



## Mine Development Re-Commences at Cascavel as New Operations Plan Advances on Several Fronts

### Key Points:

- **Newly appointed Chief Operating Officer Craig Dawson in Brazil to oversee the new operational plan.**
- **Mine development has re-commenced, with the initial focus on new access ramps and development headings.**
- **Grade control sampling continuing.**
- **Results from additional metallurgical test-work received – finalisation of mill improvement plan imminent.**
- **Civil works for new on-site assay laboratory underway.**

Orinoco Gold (ASX: OGX) (**Orinoco** or the **Company**) is pleased to advise that all elements of the Company's previously announced plan to re-commence operations at its 70%-owned Cascavel Gold Mine (**Cascavel**) in Brazil are continuing to advance positively with the recent restart of mine development marking a key milestone in this process. In summary, the key components of the plan to resume operations at Cascavel include:

- Development of new access to the underground workings to allow larger scale, more efficient mechanised mining equipment to be deployed;
- Increasing the supply of high-grade ore to the processing plant by amending the mine plan to provide for improved access to, and more development in, the higher-grade southern portions of the mine;
- Improving gold recoveries by enhancing the liberation of gold from the ore by implementing some relatively minor modifications to the existing mill; and
- Enhancing assay turn-around and accuracy through the installation of an on-site assay laboratory.

### **COO in Brazil**

The Company's recently appointed Chief Operating Officer (**COO**), Mr Craig Dawson, is currently in Brazil to review the Cascavel operation and work with the new site operations team to successfully implement the recommencement strategy.

### **Mine Development**

Mine development has now re-commenced with the initial development focusing on adding new access ramps and new development headings, allowing for the deployment of larger-scale mining equipment into the mine. Five development fronts will be "opened up" in the coming weeks as per Figure 1 below:

- New Portal Decline to allow for larger scale LHD equipment to access the mine;
- Mestre Link to provide linkage between the northern and southern sides of the mine independent from the central incline shaft;

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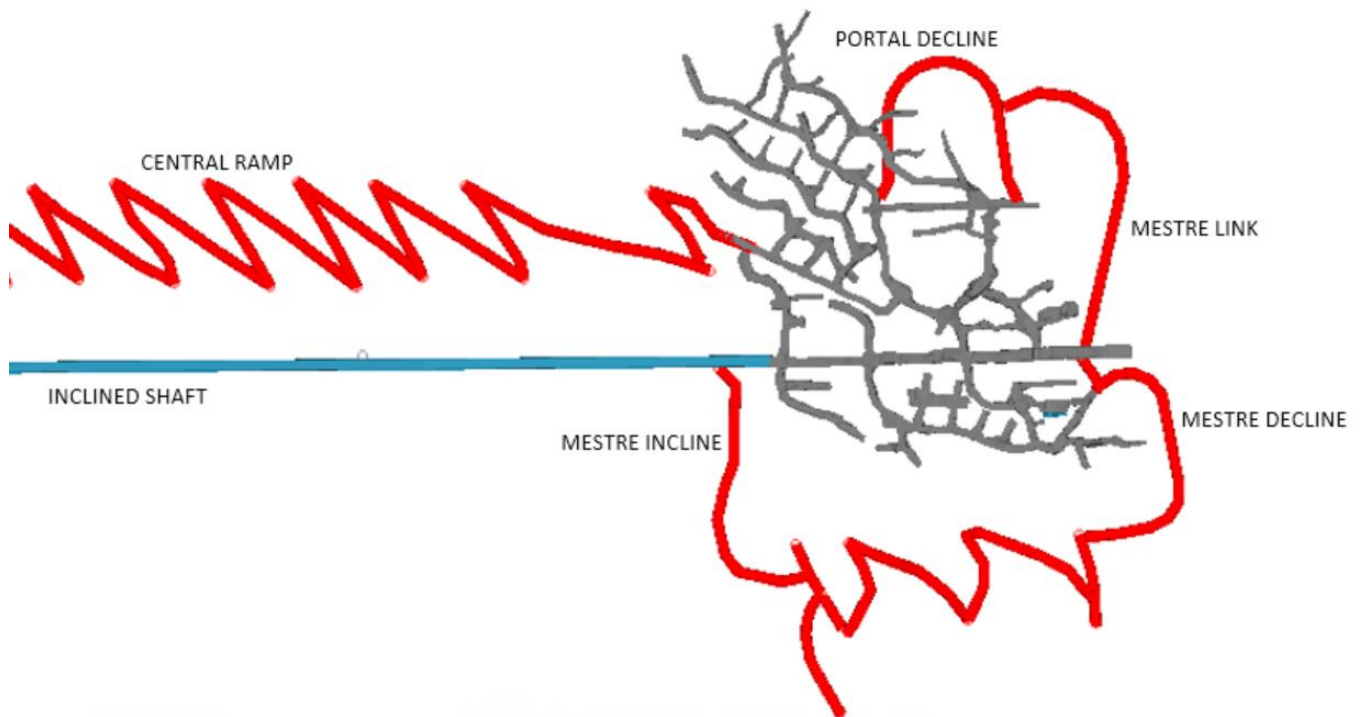
### **ASX Code**

**OGX**  
(Ordinary Shares)  
**OGXOC & OGXOD**  
(Listed Options)

### **Issued Capital**

489,455,333 Ordinary Shares  
263,396,316 Options

- Mestre Incline/Decline to access the higher grade southern portion of the Cascavel lode system;
- Central Ramp for continued access to the Cascavel lode down dip; and
- Incline Shaft.



**Figure 1:** Planned Development Fronts. *Grey:* existing development; *Red:* planned access development; *Blue:* Main Inclined Shaft.

An owner-operator workforce (as opposed to the previous contractor workforce) has been sourced and have completed their induction processes.

Blasting practices aimed at reducing overbreak of development headings and dilution of stope ore will be enhanced by the purchase of explosives and blasting accessories directly by Orinoco (previously supplied by a contractor).

Sufficient equipment for the re-commencement of mine development is at hand but additional mining equipment to allow for production and productivity improvements is currently being sourced.

The revised mine plan aims to deliver approximately 80,000tpa to the processing plant (double the initially planned mine capacity) and allows for various selective mining methods to be trialled.

Development will continue to be undertaken within the known mineralised zone at Cascavel. While this material will be processed through the plant together with production material resulting from trial mining activities, deliveries of scheduled production ore to the mill are expected to commence late in the third quarter of this year.

### Grade Control Sampling

An extensive grade control sampling programme continues to be undertaken throughout the mine with a view to providing improved grade estimations for short-term stoping operations and input into the geological model.

## Mill Improvements

Results have now been received from the most recent set of metallurgical tests aimed at improving gold liberation and recoveries. This will allow the Company, in consultation with our Consultant (Mining Plus), to finalise the type and sizing of the required grinding capacity, including making a decision about whether or not the additional grind capacity will operate in conjunction with the existing tertiary crusher or as a replacement of the existing tertiary crusher.

The existing plant remains capable of processing stockpiled and future development material in batches while the plant undergoes the minor proposed modifications (including sourcing additional grinding capacity and other minor improvements such as rationalising the sampling procedures and points for increased accuracy and control). Tailings will continue to be dry-stacked and can be re-processed to recover any contained gravity recoverable gold.

## On-Site Laboratory

Civil works for the on-site laboratory have commenced (see Figure 2). Orinoco has purchased a purpose-designed and manufactured laboratory which will allow for quicker assay turn-around times. The laboratory buildings have been purchased with delivery to Cascavel expected towards the end of this quarter.



**Figure 2:** Laboratory civil works as at 10 April 2017

**-ENDS-**

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