



ASX/Media Release – 18 August 2016

Cascavel Gold Mine – Operations Update

Ramp-up of gold production to commence shortly with commissioning phase to successfully complete by the end of August

Key Points:

- Gravity circuit now operating above targeted 85% availability level
- First batch of production ore scheduled to be processed early next week
- Mine development and production currently focused on higher-grade Central and Southern areas
- Mine definition drilling now underway to assist with mine planning and future expansion
- Remediation of shaft access for bulk sampling of the Cuca lode, located ~20m below the Cascavel lode, underway

Orinoco Gold Limited (ASX: OGX) is pleased to provide an update on operations at its flagship 70%-owned **Cascavel Gold Mine** in central Brazil, where plant commissioning is nearing completion and the ramp-up of commercial gold production is about to commence.

Plant Commissioning

Commissioning of the Cascavel processing circuit is progressing on schedule and will be completed by the end of August, at which point the Company will move into the production ramp-up phase.

The comminution circuit and the gravity circuit have been operating well and are now consistently performing above the targeted 85% availability level. The tailings circuit has been the subject of most adjustments during the commissioning process and, following the latest alterations performed over the last few days, is now also expected to consistently meet or exceed targeted availability.

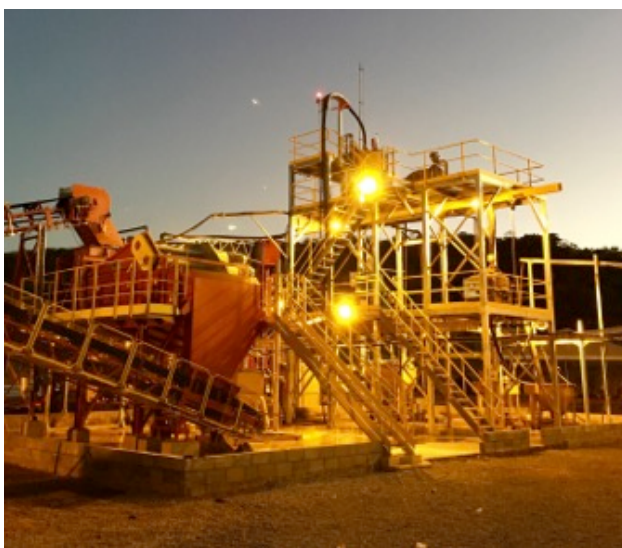


Figure 1. *Left: Gravity circuit during night shift. Right: Vibrating screen between the comminution and gravity circuits with oversize material re-circulating back through the comminution circuit.*

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ASX Code

OGX
(Ordinary Shares)
OGXOB
OGXOC
(Listed Options)

Issued Capital

301,046,757 Ordinary Shares
10,000,000 Performance Shares
127,521,944 Options

Development material is continuing to be processed through the plant, with the first batch of production ore scheduled to be processed through the plant early next week. Due to the heterogeneous nature of the ore, an estimated grade of this material will be reported as a range and will be based on sampling the various stages of the comminution circuit and an estimate of gold-in-concentrate produced from the shaking table.

Results from the initial batch of production ore will allow Orinoco to reconcile the production grade against panel samples and visual grade assessment in the mine. In turn, this will assist with scheduling production and mine planning over the coming months accordingly.

Mine Development

Mine development and production is currently focused on the higher grade Central and Southern portions of the mine, with stopes in the South currently being mined to provide production ore to the plant.

The previously announced mine definition drilling program is also underway and will provide information to assist Orinoco with mine planning and development.

The Cuca gold lode, located approximately 20m below the Cascavel gold lode that is currently being mined, is being accessed via a previously used shaft that is currently being dewatered and made safe for permanent access. Once this activity is complete, a further bulk sample will be mined from this lode (previously announced bulk sample of 2.5t grading 27.2g/t Au¹) and an assessment made of potential future mining from this lode.



Figure 2. The existing Cuca shaft, with a depth of 18m, is being dewatered and made safe prior to further bulk sampling.

Orinoco's Managing Director, Mark Papendieck, said that with commissioning of the Cascavel processing plant nearly complete, the operation was now ready to move into a production ramp-up phase.

"The Cascavel site is currently a hive of activity with our development, mining and operations teams now in the full swing of operations," he said. "Our focus over the last two months has been on getting the Cascavel processing circuit through commissioning and ready to start processing production material – and by the end of this month we will be in exactly that position."

¹ See ASX announcement dated 14 May 2014

“Our mining and plant teams have done a great job to get to this point so quickly, and the next important milestone will be to process the first batch of production ore, which should occur next week. That will provide invaluable grade reconciliation information which will assist our mine planning team.

“We look forward to providing further updates as this occurs and as we begin the main production ramp-up from early September onwards,” Mr Papendieck said. “All going well with the ramp-up, we anticipate being in a position to declare commercial gold production during the December quarter.”

-ENDS-

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