



December 2015 Quarterly Report

Highlights

- **Brazilian-supplied crushing circuit - on site and installed.**
- **Australian manufactured gravity circuit - factory commissioned, shipped and delivered to Brazil awaiting final customs clearance.**
- **Commissioning of Cascavel Processing Plant scheduled for March.**
- **Commissioning will take place with low-grade development stockpiles.**
- **New results from underground sampling of the mine development at Cascavel confirm the high-grade nature of the initial stopes.**
- **Initial stoping at the Cascavel Mine to commence during January from the Level 1 Central.**

Orinoco Gold Limited (ASX: OGX) continued to advance the Faina Goldfields Project in central Brazil during the December 2015 Quarter, with the on-going development of the Cascavel Gold Mine and Processing Plant and exploration drilling at the Sertão Gold Mine. The Company remains on-track to commence processing material from Cascavel in the first quarter of 2016.

During the quarter, fabrication of all components of the Cascavel Processing Plant was completed and in the case of the gravity circuit, factory- commissioning in Australia was also completed. Commissioning is expected to commence in March using low-grade stock piles from the mine development to minimise gold loss while the plant is properly tuned. The cost of the Processing Plant remains on budget at around A\$7 million.

Ongoing underground panel sampling from Cascavel has yielded excellent results highlighting the high-grade nature of the gold-bearing system at Cascavel and supporting the Company's mine plan.

The Level 0 Central has now joined the previous exploration decline and is continuing north towards the Cascavel Service Shaft (see Figure 7), where visible gold continues to be encountered in face sampling of advances.

The central portion of the mine now has underground sampling extending over a strike length of ~20m (from a Level Drive and the exploration decline) including:

- **3.66m @ 142.62g/t Au** (left drive wall);
- **4.56m @ 49.65g/t Au** (right drive wall); and
- **15m @ 88g/t Au** (exploration decline).

The results are from the first two Level Drives that have been opened up at Cascavel and, together with the bulk sample from the main incline shaft, provide further confirmation of the Cascavel geological model where the mineralised body consists of both high and low grade shoots.

In particular, the results demonstrate the high grades being encountered in the areas from which initial stoping will occur (including the previously reported exploration decline results of 15m @ 88g/t).

Please refer to the section below entitled “Panel Sampling & Application of Results to Head Grade” for an explanation of how to consider the impact of mining dilution on these 0.5m high panel sample results.

The results from Level 0 Central are interpreted to represent the transition from a lower grade shoot (4.6m @ 8.9g/t on the right wall and 1.1m @ 2.5g/t on the left wall) into a high-grade shoot (2.9m @ 77.5g/t Au on the right wall and 2.2m @ 233g/t Au on the left wall of the Drive), from which Cascavel’s first stopes will commence. The Cascavel Gold Mine is currently advancing on the following headings: Level 0 Central, 2 slot raises on Level 0 Central, Level 1 Central, Level 1 South, Level 1 North, the Main Incline Shaft and the Cascavel Service Shaft.

Orinoco’s current mine plan encompasses the mining of the high-grade shoots through small-scale room-and-pillar mining while the lower grade shoots are currently scheduled to be left as pillars. However, the lower grade areas will be further assessed for mining as both mine and plant costs are better understood once full production is underway.

At the commencement of mine development, the initial mine plan encompassed only the Central and Southern portions of the mine. All initial stoping activities will occur from the Central levels of the mine while development in the southern and northern levels is ongoing. The Southern portion of the mine contains the thicker areas of mineralisation, however the associated thicker alteration zones and extensive abandoned artisanal workings make development slower in this portion of the mine.

The Northern Levels of the mine will be added to the mine plan following confirmation of high-grade mineralisation in the initial Level drive. No access was previously available to this area and consequently no bulk sampling has been undertaken. Mineralisation was inferred from Orinoco’s previous structural drilling and has now been visually confirmed.

Panel Sampling & Application of Results to Head Grade

Samples are collected from the mineralised zone continuously along each wall of the Level Drives. Samples are collected from contiguous ‘Panels’ of 0.5m height (although the dimensions of each panel will vary, and are reported fully in Table 1). Each advance in the Level Drives is followed by sampling and panning of the face of the Drive to give immediate information regarding the qualitative gold grade of mineralisation, and is followed by sampling of the walls of the Drive in ‘panels’ to submit for assay.

Panel samples in a coarse gold environment offer the following benefits when compared to the more traditional channel sampling:

- Channel samples are not contiguous, and are collected from a narrow vertically cut channel from the floor to the ceiling of the drive;
- Panel samples provide for a larger volume of material to be collected and assayed to obtain a more representative sample of the gold bearing ore than either a drill- hole or a channel sample can provide;
- Cascavel is a sub-horizontal mineralised structure (dipping at 30-35° to the south-west). Contiguous panel samples allow for the horizontal sampling of the ore zone in the Drives and subsequent estimation of the range of possible head grades from those parts of the mine.

Despite the advantages of taking a panel sample as opposed to a channel sample, panel samples still represent an insufficient quantity of material to account for the coarse-gold “nugget” effect. Based on the measured gold size distribution and modern sampling theory several tonnes would need to be collected and batch treated in order to obtain a representative grade from any particular area within the mine. Compare the results of the last two reported panels from Level 0 Central: Right wall 56.6g/t Au while the left wall returned 469g/t Au. These two samples are from identical geological areas and mineralogy and are located approximately 2.2m down plunge from each other with identical sample sizes.

Consequently, Orinoco considers panel samples, with the application of an appropriate mining dilution factor, to be the best guide to the expected head grade of material mined from the stopes, however they do not present a definitive grade estimate of any area.

The mineralisation in the Central part of Cascavel is generally around 0.5m to 0.7m thick. Orinoco’s planned minimum stope height in a room-and-pillar stope is 1.6m, meaning that reported results in the Central portion of Cascavel would need to be diluted by a factor of approximately three to indicate a potential head grade for material delivered to the mill from a stope in this area.

The mining dilution effect has to be taken into account when assessing the results of the mineralised zone samples discussed in this release.



Figure 1 – A: Cascavel Incline Shaft, B: Main Incline Shaft, C: Slot raise from Level 0 Central, D: Level 0 Central

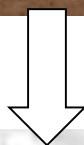
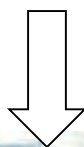


Figure 2 – Cascavel Processing Circuit. The crushing circuit has been completed

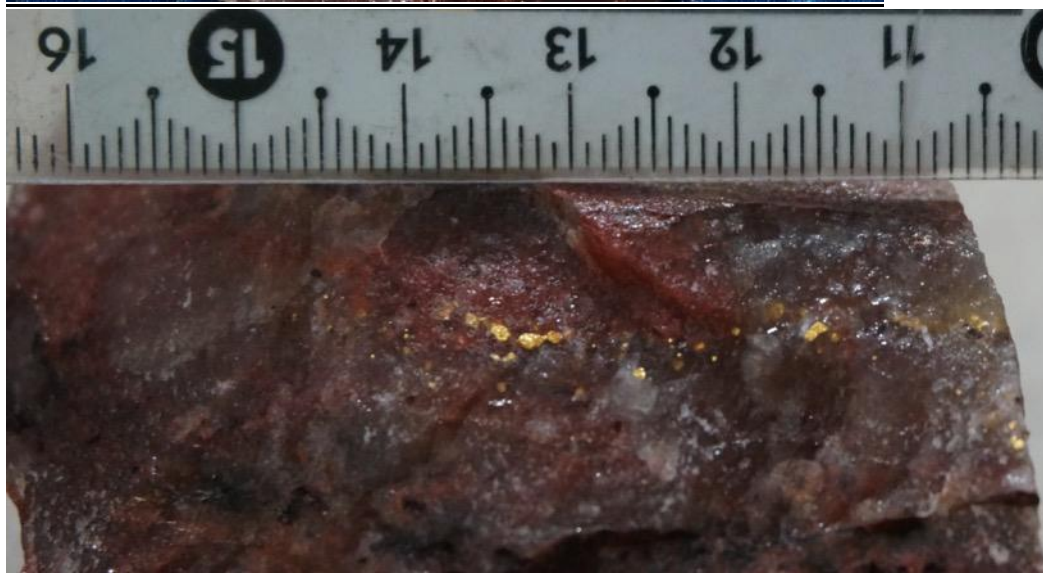
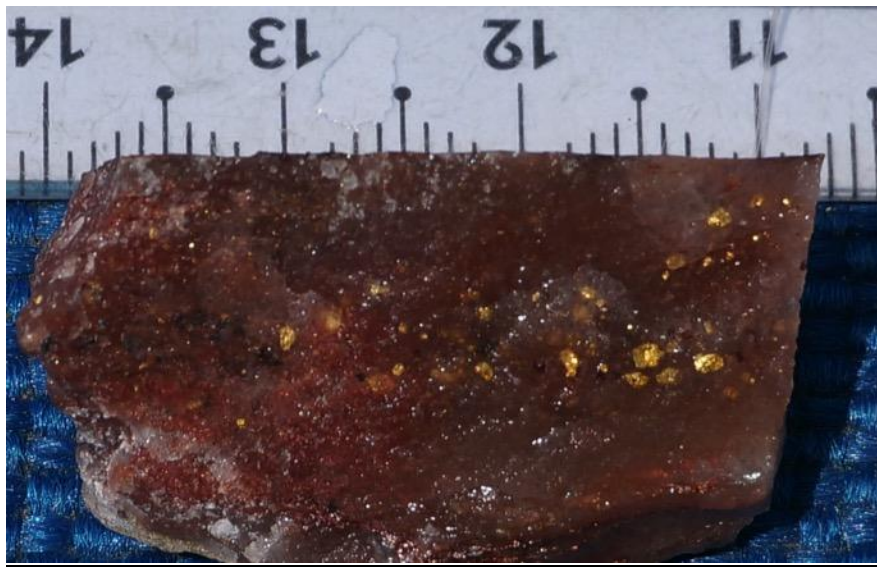


Figure 3.

Photos illustrating the coarse, clustered nature of the gold at Cascavel. It is these features that make grade estimation from small samples (<1 tonne) challenging.

Corporate

The Company held \$3.7 million in cash at the end of the Quarter.

A placement of 6,536,176 ordinary shares with a 1:3 free attaching option exercisable at 25c and expiring 31 January 2018 raised \$1.1m in gross proceeds.

A Non-renounceable Entitlement Offer was announced on 23 December 2015 to raise up to \$5.3 million to allow mine expansion at the Cascavel Gold Mine to be fast-tracked and to provide working capital. The Offer was subsequently extended and now closes 10 February 2016.

-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 presentation 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.

Previous Reported Results:

There is information in this report relating to Exploration Results at Cascavel. Full details of the Results were included in the following ASX Release and are available to view on the Company's website www.orinocogold.com:

1. 28 November 2014 - Low Cost Development & Exploration Upside Highlight Cascavel Opportunity
2. 23 October 2013 – Cascavel: More Bonanza Results Extend Current High Grade Zone to 15m @ 88g/t Au
3. 14 May 2014 - "Outstanding Gold Grade from Latest Cascavel Bulk Sample"
4. 7 July 2014 – Bonanza Gold Results up to 27 oz/tonne from Cascavel Exploration Decline
5. 14 May 2014 - Outstanding Gold Grade from Latest Cascavel Bulk Sample
6. 20 January 2014 - Successful Bulk Sampling Highlights the Opportunity for High Grade Development at Cascavel Gold Project.
7. 8 October 2012 - High-Grade Gold Results Returned From Curral De Pedra Project, Brazil
8. 12 December 2012 - Hits of up to 193gpt Au confirm mineralisation over 620m down dip

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the Exploration Results in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Interests in Mining Tenements:

Project/Tenements	Type of Tenement	Location	Held at end of Quarter	Acquired during the quarter	Disposed of during the quarter
<u>Cascavel</u>		Faina - Brazil			
860.167/2007	Extraction Licence and Mining Lease Application		70%	-	-
861.586/2009	Exploration		70%	-	-
860.185/2011	Exploration		70%	-	-
861.796/2007	Tender Application		70%	-	-
<u>Faina Regional / Tinteiro</u>		Faina - Brazil			
860.284/2010	Exploration		60%	-	-
860.968/2010	Exploration		60%	-	-
860.434/2010	Exploration		60%	-	-
860.435/2010	Exploration		60%	-	-
861.288/2009	Exploration/ Application for Extension		60%	-	-
860.436/2010	Exploration / Application for Extension		60%	-	-
861.277/2010	Exploration		70%	-	-
860.600/2011	Exploration		70%	-	-
862.520/2011	Exploration		60%	-	-
860.185/2012	Exploration		60%	-	-
861.347/2012	Exploration		60%	-	-
860.157/2013	Exploration		60%	-	-
860.051/2012	Exploration Application		70%	-	-
860.188/2012	Exploration Application		70%	-	-
860.856/2012	Exploration Application		70%	-	-
860.404/2013	Exploration		70%	-	-
860.863/2006	Tender Application		60%	-	-
861.340/2008	Tender Application		60%	-	-
861.590/2009	Tender Application		60%	-	-
861.341/2008	Tender Application		60%	-	-
861.229/2005	Tender Application		60%	-	-
861.258/2003	Tender Application		60%	-	-
861.445/2010	Tender Application		60%	-	-
860.336/1990	Tender Application		70%	-	-
860.337/1990	Tender Application		70%	-	-
861.796/2007	Tender Application		70%	-	-
861.918/2013	Exploration Application		70%	-	-
861.917/2013	Exploration Application		70%	-	-
860.699/2013	Exploration		60%	-	-
861.016/2009	Exploration		80%	80%	-
861.587/2009	Exploration		80%	80%	-
860.069/2010	Exploration		80%	80%	-
860.871/2010	Exploration		80%	80%	-
860.947/2010	Exploration		80%	80%	-
860.948/2010	Exploration		80%	80%	-
860.956/2010	Exploration		80%	80%	-
860.964/2010	Exploration		80%	80%	-
860.987/2010	Exploration		80%	80%	-
860.988/2010	Exploration		80%	80%	-
860.990/2010	Exploration		80%	80%	-
860.193/2011	Exploration		80%	80%	-
<u>Sertão</u>		Faina - Brazil			
860.368/1995	Mining Lease		100%	-	-
860.096/1986	Mining Lease		100%	-	-
760.742/1996	Mining Lease Application		100%	-	-

Interests in Farm-in/Farm-out agreements:

For those tenements above marked with an *, Orinoco is farming in to the tenements to earn 60% through exploration over 30 months and making milestone payments after 18 and 30 months. An additional 15% can be purchased by Orinoco at an agreed rate based upon agreed metrics.