

23 December 2015



Dear Shareholder

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

As announced on 23 December 2015 Orinoco Gold Limited (ACN 149 219 974) (**Company** or **OGX**) is undertaking a 1:7 pro rata non-renounceable rights issue (**Rights Issue** or **Offer**) of approximately 31,081,370 fully paid ordinary shares (**New Share**), together with one free Option exercisable at \$0.25 on or before 31 January 2018 for every three (3) new Shares subscribed for and issued under the Offer (**New Options**), to raise approximately \$5,283,833. The price of New Shares under the Offer is \$0.17 each (**Issue Price**). The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 23 December 2015.

The proceeds of the Offer, together with the \$1,111,150 raised pursuant to the placement announced to the ASX on 17 December 2015 (**Placement**), will be firstly allocated towards the costs of the Offer, then to cover enhancements made to the existing plant and mine development currently underway, then to develop a second ore haulage point from the mine and to purchase additional capital equipment to allow the development and subsequent mining of additional underground headings and associated regulatory approvals. The funds will also provide a prudent working capital buffer during the plant assembly and commissioning phases.

	A\$
Plant & Equipment	2,480,000
Mine Development including associated permitting costs	2,140,000
Costs of the Placement and the Offer	106,000
Working Capital	1,668,983
Total funds available after completion of the Placement and the Offer	\$6,394,983

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 13 January 2016, whose registered address is in Australia, New Zealand 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 31,081,370 New Shares and 10,360,457 New Options resulting in total Shares on issue of approximately 248,650,957 and the total Options on issue of approximately 135,111,323.



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 14 January 2016. 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 \$0.17, 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 three (3) 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 29 January 2016, 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 29 January 2016, 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 \$0.17 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 29 January 2016, 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 \$0.17 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

Event	Proposed Date
Lodgement of Prospectus with the ASIC	23 December 2015
Announcement & Lodgement of Appendix 3B with ASX	23 December 2015
Letter sent to Optionholders	23 December 2015
Letter sent to Shareholders	23 December 2015
Ex date	11 January 2016
Record Date for determining Entitlements	13 January 2016
Prospectus sent out to Shareholders & Company announces this has been completed	14 January 2016
Closing Date*	29 January 2016
Shares quoted on a deferred settlement basis	1 February 2016
ASX notified of under subscriptions	1 February 2016
Issue date/Shares entered into Shareholders' security holdings	4 February 2016
Quotation of Shares issued under the Offer*	5 February 2016

*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 Shares 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 Phillip Wingate, OGX's Company Secretary, on +61 8 9482 0540.

Yours sincerely

John Hannaford
Non-Executive Chairman
Orinoco Gold Limited