



Orinoco Finalises Funding Package of up to A\$14M for Production Start up at Cascavel Gold Project.

Key Points:

- A key component of the package is an innovative gold sharing arrangement of up to US\$8M with a private Singaporean mining investment group.
- The gold sharing arrangement provides upfront development capital in return for a share of gold production.
- Gold sharing is non-dilutive to existing shareholders.
- The funding package also includes a A\$1M share placement at 7c to clients of Azure Capital and GMP Securities Australia plus a 1 for 4 non-renounceable Entitlement Issue, also at 7c, to raise a further A\$2.7M (both with attaching options).
- Construction at the Cascavel Project to commence immediately upon receipt of funding.
- First gold production targeted for Q4 2015.

Orinoco Gold Limited (ASX: OGX) is pleased to advise that it has agreed to terms for a financing package of up to A\$14 million to finance the construction and development of its high-grade **Cascavel Gold Project** in Brazil, putting it firmly on track to join the ranks of gold producers within 12 months.

The financing package – comprising a A\$1 million share placement, a non-renounceable rights issue to raise up to an additional A\$2.7 million, and a gold sharing arrangement of up to US\$8 million with a private Singaporean mining investment company (*see details below*) represents a breakthrough development for the Company and its shareholders.

Once completed, the financing package will enable Orinoco to proceed immediately with the fast-track development strategy for the Cascavel Project outlined towards the end of last year (*see ASX Announcement – 28 November 2014*).

Preparation of detailed mining plans is already well advanced under the development plan announced last year, which is based on an estimated capital outlay of US\$6.6 million to establish a standalone initial 40,000tpa operation for Cascavel using a simple gravity circuit.

The plant will be located at the nearby Sertão gold mine and will be fed by ore from an initial underground mine plan focusing on the Cascavel and Mestre areas of the Cascavel deposit. These areas have been delineated by a combination of surface drilling and underground bulk sampling from an exploration decline developed by the Company last year.

This will enable Orinoco to establish its first production operation at Cascavel, which forms part of the Company's broader Faina Goldfields Project in central Brazil. As previously stated, Orinoco's development strategy is to bring a low-cost, standalone mining and processing operation into production during 2015.

Funding Package Details

The funding package comprises a Share Placement under ASX Listing Rule 7.1 and Listing Rule 7.1A to professional and sophisticated clients of Azure Capital Ltd and GMP Australia Pty Ltd to raise approximately A\$1 million, a non-renounceable Entitlement Issue to existing shareholders to raise up to a further A\$2.7 million and a gold sharing arrangement with a private Singaporean mining investment company, Chancery Asset Management, of up to US\$8 million. (Approximately A\$10.25 Million)

Share Placement

Orinoco has received commitments from professional and sophisticated investor clients of Azure Capital and GMP Australia to raise approximately A\$1 million through the issue of 14.5 million shares at 7 cents per share ("*Share Placement*"). This is the same price as the capital raising completed in November 2014 (*see ASX Announcement – 28 November 2014*).

Participants in the Share Placement will also be offered one (1) free option for every one (1) share subscribed for. The options will be exercisable at 11 cents and will expire 18 months from the issue date.

The Share Placement is expected to be completed within the Company's available placement capacity provided by the ASX Listing Rules. An Appendix 3B and Cleansing Notice will be lodged with the ASX upon the issue and allotment of the placement shares. Upon issue, the placement shares will rank equally alongside the existing fully-paid ordinary shares on issue. The options will not be issued until such time as the Company obtains approval from its shareholders for the issue of those options.

Entitlement Issue

The Company also intends to offer its existing eligible shareholders the opportunity to participate in a non-renounceable entitlement offer of 1 fully-paid ordinary share for every 4 shares held on the record date at an issue price of 7 cents per share to raise up to a further A\$2.7 million ("*Entitlement Issue*"). Azure Capital Ltd has been engaged as Lead Manager to the Entitlement Issue.

Under the Entitlement Issue, the Company will offer approximately 38.25 million shares to eligible shareholders. Shareholders will also be entitled to receive one (1) free option for every one (1) share subscribed for under the Entitlement Issue.

The timetable for the Entitlements Issue will be released shortly.

Gold Sharing Arrangement

In addition to the equity issues outlined above, Orinoco has also entered into a binding conditional Term Sheet with Chancery Asset Management, a Singapore-based private mining investment company, encompassing a gold sharing arrangement over the Cascavel Gold Project.

Under this innovative arrangement, Chancery will participate in a share of gold production from Cascavel for a period of three years from the start of commercial production or such longer time until the Company has delivered a minimum of 16,000oz of gold from the Cascavel Gold Project.

The Terms Sheet is conditional upon the satisfaction of the following conditions precedent:

- Completion of technical due diligence by Chancery on the Cascavel Gold Project to its satisfaction within 45 days of the date of the Terms Sheet; and
- The Company advising Chancery that it has obtained all Australian statutory approvals to enable it to perform its obligations under the Terms Sheet.

The parties will enter into a full form agreement further detailing the terms and conditions of the gold sharing arrangement, however the key commercial terms of the gold sharing arrangement as set out in the Terms Sheet are as follows:

- Chancery has agreed to provide project finance to Orinoco of between US\$6-8 million with the ability for Orinoco shareholders and associates participate in the gold sharing arrangement;
- Orinoco has agreed to repay this amount by entering into a gold sharing arrangement for 20% of the gold produced, or an amount to the value thereof, for the first three years of commercial production from Cascavel. If a minimum amount of 16,000oz of gold has not been delivered during this three-year period, then the Gold Sharing Arrangement will continue until a total of 16,000oz has been delivered. Gold deliverable under the agreement is capped at 24,000oz.
- The production percentage and minimum number of ounces deliverable under the Gold Sharing Arrangement is based on a consideration amount of US\$8 million, and will be reduced proportionally should the consideration amount be less than this.
- An establishment fee of 1.5% of the consideration amount will be payable by Orinoco to Chancery following completion of due diligence with the funding to be drawn down within 30 days of the completion of Due Diligence. In addition, Chancery will receive 2 million shares and attaching options as pursuant to the Placement and Entitlement Issue.

Chancery Asset Management is an independent private investment and strategic advisory firm based in Singapore, specialising in emerging markets and precious metals mining projects.

Chancery makes investments with its own capital, and, for the purpose of the gold sharing arrangement with Orinoco, is establishing a fund that is to be managed through a licensed

investment manager pursuant to Singapore laws and regulations.

Should Orinoco shareholders wish to participate in the Gold Sharing Arrangement, an allocation of the fund will be made available to the Company's shareholders and associates, subject to compliance with any relevant regulatory requirements however potential investors will need to be eligible to invest under the relevant Singaporean laws and regulations and meet any other foreign or sophisticated investor requirements that the fund's investment manager may determine.

Use of Funds

Completion of the project financing package will allow Orinoco to immediately commence the development of its planned underground mining operation at Cascavel and to construct a gravity circuit at the Sertão Gold Mine to process the material mined at Cascavel.

Finalisation of planning is now well underway to allow Orinoco to commence mine development and the ordering of plant and equipment immediately upon receipt of the funding described above, which is expected to be within the next 70 days.

Management Comments

Orinoco's Managing Director, Mr Mark Papendieck, said the gold sharing arrangement was an excellent outcome for shareholders, providing significant upfront development funding without dilution to existing shareholders and enabling the Company to clear the project financing hurdle and move forward immediately project development.

"This funding package is particularly well suited to provide the flexibility that a high-grade gold project such as Cascavel requires, where the coarse nature of the gold makes it prohibitively expensive to define JORC compliant resources," he said.

"This will provide the foundation for us to make the all-important transition to a self-funding junior gold producer – a major turning point in the evolution of any resource company.

"Considering the challenging investment climate for the junior resource sector, securing a funding package of this size is a huge achievement, and I would like to thank both Chancery, Azure and GMP Australia for the support and faith they have shown in Orinoco, the strength and quality of our team and the quality of our assets – in particular Cascavel.

"We have a high level of confidence in the robustness of the Cascavel deposit and we are very much looking forward to commencing mining operations to realise value of this high-grade project for our shareholders. With the assistance of our strategic partners at Chancery, and the continued support of our existing and new shareholders, we are now in a very strong position to do so."

NOTE: *No specific gold production targets for Cascavel can currently be quoted as Cascavel does not have a JORC compliant resource.*

-ENDS-

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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. Dr Klaus Petersen is an employee of Orinoco Gold Limited and has 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. 28 November 2014 - Low Cost Development & Exploration Upside Highlight Cascavel Opportunity
2. 23 October 2013 – Cascavel: More Bonanza Results Extend Current High Grade Zone to 15m @ 88g/t Au
3. 14 May 2014 - "Outstanding Gold Grade from Latest Cascavel Bulk Sample"
4. 7 July 2014 – Bonanza Gold Results up to 27 oz/tonne from Cascavel Exploration Decline
5. 14 May 2014 - Outstanding Gold Grade from Latest Cascavel Bulk Sample
6. 20 January 2014 - Successful Bulk Sampling Highlights the Opportunity for High Grade Development at Cascavel Gold Project.
7. 8 October 2012 - High-Grade Gold Results Returned From Cural De Pedra Project, Brazil
8. 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.

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.

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. Any information relating to the exploration target should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.