

19 December 2016

Dear Shareholder

**Orinoco Gold Limited – pro-rata non-renounceable rights issue**

As announced on 16 December 2016 Orinoco Gold Limited (ACN 149 219 974) (**Company** or **OGX**) is undertaking 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 the 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 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.

Item	A\$
Costs of the Offer	333,716
Applications against Convertible loans and repayment of balance of Convertible Loans	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	480,756
Working Capital/Overheads	4,359,492
<b>Total funds after completion of the Offer (assuming placement of any Shortfall)</b>	<b>12,293,964</b>

The above is a statement of current intentions as of the date of the 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.

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5.00pm (WST) on 3 January 2017, whose registered address is in Australia, New Zealand, Singapore or Hong Kong.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue.

Following completion of the Offer, the Company will have issued approximately 175,628,051 New Shares and 175,628,051 New Options resulting in total Shares on issue of approximately 482,977,140 and the total Options on issue of approximately 238,342,562.

A copy of the Prospectus is available on ASX's and OGX's website. Eligible Shareholders will be mailed a Prospectus together with an Entitlement and Acceptance Form no later than 4 January 2017. Your entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Prospectus.

For the purposes of calculating each Eligible Shareholders' entitlement, fractions of entitlements have been rounded up to the nearest whole number of New Shares.

Any Entitlement not taken up pursuant to the Offer will form a shortfall offer (**Shortfall Offer**).

The Shortfall Offer is a separate offer made pursuant to the Prospectus and will remain open for up to three months following the closing date of the Offer. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.07, being the price at which Shares will be offered under the Offer (**Shortfall Shares**), and subscribers in the Shortfall Offer will receive one (1) free Option for every one (1) new Share subscribed for and issued under the Shortfall Offer (**Shortfall Options**).

The Directors reserve the right to issue Shortfall Shares at their absolute discretion.

### **Actions required of Eligible Shareholders**

There are a number of actions Eligible Shareholders may take:

- You may wish to accept all of your rights to subscribe for New Shares pursuant to the Prospectus (**Entitlement**). To take up all or some of your Entitlements you will need to ensure your application money for the Entitlements you wish to take up is received by Security Transfer Registrars Pty Ltd (**Share Registry**) by no later than 5.00pm (WST) on 20 January 2017, by completing and returning your Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form or by making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form.
- You may apply for Shortfall Shares in addition to your Entitlement. To take up Shortfall Shares you will need to ensure your application money for the Shortfall Shares you wish to take up is received by the Share Registry by no later than 5.00pm (WST) on 20 January 2017, by completing and returning your Entitlement and Acceptance Form to the Shortfall Offer by filling in the number of Shortfall Shares you wish to accept in the space provided on the Entitlement and Acceptance Form to the Shortfall Offer together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form to the Shortfall Offer or by making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form to the Shortfall Offer (at \$0.07 per Shortfall Share).
- You may wish to accept part of your Entitlement. To take up part of your Entitlement you will need to ensure your application money for the Entitlements you wish to take up is received by the Share Registry by no later than 5.00pm (WST) on 20 January 2017, by completing and returning your Entitlement and Acceptance Form by filling in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form or by making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form (at \$0.07 per New Share).

- You may do nothing. If you choose to do nothing with your Entitlements, while you will continue to hold the same number of Shares, your interest in the Company will be diluted and you will receive no value for your Entitlement.

#### Key dates for the Offer

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.

If you have any queries concerning the Rights Issue, or the action you are required to take to subscribe for New Shares, please contact your financial adviser or Joel Ives, OGX's Company Secretary, on +61 8 9482 0540.

Yours sincerely

**John Hannaford**  
**Non-Executive Chairman**  
**Orinoco Gold Limited**