



Orinoco closes in on first gold production as Cascavel development advances on schedule

Stoping of first high-grade material to commence this month; plant construction on schedule; commissioning on track to begin this quarter

Highlights

- **Abundant visible gold observed in new samples collected during development for stoping** (see Figures 1 & 2 below).
- **Stoping of high-grade material to commence later this month.**
- **Construction of Cascavel crushing circuit now ~85% complete** (see Figure 3).
- **The factory-commissioned gravity circuit has arrived in Brazil and is currently clearing customs.**
- **Commissioning of the Cascavel Plant with lower grade development ore remains on track for the current quarter (Q1 2016).**

Orinoco Gold Limited (ASX: OGX) is pleased to advise that it remains firmly on track to join the ranks of international gold producers later this quarter with all aspects of mine development and construction at its **Cascavel Gold Mine** advancing on schedule.

New panel samples collected on each advance in the central level drives of the mine continue to yield abundant visible gold as shown in the photos below. Stoping from this area will commence later this month.

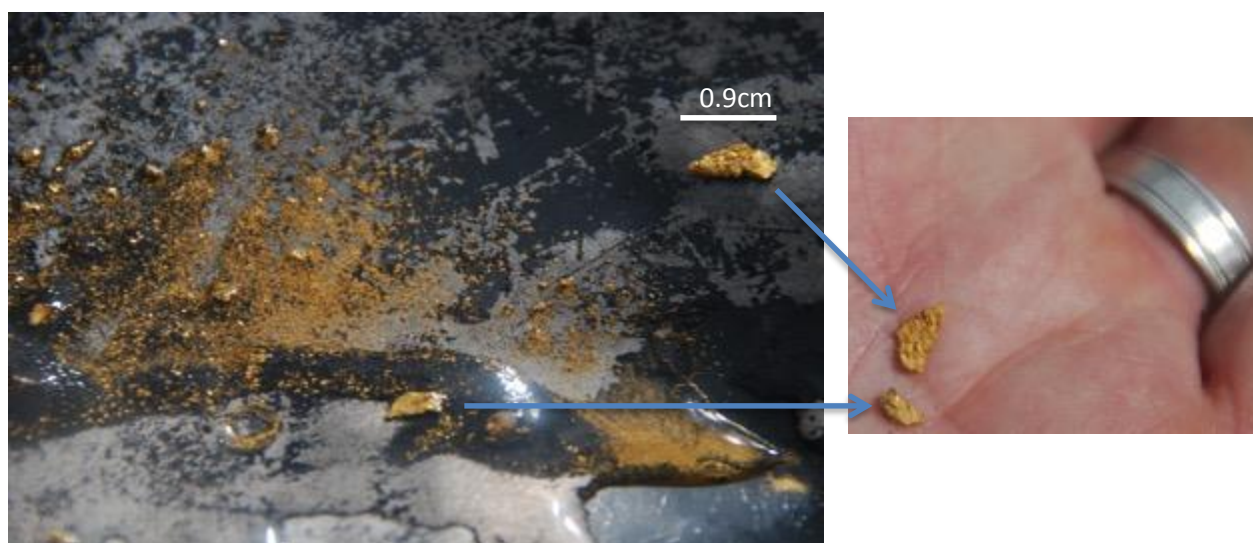


Figure 1. Panning results from a 3kg sample of alteration (no vein material). Note the particularly coarse gold grains/nuggets. Assays from the corresponding panel samples taken from the walls are pending.



Figure 2. Selected vein material from the same sampling as Figure 1.

Construction of the Cascavel crushing circuit will be completed in Brazil in the first half of January. All remaining equipment is now in country, and is in the process of clearing customs. If all equipment clears customs as planned and is on site by the end of January, commissioning should be able to commence in late February/early March.

Commissioning will take place with the diluted material that has been stockpiled from mine development in order to minimise potential gold loss as the circuit is fine-tuned.



Figure 3. Construction of the Cascavel Plant.



Figure 4. Looking up-dip at a raise from Level drive 1 Central, where stoping will shortly commence.

Orinoco's Managing Director, Mr Mark Papendieck, who has been in Brazil for the past few months to oversee the final stages of the construction program, said work on site had progressed steadily with only minimal interruptions during the Christmas/New Year break.

"It has been pleasing to see the significant effort and commitment of our entire team as we close in on this crucial period for Orinoco – during which we will make the all-important transition from explorer to producer," he said.

"All components of the project are progressing on track and our confidence in the high-grade nature of the orebody continues to grow as mine development progresses. Stoping of the initial high-grade areas will commence later this month and, all things going well with customs clearances, we expect to be in a position to begin plant commissioning by late February/early March.

"On the back of the capital raising and rights issue announced just before Christmas – which when complete will allow us to increase our targeted production rate by 50 per cent – Orinoco moves into the New Year in a very strong position; well funded, ready to start production and ideally placed to capitalise on the strong gold market conditions."

-ENDS-

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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 coal and base metal 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, resolve logistical issues associated with mining and enter into any necessary off take arrangements with reputable third parties. 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.

Competent Person's Statement:

The information in this announcement that relates to Exploration Results is based on information compiled by Dr Klaus Petersen who is a member of the Australasian Institute of Mining and Metallurgy and CREA and Dr. Marcelo Juliano de Carvalho who is member of the Australasian Institute of Mining and Metallurgy. Dr Klaus Petersen and Dr. Marcelo Juliano de Carvalho are employees of Orinoco Gold Limited and have sufficient experience, which is relevant to the style of mineralisation under consideration and to the activity that they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Klaus Petersen and Dr. Marcelo Juliano de Carvalho consent to the inclusion in this report of the matters based on the information in the form and context in which it appears.

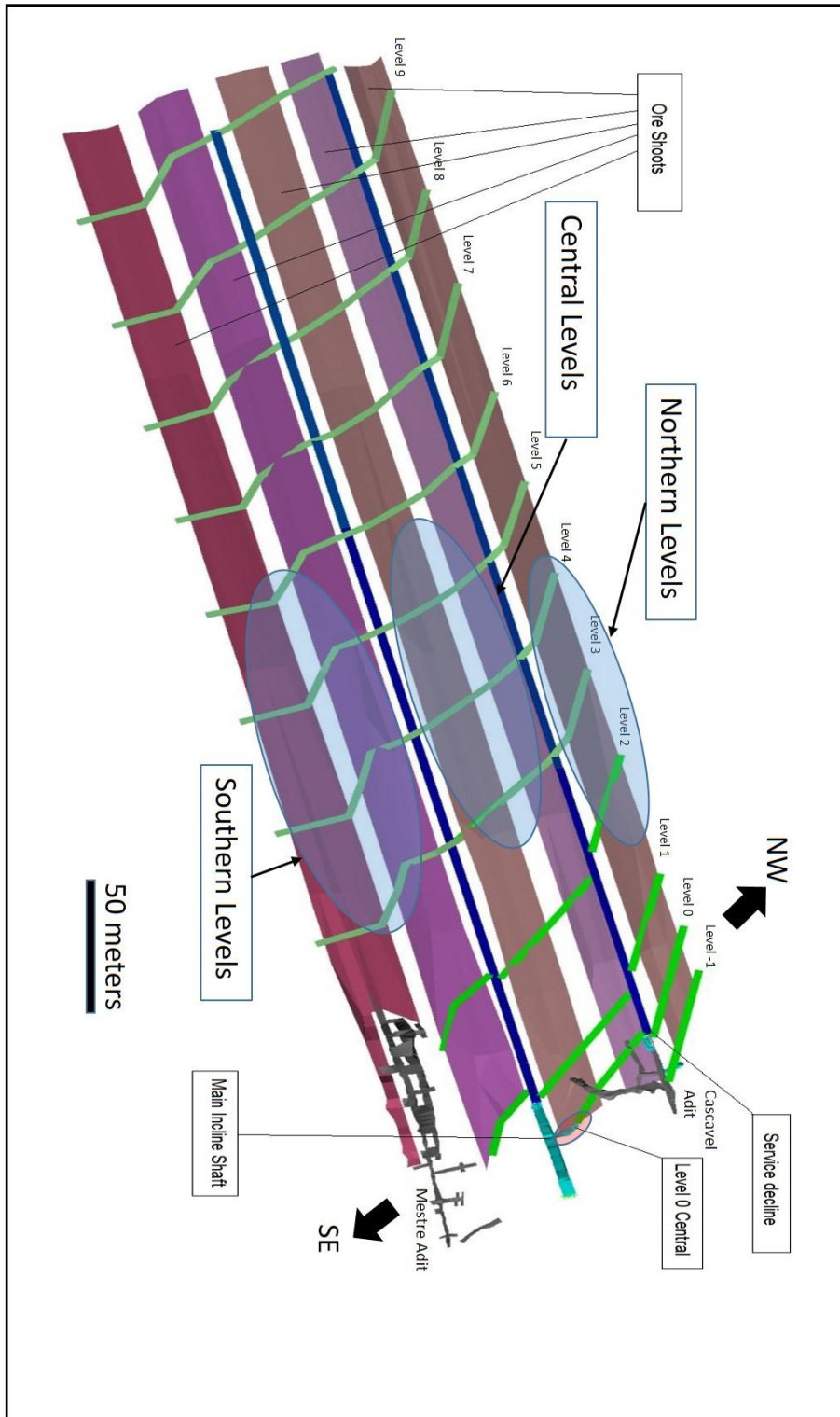


Figure 5 – Initial Mine Plan showing location of Level 0 Central.

Section 1 Sampling Techniques and Data

Criteria	Commentary
<i>Sampling techniques</i>	<ul style="list-style-type: none"> • Continuous “panel sampling” has been undertaken across the mineralised zone at Cascavel. Panels measuring approximately 0.5m x 0.5m are marked up on the walls of the drives and are contiguous (each panel abutting another panel) along both walls of the decline (or drives) with the sample from each panel being composed of chips collected from the entire area of each panel. The panel samples in the current release Dive 0 North is a section sub-parallel to the strike and almost perpendicular to the dip (the Level 0 cross-cuts sections of the high-grade shoots that dip to the SW). • Where a vertical height of more than 0.5m is assessed as requiring sampling, contiguous panels will be cut below or above a panel. Each panel sample (approximately 4-11kg in weight) is crushed/milled/homogenised and split to obtain a 1kg sample in the laboratory and that 1kg sample is submitted for a screen fire assay. • Panel sampling has been undertaken along the mineralised vein/s and alteration and screen fire assay has been used to obtain correct grades of each panel. This assay procedure is not only more expensive but needs more time for the lab to screen larger amounts of the samples instead of splitting fractions in an ordinary fire assay procedure. All data is stored in the database following appropriate QA/QC procedures.
<i>Drilling techniques</i>	<ul style="list-style-type: none"> • No drilling is reported in this announcement.
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> • No drilling is reported in this announcement.
<i>Logging</i>	<ul style="list-style-type: none"> • No logging is reported in this announcement
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> • Chip samples went sent to the laboratory without drying or splitting. • Blanks and standards are inserted into panel samples batches;
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> • In the lab, all samples are dried at 100°C and crushed to 9 mesh in a jaw crusher. The samples go to a Jones or Rotary splitter and 500g of material is separated and powdered to 150 mesh. The 150# pulp is quartered and an aliquot of 50g is obtained. This aliquot is analysed by Fire Assay in non-mineralised samples. Metallic Screen Fire Assay is applied if the sample is considered mineralised. Selective samples are analysed in ICP-MS (Inductively Coupled Plasma Atomic Emission Spectrophotometry), with a multi-acid digestion for 32 elements.
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> • Standards: (insertion of 1 known standards in each 20 samples approximately): If less than 10% of samples are outside of the expected mean + 2x Std. Dev, the results are validated. If less than 10% of the samples report results outside the Mean + 3x Std. Dev, but there are standards between the first and these two points - the results are validated, but the Lab is notified. If more than 10% is

Criteria	Commentary
	<p>outside the Mean + 3x Std. Dev, the batch (40 samples) is rejected, an investigation is required and a re-analysis of the batch is made;</p> <ul style="list-style-type: none"> • <i>Blanks</i> (1 blank insertion in each 20 samples approximately): If less than 5% are above 5x the detection limit of the Lab, the results are validated. If more than 5% is above 5x the detection limit, the Lab is notified and the batches with failure are re-analysed; • Duplicates (insertion in each 20 samples – Bias control): Project Duplicates are core quarter and Lab duplicates are Pulp Duplicates.
<i>Location of data points</i>	<ul style="list-style-type: none"> • The topographic survey on the underground workings has been done by a qualified surveyor using a Total Station (RUIDE), model RTS 822R³. The survey uses laser for the location of channels, panels and underground workings. • The grid system used is UTM South American 1969 - Zone 22 S; • The topography crew uses surveyed base stations to guarantee the quality of their surveying.
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> • Panel samples are approximately 0.5 x 0.5 metres and continuous along the mineralised zone.
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> • The data orientation is intended to cover the mineralised zone approximately along strike and down dip. Data is collected from all underground openings
<i>Sample security</i>	<ul style="list-style-type: none"> • Samples are stored in plastic sample bags, stored in a dedicated secure facility on site prior to transport to the lab. • All laboratory pulps are stored in the storage facility onsite in boxes supplied by the labs, stacked in dry places.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> • No audit or review has been undertaken regarding the results reported in this announcement.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> The Faina Goldfield project is 70% owned by Orinoco do Brasil Mineração Ltda, which in turn is 100% owned by Orinoco Gold Ltd. The 30% partners are free carried during the exploration stage until a decision to mine. The Sertão and Antena mining leases are owned 100% by Orinoco. Some locations within the Cascavel project have archaeological sites that are required to be mapped and photographed prior to removal of the sites. The key Cascavel tenement has a granted trial mining licence for 50.000 tonnes ROM for underground operation, an installation licence for a up to 50.000 tonnes per year gravity crushing and concentration plant and granted Environmental/Archaeological licences.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> This release reports results from underground working at Orinoco's Cascavel Gold mine. No earlier exploration is reported in this release
<i>Geology</i>	<ul style="list-style-type: none"> CASCAVEL: Cascavel is best characterised as an Archean shear hosted Orogenic gold system. The structurally controlled mineralised quartz vein/s, veinlets and related sericite alteration evident in the decline and from drilling are continuous both along strike and down-plunge with some minor off-sets caused by later E-W and N-W striking faults (associated with the Tinteiro mineralisation). Visible offsets are no greater than 1m in the walls of the decline. These late faults also cause a slight rotation between the blocks, slightly changing the dip of the veins. Repetition of high grade shoots along the strike has been confirmed by bulk and panel sampling and with visible gold up to 10mm in size evident in the walls of the decline.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> No drill holes are reported in this announcement.
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> To composite the panel samples the results were treated as a drill core section. The coordinates of the middle point at the left edge of each panel and vector data of azimuth and dip angles of a middle line in the panels was precisely surveyed. Those lines were used for the from/to data on the assay table. To give the correct weight for the grades in the panels due to minor differences in the length, 0.5 metres was considered 100% and all grades went normalised to this length. The normalised intervals were used to obtain the composite grade for the section.
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> Reported rock chips are single point, selective samples of outcropping lithologies.
<i>Diagrams</i>	<ul style="list-style-type: none"> Diagrams are attached to the current announcement.

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<i>Balanced reporting</i>	<ul style="list-style-type: none">• This announcement is a comprehensive report of the results covered by this announcement.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none">• Only assays for panel samples are reported in this announcement.
<i>Further work</i>	<ul style="list-style-type: none">• Drilling and ongoing underground development is required to test the identified targets as the mine is developed.