

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
Total funds after completion of the Offer (assuming placement of any Shortfall)	12,293,964

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 2016, 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.

Ineligible shareholders

A Shareholder who has a registered address outside Australia, New Zealand, Singapore and Hong Kong (**Ineligible Shareholder**) will not be eligible to participate in the Offer.

You are not eligible to participate in the Offer and you will not be sent a copy of the Prospectus. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia, New Zealand, Singapore and Hong Kong compared with the small number of Ineligible Shareholders and the number and value of New Shares to which they would otherwise be entitled.

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

