



ASX/Media Release – 12 January 2018

Further Spectacular Grades Continue from Pilot Hammer Mill

‘Back to Basics’ approach on track

- Orinoco’s ‘Back to Basics’ approach to milling delivers further high-grade samples.
- 6 samples returned 9.61g/t, 39.14g/t, 8.18g/t, 33.28g/t, 60.87g/t, 69.02g/t from the pilot mill.
- This follows the reported 15 samples that graded between 26-149 g/t.
- All 21 one tonne samples came from 21 different sections of the mine.
- The average grade from the 21 samples is so far 45.19 g/t.
- A second test hammer mill capable of 400kg per hour has been delivered to site.
- Commissioning of the much larger 25tph hammer mill is on track for completion in January.
- Cuca shaft de-watered and remedial work now underway to open up the neighbouring ‘Cuca’ zone.
- Aggressive ramp-up in production expected in 1st quarter 2018.

Orinoco Gold Limited (ASX: OGX) (**Orinoco** or the **Company**) is pleased to announce the continued success of its ‘Back to Basics’ approach with 6 new one tonne samples grading an average of 36.68 g/t. This takes the number to 21 samples milled through the pilot hammer mill to an average grade of 45.19 g/t and has been randomly sourced from 21 different parts of the Mestre, Central and Northern Zones of Cascavel. All cleaning and smelting of the samples is conducted in the gold room.

COO Richard Crew commented "This 'Back to Basics' approach is proving an important step in showing Cascavel's true potential as one of the higher grading gold mines in Latin America. Work has also recommenced on the Northern zone of the orebody as announced on 28 December 2017. With the Cuca shaft dewatered and remedial work underway, I look forward to taking Cascavel forward and putting the past behind us. The positive results currently being attained are attributed to the hard work and forward thinking of our new management, highly experienced geological and planning teams, miners and the support of our loyal shareholders."

Back to Basics

Whilst the potential of Cascavel has always been exciting, the delivery of ounces has been elusive. Numerous independent experts have visited site over the last 12 months attempting to crack the code as to why visible high grades in the Mestre and Central zones have been unable to translate into low cost ounces of gold. OGX’s new management team are proving that it has been a combination of excessive dilution during mining, together with low recoveries from its existing gravity recovery plant. As a result of our recent successes new ore extraction methods have successfully been implemented in the development drives and a new low-cost blasting method has successfully been implemented in the stopes. A new 25 tph hammer mill has been purchased from Laminaço, this has been commissioned in Laminaço’s workshop and is scheduled for delivery to Cascavel on the 15 January 2018.

As part of our 'Back to Basics' approach management is returning to more traditional routes of milling its ore. Tests between the dates of 21 November 2017 and 21/ December 2017 through a small 200kg per hour pilot hammer mill were announced on the ASX on the 18 and 28 December 2017 and illustrated in Tables 1 & 2. These initial results showed that the recovery and grade can dramatically improve when it is not processed in the current gravity recovery plant. During this period, the small hammer mill achieved recoveries of over 93% and grades ranging between 30-149 grams per tonne of gold (Dore) from fifteen non-selective one tonne samples taken from different areas of the mine and detailed in (Tables 1 & 2).

Table 1 First batch of Hammer mill tests

Date	21/11/17	22/11/17	23/11/17	24/11/17	29/11/17	30/11/17	1/12/17	4/12/17	11/12/17	12/12/17	13/12/17	Totals
Location	RC	MD	MS4	RC2F	RCS1	RC4S	MLO	ML1	ML4S	RC3F	ML4N	
Tonnes processed	0,75	1	1	1	1	1	1	1	1	1	1	10,75
Au (Dore) recovered Grams	30,33	41,06	43,00	33,21	40,08	33,24	42,73	39,37	149,09	38,26	91,02	581,39
Au (Dore) recovered oz's	0,98	1,32	1,38	1,07	1,29	1,07	1,37	1,27	4,79	1,23	2,93	18,69

Table 2; Second batch of Hammer mill tests

Date	18/12/2017	19/12/2017	20/12/2017	21/12/2017	Totals
Location	RCS1	RCF	MSM	RC5S	
Tonnes processed	1	1	1	0,8	3,8
Au (Dore) recovered Grams	38,83	41,78	26,64	40,43	147,68
Au (Dore) recovered oz's	1,25	1,34	0,86	1,30	4,75

The Company is encouraged by the third batch of results taken between the dates of 29 December 2017 and 9 January 2018, showing the grades are consistently as high see (Table 3). Owing to the large differences in grades processed through gravity plant see *ASX/Media Release – 28 December 2017*, Orinoco Gold have purchased a new low cost 400kg/hr hammer mill which is currently being installed - see Image 2. This will be utilized to re-process a series bulk samples of previously processed material (tailings) and further enhance our bulk sampling programme. The hammer mill in its current configuration gives a much finer grind than the currently installed comminution circuit thus liberating a finer gold fraction. Results from these tests will be published within the next 15 days. If they prove to be successful, this could be another source of mill feed.

Table 3; Third batch of Hammer mill tests

Date	29/12/2017	30/12/2017	04/01/2018	05/01/2018	08/01/2018	09/01/2018	Totals
Location	NN1	RCF	NIN2	CINO	CS1	RC5	
Tonnes processed	1	1	1	1	1	1	6
Au (Dore) recovered Grams	9,61	39,14	8,18	33,28	60,87	69,02	220,1
Au (Dore) recovered oz's	0,31	1,26	0,26	1,07	1,96	2,22	7,08

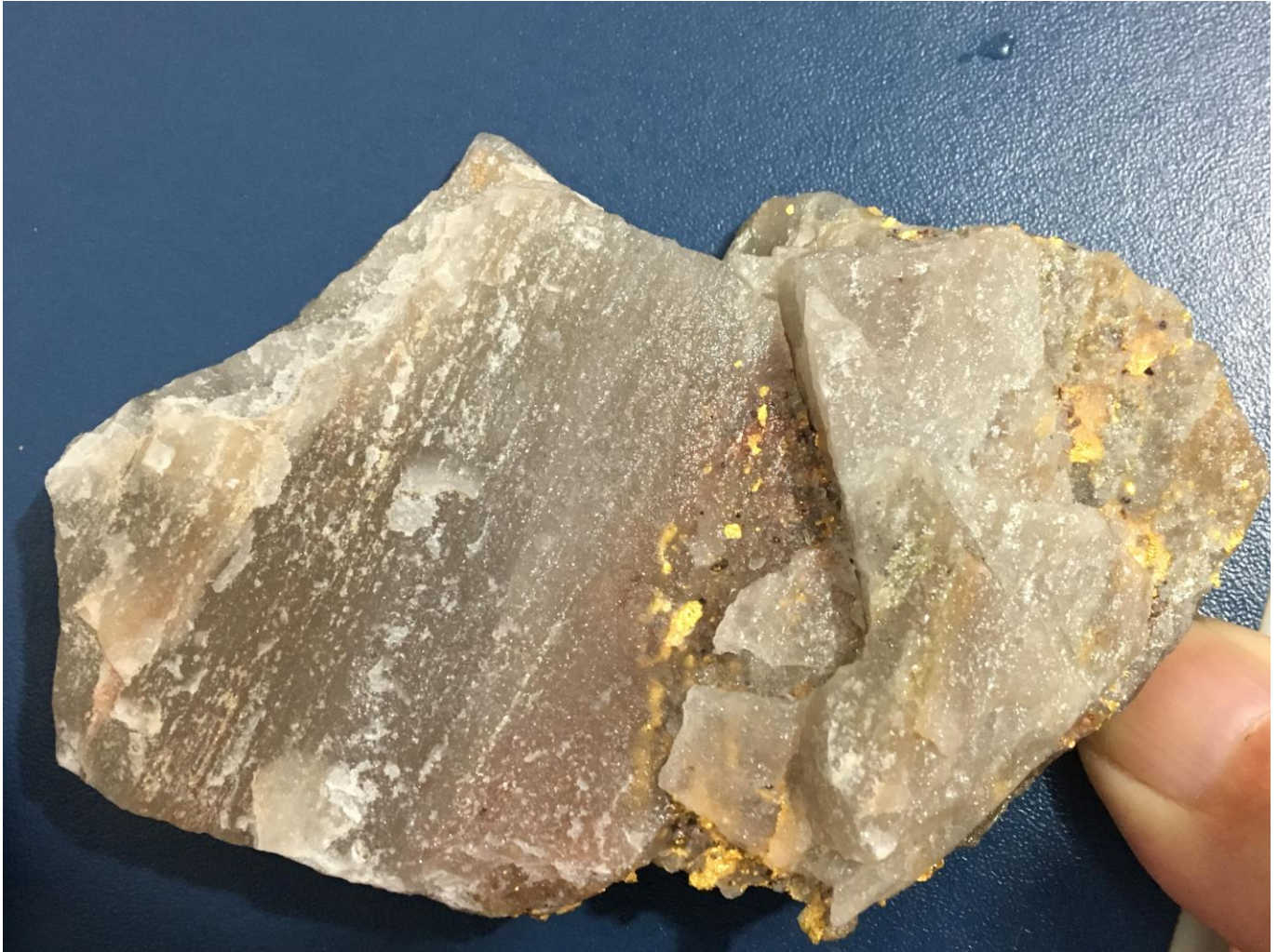


Image 1; Sample recovered from CS1 on 9 January 2018

It is encouraging to see that these one tonne samples were mined from 21 locations of the Mestre, Central and Northern Zones. See (figure 1).



Image 2; 400kg/hr hammer mill

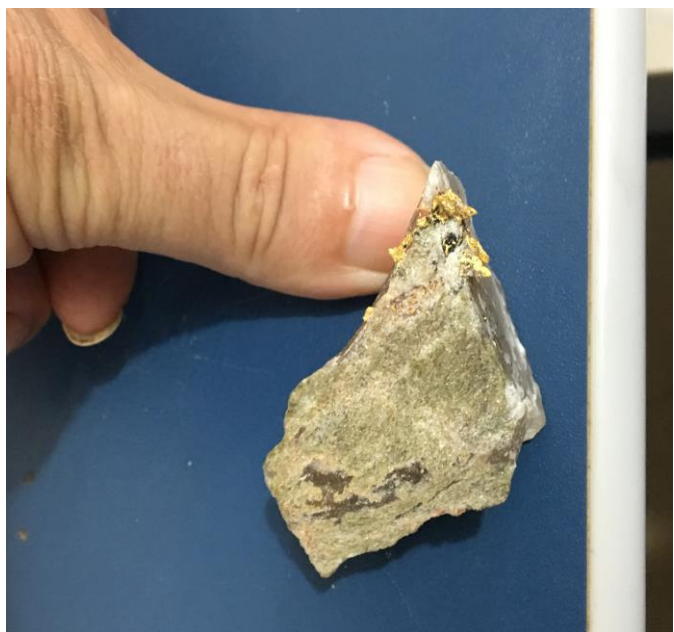


Image 3; Sample recovered from CIN0 8 January 2018



Figure 1. Locations of processed samples

These grades do not come as a surprise to us, because we know the ore veins display visible gold. See Images 1 and 3 (visible gold that is mined on a regular basis).

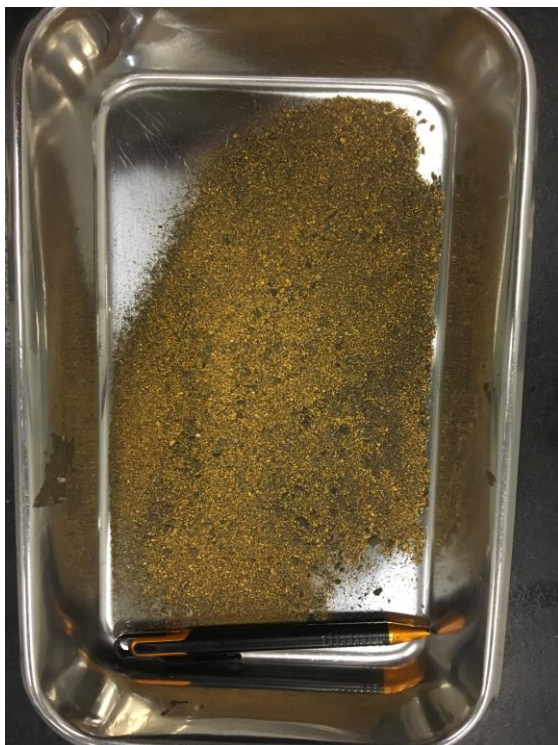


Image 3; 90.2 grams



Image 4; Geologist Leandro Ballarin Marking the veins for extraction



Image 5; Cuca shaft de watering as at 10 January 2018



Image 6; Aerial shot of Cascavel taken 10 January 2018

Although it is still too early to determine if a much larger 25-30 tonne per hour hammer mill will show similar recoveries as the 200kg per hour pilot plant, the success of these mills in South America suggests that results may still be considerably better than that of the current gravity plant configuration.

New Sources of feed

As part of Orinoco's 'Back to Basics' approach, mining has re-commenced in the Northern zone of the mine. In 2016, considerable development was undertaken but at the time, the grades and recoveries through the gravity plant were considered by previous management to be very disappointing and mining ceased there. Mining has restarted and management are pleased to announce that the first two results from NN1 & NIN2 processed through the 200kg hammer mill returned an average recovered grade of 8.89g/t which is significantly above the grades previously recovered of 0.8 g/t. Further samples will be processed over the coming weeks and duly reported. Should these grades continue the Northern zone will become an important 3rd source of ore in 2018.

In addition to the Northern zone, work is now underway to study the potential fast track restart of the Cuca zone that sits 20 metres vertically below the Mestre zone. The shaft has been dewatered and remedial work on the shaft has commenced. Historically, Cuca was always considered higher grade than either Mestre or the Central zone by its previous operators. Our Head of Exploration, Mr Marcelo de Carvalho and his team are working alongside Mr Crew's mining team to assess the best option to restart Cuca. A decision on Cuca is expected to be made by the end of January and should potentially commence mining by April 2018.

Summary

Management is focused on turning the Cascavel operation around with the new direction being taken. Mining of high grade stope ore has commenced and is being stockpiled for processing upon commissioning of the larger hammer mill. A focus on cost reductions and a streamlining of the board and management reporting lines, Orinoco will be leaner as it aims towards sustainable and profitable production in 2018. Grades from this most recent batch of 6 samples continue to support the notion that Cascavel has the potential to be a high grade low cost mine. With mining on the Northern zone restarted and a decision on Cuca likely by the end of January, Orinoco could potentially have four sources of high grade underground feed for its much larger hammer mill(s) by the 2nd quarter of 2018.

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