



March 2016 Quarterly Report

Orinoco on the cusp of maiden gold production at Cascavel gold mine, Brazil

Highlights

- **Mine**
 - Good progress underground with 225m of development completed
 - Small trial stopes mined to test mining methods
 - Free gold regularly observed in mining faces
 - 6,700t of development and stoping material on surface at quarter-end
 - Change to mine design with internal decline added
 - Headframe installed at main haulage decline
- **Plant**
 - Crushing circuit installed and ready
 - Gold room built and fit-out commenced
 - Thickener and all tankage installed
 - Final gravity plant components awaiting customs clearance
- **Exploration**
 - Drilling at the Sertão gold mine confirms extension of high-grade shoots down-plunge of the historical open pit

Orinoco Gold Limited (ASX: OGX) continued to advance the Faina Goldfields Project in central Brazil on several fronts during the December 2015 Quarter, with the ongoing development of the Cascavel Gold Mine and Processing Plant and exploration drilling at the Sertão Gold Mine.

The Company expects to commence processing material from Cascavel late in the second quarter of 2016, marking the completion of its transition from explorer/developer to producer.

CASCADEL GOLD MINE (Orinoco: 70%)

Plant

The civil works for the plant site at Cascavel were completed by the end of the quarter including all foundations, construction of the crushing circuit, all water tankage and the tailings circuit. At the end of the quarter, containers holding components of the specialised gravity gold circuit from Gekko Australia were still awaiting clearance from the dry port at Anápolis in Goiás.

At the time of writing, the Company is awaiting only the issuance of the Import Certificate by the customs agency, which has been expected for the last month. Following completion of the inspection by customs officials in the week preceding Easter, the Company has had to follow various directions to amend miscellaneous shipping documentation (e.g. country of manufacture of some washers and screws, alter some item descriptions from rubber to plastic and amend value of piping from per item

to per metre). The Company has expediently dealt with all requests but has been beholden to bureaucratic processes and work practices. As at 29 April 2016, the Company is waiting for customs to issue the final Import Certificate and expects this to happen shortly and for the equipment to finally be delivered to Cascavel before or on Monday May 9th.

Construction crews are preparing to mobilise to site to complete the installation of the gravity circuit, which will complete the Cascavel Processing Circuit. Following delivery of the equipment to site, erection is expected to take 30 days to complete after which commissioning will commence.

By the end of the quarter, more than 6,700 tonnes of underground development material had been stockpiled, ready for processing.

The majority of all underground development at Cascavel is within the ore zones, however additional dilution due to the size of the development opening (between 2.0-3.5m high) will mean this material is lower grade than production ore from the stopes (averaging 1.2m high). As such, the development material is classified as “mineralised waste”.



*Figure 1.
Metallurgical consultant
Noel Obrien inspects the
crushing circuit at
Cascavel*



*Figure 2.
View of process and
potable water storage
tanks (grey in
foreground) and the
tailings thickener (red in
background)*

The commissioning process will consist of running this 'mineralised waste' through the plant together with separately batched parcels of production ore. The processing of these batches of production ore from various parts of the mine will allow the Company to more accurately estimate the grade of initial production following the completion of commissioning.

Mine

Underground development has continued at Cascavel and has focused on improving the underground haulage infrastructure. A change to the mine design has seen the commencement an internal low-angle decline which will be suitable for wheeled vehicular access. This internal decline will decrease underground haulage times back to the main incline shaft, where material will be hauled to the surface using a 3-tonne skip.

During the quarter underground development progressed 225m from 177 blasts. The main focus of development during the quarter was on deepening the main incline shaft, the Cascavel access and the commencement of the new internal decline. Importantly, access to the previous workings on the Mestre Winze was opened on Level 01 South.

It was noted by the geological staff that the number of mineralised veins and the thickness of alteration increased markedly as development approached the Mestre zone in the south of the mine, and several spectacular free gold occurrences were noted in the veins.

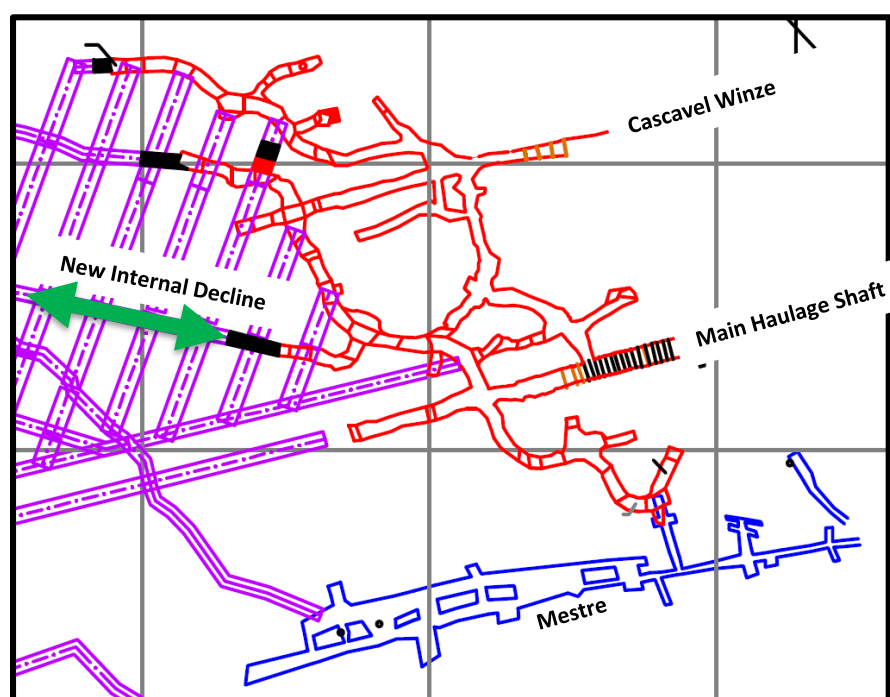


Figure 3.

Mine plan development and plan at the end of the March Quarter

- Red – Orinoco Development
- Blue – Previous Garimpero workings - Mestre
- New Internal Decline in green
- Purple planned development



Figure 4.

Cascavel Haulage Shaft Headframe and skip during commissioning

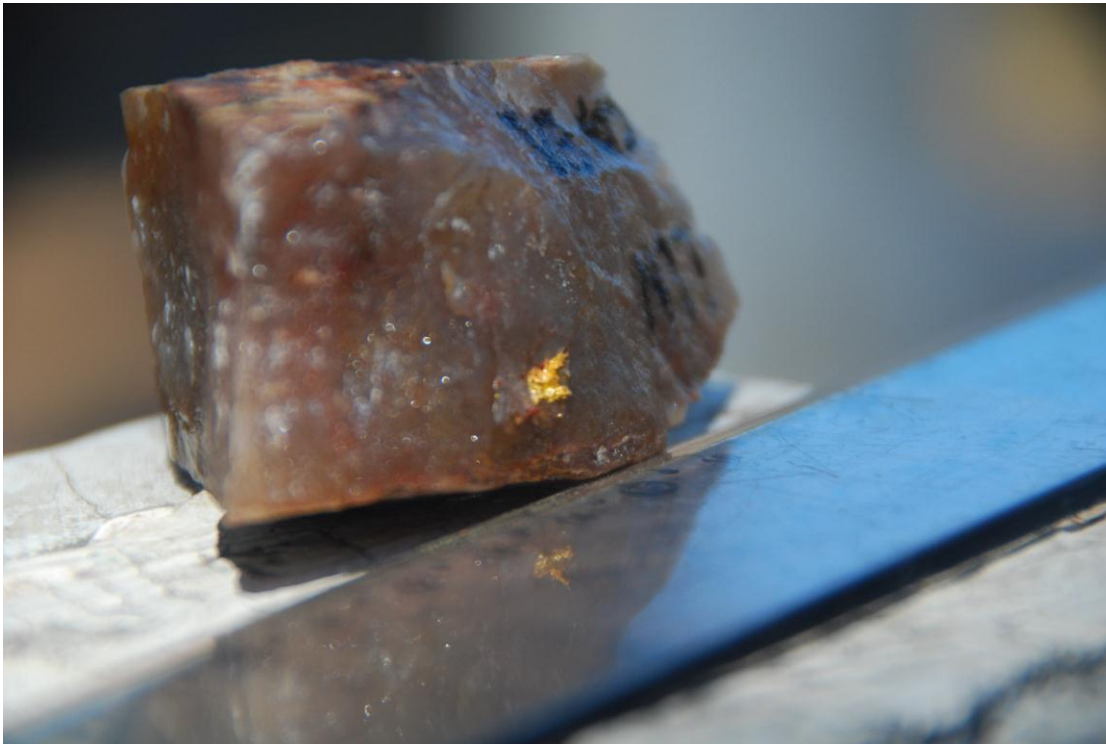


Figure 5.

Coarse free gold (approx. 5mm) in sample from Level 1 North

Exploration

In late 2015, Orinoco's exploration team completed a 23-hole, 3200m diamond drilling program at Sertão Gold Mine, located 28km from Cascavel, with final results released to the market during the quarter.

Stage One of the drill program was designed to test for extensions of previously mined mineralisation at Sertão, as well as to follow up on historical drilling results such as 0.7m @ 48.2g/t gold (~30m down-dip from Sertão open pit in hole GVD_029) and 0.33m @ 119.6g/t gold (~650m down-dip from Sertão open pit in hole GVD_080).

Stage Two was designed to test for extensions of the system along strike to the north and near-surface mineralisation around the site of the previous processing plant.

Significant results were released to the ASX on 28/01/2016 and included:

- **0.5m @ 7.33g/t** (STO_004: from 141.5-142.0m)
- **1.82m @ 13.55g/t** (STO_005: from 130m)
- **0.65m @ 13.05 g/t** (STO_005: from 126.2m)
- **0.46m @ 21.40g/t** (STO_005: from 131m)
- **0.5m @ 46.8g/t** (STO_022: from 150.2m)

Based on analysis of the grades intersected in historical and current drilling, combined with a new geological model, Orinoco's Exploration Team believes that high-grade shoots extend out of the base of the open pit and can be traced to the historical intercepts in holes GRD_080 and SRT_001 (see plan below).

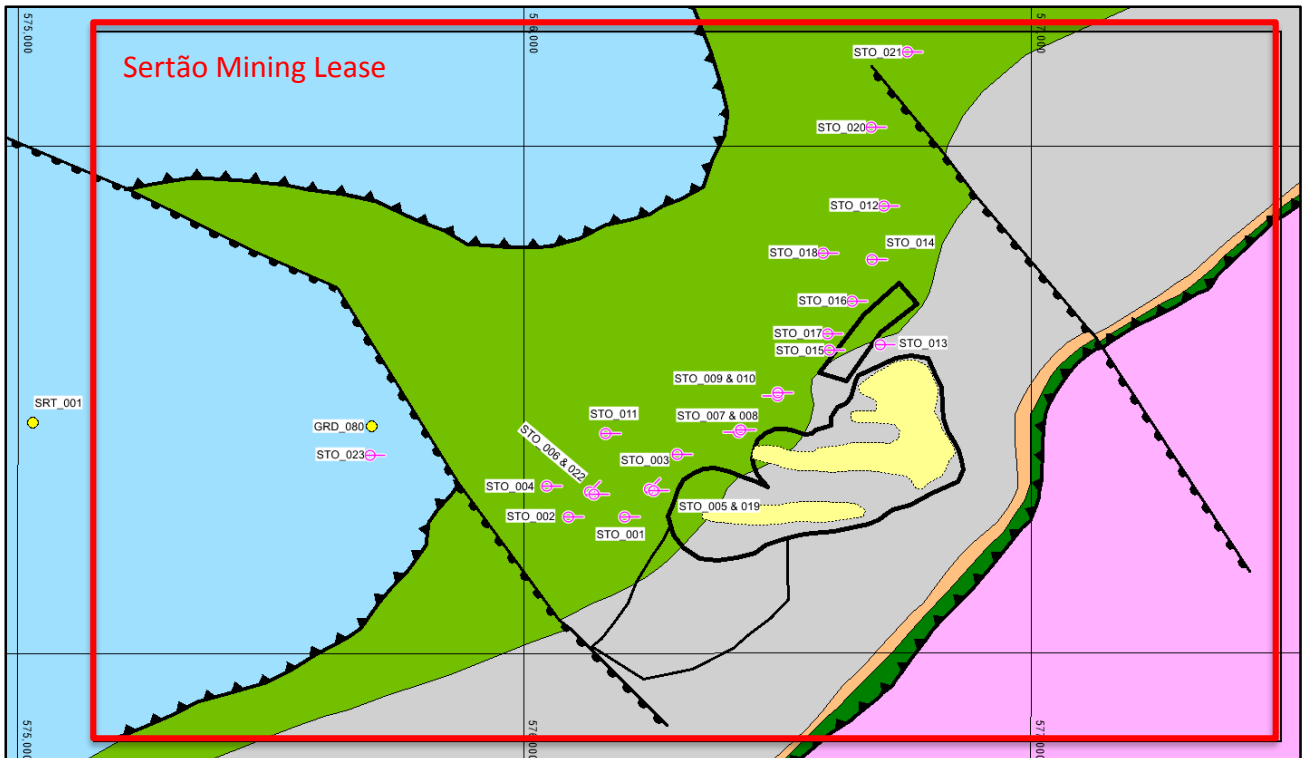


Figure 6 – Collar plan of all recent holes completed by the Company, highlighted are the shapes of historical infrastructure from previous mining. Geology dips shallowly (15°) towards the NW. Note SRT_001 is an Exploration hole that was collared outside the Sertão Boundary but intercepted the mineralised horizon 50m within Orinoco's ground. SRT_001 intercepted 2m @ 18.7 g/t from a vertical depth of 541m.

Tragically, a member of the Company's regional exploration team at the Faina Goldfields Project passed away after being struck by lightning while conducting routine exploration activities in the south of the greenstone belt (ASX Announcement – 16 March).

Corporate

The Company held \$2.74 million in cash at the end of the Quarter.

A Non-renounceable Entitlement Offer announced on 23 December 2015 was closed on 10 February 2016, resulting in \$2.6 million being raised, including Entitlements taken up and as placed Shortfall. A further \$467,872 was raised on 9 March as placed Shortfall. The Company has the right to continue to place the shares not taken up by shareholders under the Entitlement Offer (the "Shortfall" shares) for three months following the closing of the Entitlement Offer, i.e. to 10 May 2016.

-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

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.



Location of the Faina Goldfields Project (including Cascavel) in central Brazil.

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 Application	Faina - Brazil	70%	-	-
861.586/2009	Exploration		70%	-	-
860.185/2011	Exploration		70%	-	-
861.796/2007	Tender Application		70%	-	-
<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 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%	-	-
861.587/2009	Exploration		80%	-	-
860.069/2010	Exploration		80%	-	-
860.871/2010	Exploration		80%	-	-
860.947/2010	Exploration		80%	-	-
860.948/2010	Exploration		80%	-	-
860.956/2010	Exploration		80%	-	-
860.964/2010	Exploration		80%	-	-
860.987/2010	Exploration		80%	-	-
860.988/2010	Exploration		80%	-	-
860.990/2010	Exploration		80%	-	-
860.193/2011	Exploration		80%	-	-
<u>Sertão</u> 860.368/1995	Mining Lease	Faina - Brazil	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.