



ASX/Media Release – 16 December 2016

Entitlements Issue Prospectus Lodged: Sanlam Private Wealth Appointed As Lead Manager

Key Points:

- Orinoco launches 4-for-7 non-renounceable entitlement offer at 7c per share to raise up to \$12.2M to support the implementation of the remedial action plan and restart of operations at the Cascavel Gold Mine in Brazil (*see ASX Announcement, 9 December 2016*).
- Subscribers will receive one free option exercisable at 11c for each share subscribed for.
- Leading global investment and financial services house Sanlam Private Wealth will act as sole lead manager to the raising.
- Capital raising is part of a broader funding package, supported by the Company's major shareholders and financiers, which includes previously-announced convertible loans totalling \$2.1M and a restructure of the gold stream financing agreement with Cartesian Royalty Holdings (CRH).
- Any previous holders of OGXOB options will be entitled to a priority application for shortfall.
- Potential investment by international gold miner – continuation of suspension

Further to its announcement of 9 December 2016, Orinoco Gold Limited (ASX: OGX) is pleased to advise that it has now launched the non-renounceable entitlement offer ("Entitlement Offer"), supported by existing major shareholders, to raise up to \$12.2 million (gross proceeds including the convertible loans). The capital raising will support the recently outlined remedial action plan and proposed restart of operations at the Cascavel Gold Mine in Brazil.

Under the Entitlement Offer, eligible shareholders can subscribe for four ordinary shares for every seven shares held at an issue price of 7 cents per share. Subscribers will receive one (1) free option ("Options") for every one (1) share subscribed for under the Entitlement Offer. The (for which OGX intends to apply to be listed on ASX) will be exercisable at 11 cents and will expire on 31 January 2020.

The Prospectus and Timetable for the Entitlements Offer was lodged with the ASX on Friday, 16 December.

The leading global investment and financial services house Sanlam Private Wealth will act as sole lead manager to the raising. Sanlam Private Wealth's parent company, Sanlam Limited, is a multinational financial services company headquartered in South Africa and listed on the Johannesburg Stock Exchange.

The Entitlement Offer forms part of a broader funding package (*outlined in the ASX Announcement of 28 November 2016*) which includes the previously announced convertible loans totalling \$2.1 million and a restructure of the gold stream financing agreement with the Company's financier, Cartesian Royalty Holdings ("CRH").

The Timetable for the Entitlements Offer is set out below:

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ASX Code

OGX
(Ordinary Shares)
OGXOC
(Listed Options)

Issued Capital

307,349,089 Ordinary Shares
30,664,511 Listed Options
32,050,000 Unlisted Options

Timetable

| | |
|---|------------------|
| 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 |

Potential investment by international gold miner – continuation of suspension

The Company has been involved in discussions with a major international gold miner in relation to a potential equity investment in the Company and potential joint venture arrangement. As at the date of this announcement, those discussions have advanced beyond initial discussions and commercial terms have been discussed, however no binding agreement has yet been entered into or agreed between the parties. The Company considers that these discussions are at a sufficient stage that disclosure is appropriate for Applicants considering the Offer, however notes:

- i) no binding agreement has yet been executed or terms agreed to between the parties, although discussions are ongoing;
- ii) it does not consider it appropriate to disclose the name of the third party given that no formal binding commitment has been made to enter into any arrangement with the Company;
- iii) any potential transaction would likely require the approval of the Company's Shareholders;
- iv) for these reasons, the Company has not made any consideration for the impact of any potential transaction arising from these discussions in the use of funds or pro forma financial statements outlined in the Prospectus; and
- v) until such time as a binding agreement is executed, there remains a substantial risk that no formal transaction will be agreed and entered into.

The Company will only update disclosure in relation to these discussions, including by way of supplementary prospectus, where there is any change to the status of these discussions during the period in which the Offer or the Shortfall Offer is open under the Prospectus.

The Company has requested to remain in suspension until such time as a binding agreement is executed or the Company is informed otherwise.

-ENDS-

For further information, please contact:

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Managing Director
Orinoco Gold Limited
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info@orinocogold.com

Nicholas Read
Managing Director
Read Corporate
08 9388 1474

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 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Orinoco Gold Limited

ABN

71 149 219 974

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | (a) Ordinary Shares (b) Listed Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | (a) 175,628,051 (b) 175,628,051 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | (a) Fully Paid Ordinary Shares (b) Listed Options with an exercise price of \$0.11 and expire 31 January 2020 |

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

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|----|--|---|
| 4 | Do the ⁺ securities rank equally in all respects from the date of allotment with an existing ⁺ class of quoted ⁺ securities? If the additional securities do not rank equally, please state: <ul style="list-style-type: none"> the date from which they do the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | (a) Yes (b) No, shares issued on the exercise of options will rank equally with existing quoted securities |
| 5 | Issue price or consideration | (a) \$0.07 per share (b) Nil |
| 6 | Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets) | As described in section 5.1 of the Prospectus |
| 6a | Is the entity an ⁺ eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h <i>in relation to the ⁺securities the subject of this Appendix 3B</i> , and comply with section 6i | No |
| 6b | The date the security holder resolution under rule 7.1A was passed | Not Applicable |
| 6c | Number of ⁺ securities issued without security holder approval under rule 7.1 | Not Applicable |
| 6d | Number of ⁺ securities issued with security holder approval under rule 7.1A | Not Applicable |
| 6e | Number of ⁺ securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting) | Not Applicable |

⁺ See chapter 19 for defined terms.

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New issue announcement

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|----|--|---|---|
| 6f | Number of securities issued under an exception in rule 7.2 | (a) 175,628,051 Ordinary Shares (b) 175,628,051 Listed Options | |
| 6g | If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation. | Not Applicable | |
| 6h | If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements | Not Applicable | |
| 6i | Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements | Refer Annexure 1. | |
| 7 | Dates of entering +securities into uncertificated holdings or despatch of certificates | On or about 25 January 2017 | |
| 8 | Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable) | Number | +Class |
| | | 482,977,140 | Fully Paid Ordinary Shares |
| | | 30,664,511 | \$0.25 options exercisable on or before 31 January 2018 |
| | | 175,628,051 | \$0.11 options exercisable on or before 31 January 2020 |

+ See chapter 19 for defined terms.

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New issue announcement

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| 9 | Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable) | 11,000,000 | \$0.25 options exercisable on or before 31 October 2017 |
| | | 7,000,000 | \$0.25 options exercisable on or before 31 May 2017 |
| | | 10,500,000 | \$0.15 options exercisable on or before 30 April 2018 |
| | | 500,000 | \$0.11 options exercisable on or before 30 April 2017 |
| | | 1,250,000 | \$0.16 options exercisable on or before 31 October 2017 |
| | | 1,250,000 | \$0.25 options exercisable on or before 31 October 2017 |
| | | 250,000 | \$0.11 options exercisable on or before 30 June 2017 |
| | | 300,000 | \$0.25 options exercisable on or before 14 July 2019 |
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | | |

+ See chapter 19 for defined terms.

Part 2 - Bonus issue or pro rata issue

| | | |
|----|---|--|
| 11 | Is security holder approval required? | No |
| 12 | Is the issue renounceable or non-renounceable? | Non-renounceable |
| 13 | Ratio in which the +securities will be offered | Four (4) New Share for every seven (7) Shares held together with One (1) free attaching option for every one (1) Shares subscribed for and issued under the Entitlements Issue. |
| 14 | +Class of +securities to which the offer relates | Ordinary Shares and Listed Options |
| 15 | +Record date to determine entitlements | 3 January 2017 |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | Yes |
| 17 | Policy for deciding entitlements in relation to fractions | Round up to the nearest one share |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small> | Only Australia; New Zealand; Hong Kong |
| 19 | Closing date for receipt of acceptances or renunciations | 20 January 2017 |
| 20 | Names of any underwriters | Offer is not underwritten. The Directors reserve the right, subject to the requirements of the Listing Rules and the Corporations Act, to place any Shortfall Shares within 3 months after the Closing Date. Shortfall Shares will be issued at the same issue price of New Shares under the Offer. |
| 21 | Amount of any underwriting fee or commission | Not Applicable |
| 22 | Names of any brokers to the issue | Not Applicable |

+ See chapter 19 for defined terms.

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|----|---|----------------------------|
| 23 | Fee or commission payable to the broker to the issue | Not Applicable |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders | Not Applicable |
| 25 | If the issue is contingent on ⁺ security holders' approval, the date of the meeting | Not Applicable |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | 4 January 2017 |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | 19 December 2016 |
| 28 | Date rights trading will begin (if applicable) | Not Applicable |
| 29 | Date rights trading will end (if applicable) | Not Applicable |
| 30 | How do ⁺ security holders sell their entitlements <i>in full</i> through a broker? | Not Applicable |
| 31 | How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | Not Applicable |
| 32 | How do ⁺ security holders dispose of their entitlements (except by sale through a broker)? | Not Applicable |
| 33 | ⁺ Despatch date | On or about 4 January 2017 |

⁺ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) ☒ Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of securities for which
+quotation is sought

39 Class of +securities for which
quotation is sought

+ See chapter 19 for defined terms.

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- 40 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

- 41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

- 42 Number and ⁺class of all ⁺securities quoted on ASX (*including* the securities in clause 38)

| Number | ⁺ Class |
|--------|--------------------|
| | |

⁺ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

(Company Secretary)

Date: 16 December 2016

Print name:

Mr Joel Ives

=====

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for⁺ eligible entities

Introduced 01/08/12

Part 1

| Rule 7.1 – Issues exceeding 15% of capital | |
|---|---|
| Step 1: Calculate “A”, the base figure from which the placement capacity is calculated | |
| Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue | 210,765,911 |
| Add the following: <ul style="list-style-type: none"> Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid ordinary securities issued in that 12 month period with shareholder approval Number of partly paid ordinary securities that became fully paid in that 12 month period Note: <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items | 229,494,898 6,786,177 Nil |
| Subtract the number of fully paid ordinary securities cancelled during that 12 month period | Nil |
| “A” | 447,046,986 |

⁺ See chapter 19 for defined terms.

| | |
|---|--|
| Step 2: Calculate 15% of “A” | |
| “B” | 0.15 <i>[Note: this value cannot be changed]</i> |
| Multiply “A” by 0.15 | 67,057,048 |
| Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used | |
| <p>Insert number of equity securities issued or agreed to be issued in that 12 month period not counting those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p>Note:</p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | <p>1,734,364 listed “OGXOC” options (issued 9 May 2016)</p> <p>3,053,889 listed “OGXOC” options (issued 13 May 2016)</p> <p>19,565,435 ordinary shares (issued 14 July 2016)</p> <p>13,193,628 “OGXOC” options (issued 14 July 2016)</p> <p>2,000,000 ordinary shares (issued 6 December 2016)</p> |
| “C” | 39,547,316 |
| Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1 | |
| <p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p> | 67,057,048 |
| <p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p> | 39,547,316 |
| Total [“A” x 0.15] – “C” | <p>27,509,732</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p> |

+ See chapter 19 for defined terms.

Part 2

| | |
|---|---|
| Rule 7.1A – Additional placement capacity for eligible entities | |
| Step 1: Calculate “A”, the base figure from which the placement capacity is calculated | |
| “A” <i>Note: number must be same as shown in Step 1 of Part 1</i> | N/A |
| Step 2: Calculate 10% of “A” | |
| “D” | 0.10 <i>Note: this value cannot be changed</i> |
| Multiply “A” by 0.10 | N/A |
| Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used | |
| Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | |
| “E” | N/A |

+ See chapter 19 for defined terms.

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| Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A | |
|--|--|
| “A” x 0.10 <i>Note: number must be same as shown in Step 2</i> | N/a |
| Subtract “E” <i>Note: number must be same as shown in Step 3</i> | N/a |
| Total [“A” x 0.10] – “E” | N/a <i>Note: this is the remaining placement capacity under rule 7.1A</i> |

+ See chapter 19 for defined terms.