



Orinoco on track for first gold production at Cascavel as construction enters final stages

Company set to join the ranks of international gold producers

Highlights

- Mine development progressing according to schedule
- Free-gold visible in all development headings
- Headframe for Incline Shaft erected and rail lines to be installed in March
- Construction of the crushing circuit complete
- Gold room construction 80% complete and awaiting fit-out
- Plant commissioning to commence in late March with customs clearance of final shipping containers expected imminently

Orinoco Gold Limited (ASX: OGX) is pleased to advise that all aspects of mine development and construction at its flagship **Cascavel Gold Mine** in Brazil are progressing well, with commissioning of the gravity plant set to commence in late March.

Mining

Underground development at Cascavel has progressed with significant recent advances achieved in both the Main Decline and the Cascavel Decline. Importantly, the headframe for the Main Decline has been erected and the equipment for the haulage tracks is on-site (see Figure 1).

The tracks are scheduled to be installed into the Main Decline at the beginning of March. During the installation and commissioning period – which is expected to take approximately 15 days – all material haulage will be carried out through the Cascavel Decline using small winches and scrapers.

The current status of underground development and workings, together with the scheduled development for March and April, is shown in Figure 2 below.

Of significance are the slot raises highlighted in pink, which will allow access to the planned stoping panels and also the first two trial stopes, highlighted in light pink on Level 0 Central.

Mining of the trial stopes is scheduled for April and ore from these areas will be batch-treated through the plant to provide information on recovery and reconciliation between the estimated grades and actual recovered gold. Processing of large samples ahead of stoping will provide the most accurate estimates of the actual grades of each stope.



Figure 1. Erected headframe for haulage of material up the Main Incline Shaft at Cascavel.

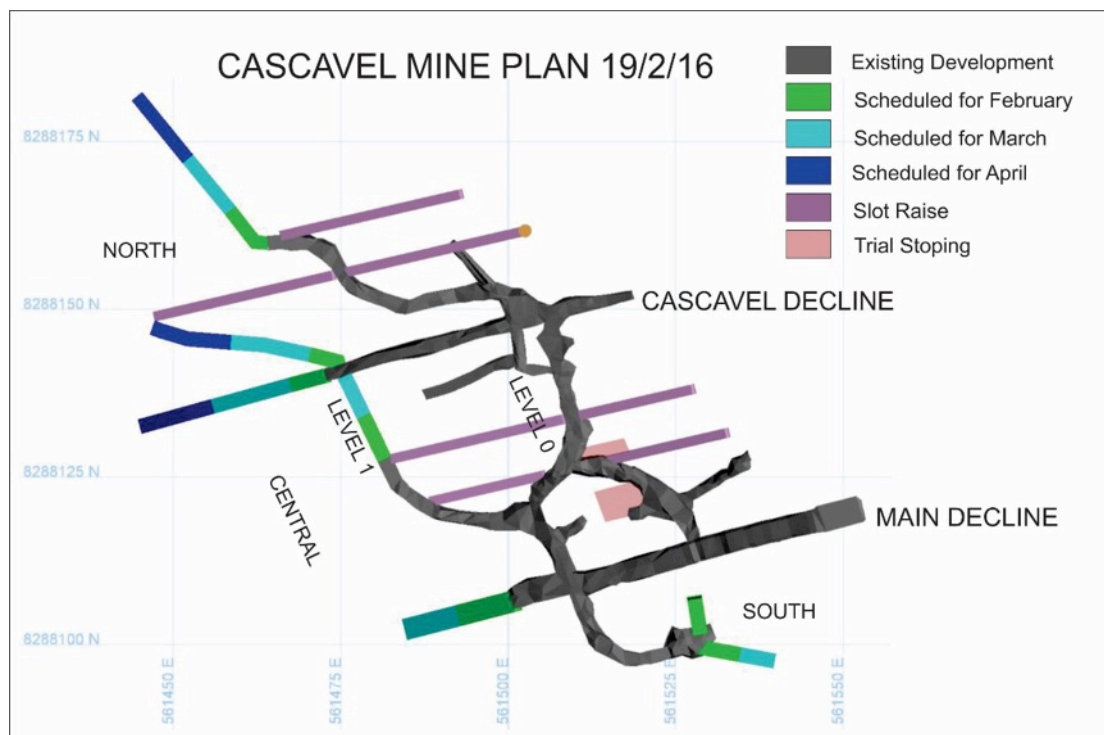


Figure 2. Underground development at Cascavel as at 19th February 2016

Underground Sampling

Now that the underground development has progressed sufficiently to allow multiple sampling access points, Orinoco is planning to document the physical properties of the gold mineralisation at Cascavel by undertaking a series of “heterogeneity tests” to accurately characterise size and distribution of the gold throughout the deposit.

This data will then be incorporated into new methods of sample collection in order to establish the optimum sample density and volume; in time this will greatly enhance the Company’s understanding of the gold deportment at Cascavel, allowing more accurate mine planning and scheduling.

Orinoco has previously reported individual panel samples to illustrate the high-grade nuggetty gold results at Cascavel. As previously stated Orinoco considers that due to the coarse clustered gold at Cascavel panel samples do not present a definitive grade estimate of any area. With the mine now progressing towards production the results of the panel sampling will be used by the Mining Geology team on site to delineate areas of high, medium and low grade and are of value as a planning tool rather than as an indicator of potential mined grades from the stopes. The processing of large samples ahead of stoping spoken about in this release will provide the most accurate estimates of the actual grades of each stope.

Importantly, all development headings are currently “on ore” and visible gold is present in the veins and from qualitative sampling (panning) of vein and alteration samples collected underground on a daily basis.

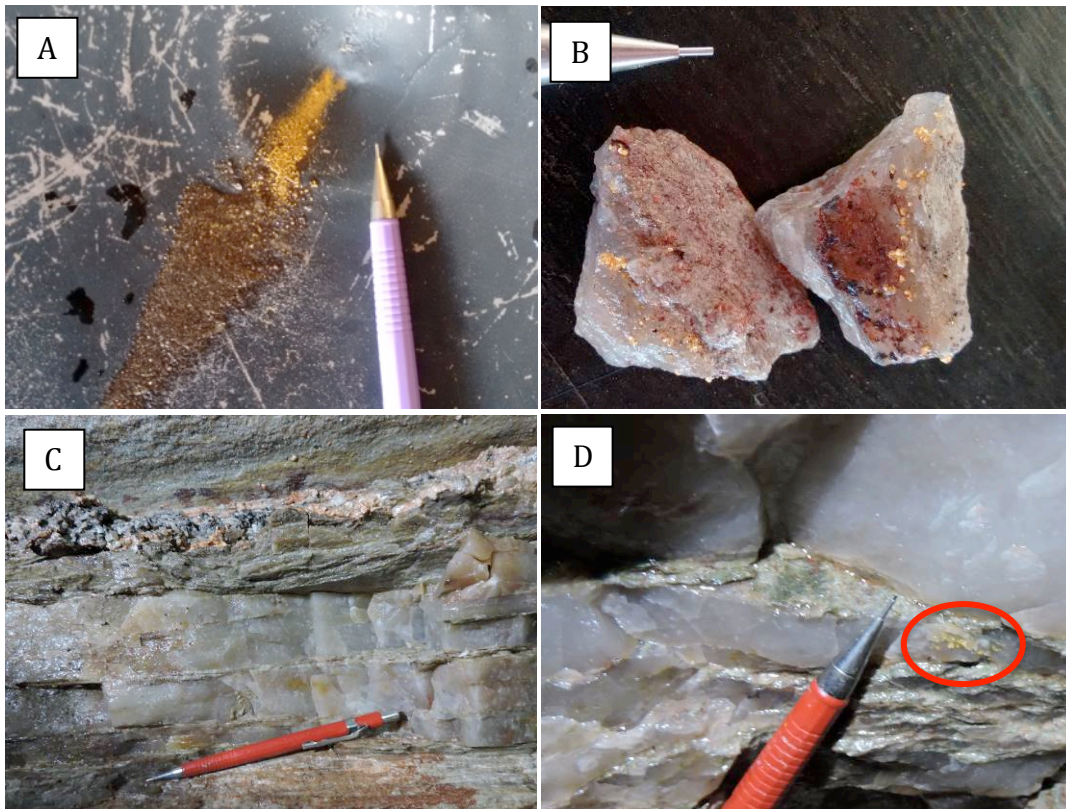


Figure 3. Examples of veining and gold occurrence from Level 1 Central development drive:

A. Coarse gold in panned sample.

B. Coarse gold in quartz vein - average grain size 500µm to 1200µm.

C. Laminated narrow quartz vein with alteration in the hanging-wall, based on selective sampling the

alteration is strongly enriched in gold in high grade zones.

D. Coarse clustered visible gold grains on vein margin.

Plant Construction

Despite heavy rainfall over the wet season, the plant crushing circuit is now fully installed. There have been some delays clearing the major components of the gravity circuit through customs, however these are not expected to severely impact the current timeline which would see construction of the final stages of the plant completed, and commissioning commencing, during March.

The plant is capable of quickly processing any stockpiled material over the ensuing months by increasing its daily operating hours (the Company has initially planned to operate the plant for only 10 hours per day, 6 days a week to match to initial mining production rates).

The initial commissioning ore will be low-grade ore stockpiled from development headings along with separate parcels of higher grade material from the areas of initial mining. This high-grade material will be treated by batch and reported to the market, allowing for the development of reconciliation factors between the mine and mill.



Figure 4.

A. Completed crushing circuit

B. Interior of the workshop undergoing electrical installation.

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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.