



ASX/Media Release – 21 September 2017

## Operations & Corporate Update

# Mine Development and Ore Processing at Cascavel

- **Mine development on-track for another record month.**
- **Successful small-scale stoping trials using new method.**
- **Plant throughput rates exceeding budget since resumption.**
- **On-site assay laboratory commissioning commenced.**
- **Securities issued to Cartesian and former minority partners of MCP.**

Orinoco Gold Limited (ASX: OGX) (**Orinoco** or the **Company**) is pleased to advise that it continues to make strong progress with the resumption of operations at its 100%-owned Cascavel Gold Mine (**Cascavel**) in Brazil.

### Mine Development

Mine development continues with a total advance of 75m achieved for the first half of September (130.5m achieved in August). Four priority development fronts are currently being advanced:

- **Upper Mestre Access** to access the southern extension of the Mestre lode from its up-dip extent;
- **Lower Mestre Access** to provide a second access into the southern extensions of the Mestre lode;
- **Central Decline** for continued access to the Cascavel lode down-dip; and
- **Incline Shaft** to open up development fronts for the down-dip portions of the Cascavel lode.

Mine operations were slightly impacted during the first half of September due to some personnel needing to be re-directed to fight bushfires within close proximity to the mine.

### Stoping

Small-scale stoping trials have continued with a view to optimising the drill and blast parameters to be used for the planned “slash” stoping method. Figure 1 below shows the results of one of these trials in the Level 3 North (**L3N**) which resulted in a 0.5m stope width being achieved.

The installation of CemRite bags as a local and regional scale ground support mechanism has also commenced.

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#### ASX Code

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

#### Issued Capital

778,568,506 Ordinary Shares  
270,220,247 Options



**Figure 1: L3N stope trial – stope width of 0.5m achieved**

#### **Process Plant**

As previously advised (see ASX Announcement dated 05 September 2017), processing operations recommenced on a single shift basis on 28 August 2017. 571 tonnes of low-grade development ore were processed during August with a further 1,275 tonnes of predominantly low-grade development ore, with some stope ore, being processed during the first two weeks of September. The average throughout rate since the recommencement of processing operations has been 22 tonnes per hour, which is in excess of the budgeted throughput rate of 15 tonnes per hour.

The Company advises that it is unable to provide detailed production information at this time as the Company is still awaiting the return of assays from an external laboratory. Until such time as the on-site laboratory is fully permitted and operational, samples are sent to an off-site laboratory (as was the practice during 2016 processing operations) which results in a turn-around of 2-3 weeks for the receipt of assays.

Assay results have been received for the tailings from the 500-tonne trial parcel of low grade ore processed during July. The average tailings grade for the campaign was 0.42 g/t Au which was a significant improvement compared to the average tailings grade of 1.0 g/t Au from the 2016 processing campaign.

#### **On-Site Laboratory**

Commissioning of the laboratory has commenced and the Company expects the laboratory to be fully operational by the end of October. Meetings continue to be held with the Brazilian Military to continue the process for obtaining the requisite licences for the purchase and storage of chemicals required in the operation of the laboratory.



**Figure 2: Laboratory commissioning in progress**

### Issue of Securities

The Company has issued a total of 32,115,317 shares to the former minority partners of Mineração Curral de Pedra Ltda (**MCP**), the subsidiary which owns the mineral rights to Cascavel. Approval was received by shareholders at the Company's General Meeting held on 04 September 2017.

Further, and as disclosed in Section 8.4 of the Company's Prospectus dated 06 September 2017 (**Prospectus**), the Company has recently agreed to additional variations to the Cascavel Goldstream Agreement in order to remove a default trigger under the agreement which had the potential to come into effect on 31 August 2017.

In consideration for these additional variations, the Company agreed to issue 4,877,846 new Options to Cartesian (**Replacement Options**) to replace Cartesian's 4,877,846 existing Options (**Existing Options**). At the time the Prospectus was lodged with ASIC, the terms of the Replacement Options had not yet been finalised. The Company has since agreed the terms of the Replacement Options, which are as follows:

- 2,678,571 Unlisted Options exercisable at \$0.02 and exercisable on or before 30 November 2020;
- 1,449,275 Unlisted Options exercisable at \$0.02 and exercisable on or before 31 January 2021;
- 500,000 Unlisted Options exercisable at \$0.02 and exercisable on or before 30 April 2021; and
- 250,000 Unlisted Options exercisable at \$0.02 and exercisable on or before 30 June 2021.

As such, the Company wishes to advise that the Replacement Options have now been issued to Cartesian using the Company's 7.1 placement capacity. The Existing Options held by Cartesian will otherwise remain on issue until they expire in accordance with their terms.

**-ENDS-**

For further information, please contact:

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Managing Director  
Read Corporate  
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**Forward-Looking Statements:**

This Announcement includes "forward-looking statements" as that term within the meaning of securities laws of applicable jurisdictions. Forward-looking statements involve known and unknown risks, uncertainties and other factors that are in some cases beyond Orinoco Gold Limited's control. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this presentation, including, without limitation, those regarding Orinoco Gold Limited's future expectations. Readers can identify forward-looking statements by terminology such as "aim," "anticipate," "assume," "believe," "continue," "could," "estimate," "expect," "forecast," "intend," "may," "plan," "potential," "predict," "project," "risk," "should," "will" or "would" and other similar expressions. Risks, uncertainties and other factors may cause Orinoco Gold Limited's actual results, performance, production or achievements to differ materially from those expressed or implied by the forward-looking statements (and from past results, performance or achievements). These factors include, but are not limited to, the failure to complete and commission the mine facilities, processing plant and related infrastructure in the time frame and within estimated costs currently planned; variations in global demand and price for gold materials; fluctuations in exchange rates between the U.S. Dollar, the Brazilian Real and the Australian dollar; the failure of Orinoco Gold Limited's suppliers, service providers and partners to fulfil their obligations under construction, supply and other agreements; unforeseen geological, physical or meteorological conditions, natural disasters or cyclones; changes in the regulatory environment, industrial disputes, labour shortages, political and other factors; the inability to obtain additional financing, if required, on commercially suitable terms; and global and regional economic conditions. Readers are cautioned not to place undue reliance on forward-looking statements. The information concerning possible production in this announcement is not intended to be a forecast. They are internally generated goals set by the board of directors of Orinoco Gold Limited. The ability of the company to achieve any targets will be largely determined by the company's ability to secure adequate funding, implement mining plans and resolve logistical issues associated with mining. Although Orinoco Gold Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. No JORC Mineral Resources or Reserves have been estimated for the Cascavel Gold Mine.

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

## Appendix 3B

### New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Orinoco Gold Limited

ABN

71 149 219 974

We (the entity) give ASX the following information.

#### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |   |  |
|---|---|--|
| 1 | +Class of +securities issued or to be issued  | (a) Ordinary Shares<br>(b) Unlisted Options<br>(c) Unlisted Options<br>(d) Unlisted Options<br>(e) Unlisted Options  |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued   | (a) 32,115,317<br>(b) 2,678,571<br>(c) 1,449,275<br>(d) 500,000<br>(e) 250,000   |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | (a) Fully Paid Ordinary Shares<br>(b) Unlisted Options exercisable at \$0.02 and exercisable on or before 30 November 2020<br>(c) Unlisted Options exercisable at \$0.02 and exercisable on or before 31 January 2021<br>(d) Unlisted Options exercisable at \$0.02 and exercisable on or before 30 April 2021<br>(e) Unlisted Options exercisable at \$0.02 and exercisable on or before 30 June 2021 |

+ See chapter 19 for defined terms.

## Appendix 3B

### New issue announcement

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4	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>(a) Yes</p> <p>(b – e) No, shares issued on exercise of the options will rank equally in all aspects to ordinary shares.</p>
5	Issue price or consideration	<p>(a) \$0.0525 per share.</p> <p>(b – e) Nil</p>
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<p>(a) Issued pursuant to shareholder approval at the general meeting held 4 September 2017 and in consideration of Payment 1 (US\$1,350,000 to be paid in shares) of the Minority Partner buy-out agreement to purchase the remaining 30% of the Cascavel project. Full details of the agreement announced 27 April 2017.</p> <p>(b – e) Issued pursuant to variation to the Cascavel Goldstream Agreement as announced 6 September 2017</p>
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	Yes
6b	The date the security holder resolution under rule 7.1A was passed	Annual General Meeting held 31 May 2017.
6c	Number of +securities issued without security holder approval under rule 7.1	<p>(b) 2,678,571</p> <p>(c) 1,449,275</p> <p>(d) 500,000</p> <p>(e) 250,000</p>

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+ See chapter 19 for defined terms.

6d	Number of +securities issued with security holder approval under rule 7.1A	Not Applicable	
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	(a) 32,115,317 – General Meeting on 4 September 2017	
6f	Number of +securities issued under an exception in rule 7.2	Not Applicable	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not Applicable	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not Applicable	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Refer to Annexure 1	
7	+Issue dates  Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.  Cross reference: item 33 of Appendix 3B.	19 September 2017	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		778,568,506	Fully Paid Ordinary Shares
		30,655,369	\$0.25 OGXOC options exercisable on or before 31 January 2018
		202,458,461	\$0.11 OGXOD options exercisable on or before 31 January 2020

+ See chapter 19 for defined terms.



**Appendix 3B**  
**New issue announcement**

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	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	
	1,250,000	\$0.16 options exercisable on or before 31 October 2017
	12,250,000	\$0.25 options exercisable on or before 31 October 2017
	10,500,000	\$0.15 options exercisable on or before 30 April 2018
	300,000	\$0.25 options exercisable on or before 14 July 2019
	2,678,571	\$0.07 options exercisable on or before 30 November 2017
	500,000	\$0.07 options exercisable on or before 30 April 2018
	250,000	\$0.07 options exercisable on or before 30 June 2018
	750,000	\$0.0750 options exercisable on or before 29 May 2020
	750,000	\$0.0875 options exercisable on or before 29 May 2020
	1,500,000	\$0.09150 options exercisable on or before 29 May 2020
	1,500,000	\$0.106746 options exercisable on or before 29 May 2020
	2,678,571	\$0.02 options exercisable on or before 30 November 2020
	1,449,275	\$0.02 options exercisable on or before 31 January 2021
	500,000	\$0.02 options exercisable on or before 30 April 2020
	250,000	\$0.02 options exercisable on or before 30 June 2021
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not Applicable

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+ See chapter 19 for defined terms.



## **Part 2 - Pro rata issue – N/A**

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the +securities will be offered	
14	+Class of +securities to which the offer relates	
15	+Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	
18	Names of countries in which the entity has security holders who will not be sent new offer documents  <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	
19	Closing date for receipt of acceptances or renunciations	

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+ See chapter 19 for defined terms.

### Appendix 3B

#### New issue announcement

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20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	
25	If the issue is contingent on security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do security holders sell their entitlements <i>in full</i> through a broker?	
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	

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+ See chapter 19 for defined terms.

- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 <sup>+</sup>Issue date

### **Part 3 - Quotation of securities**

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of <sup>+</sup>securities  
(tick one)
- (a) ☒ <sup>+</sup>Securities described in Part 1
- (b) ☐ All other <sup>+</sup>securities  
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### **Entities that have ticked box 34(a)**

#### **Additional securities forming a new class of securities**

*Tick to indicate you are providing the information or documents*

- 35 ☐ If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders
- 36 ☐ If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37 ☐ A copy of any trust deed for the additional <sup>+</sup>securities

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<sup>+</sup> See chapter 19 for defined terms.

## Appendix 3B

### New issue announcement

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#### Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought					
39	+Class of +securities for which quotation is sought					
40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"><li>• the date from which they do</li><li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li><li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li></ul>					
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>					
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<table border="1"><thead><tr><th>Number</th><th>+Class</th></tr></thead><tbody><tr><td></td><td></td></tr></tbody></table>	Number	+Class		
Number	+Class					

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+ See chapter 19 for defined terms.

**Quotation agreement**

- 1     +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2     We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3     We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4     We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: .....  
Company secretary

Date: 21 September 2017

Print name:     Joel Ives

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+ See chapter 19 for defined terms.

## Appendix 3B – Annexure 1

### Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

#### Part 1

Rule 7.1 – Issues exceeding 15% of capital	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	301,335,138
<b>Add</b> the following: <ul style="list-style-type: none"> <li>Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval</li> <li>Number of partly paid +ordinary securities that became fully paid in that 12 month period</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>Include only ordinary securities here – other classes of equity securities cannot be added</li> <li>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</li> <li>It may be useful to set out issues of securities on different dates as separate line items</li> </ul>	395,490,756  81,742,615
<b>Subtract</b> the number of fully paid +ordinary securities cancelled during that 12 month period	
<b>“A”</b>	778,568,506

+ See chapter 19 for defined terms.

<b>Step 2: Calculate 15% of “A”</b>	
<b>“B”</b>	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply “A” by 0.15</b>	116,785,276
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <b>Note:</b> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	4,877,846
<b>“C”</b>	4,877,846
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
<b>“A” x 0.15</b>  <i>Note: number must be same as shown in Step 2</i>	116,785,276
<b>Subtract “C”</b>  <i>Note: number must be same as shown in Step 3</i>	4,877,846
<b>Total [“A” x 0.15] – “C”</b>	111,907,430  <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.



## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b>  <i>Note: number must be same as shown in Step 1 of Part 1</i>	778,568,506
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>  <i>Note: this value cannot be changed</i>	0.10
<b>Multiply “A” by 0.10</b>	77,856,851
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of <sup>+</sup> equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <i>Notes:</i> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	
<b>“E”</b>	77,856,851

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<sup>+</sup> See chapter 19 for defined terms.

<b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b>	
<b>“A” x 0.10</b>  <i>Note: number must be same as shown in Step 2</i>	77,856,851
<b>Subtract “E”</b>  <i>Note: number must be same as shown in Step 3</i>	Nil
<b>Total [“A” x 0.10] – “E”</b>	77,856,851  <i>Note: this is the remaining placement capacity under rule 7.1A</i>

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+ See chapter 19 for defined terms.