



Orinoco on track for first gold production at Cascavel

Environmental licenses in place, plant fabrication on schedule, underground development proceeding well with visible gold present in all development faces

Highlights

- All environmental licences now in place to facilitate relocation of the processing plant from Sertão to Cascavel.
- Crushing circuit on track for delivery to site in November and gravity circuit scheduled for delivery in December.
- Plant on track to be commissioned in early Q1 2016, with gradual ramp-up to full capacity of ~90ktpa by late 2016 to match the ramp-up of underground mining operations.
- Incline shaft now advanced approximately 40m from the portal.
- Development of the North Service Decline well advanced and two initial Level drives underway, which will provide access to the top portions of the Cascavel mineralisation and allow stoping activities to commence in the coming months.
- *"We are very pleased by the strong progress being made at Cascavel, which puts the Company firmly on-track to make the leap from gold explorer to gold producer early next year."* – Orinoco Managing Director, Mr Mark Papendieck.

Orinoco Gold Limited (ASX: OGX) is pleased to advise that development activities are proceeding at full pace at its flagship **Cascavel Gold Mine** in central Brazil, with the Company on-track to achieve first gold production in early 2016.

Licensing

Following the decision to change the location of the processing plant from Sertão to Cascavel (see ASX *Announcement – 14 July 2015*), all necessary environmental licenses have now been granted to allow Orinoco to locate the processing plant at the Cascavel site.

A number of significant savings in operational expenditure are expected to flow from having the processing plant located at Cascavel as opposed to Sertão, together with other strategic and logistical benefits. Importantly, the plant will now be located in a central position relative to other potential sources of mill feed, such as the exploration targets at Garimpo, Cuca and Tinteiro all of which are located close to Cascavel.

The Sertão area is already fully licensed for both mining and plant operation and drilling is well underway at Sertão, testing for both down-dip and along-strike extensions of the high-grade gold mineralisation that was previously mined by Troy Resources between 2002 and 2005.

Plant Fabrication and Construction

The fabrication of the Cascavel processing plant remains on schedule, with the crushing circuit being manufactured in Brazil and expected to be delivered to site in November.

The gravity circuit, which is being fabricated by Gekko Systems Ltd, is scheduled to be factory commissioned in Ballarat and will be shipped from Australia in October to arrive in Brazil in December.

The plant remains on schedule to be commissioned on-site early in Q1 2016 with a gradual ramp-up to full capacity (~90,000 tonnes per annum) expected by late 2016 to match the progressive ramp-up of the underground mining operation.

Civil works at Cascavel are also proceeding well, with erection of security fencing now 90% complete at the mine site and installation of the pre-fabricated mine offices and change rooms underway.

The production winch for the main incline shaft has been acquired and the tower and additional steel structures such as the skip and rails are being fabricated.

Underground Development

Development of the Incline Shaft at Cascavel has now reached approximately 40m from the portal and is currently within a zone of more intense alteration than expected as the shaft progresses down the main vein. (**Note** – all development at Cascavel is carried out within the plane of the main mineralised horizon and is “on ore” rather than in a non-mineralised “off ore” position.)

A thicker-than-anticipated mineralised zone associated with hydrothermal alteration of the main vein hanging-wall has been encountered in the early stages of the Incline Shaft. This reflects a wider-than-anticipated mineralised zone and the height of the main Incline Shaft has had to be increased accordingly to approximately 5m (from a depth of approximately 30m) in order to maintain a competent hanging-wall and footwall for safety reasons.

This enlargement of the shaft dimensions due to the highly altered material and the required additional support has resulted in a slightly slower rate of advance in the main Incline Shaft. However, this has been offset by the increased tonnages from the larger opening and advances in other areas of the mine development.

Importantly, two initial level drives (Level 0 Central and Level 0 North) have commenced, providing access to the upper portions of the Cascavel mineralisation. This will provide access for stoping activities over the coming months.

All underground activity will soon move to three shifts per 24-hour period and will continue on several headings simultaneously namely:

- **Cascavel Incline Shaft** – 5m by 3m inclined shaft designed as the primary ore haulage route developed directly down-plunge of the main vein;
- **Level 0 Central** – 2m by 2m access drive along strike of the main vein;
- **North Service Decline** – 2m by 2m decline developed down the plunge of the main vein approximately 50m north of the incline shaft; and
- **Level 0 North** – 2m by 2m level drive developed northward from the North Service Decline to follow lightly-drilled extensions of the main vein to the north of Service Decline 1 which are currently located outside of the mine plan.

Visible gold is present in all four development faces as can be seen in the pictures below.



Figure 1. Visible gold up to 500µm in parallel zones from the quartz veins in the face of the **Cascavel Incline Shaft**



Figure 2. Mineralised quartz vein in Level 0 North. Spectacular example of the main mineralised vein with classic pinch and swell features. Note the pervasive green (sericite, quartz, biotite) alteration halo and its sharp contact with unaltered footwall rocks. Part of the contact is marked with red dashed line



Figure 3. Working face at the end of the Cascavel Incline Shaft. Note the steel, mesh and timber support used to ensure a safe working environment and the long term viability of the main haulage route for ore coming from underground.

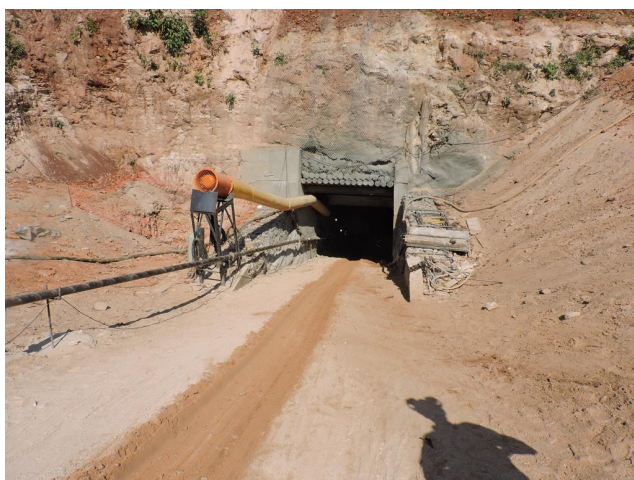


Figure 4. The portal at the Cascavel Incline shaft showing roof and wall support from rock gabions and timbers and the shaft ventilation. Shotcreting of the portal face is due to be completed next quarter.



Figure 5. Broken ore from the third cut of Level 0 North.

Orinoco's Managing Director, Mr Mark Papendieck, said: "We are very pleased by the strong progress being made at Cascavel, which puts the Company firmly on track to make the leap from gold explorer to gold producer early next year. The presence of visible gold in all development faces currently accessible at Cascavel, and the presence of thicker than anticipated mineralisation provides strong support for our belief that the project can underpin an exceptionally high-grade, high-margin mining operation."

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Competent Person's Statement:

The information in this presentation 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. 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.