

ORINOCO GOLD LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT) ACN 149 219 974 (ASX CODE: OGX) (COMPANY) COMPANY AND ITS SUBSIDIARIES (GROUP)

12 June 2019

Following the Administrators' and Deed Administrators' previous updates to shareholders, please find below an update on the status of the Administration of the Company.

PURPOSE OF ADMINISTRATION

Administrators of companies in administration have statutory obligations they are required to abide by as set out in the Corporations Act 2001 (**Act**) in relation to the administration process.

Pursuant to 435A of the Act, the purpose of the administration process is to provide for the business, property and affairs of an insolvent company to be administered in a way that:

- (a) Maximises the chances of the company, or as much as possible of its business, continuing in existence; or
- (b) If it is not possible for the company or its business to continue in existence – results in a better return for the company's creditors and members than would result from an immediate winding up of the company.

COMPANY'S ADMINISTRATION AND RECAPITALISATION DEED OF COMPANY ARRANGMENT

During the course of the Company's administration, a significant amount of the Administrators' time and resources was allocated to dealing with the trading issues at Cascaval Gold Mine and in seeking short term interim funding to maintain and preserve the value of the Group's projects to maximise the chances of the Group's business continuing in existence and/or to preserve the value of the Group's assets. The Administrators considered these matters to be a priority as the Cascaval Gold Mine and surrounding exploration projects are the Group's primary assets and without them, the Group's value would be significantly impacted.

As a result, and as announced on 22 May 2019, at the second meeting of creditors on 22 May 2019, creditors resolved that the Company execute a Recapitalisation Deed of Company Arrangement (**Recapitalisation DOCA**) to provide the Administrators further time to investigate the Company's business, property and affairs and to explore the possibility of a restructure and/or recapitalisation of the Company.

That same day, the Recapitalisation DOCA was executed and Mr Daniel Bredenkamp and Mr Bryan Hughes were appointed Joint and Several Deed Administrators.

It is in the Deed Administrators' opinion that a restructure and recapitalisation of the Company is in the interests of creditors and members. Accordingly, their time and efforts are currently focused on negotiating a proposed restructure and recapitalisation of the Company to try to see if the Group's business can continue into existence.

UPDATE ON PROPOSED DEED OF COMPANY ARRANGEMENT

The Deed Administrators are currently negotiating a restructure and recapitalisation proposal (**Proposed DOCA**) with Chancery Asset Management Pte. Ltd (**Proponent**).

Under the Proposed DOCA, the Proponent is to provide a loan of AUD\$1.6M (of which AUD\$350K has been received to date) to the Company, which may be convertible into equity (subject to shareholder approval), and will be used to meet the ongoing costs of the external administration and to maintain and preserve the value of the Group's operations in Brazil. Furthermore, there is to be a restructure of the Gold Stream Agreement to defer and reduce the repayments to a commercially viable and manageable level given the Group's current situation and status of its operations. Lastly, the Company will need to undertake a further capital raising to generate further funds to enable the Group to continue its operations. Details of the capital raising, including timing and amount, will be released as soon as possible as the funds will be required by the Company shortly.

Shareholders should contact the Proponent directly if they wish to discuss the Proposed DOCA.

The Deed Administrators advise that once the negotiations on the terms and conditions of this Proposed DOCA are concluded that the required creditor and shareholder approvals will then be sought.

INVESTIGATIONS

As part of the administration process the Administrators are required to undertake preliminary investigations into the Company's business, property, affairs and financial circumstances. The Administrators undertook these investigations and lodged a report with the Australian Securities and Investments Commission (ASIC) in this regard. Should the Deed Administrators discover supporting evidence indicating further breaches/offences of the law, then they are required to report these to ASIC in a timely manner.

The Deed Administrators have been contacted by various shareholders with concerns about the conduct of the former board of directors. Those shareholders have made requests for Company's books and records in this regard. Please note that while the Deed Administrators currently have limited funds and resources available, they will properly discharge their statutory duties. The Proposed DOCA should not prohibit future action from being taken against the former board of directors for any breaches/offences of the law (with exception of insolvent trading, should the Proposed DOCA be successful, which is only available in a winding up).

In light of the above, the Deed Administrators request that any alleged breaches/offences be dealt with and further investigated after the Proposed DOCA process has run its course. Please note that it is in the Deed Administrators' opinion that if the Company does not proceed with the Proposed DOCA and is placed into liquidation, then there is unlikely to be any return to creditors and/or shareholders. It is also the Deed Administrators' current view that any potential recoveries from the alleged offences are likely to be immaterial in comparison to the outcome of the Proposed DOCA.

Accordingly, the Deed Administrators would appreciate your patience at this time to allow the administration process to run its course and allow the Proposed DOCA to succeed or fail.

SHAREHOLDER INFORMATION

The Deed Administrators request shareholders refer to our updates lodged by way of announcements to the ASX in the first instance. Please also initially refer to ASIC and ARITA websites which provides general information for shareholders regarding the administration process and its impact on shareholders.

Please find below a list of some of the relevant information sheets and a regulation guide that ASIC and ARITA provide (available online) to assist stakeholders to understand the administration process and the administrators' and deed administrators' roles:

ASIC Information Sheet 74 – Voluntary administration – a guide for creditors

ASIC Information Sheet 43 – Insolvency: a guide for shareholders

ASIC Regulatory Guide 82 – External administration: Deeds of Company arrangements involving a creditors trust

ARITA Creditor Information Sheet – Offences, Recoverable Transactions and Insolvency Trading

OGX will continue to be suspended from trading throughout the administration process.

BRYAN HUGHES

Joint and Several Deed Administrator

MELBOURNE

+61 3 8610 5000
partners@pitcher.com.au

SYDNEY

+61 2 9221 2099
partners@pitcher-nsw.com.au

PERTH

+61 8 9322 2022
partners@pitcher-wa.com.au

ADELAIDE


+61 8 8179 2800
partners@pitcher-sa.com.au

BRISBANE

+61 7 3222 8444
partners@pitcherpartners.com.au

NEWCASTLE

+61 2 4911 2000
newcastle@pitcher.com.au

 PITCHER.COM.AU

 an independent member of
BAKER TILLY
INTERNATIONAL