



ASX/Media Release – 31 August 2018

Funding Update

Orinoco Announces transformational funding via Convertible Note Issue with Magna

Orinoco Gold Limited (ASX: OGX) (the **Company**) advises that, following its successful share placement in March 2018, it has secured up to a further A\$8,000,000, provided by MEF I, L.P. (**Magna**) under a convertible note agreement (**Convertible Note Agreement**), with A\$2,000,000 immediately available and up to three further tranches of A\$2,000,000 each available within the next 12 months (terms are detailed below) at Orinoco's discretion.

This funding will allow Orinoco to fast track the development of Rio do Ouro (formerly named Sertão) which is at final stages of licensing approval as well as underpin our exploration programme with immediate drill targets at Digo Digo, Eliseo, Phase 2 at Antena and Rio Do Ouro.

Magna Managing Director, Mr Ari Morris, commented that "We are delighted to be a part of Orinoco's world class gold district in Brazil. The potential to grow the business with low capex high grade ounces is what attracted us to Orinoco and their management team. We look forward to a strong working relationship going forward."

Further details about the Convertible Note Agreement

- Orinoco will receive A\$2,000,000 immediately and has the option to draw down a further three tranches of A\$2,000,000 each within the next 12 months.
- The convertible notes issued under the Convertible Note Agreement will be issued at US\$1.00 per note at the prevailing AUD/USD exchange rate and have a face value of US\$1.10 per note.
- The Convertible Notes are convertible at any time by the Investor at a 10% discount of the lowest daily VWAP during the 5 Trading Days prior to the Conversion Notice Date.
- The facility has a maturity of 12 months after their respective issue dates for Tranches A, B, C and D. Tranches B, C and D are at the discretion of Orinoco to draw down.
- Tranche A and/or the following Tranches may be repaid at the option of Orinoco within 12 months on the following terms:
 - (a) On or before 6 months after the issue date, the Company is required to repay 110% of the face value of the relevant Convertible Note; and
 - (b) From 6 months after the issue date, the Company is required to repay 115% of the face value of the relevant Convertible Note.
- The Convertible Notes bear no interest and are unsecured.

- The Investor will receive 1,363,636 Orinoco shares by way of a commitment fee upon execution of the agreement.
- The Investor may elect to convert a Convertible Note to shares at any time
- Shareholder approval is not required for the initial funding to proceed however the agreement contains provisions requiring the approval of the shareholders if required under Listing Rule 7.1.
- The Investor is bound by a list of trading restrictions including a cap on the market value of shares periodically traded including restrictions preventing short selling.

The Company's Managing Director, Jeremy Gray, commented "The Orinoco board is excited to welcome Magna to its register to fast track the restart of Rio Do Ouro. Their hands on approach to visit the site recently and understand our own excitement in respect of this project impressed us. The potential for Rio Do Ouro to become a natural hub for other nearby potential mines at Antena and Digo Digo makes it central to our short and medium term growth plans outside of Cascavel."

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