

ORINOCO GOLD LIMITED
ACN 149 219 974

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of four (4) Shares for every seven (7) Shares held by those Shareholders registered at 5pm (WST) on 3 January 2017 (the **Record Date**) at an issue price of \$0.07 per Share to raise up to \$12,293,964 (less any amount offset against outstanding Convertible Loans as described under Section 4.1(a) of this Prospectus) together with one (1) free Option exercisable at \$0.11 on or before 31 January 2020 for every one (1) Share issued (the **Offer**).

The Offer closes at 5.00pm (WST) on 20 January 2017. Valid acceptances must be received before that time.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

John Hannaford (Non-Executive Chairman)
Mark Papendieck (Managing Director)
Ian Finch (Non-Executive Director)
Brian Thomas (Non-Executive Director)
Jonathan Challis (Non-Executive Director)
Nicholas Revell (Non-Executive Director)

Registered Office

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STIRLING WA 6021

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Company Secretary

Joel Ives

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Share Registry*

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

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Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Auditor

HLB Mann Judd
Level 4
130 Stirling Street
PERTH WA 6000

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

2. TIMETABLE

Lodgement of Prospectus with the ASIC	16 December 2016
Announcement & Lodgement of Appendix 3B with ASX	16 December 2016
Letter sent to Optionholders	19 December 2016
Letter sent to Shareholders	19 December 2016
Ex date	30 December 2016
Record Date for determining Entitlements	3 January 2017
Prospectus sent out to Shareholders & Company announces this has been completed	4 January 2017
Closing Date*	20 January 2017
Securities quoted on a deferred settlement basis	23 January 2017
ASX notified of under subscriptions	24 January 2017
Issue date/Securities entered into Shareholders' security holdings	24 January 2017
Quotation of Shares and Options issued under the Offer*	25 January 2017

*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Securities are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

This Prospectus is dated 16 December 2016 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act), and securities which are convertible into continuously quoted securities, and has been prepared in accordance with section 713 of the Corporations Act (as permitted by ASIC Class Order 10/94). This Prospectus does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.1 Eligibility to participate in the Offer

An original Entitlement and Acceptance Form will be forwarded to all Eligible Shareholders. An application for Securities under the terms of this Offer can only be made by an Eligible Shareholder on an original Entitlement and Acceptance Form. Each original Entitlement and Acceptance Form sets out the Entitlement for an Eligible Shareholder to participate in the Offer. Applications for Shortfall can be made as set out in Section 4.8.

Shareholders with a registered address outside of Australia, New Zealand, Hong Kong or Singapore should be aware that it is not practical, due to the complexity and cost, for the Company to comply with the securities laws for foreign jurisdictions. Therefore the Offer does not, and is not intended to, constitute an offer in any jurisdiction outside of Australia, New Zealand, Hong Kong or Singapore. This Prospectus does not constitute an offer in any place or to any person to whom it would not be lawful to make such an offer.

3.2 Risk factors

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider

consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

3.3 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7 of this Prospectus.

4. DETAILS OF THE OFFER

4.1 Company Update

(a) Convertible Loan Agreements

As disclosed in the Company's announcement to ASX on 28 November 2016, the Company has signed convertible loan agreements with certain Shareholders of the Company (the **Lenders**) on the material terms set out in Appendix A to this Prospectus (the **Convertible Loan Agreements**). The loans advanced under the Convertible Loan Agreements (the **Convertible Loans**) are unsecured and funds are to be used by the Company for working capital requirements of its operations in Brazil and Australia. The Company confirms that none of the Lenders are related parties of the Company.

The Convertible Loans in the aggregate of \$2.1 million (of which \$1.9 million has been drawn down within the period from 22 November 2016 to 14 December 2016) will either be repaid by the Company in cash six months after the drawdown date or be converted to Shares subject to and conditional upon the Company successfully completing the Offer.

The number of Shares to be issued on conversion of the Convertible Loans will be calculated by dividing the amount of the Convertible Loans by the deemed issue price of the Shares. The deemed issue price will be the lower of:

- (i) the Offer Price; and
- (ii) the 15-day volume weighted average price (**VWAP**) immediately prior to the close of the Offer.

In the event that the deemed issue price is the Offer Price, the amount of the Convertible Loans will be converted into Shares as follows:

- (i) firstly, by offsetting the Convertible Loan of each Lender against the Lender's entitlement to participate in the Offer; and
- (ii) secondly, by offsetting the Convertible Loan of each lender against an application for Shortfall Securities (subject to ensuring that the Lender would not acquire a voting power greater than 19.9% in the Company after the issue of the Shortfall).

Any remaining balance of the Convertible Loans after being offset against the Lender's Entitlement and application for Shortfall will be repaid in cash on or before six months from the drawdown date.

The offset of the Convertible Loans against each Lender's Entitlement and application for Shortfall (if any) will have the net effect of reducing the debt repayable by the Company by the amount offset while also reducing the amount of cash received by the Company under the Offer.

If the deemed issue price is the 15-day VWAP immediately prior to the Closing Date, the Convertible Loans will be converted into Shares at that deemed issue price following the Closing Date and there will be no offset of the Convertible Loans against the Lenders' Entitlements or application for Shortfall.

(b) **Cartesian Arrangements**

The Company entered into a gold stream financing arrangement in May 2015 pursuant to which CRH Funding 1 Pte Ltd (**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 the Cascavel Mine, subject to a minimum quantity of 16,000 ounces of gold delivered to CRH.

As announced on 9 December 2016, the Company and CRH put in place variation agreements to the gold stream financing arrangement (the **CRH Variation Deeds**) that:

- (i) replaced the previous events of default with new events of default;
- (ii) compensated CRH for the delays (past and future) in it receiving its share of gold from the Cascavel Mine;
- (iii) provided time to allow the Company to be recapitalised; and
- (iv) provided time to plan a restart of operations at the Cascavel Mine.

In accordance with the terms of the CRH Variation Deeds the Company is required to:

- (i) issue to CRH (or its nominee) 2,000,000 Shares. These Shares were issued on 6 December 2016;
- (ii) issue to CRH (or its nominee) 3,428,571 Options (subject to Shareholder approval). The Options will be issued on the following terms:
 - (A) 2,678,571 Options exercisable at \$0.07 on or before 30 November 2017;
 - (B) 500,000 Options exercisable at \$0.07 on or before 30 April 2018; and
 - (C) 250,000 Options exercisable at \$0.07 on or before 30 June 2018;
- (iii) pay US\$300,000 in cash or Shares by 15 January 2017; and
- (iv) pay monthly sums of US\$100,000 commencing on 21 February 2017 and continuing until the earlier of:
 - (A) 90 days following the recommencement of operations at the Cascavel Project;
 - (B) the date that commercial production commences and continues for two consecutive calendar months immediately thereafter; and
 - (C) three months after commissions of the process plant at the Cascavel Project

(or such later date as is mutually agreed).

The monthly payments may be repaid in either cash or Shares; and

- (v) the deemed issue price of Shares contemplated to be issued under paragraphs (iii) and (iv) above will be the lower of 60% of the Offer Price and 60% of the VWAP of Shares for the 15 trading days after the Shares resumes trading on ASX following the Company entering into trading halt on 10 October 2016.

The Company will seek the approval of Shareholders for the ratification of the Share issue under paragraph (i) above, and the issue of the Securities under paragraphs (ii) to (iv) above, at a general meeting to be convened on 13 January 2017. Further information in respect of the issue of the Securities is set out in the notice of meeting despatched to Shareholders in respect of the general meeting.

Other terms of the CRH Variation Deeds are as follows:

- (i) CRH is entitled to receive 20% of gold production for three years, subject to a minimum quantity of 1,000 ounces of gold per calendar quarter;
- (ii) the minimum and maximum gold entitlements CRH will receive is increased by 10% to 17,600 ounces and 26,400 ounces respectively;
- (iii) the Company must perform various acts within certain timeframes, and has various default scenarios which are further described in the announcement by the Company to ASX dated 9 December 2016; and
- (iv) the agreements in place between CRH, the Company and the relevant subsidiaries of each are confidential and contain terms that would normally exist in such agreements.

(c) **Potential investment**

Recently, the Company has been involved in discussions with a major international gold miner in relation to a potential equity investment in the Company and potential joint venture arrangement. As at the date of this Prospectus, those discussions have advanced beyond initial discussions and commercial terms have been discussed, however no binding agreement has yet been entered into or agreed between the parties. The Company considers that these discussions are at a sufficient stage that disclosure is appropriate for Applicants considering the Offer, however notes:

- (i) no binding agreement has yet been executed or terms agreed to between the parties, although discussions are ongoing;
- (ii) any potential transaction would likely require the approval of the Company's Shareholders;
- (iii) for these reasons, the Company has not made any consideration for the impact of any potential transaction arising from these

discussions would have in the use of funds or pro forma financial statements outlined in this Prospectus; and

- (iv) until such time as a binding agreement is executed, there remains a substantial risk that no formal transaction will be agreed and entered into.

The Company will only update disclosure in relation to these discussions, including by way of supplementary prospectus, where there is any change to the status of these discussions during the period in which the Offer or the Shortfall Offer is open under this Prospectus.

4.2 The Offer

The Offer is being made as a non-renounceable entitlement issue of four (4) Shares for every seven (7) Shares held by Shareholders registered at the Record Date at an issue price of \$0.07 per Share together with one (1) free Option exercisable at \$0.11 on or before 31 January 2020 for every one (1) new Share subscribed for and issued under the Offer. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus (and assuming no existing Options are exercised prior to the Record Date), a maximum of 175,628,051 Shares and 175,628,051 Options will be issued pursuant to this Offer to raise up to \$12,293,964 (before costs), less any amount offset against outstanding Convertible Loans as described under Section 4.1(a) of this Prospectus. The effect of offsetting the issue of Securities under the Offer against the outstanding Convertible Loans will reduce the Company's liabilities following the close of the Offer while also reducing the amount of cash received under the Offer.

As at the date of this Prospectus the Company has 62,714,511 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 5.4 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6.1 for further information regarding the rights and liabilities attaching to the Shares.

The terms and conditions of the Options offered under this Prospectus are outlined in Section 6.2. All Shares issued on conversion of the Options issued under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus.

The purpose of the Offer and the intended use of funds raised are set out in Section 5.1 of this Prospectus.

4.3 Not underwritten

The Offer is not underwritten.

4.4 Minimum subscription

There is no minimum subscription.

4.5 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form, unless you are applying for additional Securities in the allocated area of the Entitlement and Acceptance Form. If your acceptance does exceed your Entitlement, and you have not applied for Securities under the Shortfall, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft or arrange BPAY®, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft or arrange BPAY®, for the appropriate application monies (at \$0.07 per Share); or
- (c) if you wish to subscribe for **more** than your Entitlement under the Shortfall Offer:
 - (i) fill in the number of Shares you wish to accept in addition to your Entitlement in the relevant space allocated on the Entitlement and Acceptance Form to the Shortfall Offer; and
 - (ii) attach your cheque or bank draft or arrange BPAY®, for the appropriate application monies (at \$0.07 per Share); or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

4.6 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "**Orinoco Gold Limited – Entitlement Issue Account**" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5:00pm WST on the Closing Date.

4.7 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder

of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Securities which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5:00pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

4.8 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form part of the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.07, being the price at which Shares have been offered under the Offer, and subscribers in the Shortfall Offer will receive one (1) free Option exercisable at \$0.11 on or before 31 January 2020 for every one (1) new Share subscribed for and issued under the Shortfall Offer.

Shareholders who wish to subscribe for Shares and Options above their Entitlement are invited to apply for additional Securities under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form or by making payment for such Securities using BPAY® (refer to Section 4.7 above). Other investors interested in applying under the Shortfall Offer are invited to apply using the Shortfall Application Form attached to this Prospectus.

Although the issue of the Shortfall Securities is at the complete discretion of the Directors, the Directors intend to treat applications under the Shortfall Offer in the following order of priority:

- (a) firstly: to be offset against any outstanding balance of the Convertible Loans as set out in Section 4.1(a);
- (b) secondly: to holders of the listed Options (OGXOB) which expired on 30 November 2016;
- (c) thirdly: parties introduced by the lead manager to the Offer, provided that no such party will be issued Securities to that extent that it may hold a voting power in the Company of greater than 19.9%;
- (d) fourthly: existing Shareholders; and
- (e) fifthly: non-Shareholder investors.

The Company reserves the right to scale back any applications for Shortfall Securities in its absolute discretion. Excess Application Monies for the Shortfall Offer will be refunded without interest.

It is a term of the Offer that, should the Company scale back applications for Shortfall Securities, the applicant will be bound to accept such lesser number allocated to them.

4.9 Control effects

The Offer is not expected to have any effect on the control of the Company.

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 36% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus).

4.10 Lead Manager

The Company has appointed Sanlam Private Wealth Pty Ltd (**Sanlam**) as lead manager and sole book runner in connection with its immediate capital raising requirements, including the Offer. The parent company of Sanlam, Sanlam Limited, is a multinational financial services company headquartered in South Africa and listed on the Johannesburg Stock Exchange.

As compensation for its services, the Company has agreed to pay Sanlam as follows:

- (a) 2% (plus GST) of total funds raised under the Offer as a management fee;
- (b) 4% (plus GST) of funds raised under the Offer by Sanlam introduced parties and external brokers inclusive of CRH (Sanlam will be responsible for any placement fees, selling fees or stamping fees it may have to pay out of its fees under the mandate, while the Company will be responsible for any ASX related fees);
- (c) corporate administration fee of \$10,000 (plus GST); and
- (d) success fee of \$15,000 (plus GST) conditional upon the Company raising the maximum amount under the Offer.

Should the Offer raise more than \$6,000,000, Sanlam will have the option to exclusively manage future capital raisings for a period of six months commencing upon completion of the Offer.

The mandate is otherwise on terms considered customary for agreements of such nature.

4.11 ASX listing

Application for Official Quotation of the Securities offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Securities offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Securities and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Securities is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

4.12 Issue of Securities

Securities issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Securities issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Shortfall Securities issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company or by the Company's registrar (Security Transfer Registrars) in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Securities issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Securities issued under the Shortfall Offer as soon as practicable after their issue.

4.13 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia, New Zealand, Hong Kong or Singapore.

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

Hong Kong

This Prospectus has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to

authorise or register this Prospectus or to permit the distribution of this Prospectus or any documents issued in connection with it. Accordingly, the Shares offered have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Prospectus have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this Prospectus, you should obtain independent professional advice.

If you (or any person for whom you are acquiring the Shares) are in Hong Kong, you (and any such person) warrant by lodging an Application Form that you are a "professional investor" as defined under the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong.

Singapore

This document and any other materials relating to the Shares have not been, and will not be lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of invitation for subscription or purchase, whether directly or indirectly, to person in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures ACT, Chapter 289 of Singapore (SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing holder of the Company's shares. In the event that you are not an existing holder, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

4.14 Application Form

If an Application Form is not completed correctly, the Company, in its absolute discretion, may reject it or treat it as valid. The Company's decision as to whether to accept or reject an Application Form or how to construe, amend or complete it is final.

4.15 Taxation Implications of the Offer

The Directors are unable to provide Shareholders advice on the taxation implications (if any) of investing in the Offer because each Shareholder's circumstances are different. Shareholders should seek advice from a professional taxation advisor before deciding to invest. To the maximum extent permitted by law, the Company and its Directors do not accept any responsibility or liability for any taxation consequences for Shareholders resulting from an investment in the Offer.

4.16 Enquiries

Any questions concerning the Offer should be directed to Joel Ives, Company Secretary, on +61 8 9482 0540.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$12,293,964 (before costs of the Offer), less any amount offset against outstanding Convertible Loans as described under Section 4.1 (a) of this Prospectus.

As previously announced on the ASX, the Company has temporarily suspended operations at its 70% owned Cascavel Gold Mine located in Brazil.

The proceeds of the Offer, will be allocated towards the costs of the Offer, then towards recommencement of operations at Cascavel, including preparation of a remedial action plan, to make improvements to the mine and process plant to rectify past issues and to increase throughput capacity and to recommence operations. The funds will also provide a prudent working capital buffer during the 'pre-operations' phase.

Use of Funds¹

Item	A\$
Costs of the Offer ²	333,716
Applications against Convertible loans and repayment of balance of Convertible Loans ³	1,900,000
Remedial Action Planning, mine and plant improvements	2,233,000
Laboratory	320,000
Pre-production mine development	2,667,000
Outstanding Gekko service invoices ⁴	480,756
Working Capital/Overheads	4,359,492
Total funds after completion of the Offer (assuming placement of any Shortfall)	12,293,964

Note:

1. Assumes that the deemed issue price of Shares on conversion of the Convertible Loans is the Offer Price and the Offer is fully subscribed (with no Shortfall to further offset the Convertible Loans as described under Section 4.1(a) of this Prospectus). Under such conversion, the Company will not receive these funds but will instead offset them against the debt owing, having the same effect as if the cash had been received and the debt paid.
2. Refer to Section 8.7 of this Prospectus for further details relating to the estimated expenses of the Offer.
3. Convertible loan agreements totalling \$2.1 million have been entered into, of which \$1.9 million has been drawn down as at 14 December 2016.
4. On 21 November 2016, the Company entered an 'Acknowledgement of Debt' agreement with Gekko Pty Ltd (**Gekko**) pursuant to which payment of a sum of money (\$480,756) invoiced for supervision services provided by Gekko during the construction and commissioning phases has been deferred until the Company receives cleared funds after the closing of the Offer.

In the event the Offer is not fully subscribed, the Company intends to offset the remaining balance of the Convertible Loans against Shortfall Applications by the Lenders to the extent of the Shortfall (as described under Section 4.8); and, to the extent the Convertible Loans are not offset in full by the conversion under the

Shortfall Offer, repay the remaining balance of the Convertible Loans and reduce, proportionately, the application of proceeds for all other items listed above (other than in respect of the costs of the Offer which are fixed).

The above is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

In addition to raising \$12,293,964 (less any amount offset against outstanding Convertible Loans as described under Section 4.1(a) of this Prospectus), the purpose of this Prospectus is also to remove any trading restrictions that may have attached to Shares issued by the Company prior to the Closing Date (including prior to the date of this Prospectus).

5.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date and the deemed issue price of shares under the Convertible Loan Agreement is the Offer Price, will be to:

- (a) increase the cash reserves by \$10,060,247 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer;
- (b) reduce the debt position of the Company by \$1,900,000 upon offset of the Convertible Loans against the Lenders' Entitlements;
- (c) increase the number of Shares on issue from 307,349,089 as at the date of this Prospectus to 482,977,140 Shares; and
- (d) increase the number of Options on issue from 62,714,511 as at the date of this Prospectus to 238,342,562 Options.

5.3 Pro-forma balance sheet

The reviewed balance sheet as at 30 June 2016 and the unaudited pro-forma balance sheet as at 31 October 2016 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

STATEMENT OF FINANCIAL POSITION	Consolidated (Reviewed)	Consolidated (Unaudited)	Adjustments 1, 2, 3	Pro Forma Adjustments	Full Funding
	30-Jun-16	31-Oct-16			
	\$	\$	\$	\$	\$
Current Assets					
Cash and cash equivalents	3,332,156	1,254,930	987,177	10,060,247	12,302,354
Trade and Other receivables	497,454	946,224	(369,338)		576,886
Inventories	144,257	225,339			225,339
Other assets	14,548	65,888			65,888
Total Current Assets	3,988,415	2,492,381	617,839	10,060,247	13,170,467
Non-Current Assets					
Property, plant and equipment	7,125,987	8,425,946			8,425,946
Exploration & evaluation assets	1,220,362	1,220,362			1,220,362
Mine properties & development	17,372,158	17,625,594			17,625,594
Investments	-	-			-
Other Non-Current Assets	910,126	434,800			434,800
Total Non-Current Assets	26,628,633	27,706,702	-	-	27,706,702
Total Assets	30,617,048	30,199,083	617,839	10,060,247	40,877,169
Current Liabilities					
Trade and other payables	2,311,813	3,413,872	(508,883)		2,904,989
Other current liabilities	194,377	183,669			183,669
Provisions	414,019	493,559			493,559
Deferred revenue	2,375,007	-			-
Convertible Loans ²	-	-	1,900,000	(1,900,000)	-
Total Current Liabilities	5,295,216	4,091,100	1,391,117	(1,900,000)	3,582,217
Non-Current Liabilities					
Trade & other payables	33,739	28,383			28,383
Deferred revenue	8,513,277	10,888,284			10,888,284
Provisions	399,613	399,613			399,613
Total Non-Current Liabilities	8,946,629	11,316,280	-	-	11,316,280
Total Liabilities	14,241,845	15,407,380	1,391,117	(1,900,000)	14,898,497
Net Assets	16,375,203	14,791,703	(773,278)	11,960,247	25,978,672
Equity					
Issued capital	36,688,879	41,761,373		11,960,247	53,721,620
Reserves	4,490,407	4,014,806			4,014,806
Accumulated losses	(25,052,938)	(29,874,616)	(773,278)		(30,647,894)
	16,126,348	15,901,563	(773,278)	11,960,247	27,088,532
Non-controlling interest	248,855	(1,109,860)			(1,109,860)
Total Equity	16,375,203	14,791,703	(773,278)	11,960,247	25,978,672

Notes:

1. Reconciliation of cash:

	Amount (\$)
Cash at 31 October 2016	1,254,930
Working capital movement/payments to suppliers	(912,824)
Entitlements Issue Offer	10,393,964
Convertible Loan funds	1,900,000
Costs of the Offer	(333,716)
Proforma Cash at 31 October 2016	12,302,354

2. The Convertible Loans were drawn down in November and December and repayable in Shares or cash. Refer to Section 4.1 of this Prospectus for further details.

5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, is as follows:

Shares

	Number
Shares currently on issue	307,349,089
Shares offered pursuant to the Offer	175,628,051
Total Shares on issue after completion of the Offer	482,977,140

Options

	Number
Options currently on issue ¹	62,714,511
Options offered pursuant to the Offer	175,628,051
Total Options on issue after completion of the Offer	238,342,562

Notes:

1. Terms and conditions of Options currently on issue are as follows

Expiry Date	Exercise Price	Number
31 January 2018	\$0.25	30,664,511
31 October 2017	\$0.25	12,250,000
31 May 2017	\$0.25	7,000,000
30 April 2018	\$0.15	10,500,000
30 April 2017	\$0.11	500,000
31 October 2017	\$0.16	1,250,000
30 June 2017	\$0.11	250,000
14 July 2019	\$0.25	300,000
Total		62,714,511

The capital structure on a fully diluted basis as at the date of this Prospectus would be 370,063,600 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Options are exercised prior to the Record Date) would be 721,319,702 Shares.

5.5 Details of substantial holders

Based on publicly available information as at 16 December 2016, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Joseph Pinto ¹	46,996,111	15.29
George Kasbarian ²	17,424,254	5.67
Tyranna Resources Limited ³	15,506,902	5.05

1. Beneficial owner of: Admark Investments Pty Ltd ATF < JS Pinto Super Fund> and ATF <Pinto Family a/c>
2. Beneficial owner of: Alimatt Pty Ltd; KAS Developments Pty Ltd; KAS Investment and Developments Pty Ltd.
3. Previously Iron Clad Mining Limited and Trafford Resources Limited

In the event all Entitlements are accepted, there will be no change to the substantial holders on completion of the Offer.

6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

6.1 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus, and the Shares to be issued on exercise of Options offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as

against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

6.2 Terms and Conditions of Options

The terms and conditions of the Options to be issued pursuant to the Offer are as follows:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.11 (**Exercise Price**)

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 31 January 2020 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under paragraph (g)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation**

Application will be made to the ASX for official quotation of the Options not later than 5 business days after the date of their issue.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

7. RISK FACTORS

7.1 Introduction

The Securities offered under this Prospectus are considered highly speculative. There are a number of risks and uncertainties, both specific to the Company and of a general nature, which may, either individually or in combination, affect the future operating and financial performance of the Company, its prospects, and/or the value of its securities. In particular, the Company is subject to risks relating to the exploration and development of mineral properties that are not generally associated with other businesses. Many of the circumstances giving rise to these risks are beyond the control of the Company, its Directors and management.

This Section describes key risks associated with an investment in the Company. It is not an exhaustive list of the risks and should be considered in conjunction with other information disclosed in this Prospectus. Additional risks and uncertainties that the Company is unaware of, or that it currently does not consider to be material, may also become important factors that may have an adverse effect on the Company.

7.2 Company Risks

(a) Going concern risk

The Company's financial report for the half-year ended 30 June 2016 includes a note on the financial condition of the Company and the existence of a material uncertainty about the Company's ability to continue as a going concern. The report notes that: *"should there be material delays in the commencement of gold production at the Cascavel Gold Project or should the quantity of gold produced during the next 12 months be materially less than expected, there is a material uncertainty which may cause significant doubt as to the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business."*

Notwithstanding the 'going concern' paragraph included in the half-year financial report, the Directors believe that upon the successful completion of the Offer, the Company will have sufficient funds to adequately meet the Company's current commitments and short term working capital requirements. However, it is highly likely that further funding will be required to meet the medium to long term working capital costs of the Company.

In the event that the Offer is not completed successfully there is significant uncertainty as to whether the Company can continue as a going concern, which is likely to have a material adverse effect on the Company's activities.

(b) Country risk

The Company has projects located in Brazil, which is a less developed country than Australia and has associated political, economic, legal and social risks. There can be no assurance that the systems of government and the political systems in overseas countries will remain stable. Further, there can be no assurance that government regulations relating to foreign investment, repatriation of foreign currency, taxation and the

mining industry in Brazil will not be amended or replaced in the future to the detriment of the Company's business and/or projects.

(c) **Convertible Loan Agreements**

As set out in Section 4.1, the Company has signed the Convertible Loan Agreements with the Lenders.

The conversion of the Convertible Loans under the Convertible Loan Agreements is conditional on the Company completing the Offer. If the Company is unable to complete the Offer, the Convertible Loans will be repayable in cash.

(d) **Gold Sharing Agreement Repayment Risk**

The Company entered into a gold sharing agreement in May 2015, as varied under the terms of the CRH Variation Deeds, pursuant to which the Company received US\$8 million to fund development costs and plant construction for the Company's 70% owned Cascavel gold Mine. In return, the goldstream provider is entitled to receive 20% of the gold produced during the first three years of commercial production subject to a minimum quantity of 17,600 ounces of gold (the gold stream continues until 17,600 ounces of gold has been delivered) and a maximum quantity of 26,400 ounces of gold, at which point the agreement will cease, whether or not three years of production has been completed.

The goldstream provider has various security charges over the Company's assets, including share/quota pledges over the subsidiary companies. Failure to comply with certain terms of the goldstream agreement may result in the Company being in default and failure to remedy such default may result in the goldstream provider seeking to enforce its rights in such circumstances, including enforcement taking possession of the pledged shares/quotas.

(e) **Tax risk**

The Company acquired the Sertão Gold Project in 2014 by purchasing the Brazilian company (**Sertão Mineração Limitada** or **SML**) from (ASX listed) Troy Resources Ltd (70%) and a private Brazilian company, Amazônia Mineração Ltda (30%). SML was the company that owned and operated the Sertão Gold Mine, which was in production during the years 2001 to 2006.

The following tax matters concern SML:

- (i) PIS/COFINS (federal transaction taxes): SML had PIS/COFINS credits (an asset), derived from supplier invoices. These credits, totalling R\$3.97 million (~A\$1.59m) were netted against income tax payable (**Offsets**) in eight quarterly tax returns relating to 2005 and 2006, as allowed under tax regulations. The Federal tax authority (**Receita Federal**) has not approved the Offsets, claiming either there were no operational activities during one quarter (2 cases now before the court) or SML had failed to furnish evidence of the credits (14 administrative processes). Concerning the latter, the information has since been provided (namely the supplier invoices that generate the credits) and the Company still awaits a response from Receita Federal.

The Company believes, and Troy Resources warranted, that SML has validly complied with Brazilian tax regulations concerning this matter and expects to succeed, although it is likely the certain concessions will have to be made (such as accepting that credits arising from certain invoices cannot be claimed). The Company cautions, however, that if it should lose all proceedings in connection to this matter, the tax payable plus penalties and interest (as at October 2016) would total around R\$12.6 million (A\$5.0 million).

The Company notes that it is receiving assistance in the matter from Troy Resources Limited and Amazônia Mineração Ltda. The Company has sought legal advice that supports the view that the Company has reasonable grounds to seek remedy in the event of an adverse outcome.

- (ii) CSLL (federal income tax): SML also paid R\$2.7 million in CSLL (a component of corporate income tax). However, there is an argument that it was not required to do so and therefore that amount should be recognised as credits (asset) which in theory can be carried forward or sold to third parties. Rejection of this position will not result in additional tax or penalties.
- (iii) ICMS (state value added tax): R\$1.1 million (A\$0.4m). SML received ICMS credits (asset), derived from supplier invoices. It submitted its supporting documents (i.e. supplier invoices) so the Goiás State tax authority (**SEFAZGO**) could validate the ICMS credits; however, the Authority lost the invoices. In the event the supplier invoices are found, SML can apply to sell the credits to a third party for a discount to the face value of the credits. Failure to locate the records will not result in any additional tax or penalties and the SML will need to consider taking legal action against SEFAZGO.

(f) **Mine development risk**

Future development of a mining operation at any of the Company's projects, in particular the Cascavel Gold Mine, is dependent on a number of factors including, but not limited to, favourable geological conditions, receiving and retaining the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding, conducting a mining operation without JORC mineral resources and contracting risk from third parties providing essential services.

When the Company re-commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its projects and treatment of ore.

(g) **Project Delay**

To the extent that the preparation and implementation of the remedial action plan are delayed in relation to the Cascavel Gold Mine, this may affect the total remediation costs and the timing and level of proceeds derived from the operation that may have a material adverse effect on the Company.

(h) **Operational and Technical Risks**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades and/or resources in exploration and mining, operational and technical difficulty encountered in mining and extraction, difficulties in re-commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical or recovery problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of consumables spare parts, plant and equipment.

(i) **Gold Grade Risk**

Given the nature of the mineral body, the Company has not established JORC mineral reserves or resources at the Cascavel Gold Project. There remain various unknowns in relation to the Cascavel Gold Project, in particular the grade and continuity of the gold contained in the mineral body that is to be mined. These unknowns may affect the economic viability of the Cascavel Gold Project.

(j) **Exploration risks**

The success of the Company depends on the delineation of economically minable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities. Exploration on the Company's existing exploration and mining tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration and mining tenements.

(k) **Potential transaction risk**

The Company has disclosed in Section 4.1 (c) of this Prospectus that it has been in advanced discussions with a major international gold mining company in relation to a potential equity investment and joint venture transaction. No formal binding agreement has been entered into as at the date of this Prospectus. There remains a substantial risk that no binding agreement will be entered into during the term of the Offer or the Shortfall Offer, or at all, and therefore no investment decision should be based upon any assumption that any binding agreement will be concluded.

(l) **Commodity price and exchange rate fluctuations**

The revenue derived through the sale of gold exposes the potential income of the Company to gold price and exchange rate risks. Gold

prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand, forward selling by producers and the level of production costs in major regions. Moreover, gold prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional supply and demand factors.

Furthermore, the international price of gold is denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian and Brazilian currencies, exposing the Company to the fluctuations and volatility of the rates of exchange between the United States dollar, the Australian dollar and Brazilian reals as determined in international markets.

(m) **Third Party Risks**

The operations of the Company require the involvement of a number of third parties, including suppliers, contractors, partners and customers. Financial failure, default or contractual non-compliance on the part of such third parties may have a material adverse impact on the Company's operations and performance. It is not possible for the Company to predict or protect itself against all such risks.

(n) **Community Relations and Landowners**

The Company's ability to undertake exploration and production on its tenements will depend in part on its ability to maintain good relations with the relevant local communities. Any failure to adequately manage community and social expectations with respect to compensation for land access, employment opportunities, impact on local business and other expectations may lead to local dissatisfaction with the Company, which in turn may lead to disruptions in the exploration and production programs on the tenements and potential losses.

(o) **Reliance on Key Personnel**

The Company's success depends to a significant extent upon its key management personnel, as well as other management and technical personnel including those employed on a contractual basis. The loss of the services of such personnel could have an adverse effect on the performance of the Company. In the event that there is a loss of key personnel, the Company may not be able to locate or employ executives with suitable qualifications and experience.

(p) **Insurance Risk**

The Company currently has in place insurance policies with respect to its operations and personnel. The Company is intending to obtain new insurance policies to adequately insure its business activities in line with industry practices. Notwithstanding such intention, currently, and following establishment of new insurance policies, there may be certain circumstances where the Company's insurance may not be of a nature or level to provide adequate cover. The occurrence of an event that is not covered by insurance could have a material adverse effect on the Company. Insurance of all risk associated with the Company's activities may not always be available and where available the costs can be prohibitively high preventing such insurance coverage.

(q) **Directors Involvement in Other Mining Interests**

Certain Directors of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures that are potential competitors of the Company. Situations may arise in connection with potential acquisitions in investments where the other interests of these Directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

(r) **Future Funding Requirements**

The Company believes its available cash and the net proceeds of this Offer will be adequate to recommence operations and other objectives in the short term as stated in this Prospectus. However, a remedial action plan will be prepared with the objective of ascertaining the optimal way to operate the Cascavel Gold Mine in terms of mining and processing methods, scale of operations and other relevant factors. Thus the future funding needs may be revised in the future and there remains the risk that it can't be developed economically.

There can be no assurance that the application of any funds on forthcoming production programs, or subsequent programs, will result in the realisation of the Company's objectives such as profitably operating and growing the size of the Cascavel Gold Mine.

In addition, should additional funds be required for the Company's overall activities, there is no assurance that the funding will be available on acceptable terms, or at all. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed or complete the total raise contemplated by this Prospectus, it may be required to reduce the scope of its operations and scale back its production program.

7.3 Industry Risks

(a) **Resource estimates**

The Company does not presently have any JORC Code compliant resources on the tenements and mining concessions in which it has an interest. In the event a resource is delineated this would be an estimate only. Resource estimates are expressions of judgment based on knowledge, experience and industry practice. These estimates will be appropriate when made, but may change significantly when new information becomes available. There are risks associated with such estimates. Resource estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to resource estimates could affect the Company's future plans and ultimately its financial performance and value.

(b) **Ability to exploit successful discoveries**

It may not always be possible for the Company to exploit successful discoveries that may be made in areas in which the Company has an interest. Such exploitation would involve obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploitation may require participation of other companies whose interests and objectives may not be the same as the Company's.

(c) **Mining and development risks**

Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management. Mining and development operations can be hampered by force majeure circumstances, environmental considerations and cost overruns for unforeseen events.

(d) **Title risks**

Interests in tenements in Brazil are governed by legislation in their respective jurisdictions and are evidenced by the granting of mining or exploration concessions. Each exploration concession, environmental licence and extraction licence (Guia de Utilização) is for a specific term with the latter also limited to 50,000 tonnes per licence period. Each licence carries with it reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met.

(e) **Environmental risks**

The operations and activities of the Company in Brazil are subject to environmental laws and regulations of that country. As with most exploration projects and mining operations, the Company's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(f) **Joint venture parties, agents and contractors**

There is a risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

(g) **Competition**

The Company competes with other companies, including major mining companies in Australia and internationally. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business

opportunities. There can be no assurance that the Company can compete effectively with these companies.

(h) **Theft risk**

The business of the Company may be materially impacted by breaches of security, on-site or via technology, either by unauthorised access, theft, destruction, loss of information or release of confidential data. The Company's security measures may not be sufficient to detect or prevent such breaches of security.

7.4 General risks

(a) **Stock market conditions**

As with all stock market investments, there are risks associated with an investment in the Company. Share prices may rise or fall and the price of Shares might trade below the price paid for those Shares. General factors that may affect the market price of Shares include economic conditions in both Australia and internationally, investor sentiment and local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

(b) **Issue of Additional Securities**

In certain circumstances, the Directors may issue equity securities without any vote or action by Shareholders. If the Company were to issue any equity securities the percentage ownership of existing Shareholders may be reduced and diluted.

(c) **Liquidity risk**

There cannot be any guarantee that there will continue to be an active market for Shares or that the price of Shares will increase. Equity capital market conditions in Australia are currently in a parlous state. There may be relatively few buyers or sellers of shares on ASX at any given time. This may affect the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell Shares held by them. This may result in Shareholders receiving a market price for their Shares that is less or more than the price paid for the Shares.

(d) **Securities investment risk**

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance.

(e) **Changes in legislation and government regulation**

Government legislation in Brazil or any other relevant jurisdiction in which the Company may operate in the future, such as changes to the taxation system, foreign investment regulations and the mining regulatory system, may affect future earnings and relative attractiveness of investing in the Company. Changes in government policy or statutory changes may affect the Company and the attractiveness of an investment in it.

(f) **Other**

Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of the Company.

7.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Litigation

The Company is currently involved in a dispute with a service provider in Brazil, Intertek do Brasil Inspecoes Ltda (**Intertek**), in regards to the recovery of fees paid totalling approximately R\$1.1 million (A\$400,000) and cancellation of unpaid invoices totalling approximately R\$300,000 (A\$110,000) due to the unsatisfactory quality of work of Intertek in the Company's opinion. The matter is currently awaiting arbitration in Brazil.

The Company is also involved in two legal proceedings concerned with the tax matters in relation to Sertão Mineração Limitada. Please refer to Section 7.2(e) for further information.

Other than these matters, the Directors are not aware of any other legal proceedings pending or threatened against the Company.

8.2 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus". In general terms a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company that has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;

- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
- (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
14/12/2016	Notice of General Meeting/Proxy Form
13/12/2016	Appendix 3B
09/12/2016	Company Update
05/12/2016	Company Secretary Appointment/Resignation
29/11/2016	Initial Director's Interest Notice
28/11/2016	TYX:Drill Program Completion and Strategic Tenements Acq
28/11/2016	Company update
4/11/2016	Appendix 3B - issue of shares
4/11/2016	Change of Director's Interest Notice - Mark Papendieck
4/11/2016	Change of Director's Interest Notice - Ian Finch
4/11/2016	Cancellation of unlisted securities
3/11/2016	Notice concerning OGXOB options
3/11/2016	Letter to OGXOB Option holders - notice of expiry
31/10/2016	Quarterly Activities Report - September 2016
31/10/2016	Quarterly Cashflow Report - September 2016
21/10/2016	Operations and corporate update
11/10/2016	Suspension from official quotation

Date	Description of Announcement
10/10/2016	Trading Halt
7/10/2016	Appendix 3B - exercise of options
7/10/2016	First gold shipment
27/09/2016	Becoming a substantial holder from TYX
23/09/2016	Appendix 3B - exercised options
12/09/2016	June 2016 Half Yearly Report and Accounts
9/09/2016	Appendix 3B - exercise of options
7/09/2016	Change in substantial holding - Admark Investments Pty Ltd
5/09/2016	First production material processed
19/08/2016	Response to Director's Interest Notice Query
18/08/2016	Cascavel Mine commissioning update
18/08/2016	Final Director's Interest Notice
15/08/2016	Ceasing to be a substantial holder from TYX
12/08/2016	Appendix 3B - exercise of options
8/08/2016	Expiry of unlisted options
1/08/2016	160801 First Gold Pour
29/07/2016	Quarterly Cashflow Report June 2016
29/07/2016	Quarterly Activities Report June 2016
20/07/2016	Appendix 3B - exercise of options
19/07/2016	160719 - Cascavel commissioning update
14/07/2016	Cleansing Notice & Appendix 3B
8/07/2016	160708 - Placement & Commissioning Update
6/07/2016	Trading Halt
27/06/2016	160627 Appendix 3B - exercise of options
24/06/2016	Change in substantial holding - George Kasbarian
22/06/2016	Appendix 3B - exercise of listed options
22/06/2016	160622 OGX Cascavel commissioning commences
15/06/2016	Company Secretary Appointment/Resignation
14/06/2016	160614 - Cascavel Gold Mine Update
7/06/2016	Change of Director's Interest Notice
3/06/2016	Cascavel Update 03 June 2016
2/06/2016	Letter to OGXOB Optionholders
30/05/2016	AGM Presentation
30/05/2016	Results of Meeting
25/05/2016	Company Presentation
24/05/2016	Research Note - Breakaway Research
23/05/2016	TYX: Cascavel Gold Mine to be Expanded

Date	Description of Announcement
23/05/2016	Significant Upside to Cascavel as Exploration Ramps Up
18/05/2016	Secondary Trading Notice pursuant to S708A(5)
18/05/2016	Change in substantial holding
17/05/2016	Appendix 3B - Placement
12/05/2016	Placement
10/05/2016	Change in substantial holding from TYX
10/05/2016	TYX: Start Up Nears at Cascavel Gold Mine
10/05/2016	Cascavel Gold Mine Update
9/05/2016	Entitlements Issue Shortfall and Placement Issue
6/05/2016	Cascavel Gold Mine - Gekko equipment importation completed
2/05/2016	Entitlements Issue Shortfall Over-subscription & Allotment
2/05/2016	Quarterly Cashflow Report
2/05/2016	Quarterly Activities Report
28/04/2016	Notice of Annual General Meeting/Proxy Form
22/04/2016	Allotment of Entitlements Issue Shortfall
15/04/2016	Allotment of Entitlements Issue Shortfall
4/04/2016	Allotment of Entitlements Issue Shortfall
1/04/2016	Appendix 3B - Exercise of Listed Options
30/03/2016	Appendix 4G

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.orinocogold.com.au.

8.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	\$0.305	11 July 2016
Lowest	\$0.115	7 October 2016
Last ¹	\$0.115	7 October 2016

Note:

1. The last day of trading of Shares on ASX, prior to entering a trading halt and a period of suspension, was 7 October 2016.

8.4 Interest of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Options	Entitlement	\$
J. Hannaford	7,491,060	1,683,849	4,280,606	\$299,642
M. Papendieck	4,546,475	4,816,000	2,597,986	\$181,859
B. Thomas	475,000	500,000	271,429	\$19,000
I. Finch	844,815	1,029,412	482,751	\$33,793
J. Challis	-	-	-	-
N. Revell	10,000	-	5,714	\$400

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$350,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director 2016	Salary and Fees ¹	Post-Employment Benefit	Incentives	Total
J. Hannaford	\$60,000	\$5,700	-	\$65,700
M. Papendieck	\$300,000	\$28,500	\$100,000	\$428,500
B. Thomas	\$48,000	\$4,560	-	\$52,560
I. Finch	\$48,000	\$4,560		\$52,560
J. Challis	\$48,000	-	-	\$48,000
N. Revell ²	\$4,340	\$412	-	\$4,752

Notes:

1. Estimated for the Year Ending 31 December 2016.
2. Nicholas Revell was appointed 28 November 2016.

Director 2015	Salary and Fees	Post-Employment Benefit	Incentives	Total
J. Hannaford	\$45,000	\$4,275	\$82,050	\$131,325
M. Papendieck	\$283,333	\$26,917	\$236,750	\$547,000
B. Thomas	\$39,000	\$3,705	\$27,350	\$70,055
I. Finch	\$39,000	\$3,705	\$27,350	\$70,055
J. Challis ¹	\$25,667	-	-	\$25,667

Notes:

1. Jonathan Challis was appointed 10 June 2015.

8.5 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

HLB Mann Judd has acted as the auditor to the Company. During the 24 months preceding lodgement of this Prospectus with the ASIC, HLB Mann Judd and HLB Onix have been paid fees totalling \$155,842 (excluding GST and disbursements) for these services provided to the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$10,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$163,429 (excluding GST and disbursements) for legal services provided to the Company.

8.6 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as proposed directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

HLB Mann Judd has given its written consent to:

- (a) being named as the auditor of the Company in this Prospectus;
- (b) the inclusion of the reviewed balance sheet as at 30 June 2016; and
- (c) the inclusion of the note as to the going concern risk of the Company included in Section 7.2(a).

HLB Mann Judd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.7 Expenses of the Offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$333,716 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	\$2,350
ASX fees	\$22,356
Legal/Corporate fees	\$33,131
Printing and distribution	\$5,000
Lead Manager fees ¹	\$270,879
Total	<u>\$333,716</u>

¹ Based on all Entitlements being accepted. Please refer to Section 4.10 for a summary of terms of the lead manager mandate.

8.8 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 8 9482 0540 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.orinocogold.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.9 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share or option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.11 Privacy Act

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

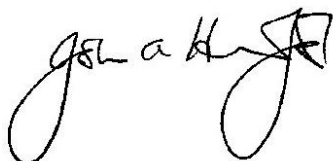
You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

A handwritten signature in black ink, appearing to read 'John Hannaford', with a stylized flourish at the end.

John Hannaford
Chairman
For and on behalf of
Orinoco Gold Limited

10. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Securities pursuant to the Shortfall Offer.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Convertible Loan Agreements means the binding, convertible loan agreements as described in Section 4.1(a).

Convertible Loans means the loans advanced to the Company under the Convertible Loan Agreement.

Company means Orinoco Gold Limited (ACN 149 219 974).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Lender means the Shareholders which have advanced the Convertible Loans to the Company on the terms of the Convertible Loan Agreements.

JORC Code means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Offer Price means \$0.07 per Share.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Section means a section of this Prospectus.

Securities means those Shares and free Options offered pursuant to the Offer and Shortfall Offer.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shortfall or **Shortfall Securities** means the Securities not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 4.8 of this Prospectus.

WST means Western Standard Time as observed in Perth, Western Australia.

APPENDIX A – CONVERTIBLE LOAN KEY COMMERCIAL TERMS

The material terms of the Convertible Loan Agreements are as follows:

- (a) **Advance:** The Lenders have advanced \$2.1 million (of which \$1.9 million has been drawn down as at 14 December 2016) which will either be repaid in cash six months after the drawdown date or be converted to Shares in the Company in the event of a "Capital Raising" which is defined in the Convertible Loan Agreements as a "pro rata non-renounceable rights issue".
- (b) **Unsecured:** the Convertible Loans are unsecured.
- (c) **Conversion:** The number of Shares to be issued on conversion of the Convertible Loans will be calculated by dividing the amount of the Convertible Loans by the deemed issue price of the Shares. The deemed issue price will be the lower of:
 - (i) the Offer Price; and
 - (ii) the 15-day volume VWAP immediately prior to the Closing Date.

In the event that the deemed issue price is the Offer Price, the amount of the Convertible Loans will be converted into Shares as follows:

- (i) firstly, offset against each Lender's entitlement to participate in the Offer; and
- (ii) secondly, offset against an application for Shortfall Securities (subject to ensuring that the Lender would not acquire a voting power greater than 19.9% in the Company after the issue of the Shortfall).

Any remaining balance of the Convertible Loans after being offset against the Lender's Entitlement and application for Shortfall will be repaid in cash on or before six months after the drawdown date.

If the deemed issue price is the 15-day VWAP immediately prior to the Closing Date, the Convertible Loans will be converted into Shares at that deemed issue price following the Closing Date and there will be no offset of the Convertible Loans against the Lenders' Entitlements or application for Shortfall.

In addition to the issue of Shares on conversion, the Company will issue to the Lender a number of Options (**Additional Options**) for a price of \$0.001 per Additional Option such that the total number of Additional Options received by the Lenders, exclusive of any Options received as part of the conversion of the Convertible Loans, equals the number of Shares issued to the Lenders. The issue of the Additional Options is subject to Shareholder approval at the general meeting of the Company to be convened in January 2017.

- (d) **Interest:** Interest will accrue on the Convertible Loans at a rate of 10% per annum calculated daily on the outstanding sum and payable five business days after the last day of each month during the term of the loans. The Company must pay interest at a rate of 12% per annum on any part of the outstanding sum that is due and payable, but unpaid.