



Successful Completion of Due Diligence Clears the Way for US\$8m of Funding for Cascavel Development

*"The Cascavel gold project is one of the best undeveloped high grade Projects in the market" –
Chancery Asset Management*

Key Points:

- Singaporean mining investment group Chancery Asset Management completes technical due diligence on Orinoco's 70%-owned Cascavel Gold Project in Brazil to its satisfaction.
- This satisfies the key Condition Precedent to the innovative gold sharing arrangement of US\$8M to underpin the development of Cascavel.
- Funds will be available for drawdown under this facility by the end of April, enabling Orinoco to commence mine development at Cascavel at that point.
- Ordering of equipment for the Plant to commence in May, for commissioning of the Plant in November 2015.
- Orinoco will shortly release a Prospectus and timetable for its previously announced 1-for-4 non-renounceable Entitlement Issue at 7c plus a free attaching option, which will complete its A\$14M funding package for Cascavel.

Orinoco Gold Limited (ASX: OGX) is pleased to advise that Singapore-based private mining investment company Chancery Asset Management, its funding partner for the 70%-owned Cascavel Gold Project in Brazil, has completed extensive technical due diligence on the project to its satisfaction.

The completion of the 45-day due diligence process represents a key milestone towards the completion of the overall A\$14 million project financing package announced on 16 February 2015. This funding package will enable Orinoco to develop Cascavel, putting it on track to join the ranks of Brazilian gold producers by the end of this year.

Thomas Puppenthal, Managing Director of Chancery, said "Our due diligence team has concluded that Orinoco's Cascavel gold project is one of the best undeveloped high grade Projects in the market – and when combined with Orinoco's strong management team, we have every confidence that our production assumptions will be met in the near term. We are fortunate to have secured a

quality asset such as Cascavel for the first stream within Chancery Asset Management and we look forward to growing our portfolio with this type of high quality project.”

Completion of due diligence was one of two Conditions Precedent to the binding Term Sheet with Chancery Asset Management signed in February for a gold sharing arrangement of US\$8 million which forms the cornerstone of Orinoco’s project funding arrangements.

The other Condition Precedent was for Orinoco to obtain all Australian statutory approvals to enable it to perform its obligations under the Term Sheet. Orinoco is well advanced in this process and expects to finalise all of these approvals within the next month.

Under this innovative arrangement, Chancery will participate in a share of gold production from the Cascavel Project 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.

Following completion of due diligence, the parties will now enter into a full-form agreement further detailing the terms and conditions of the Gold Sharing Arrangement. The full commercial terms of the Gold Sharing Arrangement were provided in the ASX Announcement of 16 February 2015; however, for the sake of completeness, they are also attached as an Appendix to this announcement.

Once the full-form agreement has been completed and executed, funds are anticipated to be available for drawdown prior to the end of April.

Update on Equity Funding Arrangements

In addition to the Gold Sharing Arrangement with Chancery Asset Management, Orinoco completed a A\$1 million share placement last month and 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.

Updated Development Timetable

As previously stated, Orinoco’s development strategy is to bring a low-cost, standalone mining and processing operation into production during 2015. The completion of the project financing package will allow Orinoco to immediately commence the development of its planned underground mining operation at Cascavel and to commence construction of a gravity circuit at the nearby Sertão Gold Mine (100% owned by Orinoco) to process the material mined at Cascavel.

The initial underground mine plan will focus 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. A development timetable will be released during late April, with commissioning of the Plant targeted for Q4 2015.

Management Comments

Orinoco's Managing Director, Mr Mark Papendieck, said the completion of due diligence by Chancery Asset Management marked a major milestone for the project.

"Chancery has conducted extensive and very detailed due diligence, including several visits to the project," he said. "The completion of this process therefore represents a significant technical validation of the project and of our development and mining plan.

"We are very pleased to have secured Chancery Asset Management as a long-term funding and development partner at Cascavel. The US\$8 million Gold Sharing Arrangement is an innovative and flexible funding strategy for a deposit like Cascavel which, importantly, is non-dilutive to existing shareholders.

"Funds will be available by the end of April, clearing the way for us to move forward with our aggressive development plan. We will also soon move ahead with the final component of our equity funding package, the previously announced rights issue which will give all shareholders the opportunity to participate in this milestone capital raising at an attractive price

"As I've said before, 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," Mr Papendieck added.

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 Curral 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.

Appendix: Summary of Commercial Terms of Gold Sharing Arrangement

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.