
**Management's Discussion & Analysis
for the three and nine months ended February 29, 2016**

Prepared as at April 12, 2016

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

(Thousands of United States Dollars, except per share and per ounce amounts)

The following management's discussion and analysis ("MD&A") provides a discussion of the financial and operating results of Orosur Mining Inc. ("Orosur" or "the Company") for the quarter ended February 29, 2016 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 and nine months ended February 29, 2016. All amounts are expressed in thousands of US\$, unless otherwise indicated. The reader should also refer to the audited consolidated financial statements and MD&A for the year ended May 31, 2015, 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 April 12, 2016.

1. DESCRIPTION OF BUSINESS

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

In Uruguay, the Company operates the San Gregorio gold mining complex ("San Gregorio"), 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. Currently, the Company is operating the Arenal Deeps underground mine and several open pits in the San Gregorio district. The Company also has strategic land holdings throughout Uruguay and has active near mine and regional exploration programs focused on increasing gold reserves.

In Chile, the Company has an active exploration program on the Anillo property, optioned from Corporación Nacional del Cobre de Chile ("Codelco"), Chile's national mining company, located close to Antofagasta, in Region II, Northern Chile. In the previous fiscal year, an extension of the farm-in contract period until 2020 was agreed and completed with Codelco and a farm-in agreed and entered into with Asset Chile Exploración Minera Fondo de Inversión Privado ("AC"). The Company also owns 25% of the Talca exploration asset located close to La Serena, north of Santiago.

The Company is focused on growth through its own exploration programs as well as evaluating and acquiring mining and development assets that have the potential to deliver additional reserves and resources to the Company either in production or to be brought into production in the short to medium term. The Company also has exposure to mineral opportunities in its portfolio, other than gold, through joint ventures and farm-out agreements primarily in Uruguay.

On July 10, 2014, the Company completed the acquisition of Waymar Resources Ltd. ("Waymar"). All associated mining titles are 100% owned by Minera Anza S.A., a wholly owned subsidiary of Orosur following completion of the acquisition. Orosur's Anzá gold project is an exploration stage project located in the Middle Cauca Belt in Antioquia, Colombia that includes Buriticá, Titiribí, Marmato and La Colosa.

2. HIGHLIGHTS

Financial and operational highlights for the quarter ended February 29, 2016 ("Q3 16" or the "Quarter") include:

- Production was 7,274 oz of gold, compared to 13,760 oz in Q3 15. Year to date ("YTD") production of 27,917 oz is ahead of expectations to reach the guidance of 30,000 – 35,000 oz in the year.
- 194,197 tonnes of ore were processed at a grade of 1.24 grams per tonne ("g/t") with recoveries averaging 93.76%. This compares to 305,609 tonnes at 1.47 g/t and recoveries averaging 93.93% for Q3 15.
- The average gold price realized for the Quarter was \$1,143/oz (Q3 15: \$1,220/oz), a decrease of 6%.
- Average cash operating cost of \$803/oz, compared to \$876/oz in Q3 15. All-In-Sustaining Costs ("AISC") was \$978/oz compared to \$1,132/oz in Q3 15. The Company has achieved its stated objective of reducing AISC below \$1,000/oz for the Quarter.
- Corporate and administrative expenses were \$474 (Q3 15: \$311). For the year to date, expenses were \$1,664 compared to \$2,186 at the end of Q3 15 which represents a reduction of 24%, primarily as a result of cost reduction initiatives previously announced.
- Revenue was \$8,936 compared to \$16,445 in Q3 15. The decrease was mainly due to lower production as per the Company's new guidance (30,000 – 35,000 oz) as well as lower average realized gold price.
- Profit before tax was \$3,087 compared to a loss of \$1,608 in Q3 15. Net profit after tax was \$3,071 compared to a loss of \$1,884 in Q3 15 due to the improvement in operating results and the closing of the deal with the Government of Uruguay for the elimination of the benefit relating to the export of industrialized goods as explained below.
- Cash flow from operations before changes in working capital was \$4,804 compared to \$3,045 in Q3 15.
- The Company invested \$903 in capital expenditures and \$618 in exploration compared to \$2,396 and \$1,476 respectively in Q3 15.
- Cash balance as at February 29, 2016 was \$1,961 compared to \$4,787 at May 31, 2015, with net working capital (current assets less current liabilities including cash) of \$7,292 compared to \$5,852 at May 31, 2015.
- Total debt as at February 29, 2016 was \$415 compared to \$1,481 at May 31, 2015. During the Quarter, the Company repaid three instalments to Banco Santander (Uruguay) S.A totalling \$356 with the largest instalment made at the end of February 2016. The Company is following the contracted schedule of repayments with Banco Santander.
- Orosur has a \$3,000 committed and undrawn line of credit with Banco Santander available as at February 29, 2016, and as of the date hereof.
- On December 4, 2015, the President of Uruguay granted Orosur a one-year exemption (covering the period from April 2015 to March 2016) on royalty payments to the Government, equivalent to 3% of sales.
- In 2009 through a National Decree, the Government of Uruguay eliminated a customs benefit relating to the export of industrialized goods (in Orosur's case, doré bars). This Decree was later annulled and in August 2015, the Company filed an administrative petition for repayment of excess funds paid by the Company in order to suspend the Statute of Limitation (Prescripción). On February 29, 2016, the Company reached and signed a settlement agreement with the Uruguayan Government and expects to receive the settlement proceeds, \$2,500, during April 2016.

- Permits for San Gregorio Deepes ("SGD") were granted from the mining authority (DINAMIGE) during February 2016.
- The Company is planning to have SGD operational during FY17 and therefore development work in San Gregorio Deepes is scheduled to start during Q4 FY16.
- The Company will not require sourcing of additional non-dilutive project funding for SGD which will be financed from cash from operations.
- During the Quarter, a meeting of the Technical Committee of Anillo SPA (together with Asset Chile) was held delivering the final results from the drilling campaign, multi-element geochemistry, recommendations for follow-up and the exploration plan for the next phase.
- The Company continues with the process for the Pantanillo properties to be returned to Anglo American as already announced.

3. OUTLOOK AND STRATEGY

As previously announced, from July 2015 the Company implemented a strategic plan to reduce costs in line with the gold price environment. In line with expectations, the Company achieved a reduction in AISC below US\$1,000/oz in the Quarter as the benefits of the program began to be realized. This represents a significant improvement from the previous year and previous quarters in FY16.

The Company reiterates its stated guidance of AISC below US\$1,000/oz for the remainder of the year and between US\$1,000-1,100/oz for the full year.

4. OVERVIEW OF FINANCIAL RESULTS

4.1 Selected financial information

During the Quarter, the Company reported a profit after taxes of \$3,071 compared to a loss of \$1,884 for Q3 15. For the nine month period ended February 29, 2016 the profit after taxes was \$475 compared to a loss of \$4,408 for the same period of the previous year. This was primarily as a result of the improvements in the operating costs of the business as well as the settlement agreement reached and closing with the Government of Uruguay regarding the elimination of the benefit relating to the export of industrialized goods as explained herein.

The contribution margin from the San Gregorio operation before depreciation was \$2,127 compared to \$3,105 in Q3 15. For the nine month period ended February 29, 2016, the contribution margin was \$5,245 compared to \$9,318 for the same period of the previous year. The decrease is mainly due to lower average realized gold price (YTD 16: \$1,131; YTD 15: \$1,243) and lower grades mined and processed.

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

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

(Thousands of United States Dollars, except per share and per ounce amounts)

Table 1 –Profit/(Loss) breakdown

	Q3 16	Q3 15	YTD 16	YTD 15	Note
	\$	\$	\$	\$	
Revenue	8,936	16,445	33,591	50,375	4.2
Cost of sales (excluding depreciation)	(6,809)	(13,340)	(28,346)	(41,057)	4.4
Contribution margin	2,127	3,105	5,245	9,318	
Mine site depreciation	(1,378)	(3,748)	(5,006)	(11,430)	4.5
Gross profit/(loss)	749	(643)	239	(2,112)	
Exploration expenses	(3)	(514)	(14)	(547)	5.3
Impairment of assets	-	(63)	-	(63)	
Corporate expenses	(474)	(311)	(1,664)	(2,186)	4.6
Restructuring costs	(217)	-	(1,911)	-	4.6
Other net gains/(losses)	3,032	(77)	3,822	187	4.6
Net profit/(loss) before taxes	3,087	(1,608)	472	(4,721)	
Income tax recovery/(provision)	(16)	(276)	3	313	4.7
Net profit/(loss) after taxes	3,071	(1,884)	475	(4,408)	
Foreign exchange differences on translating foreign operations	(144)	(351)	(951)	(871)	
Total comprehensive profit/(loss)	2,927	(2,235)	(476)	(5,279)	
Basic profit/(loss) per share (cents per share)	\$ 0.03	(\$ 0.02)	\$ 0.00	(\$ 0.06)	

Table 2 shows the main movements in the balances of current and non-current assets and liabilities, financial outstanding liabilities and shareholder's equity as at February 29, 2016 compared to May 31, 2015 and 2014.

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

(Thousands of United States Dollars, except per share and per ounce amounts)

Table 2 – Assets and liabilities selected information

	As of February 29 2016	As of May 31 2015	As of May 31 2014
	\$000's	\$000's	\$000's
Total non-current assets	32,967	34,992	79,278
Total current assets	17,348	20,925	28,410
Total assets	50,315	55,917	107,688
Total liabilities	16,682	22,031	24,708
Total financial liabilities	415	1,481	4,939
Total shareholders' equity	33,633	33,886	82,980

4.2 Sales

Sales include gold and silver sales as shown in Table 3. Total sales of gold for the Quarter were \$8,850 with 7,746 ounces of gold sold at an average price of \$1,143/oz. This compares to \$16,299 for Q3 15 with 13,361 ounces of gold sold at an average price of \$1,220/oz. For the nine month period ended February 29, 2016, a total of \$33,272 corresponding to 29,414 ounces of gold at an average price of \$1,131 per ounce were sold, compared to \$49,913 or 40,165 ounces of gold at an average gold price of \$1,243 for the same period of the previous year. The lower amount of ounces sold contributed to the revenue decrease as a result of a lower production driven by the Company's new guidance of production (30,000 – 35,000 oz), lower ore grade mined and processed, and lower average gold price. Silver sales for the Quarter were also less than Q3 15 as a result of lower production and a lower silver price.

During March 2016, the Company committed to a forward contract of 3,500 ounces of its forecasted production of Q4, 1,400 ounces at a forward price of US\$1,254 per ounce and 2,100 ounces at a forward price of US\$1,260 per ounce to reduce its exposure to fluctuations in the gold price.

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

(Thousands of United States Dollars, except per share and per ounce amounts)

Table 3 – Sales Composition

Q3 – 16	\$000's	Oz	\$ per oz
Gold	8,850	7,746	1,143
Silver	86	5,996	14
Total Sales	8,936		

Q3 – 15	\$000's	Oz	\$ per oz
Gold	16,299	13,361	1,220
Silver	146	8,786	17
Total Sales	16,445		

Year to date – 16	\$000's	Oz	\$ per oz
Gold	33,272	29,414	1,131
Silver	319	21,529	15
Total Sales	33,591		

Year to date – 15	\$000's	Oz	\$ per oz
Gold	49,913	40,165	1,243
Silver	462	26,475	17
Total Sales	50,375		

4.3 Production statistics

Key production statistics are shown in Table 4. During the Quarter, 304,616 tonnes were mined (Q3 15 – 1,195,273 tonnes), including 185,574 tonnes of ore (Q3 15 – 299,384) and 119,042 tonnes of waste (Q3 15 – 895,889) with an average grade of 1.31 g/t (Q3 15 – 1.49 g/t), resulting in a strip ratio for the quarter of 0.64 tonnes of waste to 1 tonne of ore (Q3 15 – 2.99). During the nine month period ended February 29, 2016, 2,175,894 tonnes were mined (YTD 15 – 3,714,990 tonnes), including 688,429 tonnes of ore (YTD 15 – 832,297) and 1,487,465 tonnes of waste (YTD 15 – 2,882,693) with an average grade of 1.32 g/t (YTD 15 – 1.57 g/t), to provide a final strip ratio for the period of 2.16 tonnes of waste to 1 tonne of ore (YTD 15 – 3.46).

Approximately 70% of the production for the Quarter came from Arenal underground and the remainder from several minor open pits with a strip ratio of 1.48.

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

(Thousands of United States Dollars, except per share and per ounce amounts)

Table 4 – Key production statistics

		Q3 16	Q3 15	YTD 16	YTD 15
Waste	tonness (000's)	119	896	1,488	2,883
Ore	tonness (000's)	186	299	688	832
Total mined	tonness (000's)	305	1,195	2,176	3,715
Grade mined	Grams / tonne Au	1.31	1.49	1.32	1.57
Strip ratio	Waste / Ore	0.64	2.99	2.16	3.46
Ore processed	tonnes (000's)	194	306	740	884
Grade processed	tonness (000's)	1.24	1.47	1.27	1.53
Recovery	%	93.76	93.93	92.42	93.91
Gold produced	Ounces	7,274	13,760	27,917	40,298

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

Table 5 - Quarterly production statistics

	Q4 14	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16
	May 14	Aug 14	Nov 14	Feb 15	May 15	Aug 15	Nov 15	Feb 16
Ore processed (tonnes)	253,038	259,406	319,244	305,609	328,204	346,057	199,352	194,197
Grade processed (g/t Au)	2.04	1.81	1.34	1.47	1.35	1.23	1.36	1.24
Recovery (%)	91.96	89.70	93.66	93.93	92.38	90.96	93.52	93.76
Gold produced (ounces)	15,319	13,684	12,854	13,760	13,187	12,471	8,172	7,274

During the Quarter, 194,197 tonnes of ore (Q3 15 –305,609) were fed into the plant at an average grade of 1.24 g/t (Q3 15 – 1.47 g/t) to produce 7,274 ounces of gold (Q3 15 – 13,760) with a metallurgical recovery of 93.76% (Q3 15 – 93.93%).

4.4 Production costs

Total operating costs (excluding depreciation) were \$6,809 for the Quarter, equivalent to cash operating costs of \$803/oz compared to \$13,340 (\$876/oz) in Q3 15. On an YTD basis, total operating costs (excluding depreciation) were \$28,346 or cash operating cost per ounce of \$886 compared to \$41,057 (\$934/oz) for the corresponding period of the previous year. AISC for the Quarter of \$978/oz compared to \$1,132/oz in Q3 15.

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

(Thousands of United States Dollars, except per share and per ounce amounts)

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 note 11 of this MD&A.

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

	Q3 16	Q3 15	YTD 16	YTD 15
	\$	\$	\$	\$
Cost of sales per financial statements	8,187	17,088	33,352	52,487
Depreciation	(1,378)	(3,748)	(5,006)	(11,430)
Operating expenses excluding depreciation	6,809	13,340	28,346	41,057
Movement in non-ore inventories	(704)	(251)	(2,005)	(788)
Silver credit and others	(272)	(191)	(541)	(477)
Mining royalties and other production taxes	291	(672)	49	(2,152)
Legal provision	(284)	-	(1,166)	-
Others	-	(173)	62	(19)
Total cash costs before taxes (A)	5,840	12,053	24,745	37,621
Mining royalties, other production taxes (i)	(291)	672	(49)	2,152
Others	-	174	-	19
Total cash costs after taxes (B)	5,549	12,899	24,696	39,792
Legal provision (ii)	284	-	1,166	-
Corporate costs	375	376	1,333	1,691
Reclamation and remediation	139	19	417	300
Brownfield exploration	141	707	964	712
Capital expenditure	623	1,579	2,022	5,680
All in sustaining costs (C)	7,111	15,580	30,598	48,175
Gold production in ounces (D)	7,274	13,760	27,917	40,298
Cash operating cost per ounce (A)/(D)	803	876	886	934
Total cash cost per ounce (B)/(D)	763	937	885	987
All in sustaining cost per ounce (C)/(D)	978	1,132	1,096	1,195

(i) This includes a royalty payment exemption and a capital tax reassessment. On December 4, 2015, the President of Uruguay granted Orosur an exemption on the royalty payment to the Government (3% of sales) covering. It covers the period from April 2015 to March 2016. In Q3 16, the Company recorded an adjustment of capital tax according to the reassessment of previous years due to the expansion of the investment project of Arenal.

(ii) The costs for the three and nine months ended February 29, 2016 include \$1,166 from an additional contingency recognized following a final verdict from the judge at the end of October 2015 and February 2016 related to a labour claim from 2006.

4.5 Depreciation

The total depreciation for the Quarter was \$1,378 compared to \$3,748 in Q3 15. 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 with 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 includes 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

	Q3 16	Q3 15	YTD 16	YTD 15
	\$	\$	\$	\$
Tangible fixed assets	651	1,884	2,451	4,878
Tangible underground development costs	590	1,285	1,794	3,902
Environmental rehabilitation provision	120	-	360	243
Other exploration and evaluation costs (i)	17	579	401	2,407
Total depreciation	1,378	3,748	5,006	11,430
Exploration equipment depreciation	(3)	(32)	(19)	(102)
Corporate facilities depreciation	(4)	(5)	(12)	(12)
Mine site depreciation	1,371	3,711	4,975	11,316

- (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.

As the result of the impairments recorded during the year ended May 31, 2015, the net value of Arenal deeps exploration costs, tangible fixed assets and other exploration and evaluation costs were reduced significantly resulting in a much lower depreciation this quarter compared to same quarter of previous year.

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

(Thousands of United States Dollars, except per share and per ounce amounts)

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, gains and losses from the sale of assets and other miscellaneous items. A breakdown of such revenues and expenses are shown in Table 8.

Table 8 - Corporate expenses and other gains and expenses

	Q3 16	Q3 15	YTD 16	YTD 15
	\$	\$	\$	\$
Corporate overheads	454	440	1,624	2,234
Corporate depreciation	4	5	12	12
Management stock based compensation	16	(134)	28	(60)
Total corporate expenses	474	311	1,664	2,186
Restructuring cost	217	-	1,911	-
Foreign exchange (gain)/expense	(378)	154	(560)	129
Net finance cost	68	73	205	222
Other gains	(2,722)	(150)	(3,467)	(538)
Total other net (gains)/expenses	(3,032)	77	(3,822)	(187)

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

For the Quarter, corporate expenses were \$474 (Q3 15: \$311) and for the nine months ended February 29, 2016 were \$1,664 (YTD 15: \$2,186) representing a 24% reduction as a result of cost reduction initiatives which includes salaries and investor relations related costs. In the past two fiscal years, the Company has reduced these costs by 50%.

Restructuring costs are a provision for layoffs as a consequence of the implementation of the strategic cost reduction plan. This includes a 40% reduction in staff since the beginning of the period.

Interest expenses included in net finance costs for this Quarter are the accrued interest derived from the credit facilities with Santander Bank.

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

(Thousands of United States Dollars, except per share and per ounce amounts)

Other gains for both periods are mainly due to the sale of crushed rock, income from the San Gregorio laboratory which performs work for other companies and also include income from lease of exploration camp in Colombia.

In 2009, through a National Decree, the Government of Uruguay eliminated a customs benefit relating to the export of industrialized goods (in Orosur's case, doré bars). This Decree was later annulled and in August 2015, the Company filed an administrative petition for repayment of excess funds paid by the Company in order to suspend the Statute of Limitation (Prescripción). On February 29, 2016, the Company reached and signed a settlement agreement with the Uruguayan Government and expects to receive the settlement proceeds of \$2,500 in April 2016.

4.7 Income tax

Table 9 - Current and deferred income tax composition

	Q3 16	Q3 15	YTD 16	YTD 15
	\$	\$	\$	\$
Current income tax (provision) recovery	(16)	-	3	-
Adjustment in respect of prior years	-	-	-	(4)
Deferred income tax (provision) recovery	-	(276)	-	317
Income tax (provision) recovery	(16)	(276)	3	313

The Company recorded an income tax provision of \$16 for the Quarter compared to a provision of \$276 for the corresponding quarter of the previous year. On a year to date basis, the current nine month period shows a \$3 recovery compared to a recovery of \$313 for the last year. The Company's only revenue generating jurisdiction is Uruguay at present. 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 and recovery relate to the origination and reversal of temporary differences which arise primarily due to changes in the Company's net assets, including property, plant and equipment and development costs. These represent future income tax deductions denominated in Uruguayan pesos that are revalued based on the Quarter end exchange rate of the Uruguayan peso to the US dollar. As a result, these amounts are subject to change each Quarter due to exchange rate fluctuation.

Table 10 shows the composition of the main components of the deferred tax assets.

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

(Thousands of United States Dollars, except per share and per ounce amounts)

Table 10 - Deferred tax assets composition

	As of February 29, 2016	As of May 31, 2015
	\$	\$
Property, plant and equipment and development costs	6,436	6,805
Other net assets	(5,885)	(6,254)
Deferred income tax asset	551	551

The Company has recognized \$551 of deferred tax assets in respect of Uruguayan tax losses on the basis that sufficient taxable profit will be generated in order to utilize the benefit of such losses.

5. FINANCIAL POSITION

5.1 Cash and other liquid resources

Table 11 - Cash movement

	Ref.	Q3 16	Q3 15	YTD 16	YTD 15
		\$	\$	\$	\$
Cash flow from operations before changes in working capital		4,804	3,045	5,902	7,406
Change in working capital	5.2	(3,599)	35	(3,330)	535
Site capital expenditures	5.3	(903)	(2,396)	(2,836)	(7,321)
Sale of fixed assets		-	21	33	788
Exploration investment	5.3	(618)	(1,476)	(2,239)	(3,674)
Funding	5.4	(356)	(237)	(356)	(2,745)
Cash decrease		(672)	(1,008)	(2,826)	(5,011)

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 changes in working capital was \$4,804 for the quarter (Q3 15: \$3,045).

At February 29, 2016, Orosur had cash resources of \$1,916 compared to \$4,787 at May 31, 2015. Table 11 above shows the main cash movements.

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

(Thousands of United States Dollars, except per share and per ounce amounts)

5.2 Working capital items

As shown in Table 11, there was an investment of working capital of \$3,599 in the Quarter compared to a release of \$35 for Q3 15. On a year to date basis, there was an investment of working capital of \$3,330 compared to a release of \$535 for the same period of previous year, resulting in net cash inflows from operations of \$2,572 and \$7,941 after working capital movements.

Table 12 shows a detail of the variation of working capital.

Table 12 – Working capital

	Q3 16	Q3 15	YTD 16	YTD 15
	\$	\$	\$	\$
Cash flow from operations before changes in working capital	4,804	3,045	5,902	7,406
Warehouse inventories	445	451	825	(337)
Stockpile	86	124	826	(23)
Other production inventories	604	143	1,486	363
Trade payables and other accrued liabilities	(1,902)	(910)	(4,142)	(260)
Tax credits and other debtors	(2,832)	227	(2,325)	792
Total working capital variation	(3,599)	35	(3,330)	535
Cash flow from operations including changes in working capital	1,205	3,080	2,572	7,941

During the three and nine months ended February 29, 2016 the Company converted part of its medium and high grade stockpiles into doré.

Tax credit variations are due to the timing in receiving VAT refunds granted by the Uruguayan Government and its final application.

5.3 Capital expenditure and exploration expenses

Capital expenditure on property, plant and equipment and mineral properties, net of fixed assets sales, was \$903 for the Quarter compared to \$2,396 for Q3 15 and \$2,836 compared to \$7,321 for the nine months ended February 29, 2016 and 2015 respectively.

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

(Thousands of United States Dollars, except per share and per ounce amounts)

During the nine month period, some equipment components were repaired by the Company, instead of purchasing new parts resulting in lower costs. TSF2-Phase 2b of the tailings dam was finalized in February 2015, and in December 2015 the construction of the TSF2-Phase 3 was started and is expected to be finalized during April 2016.

Exploration investment in the Uruguay, Chile and Colombia is shown in Table 13 below. For the nine months ended February 29, 2016, cash exploration expenditures were \$2,239 compared to \$3,674 for same period of the previous year.

Table 13 – Exploration investment by area

Project Area	Uruguay	Chile	Colombia	Total
Opening balance, May 31, 2015	4,122	6,137	6,867	17,126
Cash expenditure	1,129	892	218	2,239
Foreign exchange movement	-	-	(1,063)	(1,063)
Anillo transaction (i)	-	(710)	-	(710)
Others	-	(1)	-	(1)
Exploration expenses	(14)	-	-	(14)
Final balance , February 29, 2016	5,237	6,318	6,022	17,577

- (i) As part of the Anillo project agreement, the Company transferred 100% of the Anillo project to Anillo SPA. As AC earned into a 16% interest in Anillo SPA (total balance of \$4,377), the Company recorded a corresponding reduction of \$710 which is shown in the table above.

5.4 Funding

During the nine months ended February 29, 2016, the Company repaid nine instalments of its credit facilities with Banco Santander (Uruguay) S.A (\$1,066) and has fully repaid the largest of its three loans with Santander as at the end of February 29, 2016. The Company has complied with and is following the contracted schedule of lease repayments with Banco Santander.

As part of the Anillo project agreement, AC received support for Anillo project from Corporation of Promotion of Production ("CORFO") as well as receiving Phase 1 funding totalling \$850 of which \$710 is attributable to Orosur as it has an 84% interest in the project.

During the Quarter, 2,920,000 options were granted resulting in \$15 of compensation expense. No options were exercised in the Quarter. At February 29, 2016, there were 7,832,500 options outstanding, of which 4,819,167 were vested and exercisable (May 31, 2015 – 6,319,167 and 3,349,167, respectively). The weighted average exercise price of the options exercisable at February 29, 2016 is CDN\$ 0.19 (May 31, 2015 – CDN\$ 0.30).

No dividends were paid during the three and nine months ended February 29, 2016 and 2015.

5.5 Financial instruments

The composition and measurement of the Company's financial instruments, as well as the Company's management of different types of financial risks are discussed in Note 18 and 19 of the audited consolidated financial statements for the year ended May 31, 2015.

5.6 Contractual obligations and commitments

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

Table 16 – Financial maturity dates

	Total	Less than 1 Year	1-2 Years	2-3 years
Santander loan for mobile fleet	415	254	161	-
Total	415	254	161	-

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, 2015.

Commitments for environmental rehabilitation are disclosed in Note 11 of the audited financial statements for the year ended May 31, 2015. 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 requires environmental obligations to be supported by guarantees. As a result, a rehabilitation guarantee letter of credit of \$1,200 has been provided by Santander Bank (Uruguay) S.A and an environmental guarantee for \$5,000 has been provided by AIG, a Uruguayan local insurance company.

5.6 Outstanding share data

The Company has an authorized capital of unlimited number of common shares of no par value.

On January 20, 2016, the Company issued 2,103,894 common shares to Pablo Marcet in connection with his termination as the Company's Exploration and Development Director. Mr. Marcet remains on the Board of Directors.

On March 3, 2016, the Company granted 126,226 of common shares to directors and officers in lieu of 20% of their standard cash compensation for the period commencing December 1, 2015 and ending February 29, 2016.

As of April 12, 2016, the Company has a total of 98,865,201 issued shares outstanding. It also has 4,819,167 unexercised vested stock options to acquire common shares of the Company.

6. QUARTERLY RESULTS	Q4 14 may-14	Q1 15 aug-14	Q2 15 nov-14	Q3 15 feb-15	Q4 15 may-15	Q1 16 aug-15	Q2 16 nov-15	Q3 16 feb-16
Gold sold (ounces)	15,429	12,576	14,229	13,360	12,825	12,510	9,158	7,746
Average sales price (\$/oz)	1,309	1,302	1,212	1,220	1,196	1,147	1,100	1,143
Cash cost before taxes (\$/oz)	835	945	984	876	848	954	858	803
Total cash cost (\$/oz)	892	981	1,049	937	900	1,009	802	763
Sales	20,309	16,526	17,404	16,445	15,493	14,465	10,190	8,936
Cost of sales (excluding depreciation)	(14,606)	(12,002)	(15,715)	(13,340)	(12,089)	(13,201)	(8,336)	(6,809)
Mine site depreciation	(6,199)	(4,472)	(3,210)	(3,748)	(5,139)	(1,814)	(1,814)	(1,378)
Cost of sales	(20,805)	(16,474)	(18,925)	(17,088)	(17,228)	(15,015)	(10,150)	(8,187)
Gross profit/(loss)	(496)	52	(1,521)	(643)	(1,735)	(550)	40	749
Corporate expenses	(619)	(882)	(993)	(311)	(714)	(631)	(559)	(474)
Restructuring costs	-	-	-	-	-	(1,114)	(580)	(217)
Exploration expenses and write-off	963	(29)	(4)	(514)	(27,333)	(18)	7	(3)
Impairment of assets	(557)	-	-	(63)	(14,647)	-	-	-
Obsolescence provision	(22)	-	-	-	(574)	-	-	-
Other net gain/(losses)	(317)	149	115	(77)	324	571	219	3,032
Profit/(loss) before taxes	(1,048)	(710)	(2,403)	(1,608)	(44,679)	(1,742)	(873)	3,087
Income tax recovery/(provision)	3,685	(570)	1,159	(276)	(5,288)	16	3	(16)
Net profit/(loss) for the period	2,637	(1,280)	(1,244)	(1,884)	(49,967)	(1,726)	(870)	3,071
Basic profit/(loss) per share	0.03	(0.02)	(0.01)	(0.02)	(0.51)	(0.02)	(0.01)	0.03
Diluted profit/(loss) per share	0.03	(0.02)	(0.01)	(0.02)	(0.51)	(0.02)	(0.01)	0.03
Cash flow from operations	6,968	3,859	1,002	3,080	3,436	1,403	(40)	1,206
Cash from (used for) financing	(1,564)	(298)	(2,210)	(237)	(1,827)	359	(358)	(357)
Cash invested	(4,690)	(3,721)	(3,402)	(3,872)	(2,628)	(1,960)	(1,594)	(1,521)
Cash on hand	10,818	11,425	6,815	5,807	4,788	4,622	2,633	1,961
Total assets	107,688	114,533	109,385	106,096	55,917	53,111	49,439	50,315
Shareholders' equity	82,980	87,209	85,527	83,157	33,886	31,454	30,495	33,633

7. RELATED PARTY TRANSACTIONS

The Company owns 100% of all of its subsidiaries, with the exception of Anillo SPA, which is currently 84% owned by Orosur. Figures contained in this MD&A include the accounts of Orosur and its subsidiaries and all inter-company transactions have been eliminated on consolidations. Note 11 of the unaudited interim consolidated financial statements for the period ended February 29, 2016 discloses the Company's list of subsidiaries.

8. RISKS AND UNCERTAINTIES

The Company's net earnings in the near-term are affected principally by its mining operations and, in the longer term, will be affected primarily by the success or failure of its exploration and development activities 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.

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 gold price has experienced a significant period of decline and the consensus outlook remains generally negative.

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 Chilean, Colombian and Uruguayan pesos. The Company has financial exposure to foreign exchange fluctuations in the Uruguayan, Chilean 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. As a result of the weak gold markets, the Company has undergone significant staff reductions over the past two years, but when the Company's business activity resumes its growth, it will be required to hire additional personnel and retain the services of key personnel. Although the Company believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

Exploration, Mining and Operational Risks

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

The Company currently has one producing asset, the San Gregorio project. As the Company's other projects develop or mature, the Board expects that more of these projects will develop into producing assets. In common with all mining operations, there is uncertainty, and therefore risk, associated with operating parameters and costs. Whilst costs can be budgeted with a reasonable degree of confidence, operating parameters can be difficult to predict and are often affected by factors outside the Company's control. In addition, other risks, including cuts in electricity supply, fuel supply shortages, industrial accidents, technical failures, labour disputes and environmental hazards are also beyond the 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.

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. However, the Company has an interest in maintaining a strong investment and exploration program to extend its mine life, but a significant proportion of the program is discretionary, which provides more flexibility than in previous years.

The Company has significantly reduced its operating and administrative costs and has been utilizing its cash flow from Arenal and open pit operations to fund its exploration programs this year.

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. The Uruguayan Government has considered a project for a new law regulating big mining projects. According to the discussion and drafts presented, Orosur might qualify as a big project. That would imply Orosur would be subject to additional taxation in cases of extraordinary high profits. As of February 29, 2016, this law has not been implemented and is not expected to be regulated yet.

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 is based upon the individual mine's mineral reserves. The Company's resources and reserves are calculated in accordance with mining standards and in compliance with 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 are 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) Stock-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 PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's President and Chief Executive Officer ("CEO") and Interim 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 Interim 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 President and CEO and the Interim 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 Interim 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 the President and CEO and the Interim 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

Cash flow from operations and all-in-sustaining costs per ounce are not measures that have any standardized meaning prescribed by IFRS and are considered non-GAAP measures. Therefore, these measures may not be comparable to similar measures presented by other issuers. These measures have been presented in this MD&A as additional information regarding the Company's financial performance and financial position. Cash flow from operations is calculated by adding back non-cash items to net earnings. Contribution margin has been calculated by deducting operating expenses from sales. Operating expenses include movements in inventories but exclude operating amortization and depletion. Cash 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. All-in-sustaining costs ("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

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

Neither Toronto Stock Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Toronto Stock Exchange) accepts responsibility for the adequacy or accuracy of this Management Discussion and Analysis.