

TORONTO, ONTARIO--(Marketwired - Aug 9, 2016) - [Rio Novo Gold Inc.](#) (TSX:RN)(TSX:RN.WT) ("Rio Novo" or the "Company") is pleased to announce the results of an updated Feasibility Study (the "Updated FS") for its 100%-owned Almas Gold Project ("Almas" or the "Project"), located in Tocantins State, Brazil. The Updated FS is authored by Runge Pincock Minarco ("RPM"), Rio Novo's independent engineering consultant, and complies with the requirements of National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101").

The Updated FS demonstrates an advanced stage, fully permitted project with an existing, on-site 5,800 ton/day ball mill, robust return metrics, significant expected cash flow and forecast payback to debt and equity in less than two years. As such, civil works can commence once project financing is complete, and it is expected that commercial operation can be achieved within 18 months after beginning of construction.

Updated Feasibility Study Highlights

The Updated FS was performed in order to review how current market conditions have affected both capital expenditures ("Capex") and operating expenditures ("Opex") since RPM completed the original feasibility study for the Project in 2013. The significant appreciation of the US Dollar against the Brazilian Real since 2013 results in substantial reductions in both Capex and Opex in US\$ terms. In addition, the mining industry slowdown globally, and within Brazil, provides an opportunity to further reduce costs for equipment and services. The analysis of the effect of these key variables or inputs was the principal focus of the Updated FS effort. Together, such effects reduce overall estimated costs for the Project and provide significantly improved Project after tax, return metrics. The base case assumptions used are a gold price of US\$1,250 and a BRL 3.5 to US\$1 rate of exchange (the BRL Forex rate used is a bank consensus figure Q1, 2017 as of July 28, 2016).

A summary highlight of the differences between the original (2013) feasibility study base case return metrics and the Updated FS profile appears below.

	2013	2013
Exch.Rate	US\$ 1 = BRL 2.0	US\$ 1 = BRL 3.50
Gold Price	US\$ 1,450	US\$ 1,250
Capex	\$ 150 mm	\$ 92.6 mm
Sust CPX	\$ 88mm	\$ 62.6 mm
Opex C1	\$ 721	\$ 602
Opex C2	\$ 775	\$ 652
NPV	\$ 131 mm	\$ 146.7 mm
IRR	22.10%	34.30%
Payback	2.8 years	1.8 years

The Rio Novo and RPM effort focused on reviewing, re-quoting and re-assessment of various aspects of the Almas project. Such aspects include Capex, sustaining Capex, mining costs, SG&A, title & land holding status, permitting status as well as a complete review and update of the financial model for Almas.

Other items from the 2013 feasibility study were reviewed for stability of content and were left unchanged. Such items include history, geology, exploration, exploration results, mineral resources, reserves, mining methods and other items, which were established and memorialized within the 2013 feasibility study. These items are also included in the updated FS but remain largely unchanged from the original feasibility study.

As an example of the update effort, Rio Novo staff re-quoted (and RPM validated) Capex items originally quoted in 2013 (the "Capex Update"). The Capex Update focused on industrial plant, machinery, equipment, civil works and pre-operational items. It provides a comprehensive review of the changes in the market from 2013 to today. In addition, certain key items, such as pre-stripping, land acquisition and transmission line costs, were also re-evaluated.

The Capex Update effort re-quoted 61 "packages" of items, which within them contain approximately 5,000 individual items (this includes all needed imported equipment items). All "packages" received a minimum of three new quotes, with many receiving four or five quotes.

The reduction in the US\$ Capex value is due in part to the devaluation of the R\$ relative to the US\$. However, the Updated FS effort also found that "dormant" market conditions reduced the R\$ value of many items, such as the EPCM contract. Rio Novo believes that further reductions to the Capex Update are possible during a future negotiation process.

Comments from Rio Novo Chairman & the CEO

William Dorson, Chairman of the Board of Rio Novo, said, "this project is exceptional within the Brazilian gold mining industry context. It is fully permitted and has an on-site ball mill. Civil works efforts on this project can begin immediately upon project

financing. The updated feasibility study demonstrates that changes in market conditions between 2013 and 2016 have improved project economics remarkably. The next step is to finalize review of the strategic alternatives in order to maximize the value of the Almas project."

Patrick Panero, President and CEO of Rio Novo, added, "Gold production of 170,000 ounces in the first two years allows for swift payback of Almas' project finance. Given the robust results projected by the updated feasibility study, the board and the management team of Rio Novo will now work methodically and comprehensively to make this project a reality, seeking a direct path to creation of value for our shareholders."

The following table presents the sensitivity of the project to exchange rate and gold price variations:

ASSUMPTIONS & PARAMETERS	BRL 3.00 - USD 1,00			BRL 3.50 - USD 1,00			BRL 4.00 - USD 1,00		
Gold price (LOM Avg)	1,150	1,250	1,350	1,150	1,250	1,350	1,150	1,250	1,350
Exchange Rate	3.00	3.00	3.00	3.50	3.50	3.50	4.00	4.00	4.00
INITIAL CAPEX	106.2	106.2	106.2	92.6	92.6	92.6	82.4	82.4	82.4
Project NPV@5% (USD million)	54.3	95.4	135.5	107.2	146.7	185.9	145.4	184.6	223.9
Total Cash Flow (USD million)	112.4	170.4	227.4	183.4	239.5	295.1	235.0	290.5	345.9
Internal Rate Of Return	15.2%	22.4%	29.2%	26.9%	34.3%	41.5%	37.1%	45.0%	52.7%
OPEX Unit Cost (w/o Refining & CFEM) p/oz	689	689	689	602	602	602	536	536	536
Total Cash Cost p/oz.	737	740	743	650	653	656	584	587	590

Project Summary

The Almas Gold Project is located in the municipality of Almas, in Tocantins State, Brazil. The Project consists of three separate open pit mining areas and a central processing facility. The Almas Projects' three main gold deposits, Paiol, Cata Funda and Vira Saia, are along a 15 km long corridor of the Almas Greenstone Belt, a Paleoproterozoic volcano-sedimentary sequence which hosts numerous orogenic gold occurrences. Mining activity at the Project will commence at the Paiol pit and will be followed sequentially first at the Cata Funda pit and finally the Vira Saia pit before returning to the Paiol pit and the Paiol heap leaching tails.

Rio Novo's mineral rights covering the Paiol and Cata Funda gold deposits are controlled, respectively, by two Mining Concessions (9,137 ha). The Vira Saia deposit is held by two Exploration Permits (4,483.75 ha) acquired from a third-party in 2012.

Additional Highlights of the Almas Project are as Follows:

- 43-101 Proven & Probable Reserves of 763,940 ounces of gold;
- Average annual refined gold production of 73,172 oz over the first three years of production at an average grade of 1.25 g/t;
- Total refined gold production of 700,754 oz over 13.5 years at an average grade of 0.87 g/t;
- Full ramp up to 2.05 Mtpa capacity by mid 2018, pending financing;
- Average gold recovery of 92% to bullion;
- Pre-production capital expenditures of US\$92.6 million, including pre-stripping of the Paiol pit and recoverable taxes;
- Sustaining capital expenditures of US\$62.6 million, including pre-production stripping of Cata Funda and Vira Saia pits, recoverable taxes and mine closure costs;
- Average Life of Mine ("LOM") cash operating costs of US\$602/oz;

Total reserves are to be mined from three deposits: Paiol, the project's primary deposit, and two satellite deposits, Vira Saia and Cata Funda, located 5km and 15km away, respectively. The total reserves to be processed also include spent heap leach residue stockpiled by VALE, the previous operator at Paiol. Table 1-2 shows the reserves by pit for the Almas gold project.

Table -1 Reserve Estimate

Pit	Reserve Category	Tonnes	Grade: Au g/t	Contained Au (Oz)
Paiol	Proven	15,199,497	0.80	389,765
	Probable	7,430,490	0.84	201,026

	Subtotal Ore	22,629,987	0.81	590,791
Cata Funda	Proven	557,718	1.82	32,668
	Probable	321,735	1.57	16,209
	Subtotal Ore	879,453	1.73	48,877
Vira Saia	Proven	1,786,936	1.13	64,920
	Probable	360,582	1.09	12,601
	Subtotal Ore	2,147,518	1.12	77,521
In-Pit	Ore	25,656,958	0.87	717,189
	Waste	133,006,951		
	Total	158,663,909		
	Strip Ratio:	5.18		
Leach Pad	-	1,647,656	0.88	46,752

Technical Information

The results of the Updated FS will be summarized in a Feasibility Study Technical Report prepared in accordance with NI 43-101 that will be filed on SEDAR (www.sedar.com) within 45 days and will also be available on the Company's website (www.rnovogold.com). For further information with respect to key assumptions, parameters, risks, the mineral reserve estimate, data verification, QA/QC and other technical information with respect to Almas, please refer to the Updated FS report when available.

Contributors and QPs to the Updated FS are listed below

Richard Kehmeier Runge Pincock Minarco
Paul Gates Runge Pincock Minarco

About Rio Novo

Rio Novo is focused on the acquisition, exploration and development of gold properties in Brazil and Colombia. The Company has two projects in Brazil (Almas and the Matupá gold project) and one early stage exploration project in Colombia (the Tolda Fria gold project). The Company's goal is to become a producer of gold by bringing Almas into production. Almas enjoys both established infrastructure and main grid hydropower in a proven and mining friendly jurisdiction.

This press release has been reviewed and approved by Richard Kehmeier and Paul Gates of Runge Pincock Minarco, both qualified persons (QP) for the purposes of NI 43-101.

Cautionary Statement on Forward-Looking Information

This press release contains "forward-looking statements". All statements, other than of historical fact, contained or incorporated by reference in this news release including, but not limited to, any information as the future financial or operating performance of Rio Novo, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future constitute "forward looking statements" within the meaning of applicable securities laws, including the provision of the Securities Act (Ontario), and are based on expectations, estimates and projections as of the date of this news release. Forward looking statements contained in this news release include, without limitation, statements with respect to: our production estimates and timing thereof, estimated production costs, estimated all-in sustaining costs and capital expenditures; expected upside opportunities and de-risking initiatives such as improvements and modifications to the proposed development and operations, the future price of gold, the estimation of mineral reserves and mineral resources, the realization of mineral reserve and mineral resource estimates, costs and timing of the development of projects and new deposits, success of exploration, development and mining activities, permitting timelines, currency fluctuations, requirements for additional capital, government regulation of mining operations, and environmental risks. Forward-looking statements are often identifiable by the use of words such as "anticipate", "believe", "budget", "estimates", "expect", "focus", "forecast", "indicate", "intend", "model", "opportunity", "option", "plan", "potential", "projected", "pursue", "scheduled", "strategy", "study", (including without limitation, as may be qualified by "feasibility" and the results thereof), "target", "timeline" or variations of or similar such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" occur. Forward-looking statements are subject to a number of risks and uncertainties, many of which differ materially from those discussed in the forward-looking statements.

Known and unknown factors could cause actual results to differ materially from those currently projected in the forward-looking statements. Such factors include, but are not limited to: delays in obtaining government licenses and approvals, fluctuation in the currency market, changes in the discount rates applied to calculate the present value of net future cash flows; changes in the market valuations of peer group companies and the Company, and the resulting impact on market price to net asset value multiples; changes in various market variables, such as interest rates, foreign exchange rates, gold price; changes in national and local government legislation, taxation, controls, policies and regulations; the security of personnel and assets; political or economic developments in Canada, Brazil or elsewhere; business opportunities that may be presented to, or pursued by, us;

operating or technical difficulties in connection with mining or development activities; employee relations; litigation against the Company; the speculative nature of mineral exploration and development including, but not limited to, the risks of obtaining necessary licenses and permits; diminishing quantities or grades of reserves; and contests over title to properties. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining. Many of these uncertainties and contingencies can directly or indirectly affect Rio Novo's actual results, and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, Rio Novo.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements made in this news release are qualified by these cautionary statements and those made in our other filings with the securities regulators of Canada including, but not limited to, the cautionary statements made in the "Risk Factors" section of our most recently filed Annual Information Form and Management Discussion and Analysis. These factors are not intended to represent a complete list of the factors that could affect Rio Novo. Rio Novo disclaims any intention or obligation to update or revise any forward-looking statements or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

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