



ASX/Media Release – 06 June 2017

Mine Development Continues at Cascavel as New Operations Plan Advances Positively on Several Fronts

Key Points:

- **Newly appointed General Manager – Operations commenced.**
- **Mine development continues, with 106m completed for May.**
- **Encouraging results from initial trials of new stoping methodology.**
- **Mining Plus engaged to undertake process flowsheet options review.**
- **Construction works for new on-site assay laboratory nearing completion.**

Orinoco Gold Limited (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 now 100%-owned Cascavel Gold Mine (**Cascavel**) in Brazil continued to advance positively during May. In summary, the key components of the plan to resume operations at Cascavel include:

- The appointment of a highly experienced General Manager Operations, based in-country;
- Continued mine development 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 processing plant; and
- Enhancing assay turn-around and accuracy through the installation of an on-site assay laboratory.

Commencement of General Manager Operations

The Company recently announced the appointment Mr Richard Crew as the General Manager Operations for Cascavel. Mr Crew has a wealth of knowledge of Brazilian mining operations built up over 30 years in both open pit and underground mines. Mr Crew commenced at Cascavel on 15 May.

Mine Development

Mine development continued during May focusing on the addition of new access ramps and new development headings, allowing for the deployment of larger-scale mining equipment into the mine. Four development fronts were advanced during the month, as shown in Figure 1 below:

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ASX Code

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

Issued Capital

497,635,459 Ordinary Shares
265,592,401 Options

- **North 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;
- **Mestre Access** to access the higher grade southern portion of the Cascavel lode system; and
- **Central Decline** for continued access to the Cascavel lode down-dip.

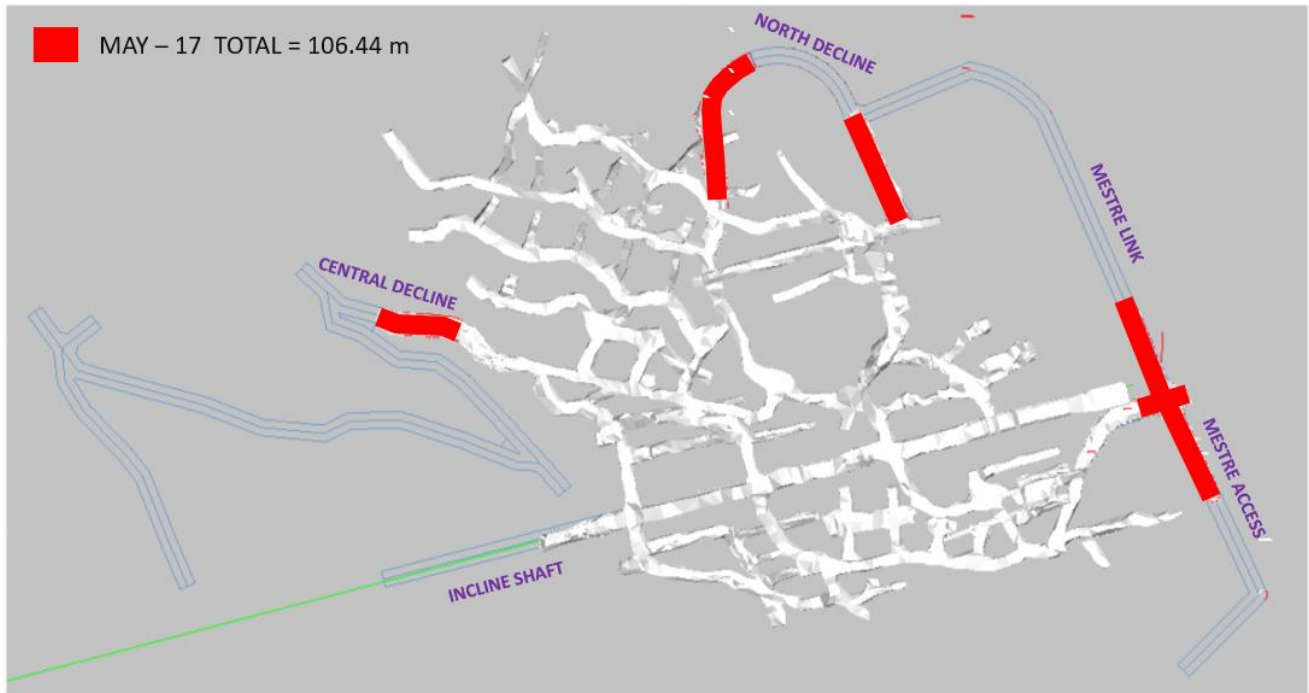


Figure 1: May Development
(White: existing development; Red: May development; Blue: Planned development)

Development advance for the month totalled 106.4m and, as can be seen from Figure 2, showed an improvement week by week. Two (2) shift operations commenced during the month after new employment agreements were enacted. Three (3) shift operations are planned to commence during June which should see a further improvement in development rates.

Further improvements to drilling and blasting practices aimed at reducing overbreak of development headings were made during the month, including:

- A reduction in development heading sizes; and
- Modification of blasting sequences.

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.

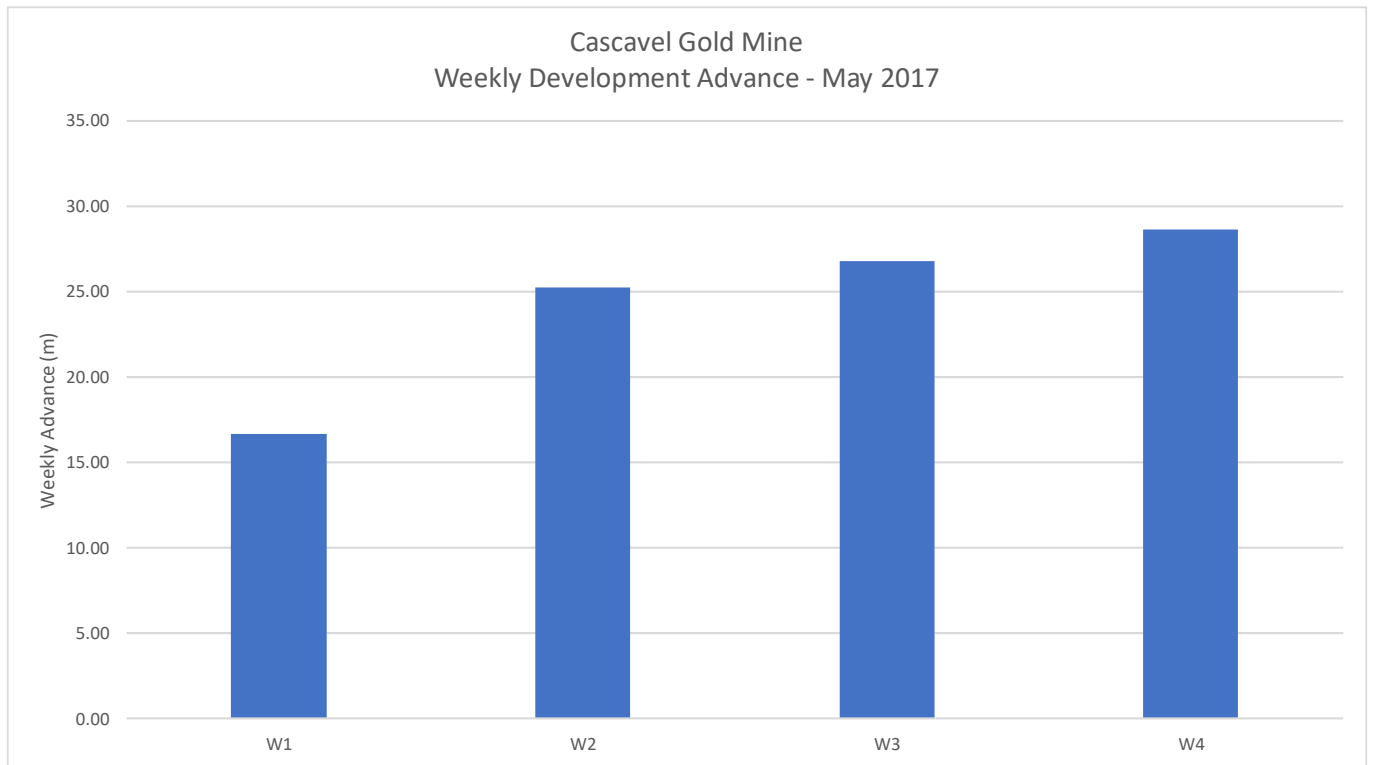


Figure 2: Weekly Development Advance

Sufficient equipment for continued mine development is at hand but additional mining equipment to allow for production and productivity improvements is currently being sourced. One (1) Toro 151D load haul dump (LHD) bogger has been sourced and is currently undergoing refurbishment (see picture 1 and picture 2).



Picture 1: Toro 151D LHD being Refurbished



Picture 2: Toro 151D LHD being Refurbished

“Slash” Stoping Trials

Trials of the new “Slash” stoping methodology were undertaken during May in the previously developed low grade northern section of the mine. The aim of the new stoping methodology is to reduce the amount of dilution incurred in the mining of the narrow quartz vein system. Stopping activities undertaken previously during 2016 utilised a room-and-pillar stoping method which resulted in significant dilution of the quartz vein (see Picture 3 as an example).



Picture 3: 2016 Stoping

As can be seen from Picture 4, the new “Slash” stoping method trialled resulted in a notable reduction in dilution. This was despite the positioning of the quartz vein for the trial area being less than optimal (low in the sidewall as opposed to the preferred position of the shoulder of the sidewall) and ground foliation being less than optimal.

While not fully achieving the desired result, the Company is very encouraged by these early-stage trials of the new mining methodology. Further trials are planned to be undertaken with the aim of refining the drill and blasting parameters for the “slash” stoping ahead of the full re-commencement of stoping activities.

Arrangements for the engagement of an experienced Australian airleg miner to provide training to the Cascavel miners are being finalised. The contractor is expected to travel to Brazil in mid-June to provide an initial 4 weeks of training to the local workforce.



Picture 4: May “Slash” Stoping Trial

Mill Improvements

Metallurgical consultant Mining Plus has been engaged to undertake a financial review of the various processing flowsheet options which they presented in their metallurgical review report, in order to finalise the optimal process plant configuration. This will include making a recommendation about whether, or not, additional grind capacity is required.

The Company has also implemented the following recommendations from the Mining Plus metallurgical review report:

- Smaller aperture panels for the screen deck have been purchased and are expected to be delivered to site during June. These panels will be fitted prior to the re-commencement of processing operations with the aim of providing a finer particle size distribution (**PSD**) to the gravity recovery circuit;
- A sluice is being fabricated for installation into the processing plant tailings stream. The sluice will be fitted prior to the re-commencement of processing operations with the aim of providing a final recovery step for any final gold in the tailings stream; and
- The process plant weightometer has been moved to the CV02 (secondary crusher feed conveyor) with a view to providing improved tonnage reconciliations.

On-Site Laboratory

Construction works for the on-site laboratory continued during May. Orinoco has purchased a purpose-designed and manufactured laboratory which will allow for quicker assay turn-around times. The laboratory buildings have been constructed with delivery to Cascavel expected within the next week (see Picture 5).



Picture 5: Laboratory buildings loaded ready for transport to Cascavel

-ENDS-

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