 August 31, 2018 was CDN$ 0.20 (May 31, 2018 – CDN$ 0.19).

No dividends were paid during the quarters ended August 31, 2018 and 2017.

6. QUARTERLY RESULTS ($'000)	Q1 17 Aug-16	Q2 17 Nov-16	Q3 17 Feb-17	Q4 17 May-17	Q1 18 Aug-17	Q2 18 Nov-17	Q3 18 Feb-18	Q4 18 May-18	Q1 19 Aug-18
Gold sold (ounces)	9,434	8,485	7,304	9,515	9,411	6,903	6,597	5,816	3,296
Average sales price ($/oz)	1,324	1,252	1,198	1,246	1,260	1,299	1,288	1,284	1,261
Cash cost before taxes ($/oz)	693	914	858	879	901	867	1,112	1,101	1,040
Total cash cost ($/oz)	738	958	904	952	944	821	1,141	1,162	1,342
Sales	12,658	10,765	8,845	11,958	11,951	9,028	8,555	7,566	4,202
Cost of sales (excluding depreciation)	(7,477)	(8,504)	(6,997)	(10,150)	(9,811)	(5,605)	(7,387)	(6,466)	(4,484)
Mine site depreciation	(1,766)	(1,063)	(1,379)	(2,935)	(1,961)	(2,103)	(1,847)	(2,990)	(2,635)
Cost of sales	(9,243)	(9,567)	(8,376)	(13,085)	(11,772)	(7,708)	(9,234)	(9,456)	(7,119)
Gross profit / (loss)	**3,415**	**1,198**	**469**	**(1,127)**	**179**	**1,320**	**(679)**	**(1,890)**	**(2,917)**
Corporate expenses	(467)	(764)	(457)	(710)	(645)	(749)	(382)	(455)	(402)
Restructuring costs	124	164	(144)	(1)	(60)	(750)	(597)	(1,433)	(3,322)
Exploration expenses and write off	(9)	(2)	(6)	(114)	(10)	(16)	(423)	(5,756)	(86)
Impairment of assets	-	-	-	-	-	-	-	(11,083)	-
Obsolescence provision	(88)	(12)	(1)	(12)	(35)	(9)	9	(4,642)	-
Other net gain (losses)	(216)	383	496	(91)	284	(47)	96	596	609
Income (loss) before taxes	**2,759**	**967**	**357**	**(2,055)**	**(287)**	**(252)**	**(1,976)**	**(24,663)**	**(6,118)**
Income tax recovery (loss)	-	(25)	6	576	(3)	1	-	(3,119)	-
Net income (loss) for the period	**2,759**	**942**	**363**	**(1,479)**	**(290)**	**(251)**	**(1,976)**	**(27,782)**	**(6,118)**
Basic earnings (loss) per share	0.03	0.01	0.00	(0.01)	0.03	0.01	0.00	0.00	(0.06)
Diluted earnings (loss) per share	0.03	0.01	0.00	(0.01)	0.03	0.01	0.00	0.00	(0.06)
Cash flow from Operations	**3,201**	**4,884**	**533**	**(2,054)**	**2,788**	**1,150**	**2,364**	**1,534**	**43**
Cash used for financing	(63)	(64)	(64)	(227)	2,891	1,443	(47)	145	231
Cash invested	(2,476)	(4,444)	(3,667)	(3,170)	(4,513)	(5,063)	(2,989)	(2,452)	(545)
Cash on hand	4,982	5,376	2,400	3,357	4,533	2,064	1,392	1,390	1,119
Total Assets	**51,010**	**53,500**	**53,311**	**55,764**	**57,423**	**58,960**	**59,584**	**25,767**	**20,859**
Shareholders' Equity (Deficit)	**34,968**	**36,028**	**36,577**	**35,195**	**36,937**	**36,860**	**34,960**	**491**	**(6,011)**

7. RELATED PARTY TRANSACTIONS

The Company owns 100% of all of its subsidiaries, with the exception of Anillo SPA, which is currently 81% owned by Orosur. Figures contained in this MD&A document include the accounts of Orosur and its subsidiaries and all inter-company transactions have been eliminated on consolidation. Note 12 of the unaudited interim consolidated financial statements for the period ended August 31, 2018 discloses the Company's list of subsidiaries.

The Company's related parties include Novert S.A., a private company controlled by the Company's Chief Executive Officer, and Pangea Management Corp., a private company controlled by the Company's VP Corporate Development & Corporate Secretary. During the quarter ended August 31, 2017, these officers' remuneration was paid to their private companies. During the quarter ended August 31, 2018, the VP Corporate Development's remuneration was paid to his private company.

8. RISKS AND UNCERTAINTIES

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

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

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. The Company manages liquidity risk by proactively forecasting its liquidity requirements with available funds and anticipated cash flows, by maintaining adequate reserves and banking facilities and by matching the maturity profiles of financial assets and liabilities. The Company was recently successful in obtaining funding to cover corporate costs and Colombia holding costs through the non-brokered private placement with Newmont. The Company's continuance in Uruguay is dependent upon its ability to obtain adequate financing after putting the operation under care and maintenance.

At August 31, 2018, the Company has a net working capital deficiency of $14,613 (May 31, 2018 $10,622). 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 accounting payables and other accrued liabilities is $19,513 (May 31, 2018 - $17,845).

Cash of $1,068 held by Loryser at August 31, 2018 is not accessible to the Company as a result of this Loryser Reorganisation Proceedings.

Liabilities under the Loryser reorganization proceedings, subject to validation by the Controller are the following:

	August 31, 2018 ($)
Commercial suppliers	**10,178**
Mining royalties, income and other taxes	**150**
Financial debt	**1,922**
Total trade payables and other accrued liabilities	**12,250**

Sensitivity to commodity prices and foreign exchange rates

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

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

Key Personnel Risks

Recruiting and retaining qualified personnel is critical to the Company's success. The number of skilled mining and exploration professionals in Uruguay is limited and competition for such persons is intense in the global mining industry. If the Company's mining activities resume, or if its exploration and development properties are advanced, it will be required to hire additional personnel and retain the services of key personnel. Although the Company believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

Exploration, Mining and Operational Risks

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

In common with all exploration and mining operations, there is uncertainty, and therefore risk, associated with operating parameters and costs. Whilst costs can be budgeted with a reasonable degree of confidence, operating parameters can be difficult to predict and are often affected by factors outside the Company control. In addition, other risks, including cuts in electricity supply, fuel supply shortages, industrial accidents, technical failures, labour disputes and environmental hazards are also beyond the Company's control.

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

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

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

Title Risks

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

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

Political and Economic Risks

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

9. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. By definition, estimates and assumptions seldom equal actual results and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, and to the amounts of revenues and expenses presented in these financial statements. The areas which require management to make significant judgments, estimates and assumptions are discussed below:

i) Economic lives of mining assets and recoverable value – Reserves: The economic lives of the Company's mining operation and development assets are based upon the individual mine's mineral reserves. The Company's resources and reserves are calculated in accordance with mining standards and in compliance with National Instrument 43-101 Standards of disclosure for Mineral projects ("NI 43-101"). The information relating to the geological data on the size, depth and shape of the ore body requires complex geological judgments to interpret the data. The Company reviews and re-evaluates the estimated future discounted net cash flows of its mines and development properties on a regular basis, to ensure that they exceed the carrying value for each property. These calculations rely on the estimated reserves and/or resources, estimated future commodity price and production cost.

ii) Inventory: Expenditure incurred and depreciation of assets as a result of mining and processing activities is deferred and accumulated as the cost of ore in stockpiles, gold in circuit and finished metals inventories, on units based on estimated volumes and grades as a result of assays and other sampling tests. These deferred amounts are carried at the lower of average cost or net realizable value. Write downs of such inventories are reported as a component of current period costs and are influenced by the prevailing and long-term metal prices, prevailing costs for production inputs, realized ore grades and production schedules.

iii) Environmental rehabilitation provisions: The fair value of the liability is determined based on the net present value of estimated future costs estimated by management based on feasibility and engineering studies on a site by site basis. While care was taken to estimate the retirement obligations, these amounts are estimates of expenditures that are not due until future years; The Company assesses its provision on an annual basis or when new material information becomes available.

iv) Share based compensation: The Company uses the fair value method to account for stock-based employee compensation plans. The calculation of this benefit relies on estimates of the anticipated life of the option and the volatility of the Company's share price;

v) Deferred income tax assets and liabilities: Significant judgment is required in determining the worldwide provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences may impact the carrying amount of deferred income taxes;

vi) Exploration and evaluation expenditure: The recoverability of amounts shown for capitalized exploration and evaluation costs is dependent upon the discovery of economically recoverable reserves.

10. DISCLOSURE CONTROLS AND PROCEEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

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

As at the end of the period covered by this MD&A, management of the Company, with the participation of the President and CEO and the CFO, does not expect that the Company's Disclosure Controls will prevent or detect all error and all fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud and error, if any, within the Company have been detected.

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

Internal Controls over Financial Reporting

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

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

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

11. NON- GAAP MEASURES

The Company is of the opinion that conventional measures of performance prepared in accordance with IFRS do not meaningfully demonstrate the Company's financial performance and the ability of its operations to generate cash flow. Therefore, the Company has included certain non-IFRS measures in this MD&A to supplement its financial statements which are prepared in accordance with IFRS.

Contribution margin, gross profit or loss, cash flow from operations, cash costs per ounce and AISC are not measures that have any standardized meaning prescribed by IFRS and are considered non IFRS measures, therefore, these measures may not be comparable to similar measures presented by other issuers. Contribution margin has been calculated by deducting operating expenses from sales. Operating expenses include movements in inventories but exclude operating amortization and depletion. Gross profit or loss is calculated by deducting depreciation from contribution margin. Cash costs per ounce are determined according to the Gold Institute Standard and consist of site costs for all mining, processing, administration, royalties, refining charges, silver credits and inventory adjustments relating to metal production. Cash costs per ounce are total cash costs divided by gold ounces produced. AISC add corporate costs, reclamation and remediation, brownfield exploration and capital expenditure to total cash cost, sustaining for the operation. AISC per ounce are all-in-sustaining costs divided by gold ounces produced.

12. FORWARD LOOKING STATEMENTS

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