



ASX/Media Release – 31 January 2018

Orinoco Confirms Outstanding Grades of Gold in Tailings

Bulk Sample of 1,000 tonnes of Tailings to Commence Shortly

- Five one-tonne random samples of tailings recover a total of 46.37 grams of gold in dore
- The samples returned an average grade of 9.27 g/t
- Another 5 samples will be taken and announced next week
- A 1,000-tonne bulk sample of the tailings will commence shortly from Hammer Mill 3
- A fourth Hammer Mill (25 tonne per hour capacity) has been ordered
- Tailings reprocessing and ramp-up of u/g mining could put Orinoco in a strong cash position

Orinoco Gold Limited (ASX: OGX) (**Orinoco** or the **Company**) is pleased to provide an update on the sampling of its tailings stockpiles.

Five tailings samples return average grade of 9.27g/t

Five (5) samples extracted in random one-tonne batches have been processed through the 400kg per hour Hammer Mill 2 and recovered a total 46.37 grams of gold. The samples returned an average grade of 9.27 g/t. The grades recovered from each one-tonne sample were 4.75 g/t, 11.90 g/t, 10.14 g/t, 9.86 g/t and 9.72 g/t.

This test was conducted on one of the Company's dry stacked tailings stockpiles and was directed by our geological team. The one tonne samples were taken at depths of up to 4 metres and included two vertical channels. See Table 1 and Map 1. Importantly this stockpile was not from material processed from the higher grade and finer gold Mestre zone that we suspect has gone into the tailings also.

Whilst these samples cannot be considered representative of the entire tailings stockpile inventory, the high grades recovered are encouraging. Orinoco will provide an estimate of the tailings volumes and improve grade understanding through continued sampling of the tailings stockpiles. A second batch of 5 samples will be announced next week, and a bulk sample of 1,000 tonnes will start shortly.

The Company is hoping that the tailings could be a source of low cost gold when reprocessed which could provide substantial cash flow for the business moving forward. The tailings could form an important source of blending with our much higher-grade underground ore that commences commercial production next week when Hammer Mill 3 is fully operational. Hammer Mill 3 will begin to process waste rock this Saturday. During commissioning of our Hammer Mill 2 in mid-January we surprisingly processed waste with an average grade of 15.42 g/t through the mill as reported on the 24th of January from our Cascavel Operational Update. We will go back to that same waste stockpile as we warm up Hammer Mill 3.

Although early days in the evaluation of the potential tailings resource the consistency of these early results is very encouraging.

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ASX Code

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

Issued Capital

899,184,686 Ordinary Shares
292,536,740 Options

Table 1 provides a summary of the first 5 batches that were processed in recent days.

Table 1; Coordinates and Au Recovered

Sample Pit	x	y	z	Tons processed	Depth Metres	Au Recovered grams	Notations
1	561958	8287818	564	1	4	4.75	Base
2	561944	8287806	563	1	4	11.9	Base
2	561944	8287806	563	1	0-4	10.14	Vertical channel
3	561926	8287798	564	1	4	9.86	Base
3	561926	8287798	564	1	0-4	9.72	Vertical channel



Map1. Map of first sample locations

Bulk sampling of tailings to commence

A 1,000-tonne bulk sample of the tailings will commence shortly after the commissioning of the (25t/hr) production Hammer Mill 3 on Saturday.

This bulk sample will increase the confidence in grade estimates of the tailings and provide us with a better indication of the likely overall grade of the tailings stockpiles.

Tailings sample testing process description

Sample locations were marked by our geological department at 18 metre centres, coordinates taken, and excavation depths recorded (Table 1). Geologists monitored the extraction of the sample to ensure sample integrity. The one tonne sample was then removed and deposited onto a sterile tarpaulin (Figures 2 & 3). The material was processed through the 400kg per hour Hammer Mill 2 which is equipped with two 18kg hammers and sized with 1mm grids. After passing through the hammer mill the material cascades into a gold trap fitted with a manually controlled compressed air and fresh water supply- the compressed air agitates the material whilst the fresh water supply carries away the floats. The floats then pass through a sluice box fitted with gold retaining carpets.



Figure 1; back hoe excavator excavating tailings sample.

After each sample the hammer mill was thoroughly cleaned to prevent contamination of the next sample. Heavy concentrates that are contained in the gold trap are then manually panned, whilst the carpets are folded and cleaned in a controlled environment. All final processing of the gold concentrate is carried out in the secure gold room.

The milling process is recorded with CCTV and monitored by senior staff to ensure process integrity. Final processing is carried out in the gold recovery room under rigid security controls and accompanied by the departmental manager.



Figures 2 & 3; Samples on Tarpaulin to minimize contamination

Fourth hammer mill of 25t/h capacity ordered

The Company is also pleased to announce that a fourth hammer mill has been ordered which will also be capable of processing 25t/hr and should arrive in mid-March. This should allow Cascavel to increase production further and also test ores from some of our neighbouring tenements. Trial mining commenced at our exciting Elisio conglomerate target in December which has historical drill holes of 33m at 4.22 g/t gold and 28m at 3.96 g/t gold. As reported on the 8th of November entitled *Orinoco Confirms Significant Conglomerate-Hosted Gold Potential at Eliseo Project*, this target has a total strike extent of 16km. By having the 4th hammer mill it gives our Geology team more flexibility to test ores from Elisio (and other targets) without causing too much of log jam with Cascavel's ramp-up. Should the ramp-up of Cascavel continue at this pace then management will consider adding a much larger ball mill also. Results from the Eliseo bulk sample will be announced next week.

Comment from COO

Chief Operating Officer, Richard Crew commented "In my 30 years in the mining business I have only seen one other project with such high tailings results. Although the sample size is very small and should not be considered as a sign of how much gold there is in the entire stockpile, the fact that every one of the five batches contained an excellent gold grade is extremely encouraging. We look forward to running 1,000 tonnes of the tailings material through our larger hammer mill to give us further insight on the tailings. From the information obtained through the "Back to Basics" approach we have an increased understanding as to why Orinoco has had such a difficult time over these last 18 months and we look forward to putting our company back on track."

The results are further evidence that Cascavel has the potential to be one of the richest gold mines in Latin America. To date our 29 one-tonne samples from different parts of the mine have averaged 38.7 g/t gold as reported in our Cascavel Operational Update on the 24th of January 2018. This compares favourably with the initial 40 panel samples that reported at an average grade of 47.2g/t as reported in our report, *Mestre assays show Bonanza grades up to 265 g/t* on the 17th of January 2018. Another 19 samples from Mestre will be announced later this week.

In closing, the initial five one-tonne tailings samples averaging 9.27 g/t gives us some indication as to how much gold has not been recovered by the gravity plant over the past 18 months and provides us confidence in the true potential of Cascavel.



9.72 grams prior to smelting

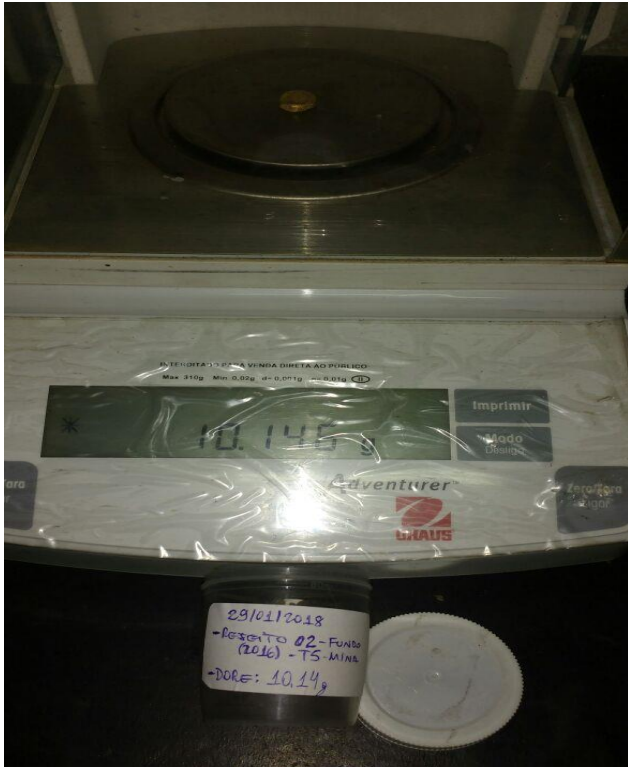
Photos of gold recovered from the dry stack tailings.



4.75 grams



11.90 grams



10.14 grams



9.86 grams

-ENDS-

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