



ASX/Media Release – 29 July 2016

June 2016 Quarterly Report

First gold pour from Cascavel imminent, with construction completed and commissioning underway

Cascavel Processing Plant

- Importation of final gravity components completed
- Final construction phase for Cascavel processing circuit completed
- Commissioning commenced, with first gold production imminent at the time of lodging this report

Cascavel Gold Mine

- Mine development continues to progress down to Level 2
- Levels 0 and 1 developed and currently available for mining
- Abundant spectacular visible gold observed in production stopes in Level 1 North, Central and Level 1 South (approximately 80m along strike from each other)

Exploration

- Additional outcropping gold lode discovered parallel to Cascavel, delivering a significant >2km potential extension to the Cascavel system
- Licencing in place for the commencement of large scale bulk sampling at Cuca, 350m north of Cascavel
- Planning underway for new drilling programs to confirm:
 - *Continuity of parallel gold lode structures*
 - *Along-strike extensions of Cascavel*
 - *Down-plunge extensions of Cascavel*

Corporate

- Closing of oversubscribed shortfall from rights issue
- Subsequent to the end of the Quarter, institutional investors join Orinoco's register in heavily oversubscribed \$4.5M raising

Orinoco Gold Limited (ASX: OGX) is pleased to report on a busy and productive Quarter at its flagship Cascavel Gold Project in central Brazil, where construction has now been completed. Commissioning of the Cascavel gravity circuit commenced during the Quarter and first gold production is now imminent.

CASCAVEL GOLD MINE (Orinoco: 70%)

Cascavel Processing Plant

Following an extended delay in Customs, the Import Certificate for all outstanding containers was issued in May allowing Orinoco to commence the final stage of erecting the gravity circuit.

Construction was completed in June, allowing for the commencement of the commissioning process in late June. Commissioning is scheduled to transition to the production ramp-up phase at the end of July.

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ASX Code

OGX
 (Ordinary Shares)
OGXOB
OGXOC
 (Listed Options)

Issued Capital

299,467,586 Ordinary Shares
 10,000,000 Performance Shares
 128,600,125 Options

Approximately 5,000 tonnes of low-grade development material will be used for plant commissioning, with parcels of production material being processed during the latter phase of the commissioning process. The processing of parcels of production ore will provide an indicative grade for the first few months of production from the mine.



Figure 1. Construction and commissioning of the Cascavel Processing Circuit

Mine Development

Underground mine development at Cascavel continues to advance well with over 700m of development now completed. Three months' worth of production ore was available for stoping at Quarter-end with raises and extraction points in place. The Company is aiming to maintain sufficient pre-stoping development to ensure that 2-3 months' worth of production ore is available for the duration of 2016 while the mine ramps up and initial operational performance is assessed.

Initial production material will come predominantly from Levels 0 and 1 in the Central and Northern zones of the mine with a small amount of production material from the Southern zone being used for blending purposes in the initial few months of operations. The Southern block of Cascavel is particularly well mineralised and is also considerably thicker than the Northern and Central zones. Decisions on how best to mine the Southern and Mestre zones are still being finalised, noting that these zones do not form a substantial part of the production schedule for the first three months of operations.

Room-and-pillar (artificial pillars) mining along with T-bone mining will be utilised in the upper levels of the mine and will allow for +90% extraction of the mineralised zone in these areas. Steeper areas of the mine are anticipated to be mined predominantly via long-hole stoping which will significantly increase productivity.

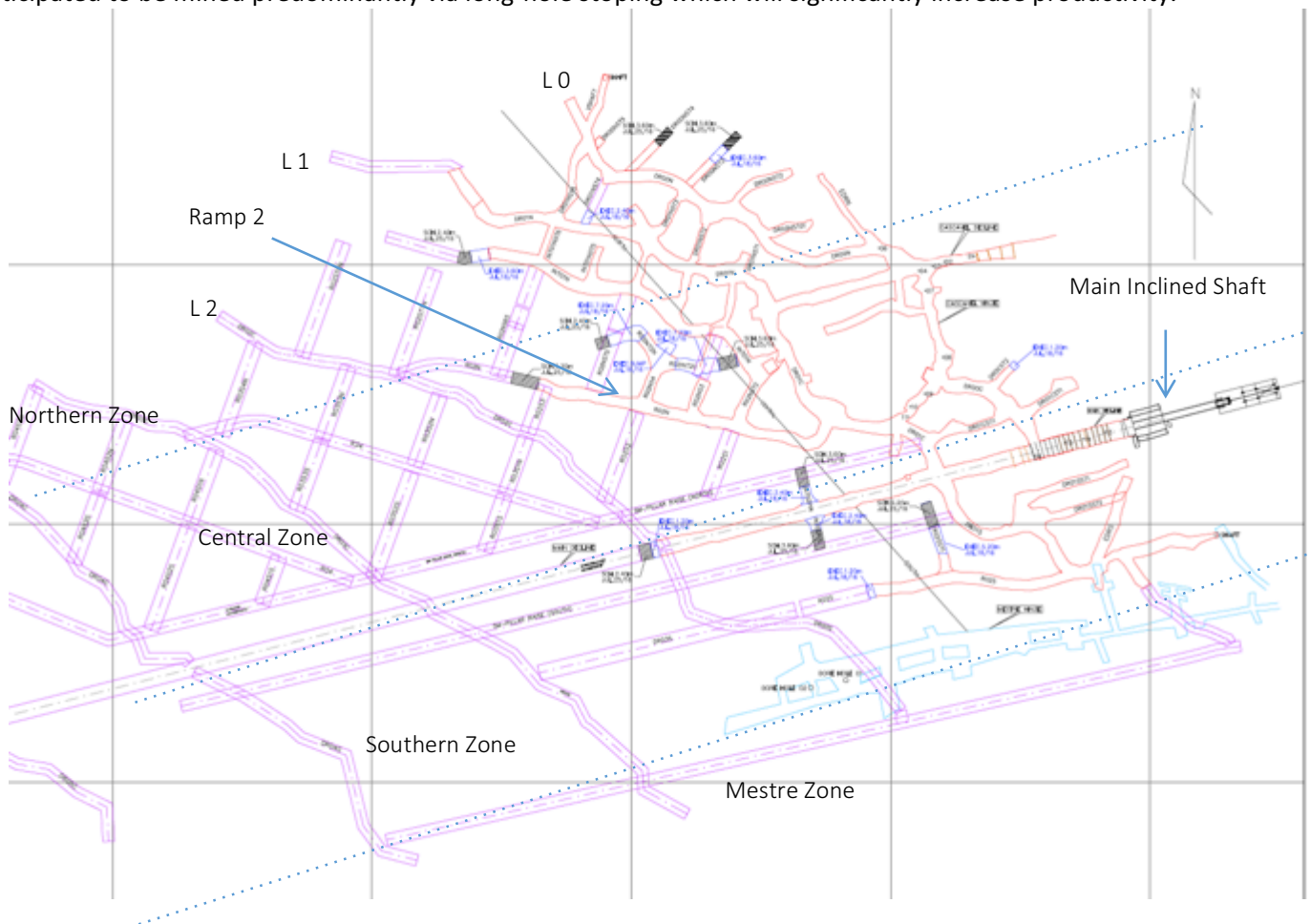


Figure 2. Current mine plan

Many of the slot raises for the commencement of stoping in the Central, Northern and Southern zones have been completed and are returning significant visible gold from panning of the advances and hand samples from the walls.

Generally speaking, the Central and Southern zones are very well mineralised with the Northern portion of the mine being characterised predominantly as medium-to-low grade with several high-grade shoots. No new information has been gathered recently about the Mestre zone (a southern zone), however previous underground exploration by Orinoco demonstrated that this zone is very well mineralised.

The Northern zone of the Cascavel mine was outside of Orinoco's original mine plan, however due to the continuation of the gold-bearing system, development has continued 80m north beyond the boundaries of the original mine plan (see Figure 1) and continues to be in mineralisation. Panel sampling has indicated that the material in the Northern zone is likely to consist predominantly of medium and lower grade material, however development has now encountered further higher grade mineralisation in the Level 1 North drive and slots in the most recent advances.

Additionally, the second slot raise opened on this drive, Slot Raise 2, Level 1 North, has returned some of the most spectacular amounts of visible gold seen in a production area to date (see Figures 3 and 4).

Previous panel sampling had indicated that this area was a low-to-medium grade area. This particular area of ultra-high grade material is particularly pleasing due to its location in what was presumed to be a low-to-medium grade part of the mine.

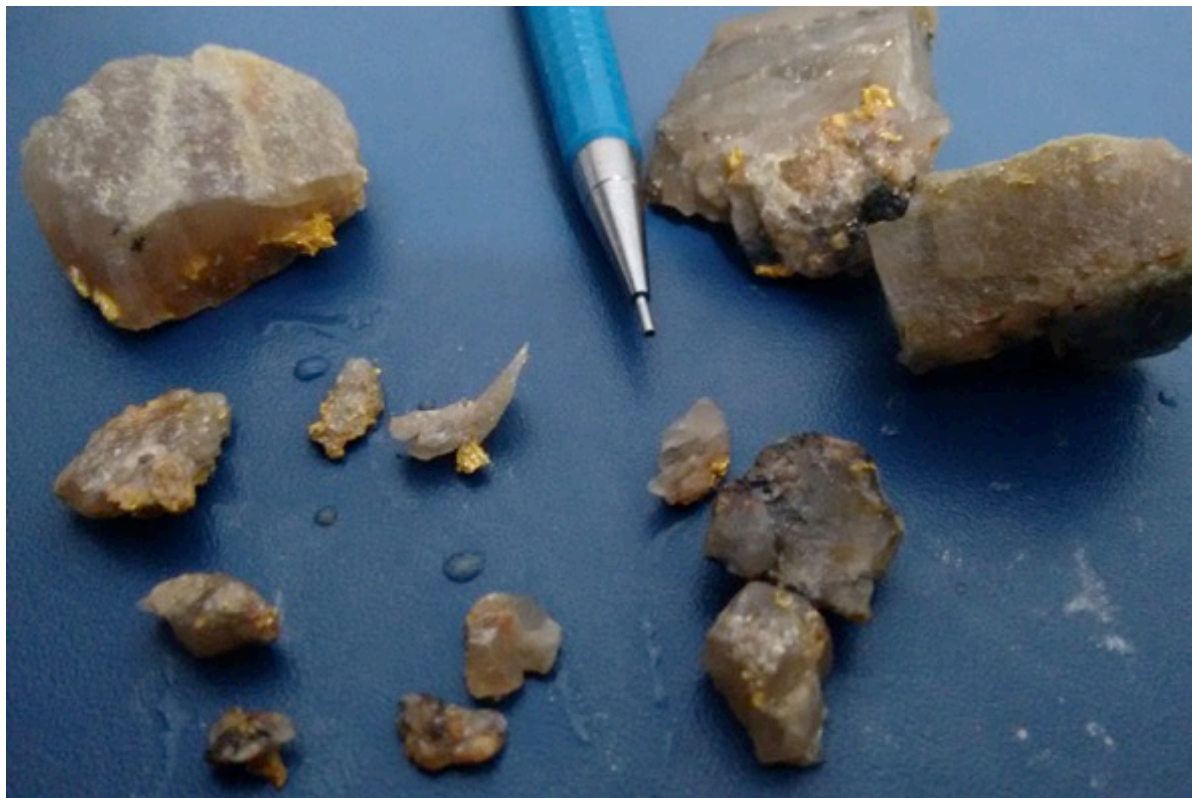


Figure 3 & 4. *Top:* Gold from panning an advance in Slot 2, Level 1 North. *Bottom:* Samples from the wall of the slot raise and samples caught in the screen prior to panning from the same location. Panel samples indicated that this stope was low-to-medium grade. It has now been re-categorised as very high grade following initial stope development.

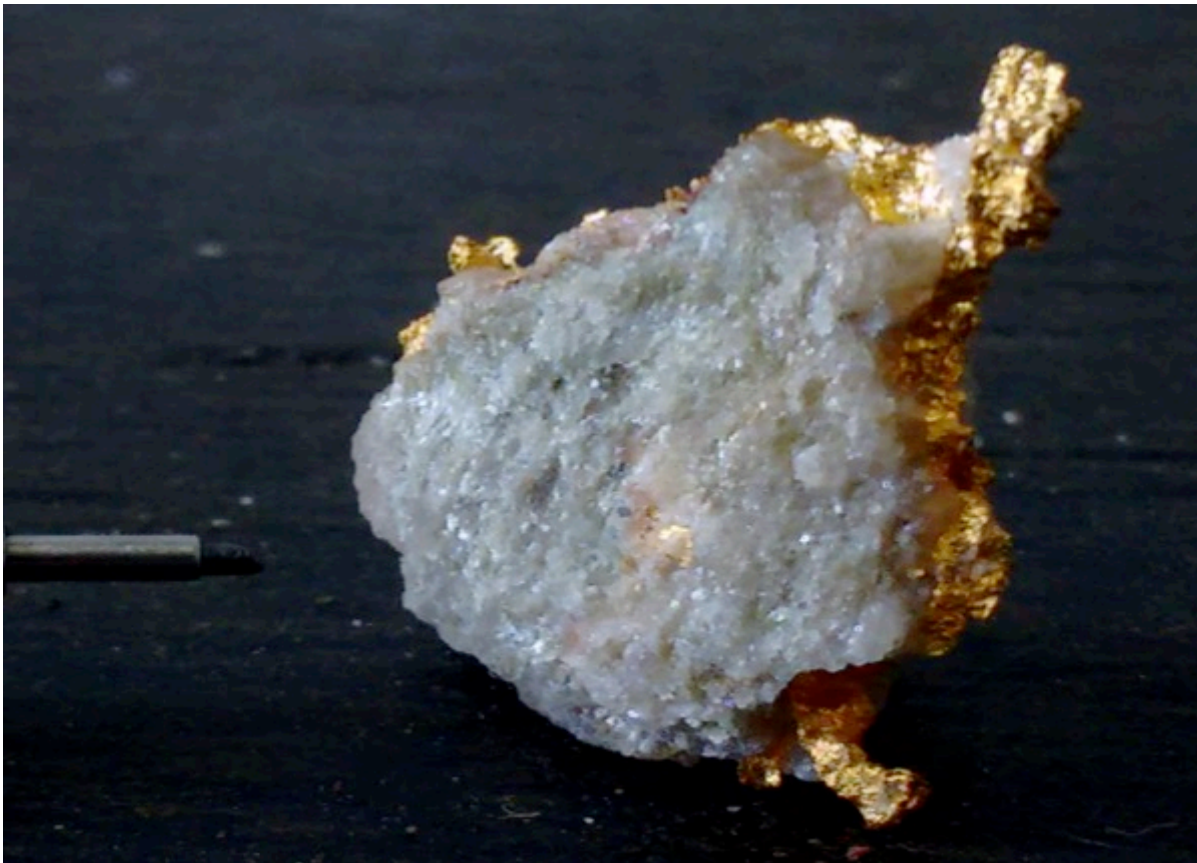
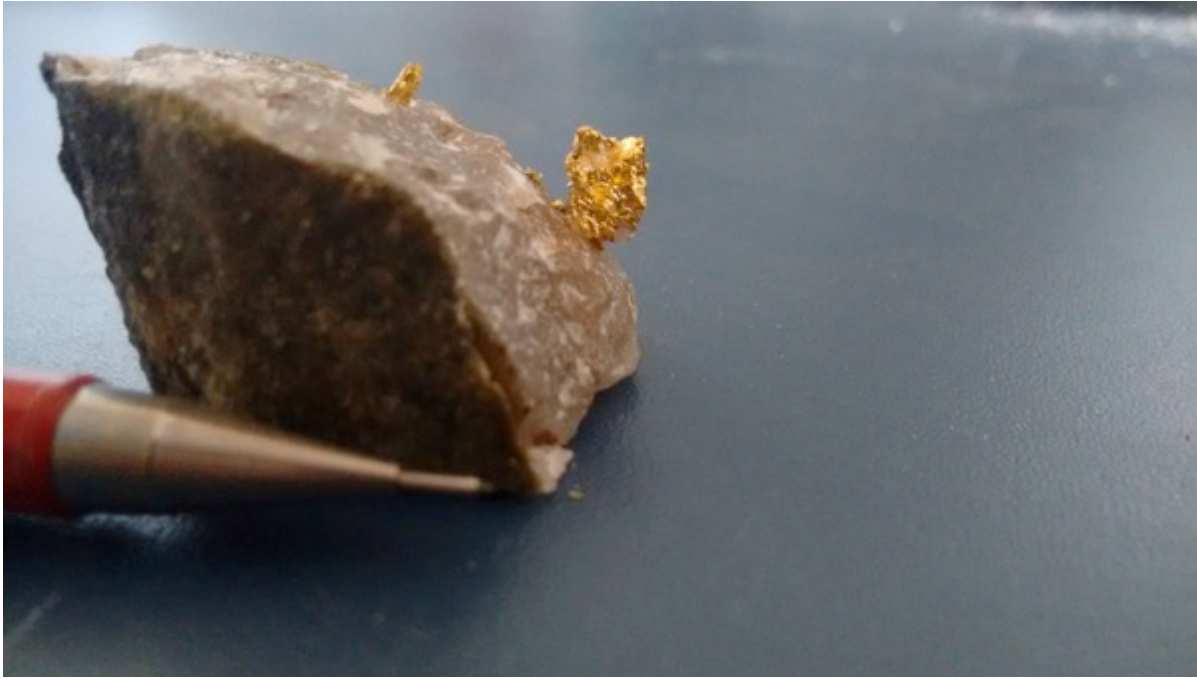
The inability to accurately assess grade from small sample sizes is a well-established feature of the coarse gold mineralization at Cascavel. In addition to the inability of panel samples to accurately assess the grade of the slot raise described above, the limitations of small sample sizes in achieving accurate grade estimation can be seen in the disparate results obtained from recent drilling, panel sampling and visual geological grade assessment within the mine. For example, the highest assay from the Cascavel mine to date is from a development drive in the Southern zone, where a panel sample, situated only 1.5m from a drill hole (CdP_041) that returned 1.5m @ 10.8g/t gold, recently returned a grade of 1,230g/t Au.

Orinoco cautions that panel sample results are not necessarily accurate representations of the grade of mineralisation of a zone. Orinoco is currently using panel sampling as an indicator of grade ranges only and more reliance is put upon visual geological assessment of each zone. During the plant commissioning process, bulk samples from the initial mining areas will be processed to compare assessed grades with processed grades.

Development continues to advance towards Level 2 of the mine from both the main incline shaft (which is currently in a particularly well mineralised part of the mine) and an internal ramp (Ramp 2).

Figure 5. Left: Ore being bogged from Level 1 North.
Right: Material being hauled from the Main Inclined Shaft via skip and rail





Figures 6 & 7. Further photos of high-grade gold taken from face sampling in Slot Raise 2, Level 1 North

Exploration

Field work conducted by Orinoco's exploration team during the Quarter confirmed a number of near-mine opportunities for extensions and repeats of the high-grade Cascavel gold system.

Orinoco is seeking to grow its operations at Cascavel through the identification of near-mine targets capable of delivering additional ore to the Cascavel processing plant and by continuing to expand the area of operations of the existing mine. Recent exploration activity has been successful on both fronts, highlighting the potential to substantially expand the project over time.

Near-Mine Exploration – Cuca Target

The Cascavel system consists of a stacked series of shallow dipping gold mineralised quartz veins within a major shear. Currently, all planned mining activities at Cascavel encompass only ~180m of strike on one of two sampled parallel gold lodes. The second lode (the Cuca lode), located approximately 15-20m beneath the Cascavel lode, was bulk sampled in May 2014 and returned a grade of 27.2g/t gold from a 2.5 tonne sample (see ASX Announcement – 14 May 2014). Fieldwork and drilling to date suggests that several more parallel gold lodes are likely to exist within the Cascavel system.

Orinoco is currently dewatering the old artisanal workings at Cuca to investigate the possibility of repairing and re-using the existing shaft to access this lode for large-scale bulk sampling. The Cuca lode was first mined by the Portuguese in 1741 and then re-opened by artisanal miners in 2009. The shaft used to access the lode by both the Portuguese and artisanal miners is located around 350m north from the main incline at Cascavel (see photos in Figure 1).

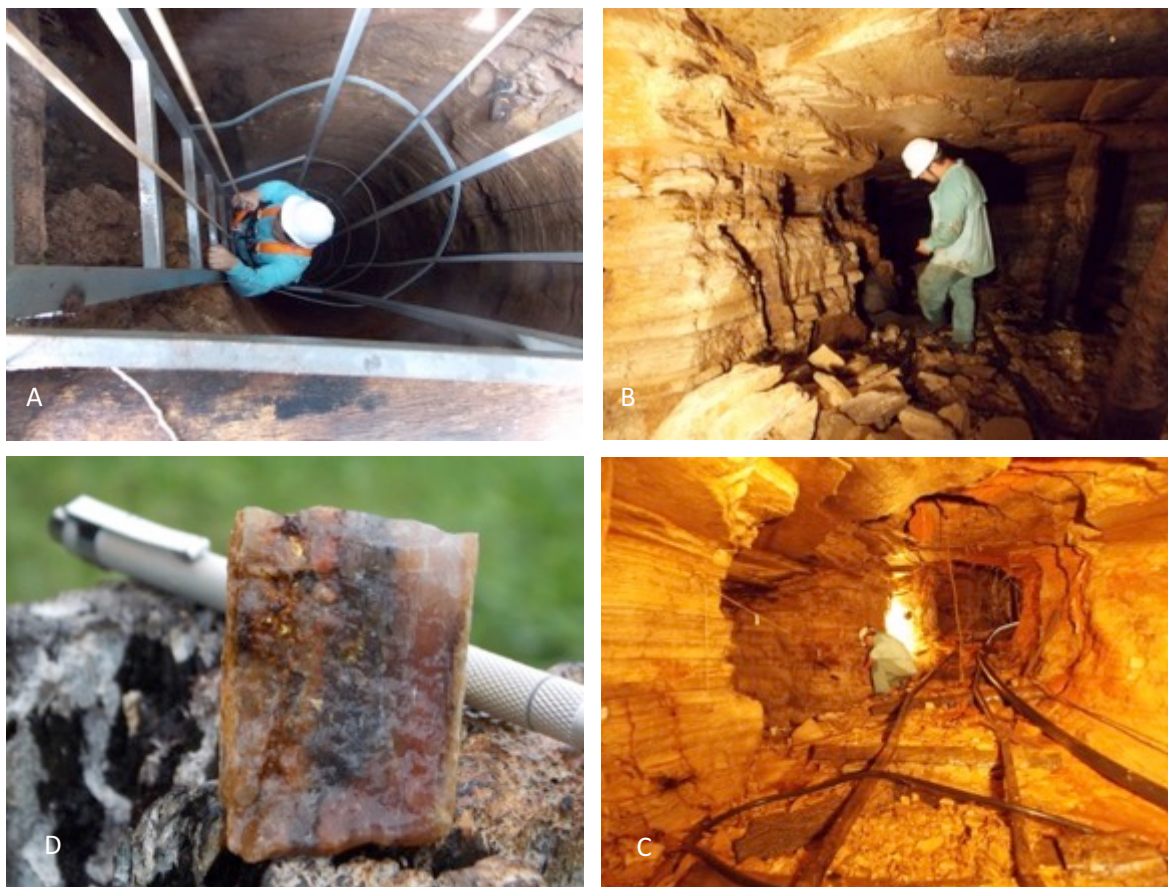


Figure 8. A: The existing Cuca shaft. B & C: Inside the Cuca artisanal workings. D: Gold from Cuca has the same metallurgical characteristics as Cascavel gold.

A program to collect large bulk samples from Cuca, in the order of hundreds of tonnes, is currently being planned. Once collected, these large bulk samples can be processed through the Cascavel processing plant.

Metallurgical testing has already shown that the Cuca lode shares the same free gold characteristics as the Cascavel lode. A successful bulk sampling campaign can lead seamlessly into larger scale extraction at Cuca with Orinoco's existing licences also covering potential operations at Cuca.

Recent fieldwork and sampling has also confirmed that a third parallel gold lode exists that has a significantly greater strike length than previously recognised. This target, previously called Garimpo, has been renamed Española.

Española contained a well-known "garimpo" (artisanal mine) that produced gold from approximately 2010-2012 when the artisanal miners were removed. The artisanal workings, located approximately 1.5km north of the Cascavel Gold Mine, consist of a series of winzes developed along approximately 200m of strike where, as with Cascavel, the mineralised horizon is composed of a shallowly dipping set of quartz veins and associated alteration halo. Previously reported rock chip sampling of the artisanal workings returned gold grades up to 9.9g/t (ASX Announcement 7 October 2014).

Recent fieldwork has shown that the strike of this zone of quartz veins and alteration is much larger than initially thought, with the unit now mapped over 2km. In addition to the main artisanal workings, several sites along the strike have smaller workings that are reported to have yielded gold from rudimentary surface workings.

Shallow drilling is being planned to confirm the continuity of the Española structure down-plunge and along strike. Should this drilling successfully delineate gold-bearing quartz veins, bulk sampling will be planned to test the grade of the lode. With the Cascavel processing plant now operating, any material removed from Española can easily and quickly be processed to ascertain its grade and amenability to gravity gold recovery.

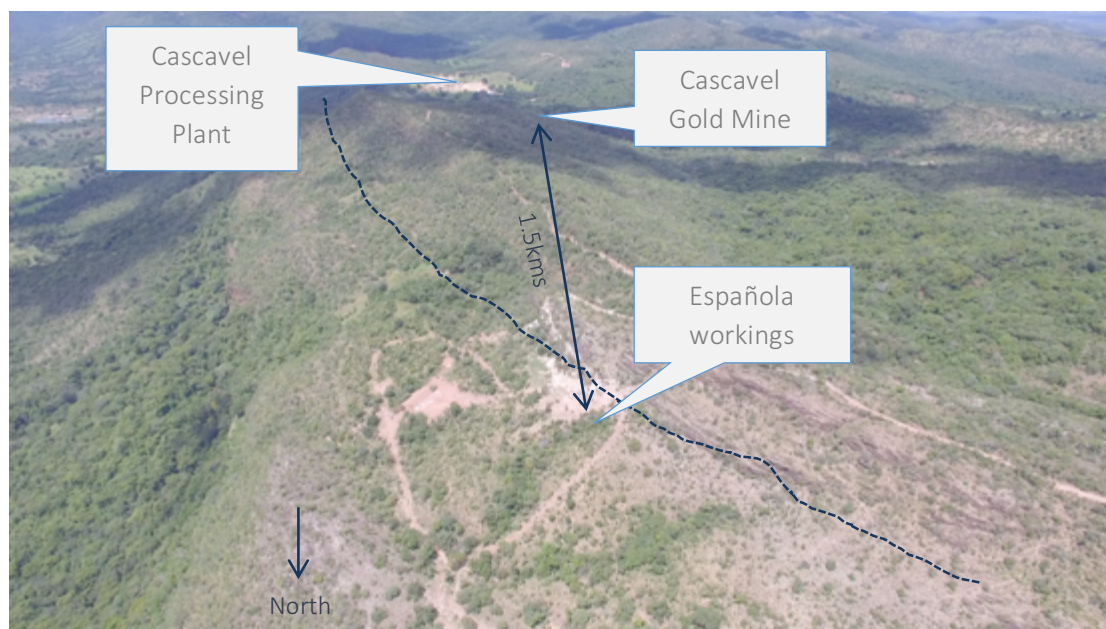


Figure 8. An aerial view along strike between the Cascavel Gold Mine and Española.

Cascavel Extensional Exploration

Orinoco plans to commence exploration drilling both in and around the Cascavel Gold Mine. Drilling is planned to further test the zones in the mine where stacked veins have been mapped in development. This will include extensions of the gold lode currently being mined both along strike and down-dip. Further strike extensions are particularly valuable to Orinoco as the only capital costs of mining strike extensions are the incremental costs of

the additional level development. All drilling is designed to test for the continuation of the gold-bearing structure and not for grade.

Other Targets

Orinoco considers other targets such as the extensions to the Sertão Gold Mine and the extensive polymetallic Tinteiro system to remain first order exploration targets. However, in the short term, all exploration expenditure will focus on extending the known Cascavel mineralisation and adding mill feed to the existing Cascavel processing plant from near-mine targets with similar free gold characteristics.

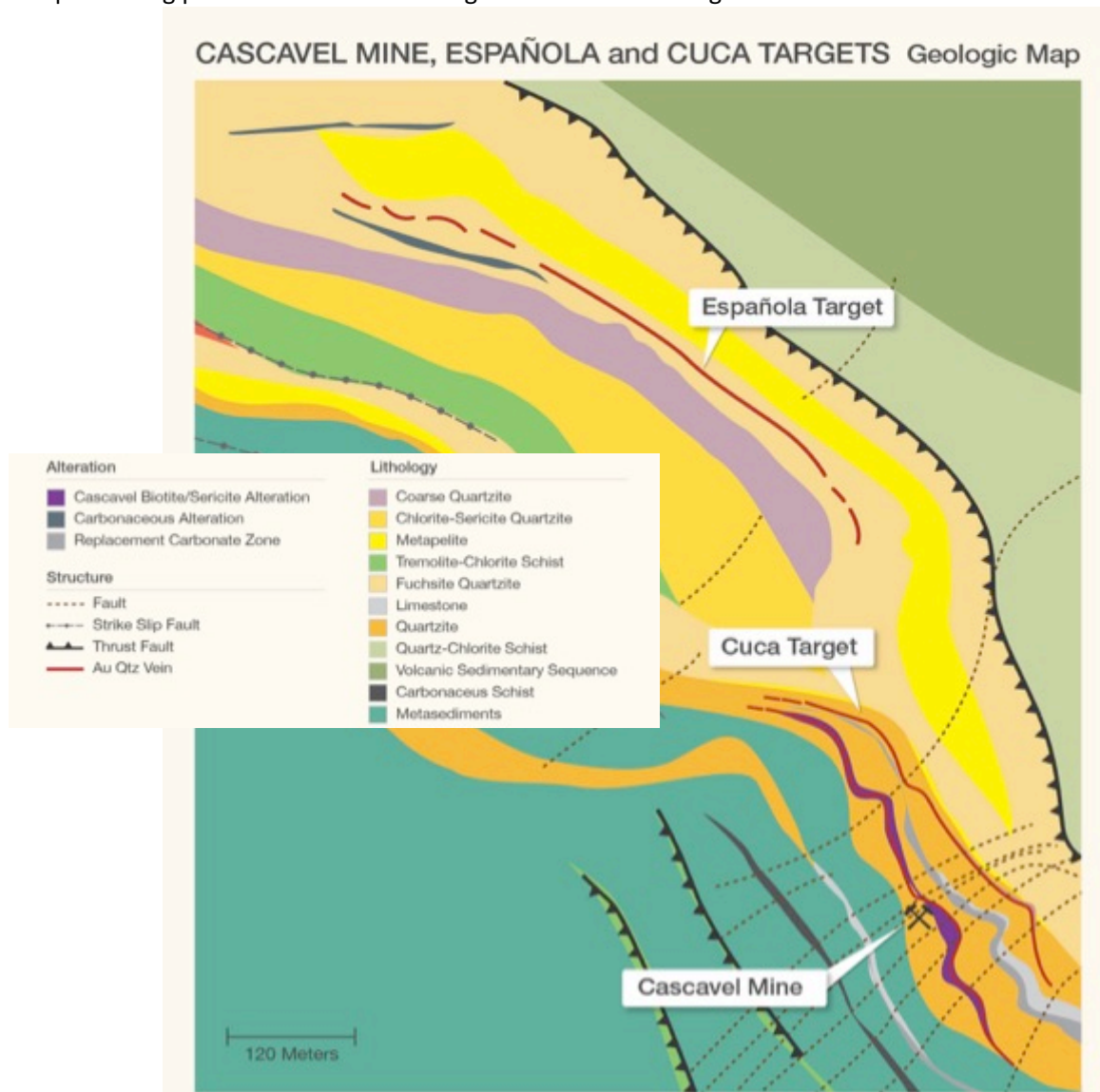


Figure 9. Regional geological map showing area to the north of the Cascavel Gold Mine.

Corporate

The Company held \$3.3 million in cash at bank at the end of the Quarter.

Capital Raising

During the Quarter, the Company completed the placement of Shortfall shares under the Entitlement Offer announced on 23 December 2015. The remaining 1,579,579 Ordinary Shares and 526,527 attaching options were issued under the Shortfall, raising a further \$268,528.

In addition, the Company received applications exceeding the balance of the remaining Shortfall, which the Company elected to place under its available 15% Placement Capacity on the same terms as the Entitlements Issue.

A further \$884,522 was raised through this placement through the issue of 5,203,070 ordinary fully paid shares at \$0.17 per share. Placement participants were issued one new option exercisable at \$0.25 and expiring on 31 January 2018 for every 3 shares subscribed for and placed in the placement.

Subsequent to the end of the Quarter, Orinoco announced that it had raised \$4.5 million via an institutional share placement, providing the Company with additional balance sheet strength and financial flexibility and enabling it to commence planning growth initiatives aimed at rapidly expanding the production profile of Cascavel. Perth-based Somers & Partners acted as the Lead Manager and broker to the Placement.

In addition to welcoming well-respected Australian institutional investors to the register, Orinoco's funding partner at Cascavel, the Cartesian Group (a US\$2 billion private equity group), also participated in the placement, reflecting their confidence in the future of the Cascavel Gold mine and Orinoco.

Company Secretary Appointment/Resignation

During the Quarter the Company appointed Mr Timothy Spencer as Company Secretary. Mr Spencer, who is also the Company's Chief Financial Officer, replaces Mr Phillip Wingate who retired from his position on 24 June 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 gold 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 and resolve logistical issues associated with mining. 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. No JORC Mineral Resources or Reserves have been estimated for the Cascavel Gold Mine.

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> 860.167/2007	Extraction Licence and Mining Lease	Faina - Brazil	70%	-	-
861.586/2009	Application		70%	-	-
860.205/2014	Exploration		70%	-	-
860.206/2014	Exploration Application		70%	-	-
860.480.2009	Exploration Application		70%	-	-
861.453/2013	Exploration Application		70%	-	-
861.501/2014	Exploration Application		70%	-	-
	Exploration				
<u>Faina Regional / Tinteiro</u> 860.284/2010	Exploration	Faina - Brazil	-	-	60%
860.968/2010	Exploration		-	-	60%
860.434/2010	Exploration		-	-	60%
860.435/2010	Exploration		-	-	60%
861.288/2009	Exploration/ Application for		-	-	60%
860.436/2010	Extension		-	-	60%
	Exploration /				
861.277/2010	Application for		70%	-	-
860.600/2011	Extension		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		70%	-	-
860.188/2012	Exploration		70%	-	-
860.856/2012	Exploration Application		70%	-	-
860.404/2013	Exploration Application		70%	-	-
861.340/2008	Exploration Application		60%	-	-
861.590/2009	Exploration		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%	-	-
860.683/2016	Tender Application		80%	-	-
860.684/2016	Tender Application		80%	-	-
860.685/2016	Exploration Application		80%	-	-
860.686/2016	Exploration Application		80%	-	-
861.918/2013	Exploration Application		70%	-	-
861.917/2013	Exploration Application		70%	-	-
860.699/2013	Exploration Application		-	-	60%
860.069/2010	Exploration Application		80%	-	-
860.947/2010	Exploration		80%	-	-
860.948/2010	Exploration		80%	-	-

860.964/2010	Exploration		80%	-	-
860.988/2010	Exploration		80%	-	-
860.193/2011	Exploration		80%	-	-
	Exploration				
<u>Sertão</u>					
860.368/1995	Mining Lease	Faina -	100%	-	-
860.096/1986	Mining Lease	Brazil	100%	-	-
760.742/1996	Mining Lease		100%	-	-
	Application				