



ASX/Media Release – 05 September 2017

Operations & Corporate Update

Ore processing resumes at Cascavel as mine development makes strong progress

Key Points

- Processing operations have resumed at the Cascavel Gold Mine in Brazil.
- Key process plant improvements implemented and successfully trialled.
- Record mine development achieved in August.
- New mining equipment commissioned as part of strategy to increase development and production rates.
- Australian airleg miner has trained local workers.
- Fit-out of new on-site assay laboratory almost complete.
- New Non-Executive Director appointed.

Orinoco Gold Limited (ASX: OGX) (**Orinoco** or the **Company**) is pleased to advise that it continues to make strong progress with the resumption of operations at its 100%-owned Cascavel Gold Mine (**Cascavel**) in Brazil.

Mine Development

Mine development continues with a total advance of 105m achieved for July (see Figure 1) and a new monthly development record of 130.5m achieved for August. Four priority development fronts are currently being advanced:

- **Upper Mestre Access** to access the upper end of the southern extension of the Mestre lode. First access to the Mestre ore zone was achieved in mid-August;
- **Lower Mestre Access** to provide a second access into the southern extensions of the Mestre lode;
- **Central Decline** for continued access to the Cascavel lode down-dip; and
- **Incline Shaft** to open up development fronts for the down-dip portions of the Cascavel lode. Additional pumping capacity is being purchased to deal with the increased volumes of water ingress experienced recently into the Incline Shaft.

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ASX Code

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

Issued Capital

497,635,459 Ordinary Shares
265,592,401 Options

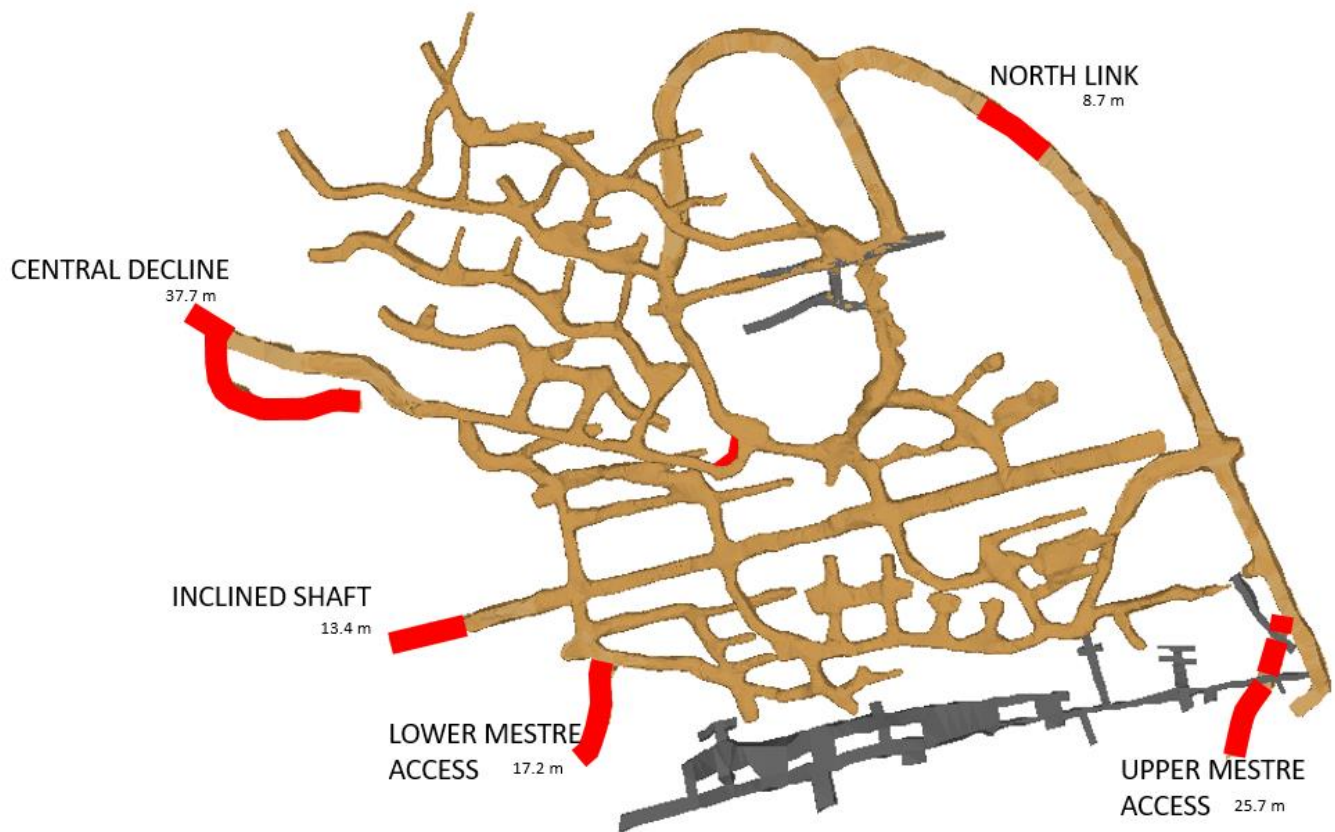


Figure 1: July Development
(Gold/Grey: Existing development; Red: July development)

Mining Improvements

Expert training in mining techniques

An Australian airleg miner spent a total of four weeks during June and July providing training and up-skilling of the local Brazilian workforce. This training has now been completed and a report has been received noting areas for improvement. Further training requirements are being assessed and will be addressed as required.

New underground loader commissioned

A Toro 151 Load-Haul-Dump (LHD) bogger sourced by the Company has completed commissioning and is currently in use. A second Toro bogger has been sourced within South America with the Company waiting on import approvals from the Brazilian Government.

Process Plant Improvements

As previously advised (see ASX Announcement dated 08 August 2017), the Company successfully implemented the following recommendations from the metallurgical review report prepared by Orinoco's metallurgical consultant, Mining Plus:

- Installation of smaller aperture panels for the screen deck.
- Fabrication and installation of a sluice box in the processing plant tailings stream.

Processing of a 500 tonne ore sample confirmed that these modifications achieved the desired results, namely:

- A reduction in the overall Particle Size Distribution (PSD) being fed to the gravity circuit; and

- Recovery of gold from the Sluice box which would previously have been sent to tailings, resulting in improved recovery efficiency (see green circle in Figure 2).

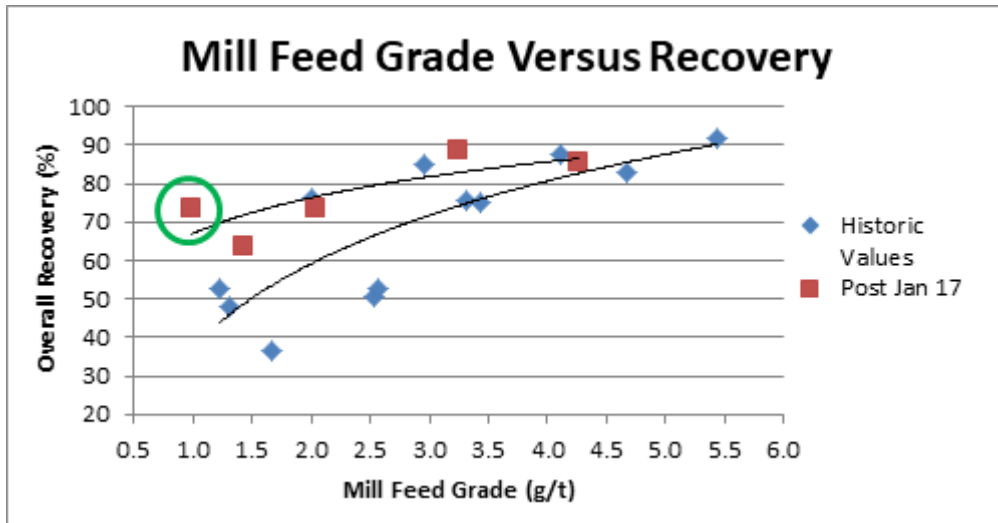


Figure 2: Grade vs Recovery Data

Mining Plus has completed a cost benefit analysis of the various processing flowsheet optimisation options which they presented in their metallurgical review report. This review is currently being assessed by the Company.

Resumption of Processing Operations

Processing operations resumed on a single shift basis on 28 August. The need for additional processing shifts will be assessed on an ongoing basis as ore production from the mine increases.



Figure 3: Stockpiled ore ready for processing

On-Site Laboratory

The installation licence (LI) for the Laboratory has been received from Secretaria do Meio Ambiente, Recursos Hidricos, Infraestrutura, Cidades e Assuntos Metropolitanos (**SECIMA**). This is an important milestone for the Laboratory and feedback received from SECIMA indicates that the operating license will be awarded once commissioning activities have commenced.

Construction works for the on-site laboratory are complete and internal fit out is all but completed (see Figure 4).

Commissioning of the laboratory is planned for the first half of September with SGS staff expected on-site on 12 September.

Meetings have been held with the Brazilian Military commencing the process for obtaining the requisite licences for the purchase and storage of chemicals required in the operation of the laboratory. Final submission of documentation to the Military is expected in mid-September.



Figure 4: Laboratory fit-out

Cartesian Goldstream Agreement Variation

The Company has agreed a minor amendment with Cartesian Capital Group LLC (**Cartesian**) to the Cascavel Goldstream Agreement (**Goldstream Agreement**). The amendment removes a potential default trigger clause under the Goldstream Agreement which had the potential to come into effect on 31 August. In consideration of the amendment agreed with Cartesian, the Company has agreed to the following commercial terms:

- An increase in monthly standstill payments under the terms of the Agreement from 01 September until the Minimum Delivery Commencement Date (forecast to occur in late November) from US\$100,000 to US\$150,000; and
- The issuance of options to replace existing options held by Cartesian – subject to shareholder approval.

The execution of this amendment has reduced the contractual risk for the Company with respect to the Goldstream Agreement.

Non-executive Director Appointment

Orinoco has appointed Mr Andrew Allan as a new Non-Executive Director.

Andrew Allan is a geologist and independent consultant specializing in business strategy, commercial evaluation and technical assessments. He has over 30 years of experience in the mining industry with experience in diamonds, gold and other minerals. He is currently contracted by Cartesian as an independent technical consultant providing commercial, technical and strategic input to a variety of investments in their portfolio, in particular Cartesian Royalty Holdings which includes the Orinoco Cascavel project.

The Company will remain in voluntary suspension until an announcement is released in relation to a capital raise.

-ENDS-

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