



ASX/Media Release – 31 January 2019

December 2018 Quarterly Activities Report

Operational Overview:

- A 96-ounce gold sale completed for the month of December at the Cascavel Gold Mine
- Mestre Level 7 development nearing completion - set to provide access to high-grade plant feed for processing during Q1 2019
- Independent metallurgical review confirms improved recoveries are achievable through placement of 25TPH hammer mills in the existing gravity separation process
- Independent consultant to oversee proposed modifications of processing circuit this quarter
- Rio do Ouro Drilling campaign completed

Board and Management Restructure:

- Mathew O’Kane appointed Executive Director to lead operational and financial review
- Resignation of Directors Jeremy Gray, Helcio Guerra and Terry Topping
- Appointment as Director of Francisco Barreto
- Joel Ives and Albert Longo appointed joint Company Secretaries

Corporate Developments:

- Key terms regarding US\$9.5 million Exploration Joint Venture with AngloGold Ashanti confirmed – work now underway to establish Brazilian JV entity with renewed momentum
- Empire Capital Partners appointed as Lead Manager in respect of A\$556,200 placement and A\$2.5 million placement facility
- A\$556,200 placement completed at an issue price of \$0.007 per new share, together with one free \$0.01 attaching option for every new share issued (issue of options subject to shareholder approval)

Orinoco Gold Limited (ASX: OGX) (“Orinoco” or “the Company”) is pleased to provide shareholders with its Quarterly Activities Report for the period ended 31 December 2018.

EXECUTIVE SUMMARY

The Company reported the completion of a 96oz gold sale in December – representing the highest monthly gold sale since July 2018, and 329oz for the quarter in total, being the highest level of gold sales achieved for a quarter in 2018.

Concurrently, a management restructure was undertaken during the quarter, with Matthew O’Kane appointed to the role of Interim Executive Director. Matthew has been charged with leading a comprehensive operational and financial review of the business, which was commenced during the month of January.

An important development in the context of Orinoco’s exploration program occurred post-quarter end, with the Company reporting that it has re-commenced discussions with major global mining house AngloGold Ashanti

Holdings Plc on the establishment of an exploration JV in Brazil. Both parties are now committed to establishing the in-country joint venture entity this quarter, which is a fundamental component of Orinoco's regional exploration strategy moving forward. Under the terms of the JV agreement, AngloGold may earn up to a 70% interest in the JV tenements by spending US\$9.5 million in exploration over a three-year period with the right to withdraw at any time. To date, AngloGold has advanced a total of A\$3 million to reduce earn-in requirements (see ASX announcement dated 6th September 2017).

In addition, an independent metallurgical review was completed post-quarter (see ASX announcement dated 2nd January 2019) which demonstrated that improved recoveries are achievable with the installation of simple 25TPH hammer mills in the existing gravity separation process plant. Further material has also been sent to a laboratory in Perth for floatation testing. The independent metallurgist has now returned to the mine to oversee the implementation of these operational improvements.

MANAGEMENT COMMENTARY

Executive Director, Matthew O'Kane commented;

"We saw some improvement in gold sales over the quarter, however further improvement is required before the mine can achieve its goals. The commencement of the review of the Company's operations and its finances is the first step towards understanding the gaps that are required to be addressed so that we can then put corrective actions in place moving forward."

"Our immediate priority on exploration is to continue to advance discussions with our JV partner, AngloGold Ashanti, as this represents a real opportunity to leverage Anglo's technical experience and in-country knowledge to maximise value from our gold portfolio in Brazil."

"I look forward to providing further updates in the near-term on multiple corporate and operational initiatives currently underway within the business."

CORPORATE DEVELOPMENTS

Capital Raising

Post-quarter end, the Company appointed Empire Capital Partners ("Empire") as Lead Manager of a A\$556,200 placement at A\$0.007 per share, with a free attaching option with a three-year term and A\$0.001 strike price (Placement). A further A\$470,000 of debt to related parties will be converted to equity on the same terms as the Placement subject to shareholder approval.

Facility

The Company also entered into a separate agreement with Empire to secure a two-year A\$2.5 million equity placement facility. The Facility was obtained for use on a standby basis to ensure the continuous funding of the Company's ongoing project development, and in order to fast-track the Company's production and optimisation plans.

Funds from a drawdown of the facility will be used for:

- Capital expenditure at the Cascavel Gold Mine; and
- General corporate and working capital purposes

Board and Management Restructure

The Company's commitment to strengthening the composition of its board and management was realised post-quarter end, with a leadership restructure announced on January 2nd 2019. The Board appointed Matthew O'Kane as Interim Executive Director due to his relevant experience in driving turnaround strategies, with former Managing Director Jeremy Gray resigning.

Other Board and Management changes announced the quarter included:

- Resignation of Directors Helcio Guerra and Terry Topping;
- Appointment as Director of Francisco Barreto; and
- Joel Ives and Albert Longo appointed joint Company Secretaries.

Capital Structure

At the date of this report, the Company has:

- 1,357,085,769 Fully Paid Ordinary Shares on issue
- 225,072,116 Listed Options
- 64,640,687 Unlisted Options
- 91,800,000 Performance Rights
- 797,540 Tranche B Convertible Notes

HEALTH AND SAFETY UPDATE

The health and safety of employees is of the highest priority to Orinoco, and ongoing training continued throughout the quarter. In October there were three LTI's (lost time incidents); two cases of sprained ankles and one muscle strain of a machine operator's back. The Company's two safety technicians are making large strides forward with the retraining of workers which has shown excellent results with zero accidents or incidents in November and December.

ENVIRONMENTAL OVERVIEW

There were zero environmental issues reported during the quarter. All permits and Licences are valid. Inspections were made in the month of November at Curral da Pedra by the state environmental agency (SECIMA) Secretaria de Estado de Meio Ambiente e Recursos Hídricos, Infraestrutura, Cidades e Assuntos Metropolitanos that were in full compliance with all requirements.

CASCAVEL GOLD MINE, BRAZIL (OGX 100%)

Development Overview

- Total Development for the quarter was 98m
- Total Ore mined 2111 tonnes
- Total Ore processed through the gravity plant
- Atlas Copco ST2G delayed until 2nd week of January 19
- Permanent powder magazines fully licenced
- New Guia de Utilização licence published and issued for Cascavel
- Military issued new licence for purchase and storage of explosives and chemicals.
- During the quarter 329 ounces were sold.

Table 1: Cascavel Gold Mine Development Summary

Cascavel Gold Mine 2018 Development Summary					
Type		Q1	Q2	Q3	Q4
Decline Shaft Development	m	-	-	-	19
Decline Development	m	72	50	45	-
Lateral Development	m	274	265	312	79
Incline Development	m	-	-	-	-
Total Development		347	315	357	98

Slot Raises / Stopes	ton	2319	1361	1557	1213
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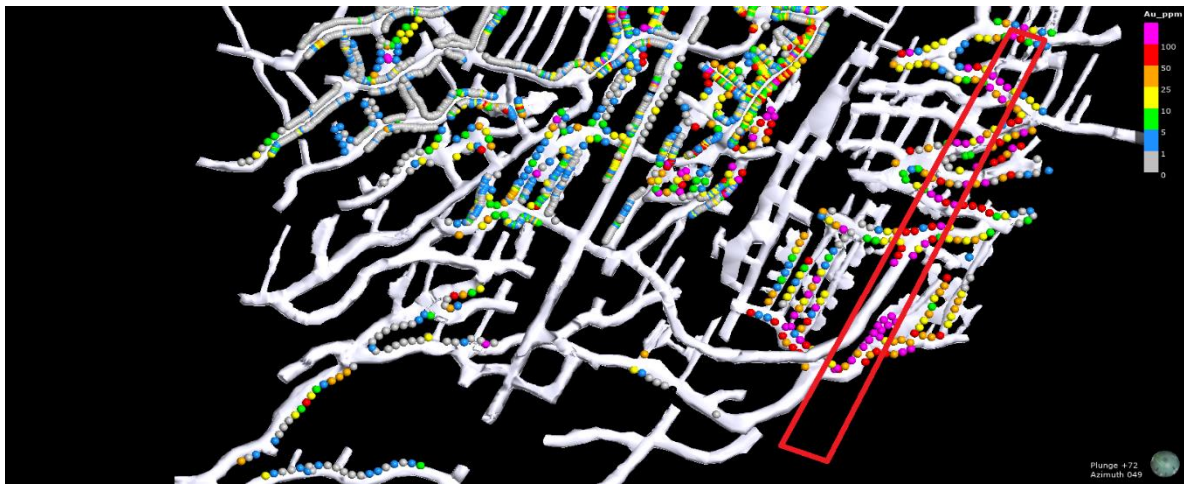


Figure 1: Ore shoot outlined in red



Figure 2: Advance for the year 2018

2018 Development Summary													
Type	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Decline Shaft Development		0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	5,8	0,0	12,7	19
Decline Development	42,2	18,4	11,7	16,7	26,4	6,8	28,8	16,1	0,0	0,0	0,0	0,0	167
Lateral Development	102,6	102,0	69,9	77,2	93,4	94,4	74,5	143,4	94,5	38,3	0,0	41,0	931
Incline Development	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0
Total Development	144,8	120,4	81,6	93,9	119,8	101,2	103,2	159,5	94,5	44,1	0,0	53,7	1117

Table 2: 2018 Development Summary

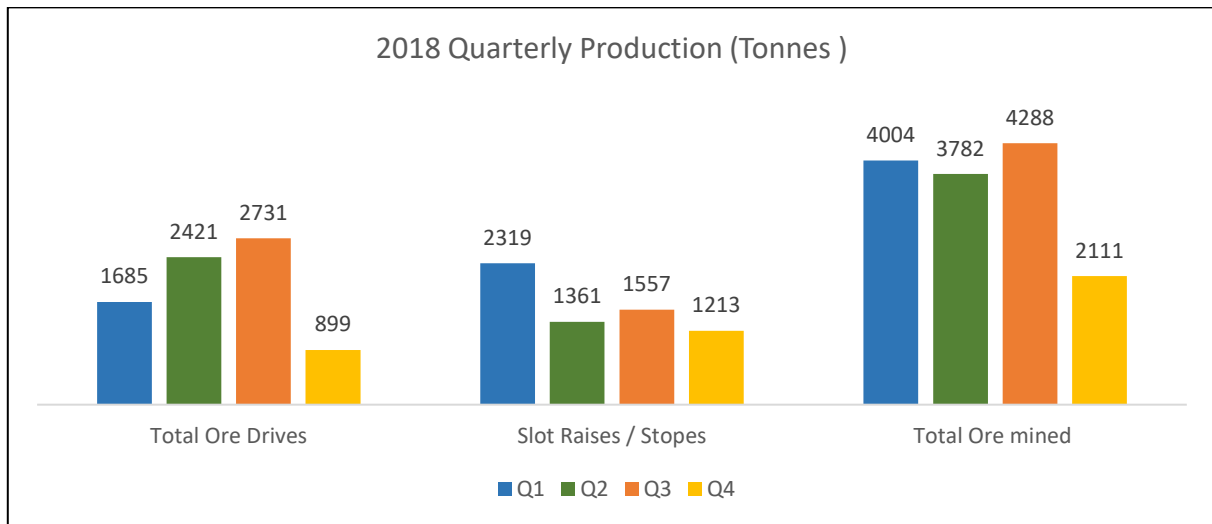


Table 3: 2018 Quarterly Production Tonnes

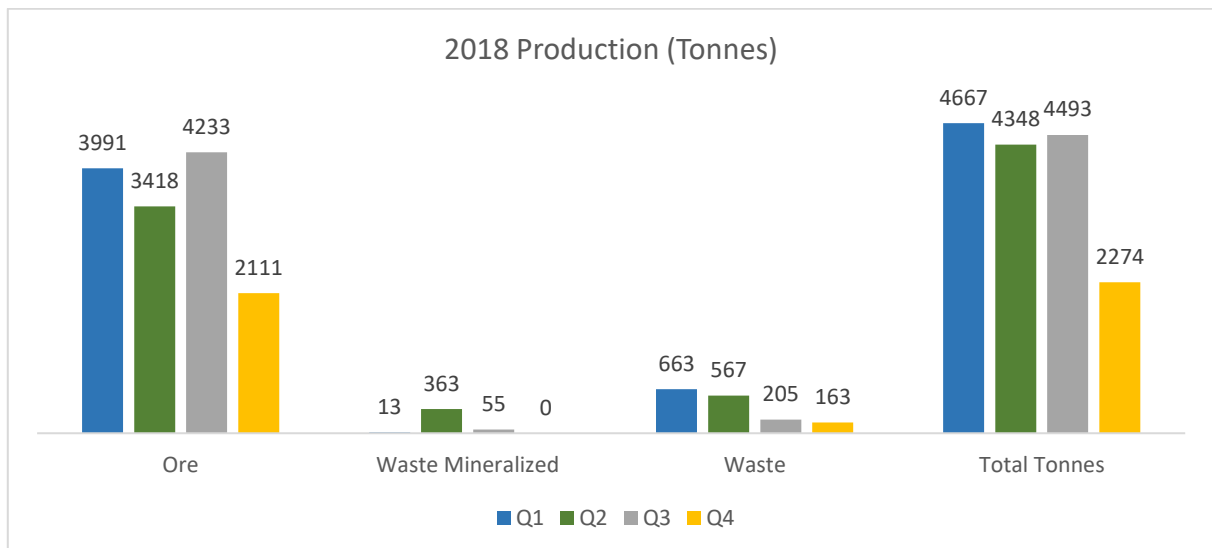


Table 4: Breakdown of Production tonnes 2018

Cascavel Gold Mine 2018 Production Summary						
		Q1	Q2	Q3	Q4	Total
Production (Tons Milled)	ton	4042	5380	5016	3829	18267
Head Grade	g/ton	1,52	1,01	2,30	2,12	1,71
Contained Au	Oz	197	174	370	261	1003
Tail Grade	g/ton	0,39	0,26	0,53	0,48	0,41
Recovery (%)	(%)	69%	79%	75%	77%	76%
Gold Recovered (oz)	Oz	175	139	312	260	886
Gold Poured (oz)	Oz	175	220	236	260	890
Gold Sold	Oz	264	297	260	329	1151

Table 5: Plant production summary 2018

QUARTERLY EXPLORATION OVERVIEW

The current drilling campaign at the Rio do Ouro target was completed during the quarter. The final 60.6m of diamond drilling was performed during the quarter with hole OST11 finishing at 221.30 metres. Thereafter the drill rig was demobilised. Soil sampling was initiated in the south west extension of Rio do Ouro and the results have been received from ALS Laboratories.

A total of 140 DDH samples were sent to ALS-Lab Goiânia, including standard and blank (QA/QC samples) during the quarter. Further soil samples were completed at the Tinteiro target.

Results for both Rio do Ouro and Tinteiro will be released in due course on full assessment of the results.

-ENDS-

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