



Cascavel Gold Mine Development Update

Significant OPEX savings expected as Orinoco locates gold plant within 200m of the underground mine portal

Key Points

- **Crushing and gravity circuit to be located on site at Cascavel.**
- **Key change expected to deliver +\$500k per annum in operational savings by eliminating haulage costs to Sertão.**
- **Reduces administration and security costs by centralising all activities at one site.**
- **Cascavel mine development proceeding to plan with significant enhancements being made to the decline design.**
- **Fabrication of crushing circuit underway in Brazil with the gravity circuit currently being fabricated in Australia.**
- **Commissioning of Cascavel Plant expected in January 2016.**

In a significant development, Orinoco Gold Limited (ASX: OGX) is pleased to advise that, after extensive discussions with the relevant Environmental Agencies in Brazil, it has reconfigured the proposed location of the processing facility for its **Cascavel Gold Project** (OGX 70%) in central Brazil and will now install the gravity circuit on site at Cascavel less than 200m from the mine portal.

This key change from the original plan – which, due to licensing requirements, was to locate the processing plant at Orinoco's Sertão Gold Mine (OGX 100%) located 28km away – will unlock significant operating cost savings for the project.

Orinoco has secured all of the necessary licences to construct the processing plant at Cascavel and final approval for the operation of the Cascavel plant is expected in mid Q4 2015, ahead of the delivery to site of the modular, factory- commissioned processing plant.

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.

Savings will include an expected A\$500k per annum from not having to haul ore 28km to Sertão and additional associated savings from road and truck maintenance as well as other savings associated with the reduced level of security and administration required to manage one site rather than two.

Importantly, the plant will now be located in a central position in relation to other potential sources of mill feed such as Garimpo and Cuca, which are located close to Cascavel while the Sertão site will remain free for an imminent drill campaign.

Orinoco's Managing Director, Mr Mark Papendieck, said "building the plant at Cascavel is an important breakthrough and a very positive outcome for shareholders".

"Having the plant sitting literally right next to the Cascavel Portal will significantly cut our operating costs, allow us to consolidate a number of administrative, logistical and security functions and manage our entire infrastructure from one central location," he said. "Importantly, the location of the plant at Cascavel also gives us additional optionality in the future with regards to having a centrally located ore treatment plant relative to our exploration projects in the broader Faina Goldfields Project."

Plant and Mine Development Update

Orinoco is pleased to advise that mine development, fabrication and construction activities are proceeding on schedule at the Cascavel Gold Project.

The crushing circuit is currently being fabricated in Brazil under the supervision of Gekko Systems, while the gravity circuit, consisting of proprietary gravity components, will be manufactured in Australia.

Each module of the plant is pre-assembled and factory commissioned prior to being delivered to site. This allows for a very brief installation and commissioning period of only six weeks. With the change of site for the Cascavel Plant from Sertão to Cascavel, it is anticipated that civil engineering for the plant site will be completed by October.

The crushing circuit is scheduled to be delivered to site in November followed by the gravity circuit in December, which will allow the entire Cascavel plant to be commissioned in January 2016.

Two additions have been made to the Cascavel circuit. A secondary crushing unit (cone crusher) has been added to take some planned load off the tertiary crusher, and a slimes thickener has been added to the water and tailings module. The additional cost of these items will be offset against the capital savings achieved from the move to a single site.

Mine development continues to progress to plan and, while the development remains within the oxide/transition zone of the rock sequence, a key focus of the development of the Portal at Cascavel has been the implementation of adequate ground support.

The incline shaft is critical to the ongoing success of the Cascavel Gold Mine as the main haulage point of the mine and, consequently, particular care is being taken to ensure that the Portal is both safe and capable of serving as the main entrance point for the mine for many years to come. The planned dimensions of the incline shaft have therefore been increased to 3.5m x 2.8m for several reasons:

1. An incline shaft of this width will enable mine production to meet the plant's capacity (~90ktpa) but will only be fitted out to meet the initially planned mill throughput of ~40ktpa.
2. The location of the incline shaft appears to be in a payable zone. The increased width will maximise the amount of gold that Orinoco can extract from the incline shaft.
3. The height has been increased to 2.8m to allow additional room for ground support to be built into the incline shaft along with mine services such as ventilation, electricity and pumping.

-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. 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. 29 June 2015 - Cascavel Process Test Work Confirms High Gold Recoveries, Low Costs
2. 28 November 2014 - Low Cost Development & Exploration Upside Highlight Cascavel Opportunity
3. 23 October 2013 - Cascavel: More Bonanza Results Extend Current High Grade Zone to 15m @ 88g/t Au
4. 14 May 2014 - "Outstanding Gold Grade from Latest Cascavel Bulk Sample"
5. 7 July 2014 - Bonanza Gold Results up to 27 oz/tonne from Cascavel Exploration Decline
6. 14 May 2014 - Outstanding Gold Grade from Latest Cascavel Bulk Sample
7. 20 January 2014 - Successful Bulk Sampling Highlights the Opportunity for High Grade Development at Cascavel Gold Project.
8. 8 October 2012 - High-Grade Gold Results Returned From Curral De Pedra Project, Brazil
9. 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.

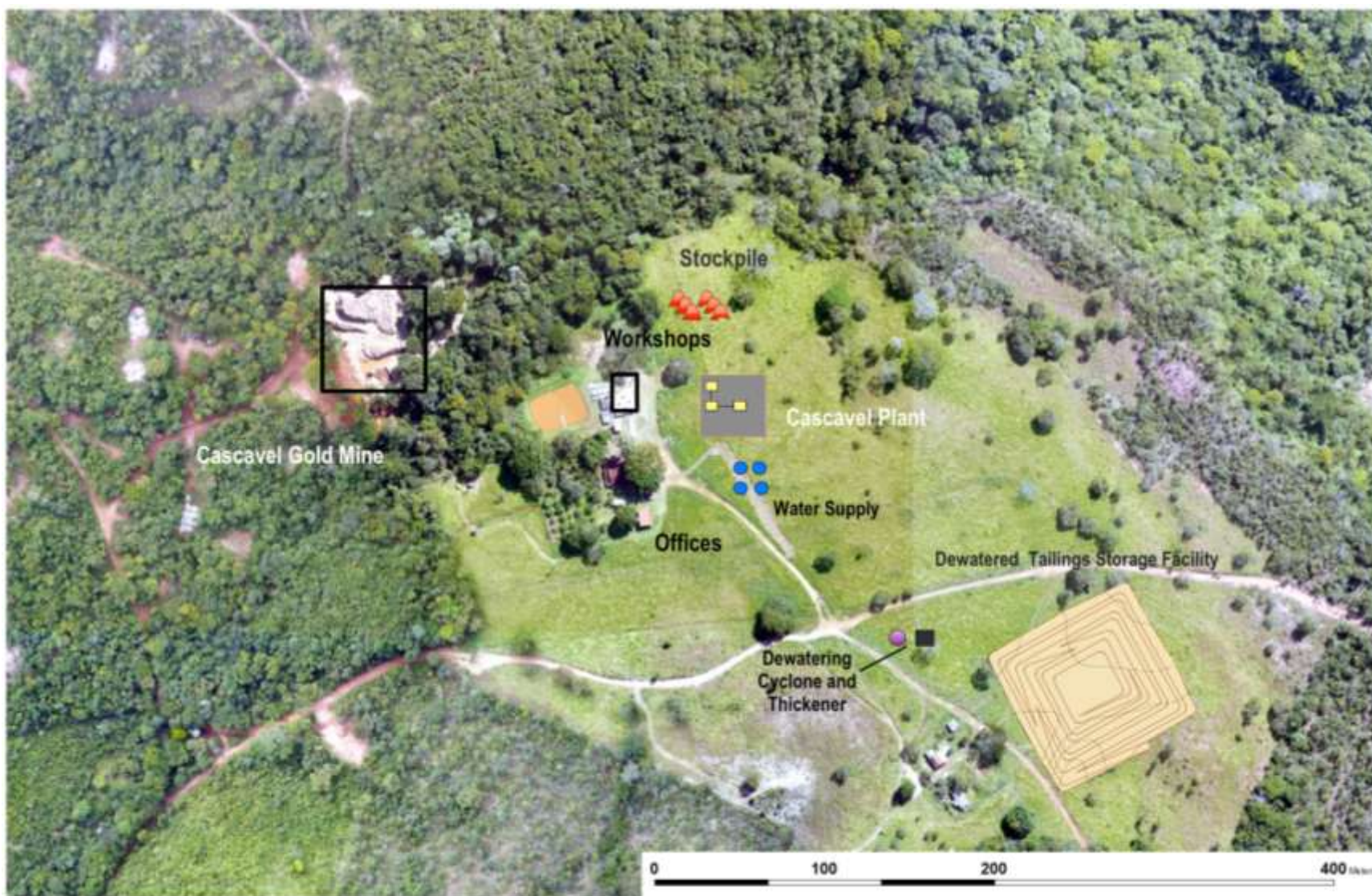


Figure 1. Schematic Diagram of the Cascavel Site

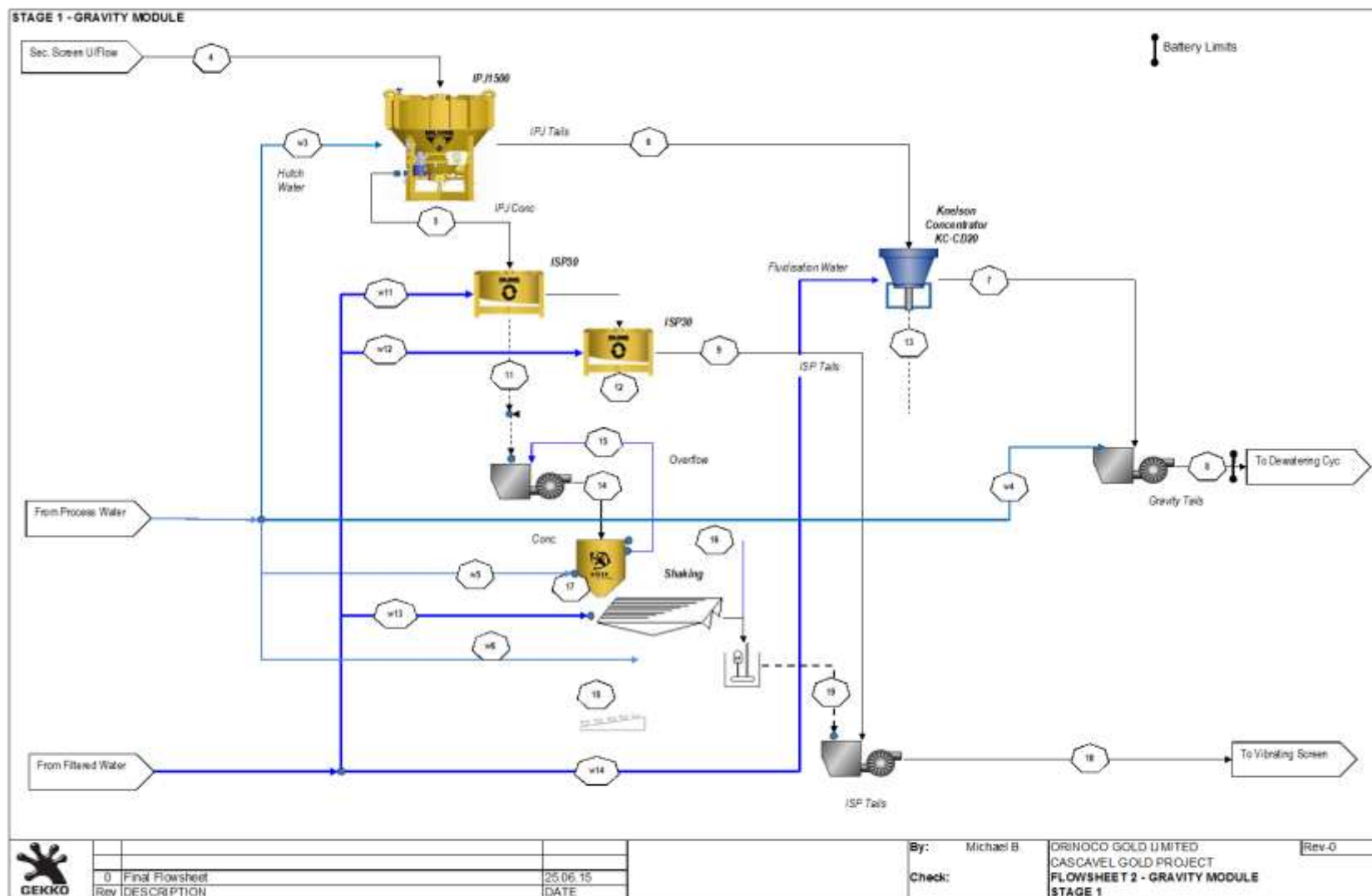


Figure 3. Flow Sheet: Cascavel Gravity Circuit

