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AngloGold Ashanti to make Cornerstone Investment and form Brazil Strategic Exploration Alliance with Orinoco

Key Points:

- Orinoco secures strategic partnership with leading global gold miner AngloGold Ashanti (AngloGold)
- AngloGold to make A\$5.9M cornerstone investment to hold a ~15% stake in Orinoco.
- AngloGold to enter into a regional exploration joint venture over Orinoco's Faina Goldfields Project, encompassing the tenement package surrounding the Cascavel Gold Mine with AngloGold to spend up to US\$9.5M over 3 years to earn up to a 70% interest;
- AngloGold will also have the right to negotiate an earn-in and/or acquisition of up to 50% of the Cascavel Gold Mine.
- The additional funding will bolster the restart of Cascavel and help unlock the potential of Faina Goldfield.

Orinoco Gold Limited (ASX: OGX) (**Orinoco** or **the Company**) is pleased to announce that it has entered into an agreement with AngloGold Ashanti (**AngloGold**) which will see the leading global miner invest approximately A\$5.9m (**Corporate Investment**) and emerge with a stake of approximately 15 per cent in Orinoco at the completion of the Entitlements Offer and placement of Shortfall. AngloGold will also enter into a US\$9.5 million exploration joint venture (**Faina Exploration JV**) on Orinoco's broader Faina Goldfields tenement portfolio, excluding the Cascavel Gold Mine.

The partnership agreement follows more than 12 months of geological due diligence conducted by AngloGold over Orinoco's Faina Goldfields Project in central Brazil.

AngloGold, which is the largest gold producer in Brazil, has a strong understanding of the local geology and operating conditions, having operated the world-class Serra Grande mining complex, located in an adjoining greenstone belt, for over 20 years. Serra Grande is a multi-million ounce project with geological similarities to the Faina Goldfields region.

Under the terms of the agreements, AngloGold can earn up to a 70% interest in Orinoco's Faina Goldfields Project through staged exploration expenditure of US\$9.5 million over a three-year period.

In addition to the Corporate Investment and the Faina Exploration JV, AngloGold will have the right to negotiate an agreement to earn up to a 50% interest in the Cascavel Gold Mine for a period of nine months.

Corporate Investment

AngloGold has agreed to subscribe for 85,190,463 fully paid Orinoco Shares (Subscription Shares) at A\$0.07 each (for a total subscription price of A\$5,963,332) together with one free option for each Share issued exercisable at A\$0.11 on or before 31 January 2020. This represents the same terms as the current 4-for-7 non-renounceable Entitlement Offer available to shareholders, for which a prospectus was lodged with the ASX on 16 December 2016, and which has recently been extended to 10 February 2017.

AngloGold's percentage shareholding in Orinoco is targeted to be 15%, but may vary depending on the extent of acceptances by Orinoco shareholders under the Entitlement Offer and subsequent placement of shortfall.

Upon completion of the Corporate Investment, AngloGold will have the right to appoint a director to the Orinoco Board and to retain that nominee director for so long as AngloGold's voting power in Orinoco remains above 10% of the issued ordinary shares of Orinoco.

AngloGold will also have the right to make additional top-up investments in Orinoco in the event of any future capital events while its voting power in Orinoco remains at or above 10%.

Faina Exploration Joint Venture Agreement

AngloGold and Orinoco have agreed to enter into a regional exploration Joint Venture agreement over the Faina Goldfields Project, which encompasses the tenement package surrounding the Cascavel Gold Mine.

Under the terms of the Joint Venture agreement, AngloGold may earn up to a 70% interest in the Faina Goldfields Project by spending up to US\$9.5 million in exploration over three years and have the right to withdraw at any time. A technical committee will be established with equal participation by Orinoco and AngloGold to guide exploration activities relating to the earn-in agreement.



Figure 1. Map of Goiás state showing the location of Orinoco's and AGA's Projects in Goiás state.

Cascavel Mine Agreement

AngloGold also has the right to negotiate an earn-in of up to a 50% interest in the Cascavel Gold Mine. AngloGold will have a nine month period to negotiate this earn-in with Orinoco and its 30% partners at Cascavel.

Orinoco is currently working with its consultants, Mining Plus, to develop and finalise a plan for the resumption of production at Cascavel.

Management Comment

Orinoco's Managing Director, Mark Papendieck, said the wide-ranging agreement with AngloGold represented a strong endorsement from one of the world's largest and most successful gold mining companies.

"This represents a significant vote of confidence in the quality and potential of our tenement position in the Faina greenstone belt and is particularly satisfying given AngloGold's extensive experience exploring and operating in the local area," he said.

"AngloGold will bring the expertise and financial capacity required to unlock the broader potential of our highly prospective ground package, which remains largely unexplored due to Orinoco's focus on development of the Cascavel Mine. The Joint Venture agreement will ensure Orinoco retains strong exposure to any new discoveries.

"In addition, AngloGold's cornerstone investment provides Orinoco with a significant cash injection to help advance the recommencement of operations at Cascavel, which remains the Company's primary focus. We're now close to finalising a detailed plan to resume operations and we remain very focussed on recommencing mining at Cascavel in the near-term.

"The potential for AngloGold to negotiate an earn-in agreement for the Cascavel Mine over the next few months also provides Orinoco with additional upside potential," he continued.

About AngloGold Ashanti

Headquartered in Johannesburg, South Africa, AngloGold Ashanti has a globally diverse, world-class portfolio of operations and projects. AngloGold Ashanti is the third-largest gold mining company in the world, measured by production. It has 17 operating gold mines in 9 countries, as well as several exploration programmes in both the established and new gold producing regions of the world.

AngloGold Ashanti produced 3.95Moz of gold in 2015, generating \$4.02bn in gold income, utilising \$857mn capital expenditure. AngloGold Ashanti has an attributable Ore Reserve of 51.7Moz of gold and an attributable Mineral Resource of 207.80Moz.

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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 gold 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 and resolve logistical issues associated with mining. 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. No JORC Mineral Resources or Reserves have been estimated for the Cascavel Gold Mine.