



Cascavel Gold Mine Update

Construction of final gravity circuit commencing this week, spectacular visible gold in initial production stopes and three months of production ore available for mining ahead of commissioning

Key Points:

- Final equipment now on site to allow for completion of the Cascavel Gravity Circuit in June: final construction commencing this week.
- Levels 0 and 1 developed and currently available for mining.
- Abundant spectacular visible gold observed in production areas in Level 1 North, Central and Level 1 South (approximately 80m along strike from each other).
- Mine development continues to progress down to Level 2.

Orinoco Gold Limited (ASX: OGX) is pleased to provide an update on mine development, construction and recent exploration progress at its 70%-owned Cascavel Gold Mine in central Brazil.

Plant Construction

Further to the announcement of 6 May 2016 advising that the Import Certificate for all remaining containers holding critical components of the gravity gold recovery equipment had been issued, the containers arrived on site at Cascavel on Monday and are now being unloaded and the contents prepared for the arrival of the construction crews.

A Brazilian construction crew and team members from Gekko Systems Australia are mobilising to site this week to complete the erection of the gravity circuit. Commissioning is scheduled for the last half of June, with first gold from Cascavel to be poured during July.



Photo: The final shipping containers being unloaded on site. Construction of the gravity circuit will commence this week.

Mine Development

At Cascavel underground mine development continues to advance well, with over 600m of development now completed. Three months' worth of production ore is available for stoping with raises and extraction points in place. The Company is aiming to maintain sufficient pre-stoping development to ensure that three months 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 operation. The Southern block of Cascavel is particularly well mineralised but 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 and the Southern zone does not form part of the first three months production schedule.

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. Lower levels of the mine are anticipated to be mined predominately via long-hole stoping, which will significantly reduce the amount of mining dilution and increase productivity.

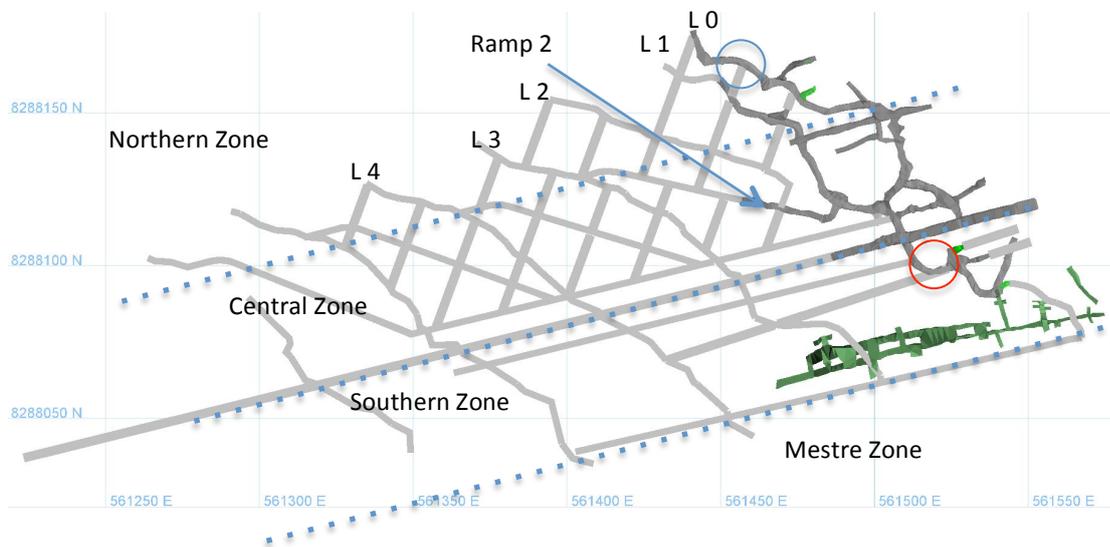


Figure 1. Current mine plan. The blue circle in the upper left shows Slot Raise 2, Level 1 North. The red circle highlights the area in Level 1 South containing the previously reported drill result of 1.5m @ 10.8g/t (CdP_041) and the composite panel sample result of 14.78m @ 75.36g/t Au (including 0.5m @ 1,230g/t). The dark grey and green colours are existing development. The Southern zone does not yet form part of the mine schedule, and development has not yet advanced into the Mestre zone.

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. No new information has been gathered recently about the Mestre zone, however previous underground exploration by Orinoco demonstrated that this zone is very well mineralised.

Northern Stope Development Yields Significant Visible Gold



Figure 2. *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-medium grade. It has now been re-categorised as very high-grade following initial stope development.

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 2 and 4). Previous panel sampling had indicated that this area was a low-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-medium grade part of the mine.

The inability to accurately assess grade from small sample sizes is a well-established feature of the coarse gold mineralization at Cascavel. Further 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**.

This panel sample is part of a composite of panel sample results in that zone of **14.78m @ 75.36g/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 however higher value 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).

Geologically, the development, sampling and panning has so far confirmed the orientation, continuation and high-grade nature of the ore shoots. In addition, in several drives and slots the mineralised zone is thicker than expected, with sets of parallel mineralised veins and alteration. Previously, the Mestre Zone was known to be thicker than the Central zone and composed of sets of mineralized veins, but development is now showing that to be also the case in the Northern zone of the deposit.

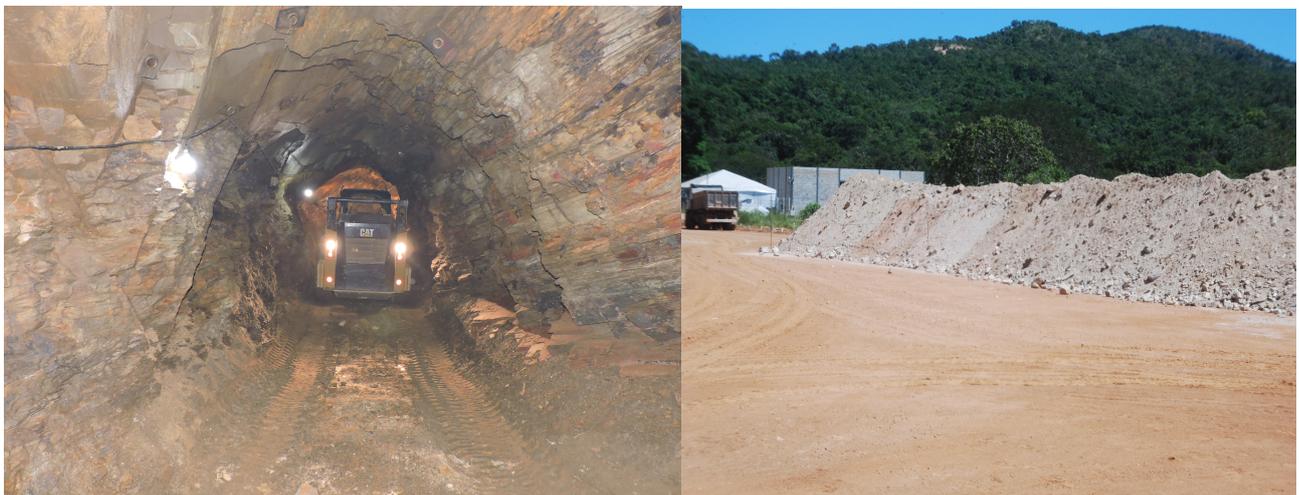


Figure 3. *Left:* Ore being bogged from Level 1 North. *Right:* Some of the commissioning stockpile.



Figure 4. Further Photos of high-grade gold taken from face sampling in Slot Raise 2, Level 1 North

-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 announcement 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 and CREA. 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. 8 October 2012 - High-Grade Gold Results Returned From Curral De Pedra Project, Brazil
2. 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.

Full results of Panel Samples reported in this announcement

PID	X	Y	Z	From	To	Length	Au_ppm
CDP-P-180	561529.89	8288100.35	535.09	0.00	0.56	0.56	1230.00
CDP-P-179	561529.74	8288099.87	535.10	0.56	1.07	0.51	35.90
CDP-P-178	561529.76	8288099.38	535.11	1.07	1.54	0.47	31.70
CDP-P-220	561529.98	8288098.96	534.97	1.54	2.15	0.61	17.35
CDP-P-221	561530.32	8288098.58	534.99	2.15	2.54	0.39	43.00
CDP-P-222	561530.63	8288098.22	535.05	2.54	3.10	0.56	3.14
CDP-P-223	561531.00	8288097.84	535.11	3.10	3.63	0.53	7.52
CDP-P-224	561531.41	8288097.52	535.20	3.63	4.16	0.53	3.29
CDP-P-225	561531.69	8288097.09	535.22	4.16	4.71	0.55	17.80
CDP-P-226	561531.82	8288096.58	535.18	4.71	5.23	0.52	1.86
CDP-P-227	561531.92	8288096.06	535.20	5.23	5.76	0.52	8.33
CDP-P-228	561532.13	8288095.62	535.24	5.76	6.26	0.50	2.90
CDP-P-229	561532.47	8288095.23	535.22	6.26	6.80	0.54	3.61
CDP-P-230	561532.81	8288094.86	535.17	6.80	7.28	0.48	0.76
CDP-P-296	561533.15	8288094.47	535.10	7.28	7.83	0.55	24.00
CDP-P-297	561533.32	8288094.02	534.98	7.83	8.34	0.51	175.50
CDP-P-298	561533.47	8288093.57	534.86	8.34	8.84	0.50	182.00
CDP-P-299	561533.75	8288093.19	534.75	8.84	9.31	0.47	7.06
CDP-P-300	561534.07	8288092.88	534.59	9.31	9.79	0.48	0.88
CDP-P-301	561534.45	8288092.65	534.49	9.79	10.24	0.45	4.67
CDP-P-302	561534.89	8288092.49	534.47	10.24	10.73	0.49	0.61
CDP-P-303	561535.35	8288092.39	534.47	10.73	11.20	0.47	13.60
CDP-P-304	561535.81	8288092.27	534.51	11.20	11.68	0.48	12.40
CDP-P-305	561536.26	8288092.05	534.54	11.68	12.21	0.53	41.60
CDP-P-306	561536.74	8288091.94	534.58	12.21	12.72	0.51	48.80
CDP-P-307	561537.24	8288091.98	534.68	12.72	13.23	0.50	35.70
CDP-P-308	561537.72	8288092.05	534.81	13.23	13.74	0.51	1.70
CDP-P-309	561538.20	8288092.15	534.97	13.74	14.26	0.53	14.45
CDP-P-310	561538.68	8288092.26	535.13	14.26	14.78	0.52	101.00

Section 1 Sampling Techniques and Data

Criteria	Commentary
Sampling techniques	<ul style="list-style-type: none"> Continuous “panel sampling” has been undertaken across the mineralised zone at Cascavel. Panels measuring approximately

Criteria	Commentary
	<p>0.5m x 0.5m are marked up on the walls of the drives and are contiguous (each panel abutting another panel) along both walls of the decline (or drives) with the sample from each panel being composed of chips collected from the entire area of each panel. The panel samples in the current release Dive 0 North is a section sub-parallel to the strike and almost perpendicular to the dip (the Level 0 cross-cuts sections of the high-grade shoots that dip to the SW).</p> <ul style="list-style-type: none"> • Where a vertical height of more than 0.5m is assessed as requiring sampling, contiguous panels will be cut below or above a panel. Each panel sample (approximately 4-11kg in weight) is crushed/milled/homogenised and split to obtain a 1kg sample in the laboratory and that 1kg sample is submitted for a screen fire assay. • Panel sampling has been undertaken along the mineralised vein/s and alteration and screen fire assay has been used to obtain correct grades of each panel. This assay procedure is not only more expensive but needs more time for the lab to screen larger amounts of the samples instead of splitting fractions in an ordinary fire assay procedure. All data is stored in the database following appropriate QA/QC procedures.
<i>Drilling techniques</i>	<ul style="list-style-type: none"> • No drilling is reported in this announcement.
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> • No drilling is reported in this announcement.
<i>Logging</i>	<ul style="list-style-type: none"> • No logging is reported in this announcement
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> • Chip samples went sent to the laboratory without drying or splitting. • Blanks and standards are inserted into panel samples batches;
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> • In the lab, all samples are dried at 100°C and crushed to 9 mesh in a jaw crusher. The samples go to a Jones or Rotary splitter and 500g of material is separated and powdered to 150 mesh. The 150# pulp is quartered and an aliquot of 50g is obtained. This aliquot is analysed by Fire Assay in non-mineralised samples. Metallic Screen Fire Assay is applied if the sample is considered mineralised. Selective samples are analysed in ICP-MS (Inductively Coupled Plasma Atomic Emission Spectrophotometry), with a multi-acid digestion for 32 elements.
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> • Standards: (insertion of 1 known standards in each 20 samples approximately): If less than 10% of samples are outside of the expected mean + 2x Std. Dev, the results are validated. If less than 10% of the samples report results outside the Mean + 3x Std. Dev, but there are standards between the first and these two points - the results are validated, but the Lab is notified. If more than 10% is outside the Mean + 3x Std. Dev, the batch (40 samples) is rejected, an investigation is required and a re-analysis of the batch is made; • Blanks (1 blank insertion in each 20 samples approximately): If less than 5% are above 5x the detection limit of the Lab, the results are validated. If more than 5% is above 5x the detection limit, the Lab is notified and the batches with failure are re-analysed; • Duplicates (insertion in each 20 samples – Bias control): Project

Criteria	Commentary
	Duplicates are core quarter and Lab duplicates are Pulp Duplicates.
<i>Location of data points</i>	<ul style="list-style-type: none"> The topographic survey on the underground workings has been done by a qualified surveyor using a Total Station (RUIDE), model RTS 822R³. The survey uses laser for the location of channels, panels and underground workings. The grid system used is UTM South American 1969 - Zone 22 S; The topography crew uses surveyed base stations to guarantee the quality of their surveying.
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> Panel samples are approximately 0.5 x 0.5 metres and continuous along the mineralised zone.
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> The data orientation is intended to cover the mineralised zone approximately along strike and down dip. Data is collected from all underground openings
<i>Sample security</i>	<ul style="list-style-type: none"> Samples are stored in plastic sample bags, stored in a dedicated secure facility on site prior to transport to the lab. All laboratory pulps are stored in the storage facility onsite in boxes supplied by the labs, stacked in dry places.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> No audit or review has been undertaken regarding the results reported in this announcement.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> The Faina Goldfield project is 70% owned by Orinoco do Brasil Mineração Ltda, which in turn is 100% owned by Orinoco Gold Ltd. The 30% partners are free carried during the exploration stage until a decision to mine. The Sertão and Antena mining leases are owned 100% by Orinoco. Some locations within the Cascavel project have archaeological sites that are required to be mapped and photographed prior to removal of the sites. The key Cascavel tenement has a granted trial mining licence for 50.000 tonnes ROM for underground operation, an installation licence for a up to 50.000 tonnes per year gravity crushing and concentration plant and granted Environmental/Archaeological licences. These licences can be renewed as they approach either expiry of the tonnage or the time limits.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> This release reports results from underground working at Orinoco's Cascavel Gold mine. No earlier exploration is reported in this release
<i>Geology</i>	<ul style="list-style-type: none"> CASCADEL: Cascavel is best characterised as an Archean shear hosted Orogenic gold system. The structurally controlled mineralised quartz vein/s, veinlets and related sericite alteration evident in the decline and from drilling are continuous both along strike and down-plunge with some minor off-sets caused by later E-W and N-W striking faults (associated with the Tinteiro mineralisation). Visible offsets are no greater than 1m in the walls of the decline. These late faults also cause a slight rotation between the blocks, slightly changing the dip of the veins. Repetition of high grade shoots along the strike has been confirmed by bulk and panel sampling and with visible gold up to 10mm in size evident in the walls of the decline.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> No drill holes are reported in this announcement.
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> To composite the panel samples the results were treated as a drill core section. The coordinates of the middle point at the left edge of each panel and vector data of azimuth and dip angles of a middle line in the panels was precisely surveyed. Those lines were used for the from/to data on the assay table. To give the correct weight for the grades in the panels due to minor differences in the length, 0.5 metres was considered 100% and all grades went normalised to this length. The normalised intervals were used to obtain the composite grade for the section.
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> Reported rock chips are single point, selective samples of outcropping lithologies.
<i>Diagrams</i>	<ul style="list-style-type: none"> Diagrams are attached to the current announcement.

Criteria	Commentary
<i>Balanced reporting</i>	<ul style="list-style-type: none">• This announcement is a comprehensive report of the results covered by this announcement.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none">• Only assays for panel samples are reported in this announcement.
<i>Further work</i>	<ul style="list-style-type: none">• Drilling and ongoing underground development is required to test the identified targets as the mine is developed.