



ASX/Media Release – 28 November 2016

Company Update

Key Points:

- Independent technical reviews of Cascavel Gold Project underway with SRK Consulting and Mining Plus;
- Initial feedback has been positive with minor issues identified with the new processing plant to be resolved and additional underground development required prior to operational restart;
- Preparation of remedial action plan to commence once reviews are finalised;
- Interim funding secured via convertible loans totalling \$2M from existing large shareholders;
- These loans will be repayable in shares and options as part of a capital raising currently being finalised;
- Nicholas Revell, Technical Director with Tyranna Resources (ASX: TYX) to be appointed a Non-Executive Director of Orinoco;
- Tyranna is a major shareholder of Orinoco and a provider of one of the convertible loans;
- Binding agreement being finalised with the Company's gold streaming provider, Cartesian Royalty Holdings, to replace the milestone/default clauses in the existing gold streaming arrangement;
- Orinoco shares to remain in voluntary suspension until discussions with parties, including Cartesian Royalty Holdings, concerning a material funding proposal and restructure of its operations are sufficiently progressed so that the Company can make an announcement on these matters.

Orinoco Gold Limited (ASX: OGX) provides the following update on its 70%-owned Cascavel gold project in Brazil as well as corporate and funding arrangements.

Cascavel Gold Project

Following recent site visits to Cascavel by SRK Consulting (Denver) and Mining Plus (Vancouver and Lima), detailed technical reviews are currently underway to assist Orinoco with a review of the current status of the project and determine the best path for restarting operations. The reviews are being overseen by an Orinoco Board Technical Committee comprising Non-Executive Directors, Brian Thomas and Johnathan Challis.

The initial feedback from both groups has been very positive confirming that the operational issues in the processing plant with recoveries during commissioning and ramp up can be resolved with minor modifications and refinements plus that additional development to improve access and infrastructure in the underground established during the trial mining phase is required prior to a restart of operations. The recommendations from both final reports will be made available. Upon finalisation of the reviews, Orinoco will then commence

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ASX Code

OGX
(Ordinary Shares)
OGXOB
OGXOC
(Listed Options)

Issued Capital

303,742,856 Ordinary Shares
91,078,226 Listed Options
32,050,000 Unlisted Options

preparation of a remedial action plan to be followed by a short scoping study to enable the recommendations to be enacted.

Corporate

Interim Financing

The Company has finalised short-term funding with the support of existing large shareholders. A series of convertible loans totalling \$2 million have been entered into that are repayable in shares and options to be issued as part of a rights entitlement issue that is currently being finalised by the Company.

The key terms of the loans are as follows:

- The term is earlier of 6 months from draw-down or conversion into shares as part of a capital raising;
- The loan advance amount is repayable in shares, or in cash at end of term. The number of shares is calculated by dividing the loan outstanding amount by the share issue price. The share issue price will be the lower of the issue price of shares under the capital raising or the 15-day Volume Weighted Average Price (VWAP) immediately prior to the closing of the capital raising, whichever is the lower (subject to any required shareholder approvals). In the event of the capital raising taking the form of a 'rights entitlement', the closing date shall be the closing date of that rights entitlement issue;
- Annual interest rate of 10%, calculated daily; and
- Lender to receive additional options so that the total number of options received equals the number of shares received. The additional options will be issued subject to the Company's LR7.1 15% capacity being renewed via a shareholder meeting and the loan provider paying 0.1c per option.

One of the Convertible Loan providers and long-term Orinoco shareholder, Tyranna Resources Limited (ASX:TYX), has agreed with the Company that its Technical Director, Mr Nicholas Revell, will be appointed as a Non-Executive Director of Orinoco.

Mr Revell has over 25 years' experience as an exploration/mine geologist specializing in gold and iron ore and has held senior roles with operating miners including Crescent Gold Ltd (formerly Apollo Gold Mining Ltd), Auriongold Ltd (formerly Goldfields Limited), North Limited, Renison Goldfields Limited and St Barbara Limited (formerly St Barbara Mines Limited). He has also held roles as a Technical Director with several junior ASX- and TSX-listed companies.

Orinoco welcomes Mr Revell to the board and is confident that his extensive technical and operational expertise will be valuable as the Company restarts operations.

Goldstream Restructure

The Company entered into a gold stream financing arrangement in May 2015 under which Cartesian Royalty Holdings ("CRH") provided US\$8 million in return for an entitlement to receive 20% of the gold produced during the first three years of commercial production from Cascavel, subject to a minimum quantity of 16,000 ounces of gold and a maximum quantity of 24,000 ounces of gold to be delivered to CRH.

As previously announced, the Company and CRH have reached in-principle agreement to replace the milestone/date default clauses and are now close to finalising a binding agreement on the new terms. The Company will provide an update on the key terms once the variation agreements are completed.

While the Company continues to work on finalising these inter-related discussions and partnership opportunities, negotiations will be ongoing in the short term and the Company therefore estimates that its securities will remain in voluntary suspension until it concludes these discussions. The Company will continue to provide updates to the market as and when it has material new information.

-ENDS-

For further information, please contact:

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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.