



ASX/Media Release – 24 January 2018

Cascavel Operational Update

Further High Grades and A Surprise from the Waste Rock Stockpile

- Additional bulk samples of underground ore yield average grade of 25.33 g/t
- Average processed grade of 29 samples have returned 38.74g/t
- Previously stockpiled waste rock returns a surprise sample grade of 15.42 g/t
- Sampling programme on previous plant tailings ongoing
- Outstanding results continue from vein panel sampling
- Ore sources being developed
- 25 Ton/hour hammer mill now onsite and being commissioned bringing total mills to three
- Remedial work completed at Cuca

Orinoco Gold Limited (ASX: OGX) (**Orinoco** or the **Company**) is pleased to announce the continued success of its 'Back to Basics' approach.

Fourth batch of bulk samples returns average grade of 25.33 g/t through mills

The results of the fourth batch of approximately one-ton mining samples shown below together with previous batch results. See (Table 1 & Map 1).

Although Batch 4 results show slightly lower grades than the first 3 batches, we consider this normal given the high-grade variability that can occur in the Cascavel gold reefs. This brings the total samples processed through the mills to 29 with an average grade of 38.74 g/t significantly higher than recovered grades from the current gravity plant. Importantly samples have been taken from random and dispersed locations throughout the orebody and provide a greater understanding of grade variation and mineralization between Mestre, Central and Northern Zones of Cascavel. All processing and smelting of the samples is conducted in the gold room. Sampling from the Cuca Zone is expected to commence in early February.

Large 25 Ton hour onsite and two new hammer mills now fully operational

A third hammer mill (25t/hr) has arrived onsite and is currently being installed and should be commissioned next week as planned. Commissioning will include processing of stockpiled waste material and low-grade ore to ensure the mill is operating optimally prior to introduction of stockpiled high-grade ore.

This will bring the number of operating mills to three and will allow for simultaneous processing of high grade ore, waste rock stockpiles and tailings stockpiles. Two hammer mills operating (Figure 1).

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ASX Code

OGX
(Ordinary Shares)
OGXOC & OGXOD
(Listed Options)

Issued Capital

899,184,686 Ordinary Shares
323,192,109 Options

Table 1 sample results.

Batch 4												Totals	
Date	15/01/2018	17/01/2018	18/01/2018	18/01/2018	19/01/2018	22/01/2018	22/01/2018	22/01/2018					
Location	CN2	NN2	MD	N1S	MD	WR	MIS1	MD 3					
Tonnes processed	1	1	0,75	1	1	1	1	2,5					9,25
Au (Dore) recovered Grams	19,49	9,02	27,54	4,29	35,08	15,42	31,51	92,00					234,33
Au (Dore) recovered oz's	0,63	0,29	0,89	0,14	1,13	0,50	1,01	2,96					7,53
Average Grade													25,33
Batch 1												Totals	
Date	21/11/17	22/11/17	23/11/17	24/11/17	29/11/17	30/11/17	12/01/2017	12/04/2017	12/11/2017	12/12/2017	13/12/17		
Location	RC	MD	MS4	RC2F	RCSI	RC4S	MLO	MII	ML4S	RC3F	ML4N		
Tonnes processed	0,75	1	1	1	1	1	1	1	1	1	1		10,75
Au (Dore) recovered Grams	30,33	41,06	43,00	33,21	40,08	33,24	42,73	39,37	149,09	38,26	91,02		581,39
Au (Dore) recovered oz's	0,98	1,32	1,38	1,07	1,29	1,07	1,37	1,27	4,79	1,23	2,93		18,69
Average Grade													54,08
Batch 2												Totals	
Date	18/12/2017	19/12/2017	20/12/2017	21/12/2017									
Location	RCSI	RCF	MSM	RC5S									
Tonnes processed	1	1	1	0,8									3,8
Au (Dore) recovered Grams	38,83	41,78	26,64	40,43									147,68
Au (Dore) recovered oz's	1,25	1,34	0,86	1,3									4,75
Average Grade													38,86
Batch 3												Totals	
Date	29/12/2017	30/12/2017	01/04/2018	01/05/2018	01/08/2018	01/09/2018							
Location	N NI	RCF	N IN2	CINO	CSI	RCS							
Tonnes processed	1	1	1	1	1	1							6
Au (Dore) recovered Grams	9,61	39,14	8,18	33,28	60,87	69,02							220,10
Au (Dore) recovered oz's	0,31	1,26	0,26	1,07	1,96	2,22							7,08
Average Grade													36,68



Map 1; Sample processed and locations

Waste rock sampling returns average grade of 15.42 g/t through mill

During commissioning of the second hammer mill, 1 tonne of waste rock - taken from development waste stockpiled in 2016 –returned a grade of 15.42 g/t figure 2. This material was classified as waste by the previous management and therefore not processed. Although this single sample may be unrepresentative of the overall grade of this waste material the high grade recovered warrants further sampling and processing.

Sampling of tailings underway

Considering the high grades currently being returned from the hammer mill processing in comparison to those recovered from the gravity plant it is considered likely that the tailings from the gravity plant could represent an important ore source for the new processing operation. Sampling of the tailings is underway through the hammer mills and results of this sampling programme will be announced shortly. We warn readers not to extrapolate one sample of waste rock to mean that this grade is consistent over the entire waste stockpile. It does however begin to explain why Orinoco has had such problems in the past.

Further results expected soon from vein panel sampling

Another 40 panel samples from Mestre and Central zone are expected to be returned from the external laboratory shortly following the initial 40 panel samples announced last week that averaged 47.2 g/t in the release to the ASX on 17th January 2018 entitled *Mestre Assays Show Bonanza Grades Up to 265 g/t*.



Figure 1; Two hammer mills operating



Figure 2; 15.42 grams recovered from waste stockpile

Ore sources being developed

Mining of high grade stope ore has commenced and is being stockpiled for processing upon commissioning of the larger hammer mill next week. Grades from this most recent batch of 6 samples continue to support the notion that Cascavel has the potential to be a high grade low cost mine. With mining on the Northern zone restarted and remedial work fast tracked and completed at Cuca, a sampling programme will now start this week 2 weeks ahead of schedule. Orinoco could potentially have four sources of high grade underground feed for its 3 Hammer Mills by mid-February, which is 6 weeks ahead of schedule. A fifth potentially important source of ore could be the gravity plant tailings, and a sixth source could be previously classified waste rock. Outside of these sources we also have Espanola to consider and another 50 tenements bordering Cascavel.

Summary

Orinoco's road to recovery under our 'Back to Basics' plan continues at a good pace. Management is focused on turning the Cascavel operation around with the new direction being taken. With a focus on cost reductions and a streamlining of the board and management reporting lines, Orinoco will be leaner as it aims towards sustainable and profitable production in 2018.

COO Richard Crew commented "We are delighted to have all three hammer mills on site and are pleased with the commissioning of the second hammer mill over the last week. We are systematically using our back to basics approach to find out where and why this high grade mine has performed so poorly and successfully putting the jigsaw puzzle together. The unexpected grade of 15.42 g/t recovered from the waste rock stockpile is a bonus and may represent a further source of ore for the Company.

Cuca remedial work has successfully been concluded two weeks ahead of schedule, which will allow Marcelo Carvalho and his team to start the sampling programme this week.

Many operational aspects have been corrected over the past few weeks including; drilling and blasting practices, comminution circuit modifications, changes of staff and the lowering of staffing levels. We expect these changes to continue to deliver results and without loss of production for Orinoco, and look forward to sustainable high-grade gold production from a low-cost base in the months to come".

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