



ASX/Media Release – 7 October 2016

First Gold shipment from Cascavel as Ramp-up of Commercial Production Progresses

Key Points:

- Shipment of first parcel of gold from Cascavel for refining and sale.
- ~8kg gold from development material processed during commissioning.
- Mine ramp-up continues with the lower grade Northern stopes available for mining in the upper two levels of the mine.
- The Cascavel plant is now processing the remaining ~10,000t stockpile of development material accumulated over the course of 2016 blended with production ore from the Northern stopes.

Orinoco Gold Limited (ASX: OGX) is pleased to advise that first gold is on its way for refining and sale from the Cascavel Gold Mine in central Brazil marking another milestone in the ongoing ramp-up of commercial gold production.

So far, mineralised development material processed during the commissioning phase has resulted in the production of ~8kg of gold bullion, making up the first shipment. Further gold is contained in residue and tailings that is expected to be recovered in the future.

Processing and Production

As planned, approximately 7,000 tonnes of development material was processed during the months of August and September with the circuit now running at its nameplate capacity of 15 tonnes per hour with plant availability approaching the target rate of +85% for the month of September to date.

Gravity recoveries from the circuit are currently estimated to be around 70-75% and Orinoco is working on a range of refinements to the circuit to bring recoveries closer to the design specification of +85%.

Whilst development material is normally treated as waste in most mines, the majority of development at Cascavel has taken place on the mineralised zone due to the prohibitive cost of off-ore development.

This results in 'mineralised waste' or 'development material' being available for processing with the grade of the material varying from 0.5g/t to 6g/t depending on the portion of the mine in which the development took place. Orinoco will continue processing the remaining stockpile of approximately ~10,000 tonnes of development material accumulated over the course of 2016 over the coming months.

Orinoco Gold

Ground Floor, 16 Ord Street
West Perth WA 6005
PO Box 234
West Perth WA 6872

Contact

P (08) 9482 0540
F (08) 9482 0505
info@orinocogold.com
www.orinocogold.com

ASX Code

OGX
(Ordinary Shares)
OGXOB
OGXOC
(Listed Options)

Issued Capital

302,992,856 Ordinary Shares
10,000,000 Performance Shares
123,878,226 Options

Processing of production ore has commenced in October with the plant feed to comprise a blend of production and development material until the underground mine is fully ramped up (see below).

The Company is also in the process of finalising arrangements to bring all assay laboratory functions to site to allow for faster turnaround and improved quality of assays for material being processed through the plant. Until now, samples have had to be dispatched off-site to a non-certified laboratory for assay due to licence restrictions regarding the use of cyanide and other acids.

Having access to an on-site assay laboratory will reduce assay bottlenecks, allow more accurate and faster fine-tuning of the plant and vastly improved response times in terms of managing and blending ore feed streams and reacting to variations in metallurgy and recovery across the ore body.

As a gravity only circuit, lead from the detonators used in the mine (16g per blasting cap) is captured in the gravity recovery process and with no leach circuit to remove the lead, is recovered into concentrate. Part of the commissioning process has involved considerable time in trialling various methods for lead removal. The trial process for removing lead from concentrate has resulted in gold loss (gold in residue) in addition to gravity circuit gold loss both of which should be able to be recovered in the future. Whilst Orinoco will continue trialling methods to most simply remove the industrial lead from the concentrates the refiner may levy a small additional charge where the gold bars have a lead content of greater than 2%.

Underground Development

The ramp-up of production is continuing in the mine with production material currently being delivered to the plant for processing concurrently with ongoing development material. With development focused on the higher grade Southern areas of the mine, the majority of production stoping to be undertaken in October will be from the lower grade Northern areas of the mine, where there are no scheduling conflicts between development and production.

More than 937m of development has now been completed in the mine with development progressing towards Level 3 (approximately 65m vertical depth). There are currently two production zones and three development headings at Cascavel.

Over the December quarter the focus in the mine will continue to be on development in the high-grade Mestre zone and also to continue deepening the Main Incline Shaft to increase the availability of development headings in the high grade part of the mine. To date, only one batch of high-grade ore (ASX release 4 September 2016) has been processed through the plant.

Orinoco's Managing Director, Mark Papendieck, said the project was now in a fine-tuning and adjustment phase following the successful completion of commissioning in August.

"The first gold shipment, comprising gold produced from stockpiled development material, marks another significant and exciting milestone in the development of the Cascavel Mine and the Faina Greenstone Belt as a new gold district in Brazil.

"With processing of production ore set to begin during this month, we expect to see a steady increase in the amount of gold recovered over the coming months," he said. "We are also switching shortly to a site-based assay laboratory, which should give us greatly enhanced capability in terms of our ability to measure the performance of the plant and fine-tune its performance."

-ENDS-

For further information, please contact:

Mark Papendieck
Managing Director
Orinoco Gold Limited
08 9463 3241
info@orinocogold.com

Nicholas Read
Managing Director
Read Corporate
08 9388 1474

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