



ASX/Media Release – 27 April 2017

Orinoco to Consolidate 100% Ownership of Cascavel Gold Mine in Brazil by Acquiring Minority Interests

Transaction set to deliver significant benefits to Orinoco as Cascavel re-commencement strategy advances

Key Points:

- **Binding agreement to acquire 30% interest in the Cascavel Gold Mine held by Orinoco's minority partners.**
- **The transaction will give Orinoco 100% ownership of the Cascavel asset, delivering significant economic and strategic benefits including:**
 - *A simplified ownership structure;*
 - *Access to 100% of free cash-flow from Cascavel once it resumes production;*
 - *Greater flexibility in dealing with the Company's new exploration joint venture partner, AngloGold Ashanti, on the surrounding exploration project;*
- **Consideration comprises a combination of an upfront option fee, staged cash and share payments over 2 years and a production royalty.**
- **100% ownership to be transferred to Orinoco following payment of the initial option fee, which comprises US\$300,000 cash and US\$300,000 shares.**
- **As outlined recently, mine development has re-commenced at Cascavel as the strategy to restart commercial production advances on several fronts.**

Orinoco Gold (ASX: OGX) (**Orinoco** or the **Company**) is pleased to advise that it has entered into a binding agreement with its minority partners in the Cascavel Gold Mine (**Cascavel**) in Brazil to acquire their combined 30% interest in the project for a combination of cash, shares and a production royalty.

The transaction will result in Orinoco consolidating 100% ownership of the Cascavel Gold Mine, simplifying and streamlining the ownership structure which until now has been 70% owned by Orinoco and 30% ownership by its three long-standing minority partners.

Mineração Curral de Pedra Ltda (MCP) is the entity that owns the mineral rights to the Cascavel Gold Mine and several other mineral rights, including a potentially important portion of the Tinteiro poly-metallic target (see list of tenements in Appendix A).

Orinoco's Managing Director, Mr Mark Papendieck, said the acquisition would deliver a number of financial and strategic significant benefits to the Company.

"This is a positive step for us, giving Orinoco immediate access to 100 per cent of the free cash-flow from Cascavel when it resumes production later this year," he said.

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ASX Code

OGX
(Ordinary Shares)
OGXOC & OGXOD
(Listed Options)

Issued Capital

489,455,333 Ordinary Shares
263,396,316 Options

“The agreement is structured in a way which minimises the upfront cash payable and allows us to stage the remaining payments over two years as production and cash-flow ramps up, with the balance of the consideration payable via a production royalty which Orinoco has the option to purchase.

This will result in a simplified, unencumbered ownership structure of our cornerstone asset while also giving us greater flexibility in dealing with both our new exploration joint venture partner in Brazil, AngloGold Ashanti, and with our international financiers.

I would like to take this opportunity to thank our minority partners for their positive and cooperative approach to these negotiations. I believe we have achieved a positive outcome for both parties, and we look forward to their continued involvement in the project as royalty holders.”

Key Terms of the Agreement

Under the terms of the agreement, Orinoco will pay an upfront deposit of US\$300,000 cash plus US\$300,000 in shares, at which time 100% ownership of the Cascavel Gold Mine will be transferred to Orinoco. The shares will be issued at a price based on the 10-day volume weighted average price (VWAP) of Orinoco shares prior to the agreement being signed. Further staged retention payments will also be made, as outlined below:

- Payment 1: (US\$1.5 million cash and US\$1.35 million worth of shares), to be paid on 1 September 2017; and
- Payment 2: (US\$1.5 million cash and US\$1.35 million worth of shares) to be paid on 1 September 2018.
- All share issuances to be calculated based on:
 - Payment 1: 30-day VWAP after signature of the agreement plus 30-day VWAP before issue;
 - Payment 2: 30-day VWAP after Payment 1 plus 30-day VWAP before issue.
- A royalty of 1.5% on production from the Cascavel Gold Mine, net of gold deliverable to Orinoco’s existing financier, commencing after the 1st payment (1 September 2017).
- On or before 1 March 2019 Orinoco can elect to either:
 - Purchase the royalty for US\$6 million. This payment can be made, at Orinoco’s election, through a combination of cash and shares (maximum of 50% shares), or;
 - Pay an increased total royalty of 3% on production, net of gold deliverable to Orinoco’s existing financier, commencing on 1 March 2019, or;
 - Make a payment of US\$3 million to keep the royalty at 1.5%. This payment can be made, at Orinoco’s election, through a combination of cash and shares (maximum of 50% shares).
- In addition, as part of the consideration Orinoco will forgive a total of US\$2.1 million of accrued debts repayable by the minorities to Orinoco out of future profits from MCP.

For further information, please contact:

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Forward-Looking Statements:

This Announcement includes “forward-looking statements” as that term within the meaning of securities laws of applicable jurisdictions. Forward-looking statements involve known and unknown risks, uncertainties and other factors that are in some cases beyond Orinoco Gold Limited’s control. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this presentation, including, without limitation, those regarding Orinoco Gold Limited’s future expectations. Readers can identify forward-looking statements by terminology such as “aim,” “anticipate,” “assume,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “risk,” “should,” “will” or “would” and other similar expressions. Risks, uncertainties and other factors may cause Orinoco Gold Limited’s actual results, performance, production or achievements to differ materially from those expressed or implied by the forward-looking statements (and from past results, performance or achievements). These factors include, but are not limited to, the failure to complete and commission the mine facilities, processing plant and related infrastructure in the time frame and within estimated costs currently planned; variations in global demand and price for gold materials; fluctuations in exchange rates between the U.S. Dollar, the Brazilian Real and the Australian dollar; the failure of Orinoco Gold Limited’s suppliers, service providers and partners to fulfil their obligations under construction, supply and other agreements; unforeseen geological, physical or meteorological conditions, natural disasters or cyclones; changes in the regulatory environment, industrial disputes, labour shortages, political and other factors; the inability to obtain additional financing, if required, on commercially suitable terms; and global and regional economic conditions. Readers are cautioned not to place undue reliance on forward-looking statements. The information concerning possible production in this announcement is not intended to be a forecast. They are internally generated goals set by the board of directors of Orinoco Gold Limited. The ability of the company to achieve any targets will be largely determined by the company’s ability to secure adequate funding, implement mining plans and resolve logistical issues associated with mining. Although Orinoco Gold Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. No JORC Mineral Resources or Reserves have been estimated for the Cascavel Gold Mine.

Appendix A

Schedule of Mineral Rights held by Mineração Curral de Pedra Ltda

860.167/2007
861.586/2009
860.480/2009
860.185/2011
860.404/2013
861.360/2015
861.359/2015