



Cascavel Gold Project Development Update

Key Points:

- Mine development in the upper Levels of Cascavel now complete, paving the way for stoping to commence: visible gold continues to be evident.
- Development continues to extend along strike to the south into a significantly thicker zone of mineralisation, the Mestre Zone, which is expected to add significant tonnes to Orinoco's future production profile.
- Previous bulk sampling of the Mestre zone, with a true thickness in excess of 4m, returned grades of up to 39.9g/t Au indicating that it is well-mineralised.
- Continued customs delays have been experienced with the shipping containers containing the structural steel for the gravity circuit. All customs inspections have now occurred, with the final Import Certificate awaited to allow removal of the containers from customs.
- Final clearance is expected within the next 10 days but remains at the discretion of the Federal Customs Inspector. This will delay the start of commissioning, which will commence within 30 days of receiving these containers on site.

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

Mine Development

Mine development continues to advance on schedule with visible gold continuing to be evident in sampling from the high-grade quartz veins of the mine (Figure 1). Development of the upper portions of the Cascavel deposit (Level 0 and Level 1) in the Central Zone is now complete, with mine development currently progressing towards Level 2 in the Northern, Central and Southern Zones of the mine.

Stoping in the upper levels of the mine is ready to commence as soon as the processing plant is ready for commissioning. Until then, the focus of underground mining remains on progressing development ahead of stoping.

Directly to the south of the Southern Zone, the mineralised zone has **thickened substantially to over 4 metres in true thickness with multiple stacked quartz veins all of which are thought to host gold**. This zone has been named the Mestre zone.

The Southern Zone will form part of the current mine plan while the Mestre Zone, with its substantially thicker mineralization, will require a different mining method and will be incorporated into the mining schedule in the coming months as development progressively opens up more of this zone. Previously reported sampling, including a mini-bulk sample of **500kg which returned 39.9g/t gold**, indicates that the Mestre zone is well-mineralised.

Orinoco's original mine plan considered only the Central and Southern Zone. The addition of the Mestre Zone to the mine plan will add significant tonnes to Orinoco's future production profile.



Figure 1. Level 1 Central.

A. Sampling in the Level Drive.

B. Panned sample collected from a slot raise

C. Gold in-situ

Cascavel Processing Plant

The continuing delay by Brazilian Customs to process the paperwork necessary for the release of the remaining shipping containers has reached a stage where it will delay the start of commissioning at Cascavel as per the Company's previously advised timeline of late March.

All necessary customs inspections have successfully taken place and the Company is awaiting lodgement of the final paperwork by the Federal Customs Inspector. This will enable the Import Clearance certificate to be issued, allowing the containers to be removed from customs to site. The Company has been advised that this certificate can be issued at any time.

Whilst some of the imported equipment has cleared customs and has already been delivered to Cascavel (Figure 2), it will take a further 20-30 days once the final containers have been delivered to site to complete construction of the Cascavel Processing Circuit. Orinoco will advise once the containers have been received on site, which the Company remains hopeful will occur this month. There is only a one day transit from the dry port to site.



Figure 2. The Motor Control Centre, cleared through customs and on site at Cascavel.

Orinoco's Managing Director, Mr Mark Papendieck, said the potential of the recently intersected Mestre Zone to deliver significant additional high-grade tonnes into the Cascavel mine plan was a significant and very positive development for the project.

"Mineralisation observed during mine development so far continues to confirm our view of Cascavel as a quality high-grade gold system. The potential is further increased by areas such as the Mestre Zone, which presents the opportunity to add thick, high-grade mineralisation averaging more than 4m true width to our future mine schedule," he said.

"This has the potential to significantly enhance the Company's future production profile, bringing a new area into our production plans which had not previously been scheduled.

"While the ongoing delays with the customs clearance process have been incredibly frustrating for all stakeholders, we are continuing to make the most of this time lag by focusing our efforts on mine development which is always one of the keys to success in a high-grade narrow vein gold mine. We are also continuing to stockpile development ore which can be rapidly processed once the plant is commissioned."

"At this stage, we expect the start of commissioning to be delayed by approximately 3-4 weeks, but we will update the market regularly on the customs clearance and final construction process. We are doing everything in our power to expedite the release of our equipment from customs to enable us to commence full operations at Cascavel."

Termination of non-binding term sheet

The non-binding term sheet entered into in December 2015 with an international investment company (see ASX Announcement – 17 December 2015) has been terminated on the basis that the parties have been unable to reach agreement on the key commercial terms of a potential investment in an improved market environment.

Following completion of the Company's recently finalised capital raising, Orinoco has cash resources of \$3.7 million, with firm commitments for a further \$860k in Rights Shortfall, putting it in a strong financial position ahead of the imminent commencement of gold production at Cascavel. These figures do not include the \$1.36m committed in a binding agreement from the international investment company that has not yet been received.

-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.

