

**ORINOCO GOLD LIMITED**  
**ACN 149 219 974**

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**ENTITLEMENT ISSUE PROSPECTUS**

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For a renounceable entitlement issue of nineteen (19) Shares (**Shares**) for every ten (10) Shares held by those Eligible Shareholders registered at the Record Date at an issue price of \$0.002 per Share to raise up to \$5,410,739 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

The Offer is fully underwritten by Empire Capital Partners Pty Ltd (**Underwriter**). Refer to Section 8.5 for details regarding the terms of the Underwriting Agreement. The Underwriter is also the Lead Manager to the Offer.

**IMPORTANT NOTICE**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as highly speculative.

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## 1. CORPORATE DIRECTORY

### Directors

Adrian Byass  
*Non-Executive Chairman*

Matthew O'Kane  
*Managing Director*

Andrew Allan  
*Non-Executive Director*

Francisco Barreto  
*Non-Executive Director*

### Company Secretary

Mr Joel Ives

### Share Registry\*

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross WA 6153

Telephone: +61 8 9315 2333  
Facsimile: +61 8 9315 2233

### Auditor

HLB Mann Judd  
Level 4  
130 Stirling Street  
Perth WA 6000

### Registered Office

Level 2  
22 Mount Street  
Perth WA 6000

Telephone: + 61 8 6188 8181  
Facsimile: +61 8 6188 8182

Email: [info@orinocogold.com](mailto:info@orinocogold.com)  
Website: [www.orinocogold.com](http://www.orinocogold.com)

### Solicitors

Steinepreis Paganin  
Lawyers and Consultants  
Level 4, The Read Buildings  
16 Milligan Street  
Perth WA 6000

### Underwriter and Lead Manager

Empire Capital Partners Pty Ltd  
Unit 8  
448 Roberts Road  
Subiaco WA 6008

\*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

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## 2. TIMETABLE

|   |               |
|---|---------------|
| Lodgement of Prospectus with the ASIC   | 27 March 2019 |
| Lodgement of Prospectus & Appendix 3B with ASX                                  | 27 March 2019 |
| Notice sent to Optionholders  | 27 March 2019 |
| Notice sent to Shareholders   | 29 March 2019 |
| Ex date   | 1 April 2019  |
| Rights start trading  | 1 April 2019  |
| Record Date for determining Entitlements  | 2 April 2019  |
| Prospectus sent out to Shareholders & Company announces this has been completed | 5 April 2019  |
| Rights stop trading   | 9 April 2019  |
| Closing Date*   | 16 April 2019 |
| Shares quoted on a deferred settlement basis                                    | 10 April 2019 |
| ASX notified of under subscriptions   | 23 April 2019 |
| Issue date/Shares entered into Shareholders' security holdings                  | 26 April 2019 |
| Quotation of Shares issued under the Offer*                                     | 29 April 2018 |

\*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.

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### **3. IMPORTANT NOTES**

This Prospectus is dated 27 March 2019 and was lodged with the ASIC on that date. Neither the ASIC (and its officers) nor ASX take responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

#### **3.1 Risk factors**

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in section 4 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

#### **3.2 Forward-looking statements**

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained

in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 8.

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## **4. BACKGROUND TO THE OFFER**

### **4.1 Update on Company**

On 2 January 2019, the Company announced that it had made significant changes to the Board, including the appointment of Mr Matthew O'Kane as the interim Executive Director to oversee the Board's stated objective to focus on the successful implementation of its production strategy and delivery of near and longer-term mine plans. This followed various changes to the Board over the last quarter of 2018, a period of suspension of the Company's securities from trading and various capital raisings throughout November and December 2018, continuing into 2019.

The status of the Company's mining operations over the last 12 months have been announced by the Company to ASX, and those announcements form part of the disclosures relevant to this Offer.

Since January 2019, and the appointment of Mr O'Kane as the Executive Director, the Company has been undertaking the following actions with the intention and purpose of developing a plan to drive the Company forward:

- (a) Mr O'Kane has visited site to develop an understanding of the exact status of the Company's operations in Brazil (announced to ASX on 20 March 2019);
- (b) the Company has continued to liaise with AngloGold Ashanti PLC (as originally announced on 7 February 2017) to explore the opportunity for an exploration joint venture with AngloGold Ashanti at the Company's Faina Goldfields project area;
- (c) the Company has agreed an initial 3-month deferral of quarterly minimum payments under its gold streaming arrangement with Cartesian Royalty Holdings (announced to ASX on 4 February 2019);
- (d) the Company has continued to mine, process and sell gold from the Company's Cascavel mine; and
- (e) the Company has continued to raise small amounts to continue to ensure that it can continue as a going concern.

### **4.2 Going concern risk**

The Company has continued to comply with its continuous disclosure obligations, including in relation to financial reporting. In accordance with those obligations, the Company will be releasing its financial report for the 2018 year in the coming weeks.

In relation to those financial accounts, the Company expects that the Auditor will issue a disclaimer of opinion. The Company notes that as at 31 December 2018 the Company had current liabilities of approximately \$20.4 million, which is higher than the amount being raised under the Offer. However, the Company also notes:

- (a) those debts include \$3 million that is a pre-payment received from AngloGold on the proposed exploration joint venture with AngloGold. The Company expects to convert the payment towards AngloGold's joint venture earn in commitment of US\$9.5M upon the expected execution of the joint venture agreement;

- (b) the Company continues to mine and process gold from its Cascavel operation and, as announced on 18 February 2019 and 18 March 2019, the Company continues to undertake sales of gold from its Cascavel mine, which will see ongoing revenues received by the Company;
- (c) the Directors have the support of key stakeholder Cartesian Royalty Holdings, who represent \$9.5 million of the current liabilities, to pursue the Company's strategy, as evidenced by their recent agreement to defer up to three quarters of payments under the gold streaming agreement between the Company and Cartesian Royalty Holdings.

Under that deferral arrangement, the first quarterly payment has already been deferred, and the second and third quarterly deferrals are available at the Company's option. The deferral for the second quarter of payments, due on 19 May 2019, is available at the Company's option conditional on it completing a capital raise of \$5 million by 1 May 2019, and upon it executing definitive documentation for the joint venture agreement for exploration with AngloGold Ashanti in Brazil. Shareholders are encouraged to read the Company's announcement on 4 February 2019 regarding the entry into this arrangement with Cartesian; and

- (d) as set out in Section 5.7 below, the Offer is being supported by AngloGold Ashanti, who are acting as a sub-underwriter up to a voting power of 19.9% in the Company.

For these reasons, the Directors consider that the Company remains solvent and capable of being able to pay its debts as and when they fall due now and into the immediate future. However, the Directors acknowledge that should the circumstances relating to any of these material debts change, the Company's financial future cannot be guaranteed.

Funds raised under the Offer are intended to be used in the manner set out in Section 6.1 below.

### 4.3 Key risks

A summary of the risks associated with an investment in the Company are set out in Section 8 below, however the Company brings the following key risks to the attention of parties investing under this Prospectus:

| Risk            | Description   | Reference in Prospectus |
|-----------------|---|-------------------------|
| <b>Dilution</b> | <p>Upon implementation of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date the number of Shares in the Company will increase from 1,423,878,620 currently on issue to 4,129,247,998. This means that each Share will represent a significantly lower proportion of the ownership of the Company.</p> <p>It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such</p> | 8.2(a)                  |

|                           |  |        |
|---------------------------|--|--------|
|                           | <p>matters.</p> <p>The last trading price of Shares on ASX prior to the prospectus being lodged of \$0.004 is not a reliable indicator as to the potential trading price of Shares after implementation of the Proposed Transaction</p>  |        |
| <b>Going Concern Risk</b> | <p>Both the Company's annual report for the year ended 31 December 2017, and the Company's half yearly report for the half year to 30 June 2018 include a note on the financial condition of the Company and the existence of a material uncertainty about the Company's ability to continue as a going concern. This is reasonably expected to continue in the Company's annual report for 2018.</p> <p>Notwithstanding the 'going concern' paragraph included in the abovementioned reports, the Directors believe, based on the reasons outlined in Section 4.1 above, that the Company has sufficient funds to adequately meet the Company's current commitments and short term working capital requirements. However, it is highly likely that further funding will be required to meet the medium to long term working capital costs of the Company.</p> | 8.2(b) |
| <b>Funding Risk</b>       | <p>The Company's ability to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities and to meet any unanticipated liabilities or expenses which the Company may incur may depend in part on its ability to raise additional funds.</p> <p>Further, the Company, in the ordinary course of its operations and developments, is required to issue financial assurances, particularly insurances and bond/bank guarantee instruments to secure statutory and environmental performance undertakings and/or commercial arrangements. The Company's ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position.</p> <p>Loan agreements and other financing</p>            | 8.2(c) |

|  |   |  |
|--|---|--|
|  | <p>rearrangements such as debt facilities, convertible note issue and finance leases (and any related guarantee and security) that have been or may be entered into by the Company may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Company or default under a finance lease could also result in the loss of assets.</p> <p>The Company is exposed to risks associated with its financial instruments (consisting of cash, receivables, accounts payable and accrued liabilities due to third parties from time to time). This includes the risk that a third party to a financial instrument fails to meet its contractual obligations; the risk that the Company will not be able to meet its financial obligations as they fall due; and the risk that market prices may vary which will affect the Company's income.</p> |  |
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## **5. DETAILS OF THE OFFER**

### **5.1 The Offer**

The Offer is being made as a renounceable entitlement issue of Shares at an Issue Price of \$0.002 per New Share on the basis of nineteen (19) Shares for every ten (10) Shares held by Shareholders registered at the Record Date.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 2,705,369,378 Shares will be issued pursuant to this Offer to raise up to approximately \$5,410,739. Fractional entitlements will be rounded up to the nearest whole number.

As at the date of this Prospectus the Company has 289,712,803 Options on issue of which 289,712,803 may be exercised prior to the Record Date in order to participate in the Offer. Please refer to section 6.4 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to section 7 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in section 6.1 of this Prospectus.

You may accept for a lesser number of Shares should you wish to take up only part of your Entitlement.

### **5.2 What Eligible Shareholders may do**

The number of Shares to which Eligible Shareholders are entitled is shown on the accompanying personalised Entitlement and Acceptance Form. Eligible Shareholders may:

- (a) take up all of their Entitlement (refer to section 5.2.1);
- (b) take up all of their Entitlement and apply for Shares under the Shortfall Offer (refer to Section 5.2.2);
- (c) sell all of their Entitlement on ASX (refer to section 5.2.3);
- (d) take up a proportion of their Entitlement and sell the balance on ASX (refer to section 5.2.4);
- (e) take up a proportion of their Entitlement and allow the balance to lapse (refer to section 5.2.5);
- (f) sell all or a proportion of their Entitlement other than on ASX (refer to section 5.2.6); or
- (g) allow all or part of their Entitlement lapse (refer to section 5.2.7).

Shareholders should be aware that their Entitlement may have value. Entitlement are renounceable, which enable Eligible Shareholders who do not wish to take up part or all of their Entitlement to seek to sell or trade all or some of their Entitlement on ASX.

### **5.2.1 Taking up all of your Entitlement**

Should you wish to accept all of your Entitlement, then applications for Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus or by completing a BPAY® payment, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

### **5.2.2 Taking up all of your Entitlement and applying for Shares under the Shortfall Offer**

Should you wish to accept all of your Entitlement and apply for Shortfall Shares under the Shortfall Offer, then Applications for Shortfall Shares under this Prospectus must be made on the personalised Entitlement and Acceptance Form which accompanies this Prospectus or by completing a BPAY® payment, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully. Refer to Section 5.10 below for further details on the Shortfall Offer.

### **5.2.3 Selling all your Entitlement on ASX**

The Entitlements under the Offer are renounceable which means that all or part of an Eligible Shareholder's rights to subscribe for Shares under the Offer may be traded on ASX. If you wish to sell all of your Entitlement on ASX, provide instructions to your stockbroker regarding the Entitlement you wish to sell on ASX. Trading of Entitlements will commence on ASX on 1 April 2019 and will cease on 9 April 2019.

There is no guarantee that an Eligible Shareholder will be able to sell all or any part of their Entitlement on ASX or that any particular price will be paid for the Entitlements sold on ASX.

### **5.2.4 Taking up a proportion of your Entitlement and selling the balance on ASX**

If you wish to take up only part of your Entitlement, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares you wish to take up and follow the steps in section 5.4.1, or make a payment by BPAY in accordance with section 5.4.2.

Subsequently, provide instructions to your stockbroker regarding the proportion of your Entitlement you wish to sell on ASX.

### **5.2.5 Taking up a proportion of your Entitlement and allowing the balance to lapse**

If you wish to take up only part of your Entitlement and allow the balance to lapse, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares you wish to take up and follow the steps in section 5.4. If you take no further action, the balance of your Entitlement will lapse and you will have forfeited any potential benefit to be gained from taking up or selling that part of your Entitlement.

### **5.2.6 Selling all or a proportion of your Entitlement other than on ASX**

You may elect to transfer all or a proportion of your Entitlement to another person other than on ASX. If the purchaser of your Entitlement is an Ineligible Shareholder or a person that would be an Ineligible Shareholder if they were a registered holder of Shares, that purchaser will not be able to take up the Entitlement they have purchased.

If you are a shareholder on the issuer sponsored subregister and you wish to transfer all or a proportion of your Entitlement to another person other than on ASX, forward a completed standard renunciation and transfer form (obtainable from the Share Registry) and the applicable transferee's cheque for the Shares they wish to subscribe for payable to "**Orinoco Gold Limited - Subscription Account**" and crossed "**Not Negotiable**" to the Share Registry (by delivery or by post at any time after the issue of this Prospectus and on or before the Closing Date) at the address set out on the Entitlement and Acceptance Form.

If you wish to transfer all or a proportion of your Entitlement to or from another person on the CHESS subregister you must engage your CHESS controlling participant (usually your stockbroker). If the transferee wants to exercise some or all of the Entitlement, you should follow your stockbroker's instructions as to the most appropriate way to take up the Entitlement on their behalf. The Application Monies for Shares the transferee of the Entitlement wants to acquire must be received by Share Registry in accordance with section 4.3.

### **5.2.7 Allow all or part of your Entitlement to lapse**

If you do not wish to accept or trade any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement or dispose of your Entitlement by the Closing Date, the Offer to you will lapse.

## **5.3 Implications of an acceptance**

Returning a completed Entitlement and Acceptance Form or paying any Application Monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the application may not be varied or withdrawn except as required by law.

## **5.4 Payment**

### **5.4.1 Payment by cheque/bank draft**

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "**Orinoco Gold Limited – Entitlement Issue Account**" and crossed "**Not Negotiable**".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5:00pm WST on the Closing Date.

### **5.4.2 Payment by BPAY®**

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and

- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

**It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 4:00pm (WST) on the Closing Date. You should be aware that your financial institution may implement either cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.** Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY® payment.

## 5.5 Minimum subscription

On the basis that the Offer is fully underwritten, the minimum subscription is also the full subscription under the Offer. No shares will be issued until the minimum subscription has been received. If the minimum subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Application monies to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application monies.

## 5.6 Details of substantial holders

Based on publicly available information as at 26 March 2019, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

| Shareholder                                 | Shares      | %    |
|---|-------------|------|
| Joseph Pinto                                | 91,209,178  | 6.41 |
| AngloGold Ashanti Holdings PLC <sup>1</sup> | 135,190,463 | 9.5  |

## 5.7 Underwriting and sub-underwriting

The Offer is fully underwritten by the Underwriter. The Company will pay an underwriting fee of 6% of the total amount raised under the Offer (plus GST) to the Underwriter. In addition, the Company will pay a Lead Manager fee of 6% of the total amount raised under the Offer and a success fee of \$150,000 payable in Shares. In the event that the Rights Issue is fully or over-subscribed, the Company will pay Empire a success fee of 400,000,000 unlisted options with a 3-year term and \$0.004 strike price (subject to the receipt of Shareholder approval). The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. Refer to section 9.5 for details regarding the terms of the Underwriting Agreement.

AngloGold Ashanti Holdings PLC (**AngloGold**) has entered into an agreement with the Underwriter to sub-underwrite the Offer up to an amount that would equal a 19.90% interest in the Company, which equates to \$859,336 (being \$1,373,060 commitment in total including their Entitlement of \$513,724).

The Underwriter has entered into other sub-underwriting arrangements with other sub-underwriters. However, none of those sub-underwriters would acquire an interest greater than the interest held by AngloGold, based on their commitments.

## 5.8 Potential Dilution

As noted elsewhere in this Prospectus, the Offer will cause significant dilution to Shareholders who do not participate. Shareholders who do not participate in the Offer are likely to have their percentage interest in the Company diluted by approximately 34% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders is set out in the table below:

| Holder        | Holding as at Record date | % at Record Date | Entitlements under the Offer | Holdings if Offer not taken Up | % post Offer |
|---------------|---------------------------|------------------|------------------------------|--------------------------------|--------------|
| Shareholder 1 | 25,000,000                | 1.76%            | 47,500,000                   | 25,000,000                     | 0.61%        |
| Shareholder 2 | 10,000,000                | 0.7%             | 19,000,000                   | 10,000,000                     | 0.24%        |
| Shareholder 3 | 5,000,000                 | 0.35%            | 9,500,000                    | 5,000,000                      | 0.12%        |
| Shareholder 4 | 2,500,000                 | 0.18%            | 4,750,000                    | 2,500,000                      | 0.06%        |
| Shareholder 5 | 1,000,000                 | 0.07%            | 1,900,000                    | 1,000,000                      | 0.02%        |
| Total         |                           |                  |                              |                                |              |

### Notes:

- Assumes no issue of Shares on conversion of Convertible Notes or Options
- The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted by Eligible Shareholders are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

## 5.9 Effect on control of the Company

### Underwriting by Empire

The Underwriter presently is not a Shareholder of the Company.

The extent to which Shares are issued pursuant to the Underwriting will increase the Underwriter's voting power in the Company. The Underwriter's present relevant interest and changes under several scenarios are set out in the table below:

| Event                           | Shares held by Empire | Voting power of Empire |
|---------------------------------|-----------------------|------------------------|
| Date of Prospectus              | -                     | 0.00%                  |
| Completion of Entitlement Issue |                       |                        |
| 100% subscribed                 | -                     | 0.00%                  |
| 75% subscribed                  | 247,756,345           | 6.00%                  |
| 50% subscribed                  | 924,098,689           | 22.38%                 |
| 25% subscribed                  | 1,600,441,034         | 38.76%                 |
| 0% subscribed                   | 2,276,783,378         | 55.14%                 |
| 9.51% subscribed                | 2,019,921,498         | 48.92%                 |

### Notes:

- Assuming the Underwriter underwrites the Offer in accordance with the terms of its Underwriting Agreement.

2. Assuming the sub-underwriting of the Offer in accordance with AngloGold's sub-underwriting agreement.
3. Assuming a total of 4,129,247,998 Shares are on issue following completion of the Offer.
4. Assumes no issue of Shares on conversion of Convertible Notes or Options.
5. The Company considers an outcome whereby no Shareholders other than Directors and sub-underwriters will take up their Entitlements under the Offer unlikely.

The number of Shares held by the Underwriter and its voting power in the table above shows only the potential effect of the underwriting of the Offer. However, it is unlikely that no Shareholders, other than AngloGold, will take up Entitlements under the Offer. The underwriting obligation and therefore voting power of the Underwriter will reduce by a corresponding amount for the amount of Entitlements under the Offer taken up by the other Shareholders. Other than AngloGold, the Underwriter has entered into sub-underwriting agreements, which would also have the effect of reducing the potential voting power of the Underwriter by reducing the amount of Shares the Underwriter would need to subscribe for.

Notwithstanding the potential contingent control effect of the Underwriter, the Company understands that, based on the facts and circumstances presently known to it, the Underwriter has no present intention of making any significant changes to the business or management of the Company.

In order to mitigate any potential control effects, the Company has included a Shortfall Offer, as described in Section 5.10.

#### **Sub-underwriting by AngloGold**

AngloGold has a relevant interest in 135,190,463 Shares representing 9.51% of the Shares currently on issue. Under the Offer, AngloGold will be issued 256,861,880 Shares for taking up its entitlement, which would increase its Shares held to 392,052,343 Shares. Pursuant to its sub-underwriting agreement, AngloGold may be issued up to a further 429,668,009 Shares (821,720,352 Shares in total), representing a maximum potential shareholding and voting power of 19.90% for AngloGold upon completion of the Offer.

The effect of the Underwriting, if AngloGold is required to subscribe for is full sub-underwriting commitment is that AngloGold will have a voting power of 19.9% in the Company. AngloGold is restricted from exceeding a 19.9% interest.

#### **5.10 Shortfall Offer**

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer. The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date.

Eligible Shareholders may apply for Shortfall Shares under the Shortfall Offer, subject to such Applications being received prior to the Closing Date. The issue price for each Share to be issued under the Shortfall Offer will be \$0.002, being the price at which Shares have been offered under the Offer.

The allocation of the Shortfall Shares will be at the discretion of the Board, in consultation with the Underwriter and otherwise in accordance with the terms of the Underwriting Agreement. Shortfall will be allocated in priority to Eligible Shareholders who are not controlled by Directors, with any remaining Shortfall Shares to be allocated to the Underwriter and sub-underwriters in proportion to their respective sub-underwritten amounts.

If the number of Shortfall Shares applied for exceeds the Shortfall, Shortfall will be allocated among Eligible Shareholders equitably and otherwise at the discretion of the Board (in consultation with the Underwriter).

### **5.11 ASX listing**

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

### **5.12 Issue**

Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Shares issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus Application Monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all Application Monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

### **5.13 Overseas shareholders**

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia, New Zealand, Hong Kong, Singapore, the United Kingdom or Isle of Man.

#### ***New Zealand***

The securities are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand

to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

### **Hong Kong**

WARNING: The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

### **Singapore**

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be issued, circulated or distributed, nor may these securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing holder of the Company's Shares. In the event that you are not such a Shareholder, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

### **Isle of Man - (European Economic Area)**

The information in this document has been prepared on the basis that all offers of Shares will be made pursuant to an exemption under the Directive 2003/71/EC (Prospectus Directive), as amended and implemented in member states of the European Economic Area (Member States), from the requirement to produce a prospectus for offers of securities.

An offer to the public of Shares has not been made, and may not be made, in a Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in the relevant Member State:

- (a) to any legal entity that is authorised or regulated to operate in the financial markets or whose main business is to invest in financial instruments;

- (b) to any legal entity that satisfies two of the following three criteria:
  - (i) balance sheet total of at least €20,000,000;
  - (ii) annual net turnover of at least €40,000,000; and
  - (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- (c) to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, MiFID);
- (d) to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID;
- (e) to fewer than 150 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of the Company; or
- (f) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

### **United Kingdom**

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (FSMA)) has been published or is intended to be published in respect of the Shares.

This document is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members or creditors of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, as amended, or (ii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

## **Germany**

The information in this document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Germany, from the requirement to produce a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in Germany except pursuant to one of the following exemptions under the Prospectus Directive as implemented in Germany:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID"); or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

### **Nominees and custodians**

Shareholders with a registered address in Australia, New Zealand, Hong Kong, Singapore, the United Kingdom or Isle of Man, holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

#### **5.14 Appointment of Nominee for rights of foreign ineligible holders**

Pursuant to ASX Listing Rule 7.7, the Company has appointed a nominee, Hartelys Limited, to sell the Entitlements to which Ineligible Shareholders are entitled. The nominee will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale.

Any interest earned on the proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to the relevant Ineligible Shareholders as described below.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company. Notwithstanding that the nominee may sell Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

Neither the Company nor the nominee will be subject to any liability for failure to sell the Entitlements or to sell them at a particular price. If, in the reasonable

opinion of the nominee, there is no viable market for the Entitlements of the Ineligible Shareholders, or a surplus over the expenses of the sale cannot be obtained the Entitlements that would have been offered to the Ineligible Shareholders, then those Entitlements will be allowed to lapse. The Shares not taken up will form part of the Shares to be taken up by the Underwriter pursuant to the Underwriting Agreement.

#### **5.15 Enquiries**

Any questions concerning the Offer should be directed to Joel Ives, Company Secretary, on +61 8 6188 8181.

## 6. PURPOSE AND EFFECT OF THE OFFER

### 6.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$5,410,739.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

| Item | Proceeds of the Offer                                       | Full Subscription (\$) | %           |
|------|---|------------------------|-------------|
| 1.   | Additional working capital<br>Development Costs at Cascavel | \$1,650,000            | 30.49%      |
| 2.   | Repayment of Convertible Notes <sup>1</sup>                 | \$1,500,000            | 27.72%      |
| 3.   | Reduction of Brazil payables <sup>2</sup>                   | \$750,000              | 13.86%      |
| 4.   | Expenses of the Offer <sup>3</sup>                          | \$623,598              | 11.53%      |
| 5.   | Mine Equipment purchase                                     | \$100,000              | 1.85%       |
| 6.   | Working capital   | \$787,141              | 14.55%      |
|      | <b>Total</b>  | <b>\$5,410,739</b>     | <b>100%</b> |

#### Notes:

1. The Company has on issue 1,030,867 Convertible Notes. The terms of these Convertible Notes enable them to be repaid, reducing the Company's debt levels.
2. These relate to trade payables for the Company's mining operations and Government payments in the form of taxes.
3. Refer to section 8.11 of this Prospectus for further details relating to the estimated expenses of the Offer.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events including production, mining success or failure 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.

### 6.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$4,787,141 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer and before the repayment of the Convertible Notes; and
- (b) increase the number of Shares on issue from 1,423,878,620 as at the date of this Prospectus to 4,129,247,998 Shares.

### 6.3 Pro-forma balance sheet

The unaudited balance sheet as at 31 December 2018 and the unaudited pro-forma balance sheet as at 31 December 2018 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and including expenses of the Offer. The pro-forma balance sheet also contains material adjustments for events which have occurred since balance date up to the Record Date.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

|                                  | UNAUDITED<br>31 December 2018 | PROFORMA<br>31 December 2018 |
|----------------------------------|-------------------------------|------------------------------|
| <b>CURRENT ASSETS</b>            |                               |                              |
| Cash <sup>1,3</sup>              | 111,041                       | 4,938,182                    |
| Other Receivables                | 471,486                       | 471,486                      |
| Inventories                      | 577,038                       | 577,038                      |
| Other current assets             | 173,634                       | 173,634                      |
| <b>TOTAL CURRENT ASSETS</b>      | <b>1,333,199</b>              | <b>6,160,340</b>             |
|                                  |                               |                              |
| <b>NON-CURRENT ASSETS</b>        |                               |                              |
| Property, plant and equipment    | 1,791,240                     | 1,791,240                    |
| Exploration <sup>4</sup>         | 1,220,363                     | 1,220,363                    |
| Other Non-Current Assets         | 4,509                         | 4,509                        |
| <b>TOTAL NON-CURRENT ASSETS</b>  | <b>3,016,112</b>              | <b>3,016,112</b>             |
|                                  |                               |                              |
| <b>TOTAL ASSETS</b>              | <b>4,349,311</b>              | <b>9,176,452</b>             |
|                                  |                               |                              |
| <b>CURRENT LIABILITIES</b>       |                               |                              |
| Trade and other payables         | 8,243,104                     | 8,243,104                    |
| Financial Liability <sup>3</sup> | 11,524,256                    | 12,112,246                   |
| Other current liabilities        | 294,618                       | 294,618                      |
| Provisions                       | 347,169                       | 347,169                      |
| <b>TOTAL CURRENT LIABILITIES</b> | <b>20,409,147</b>             | <b>20,997,137</b>            |
|                                  |                               |                              |
| <b>NON-CURRENT LIABILITIES</b>   |                               |                              |

|                                      | UNAUDITED<br>31 December 2018 | PROFORMA<br>31 December 2018 |
|--------------------------------------|-------------------------------|------------------------------|
| Trade & other payables               | -                             | -                            |
| Provisions                           | 480,102                       | 480,102                      |
| <b>TOTAL NON-CURRENT LIABILITIES</b> | <b>480,102</b>                | <b>480,102</b>               |
|                                      |                               |                              |
| <b>TOTAL LIABILITIES</b>             | <b>20,889,249</b>             | <b>21,477,239</b>            |
|                                      |                               |                              |
| <b>NET ASSETS (LIABILITIES)</b>      | <b>(16,539,928)</b>           | <b>(12,300,787)</b>          |
|                                      |                               |                              |
| <b>EQUITY</b>                        |                               |                              |
| Share capital                        | 76,081,240                    | 82,361,337                   |
| Reserves <sup>2</sup>                | (5,324,670)                   | (4,109,550)                  |
| Retained loss                        | (87,296,508)                  | (90,552,575)                 |
| <b>TOTAL EQUITY</b>                  | <b>(16,539,938)</b>           | <b>(12,300,787)</b>          |

**Notes:**

- <sup>1</sup> The Company plans to raise a total of \$4,791,609 after costs of the Offer.
- <sup>2</sup> Subject to the receipt of Shareholder approval, the Company will issue 400,000,000 unlisted options with a strike price of \$0.004 and 3 year expiry to the Underwriter (refer to Section 9.6) these have been valued at \$0.003 per option using Black-Scholes pricing method.
- <sup>3</sup> Material adjustments subsequent to 31 December 2018 are set out below:
  - (i) During January the Company conducted a placement at \$0.007 to raise \$564,500;
  - (ii) On 7 January 2019, the Company issued 31,250,000 contingency Shares and a further 7,125,000 Commitment Shares to Empire Capital Partner Pty Ltd (Empire) under the Committed Equity Facility (CEF) Agreement;
  - (iii) On 29 January 2019, the Company placed 37,500,000 Shares at a price of \$0.004 per share to Empire to raise \$150,000;
  - (iv) During February 2019, the Company issued 37,500,000 Shares to sophisticated investors at a price of \$0.004 per share to raise \$150,000;
  - (v) On 14 February 2019, the Company issued 283,327 Tranche B Convertible Notes to Magna to raise \$400,000 and issued 2,352,941 Shares to settle them 3% Commitment Fee payable under the Convertible Note Facility of \$12,000 (Refer to ASX announcement 13 February 2019);
  - (vi) Magna converted 200,000 Tranche B Convertible Notes during January and February 2019 and were issued 66,561,067 Shares;
  - (vii) On 20 March 2019, the Company announced an additional \$250,000 facility had been provided by Magna (refer to the ASX announcement 20 March 2019); and
  - (viii) Under the deferral agreement with Cartesian Royalty Holdings the Company is to issue 4,877,462 unlisted Options.
- <sup>4</sup> As at 31 December 2018, the Company took the position that due to past performance of the Cascavel mine, and future expectations based from that

performance, that a conservative view was to impair the capitalised Mine Development Costs and Carrying value of the Processing plant to nil.

#### 6.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, is set out below.

##### Shares

|  | Number               |
|--|----------------------|
| Shares currently on issue                                  | 1,423,878,620        |
| Shares offered pursuant to the Offer                       | 2,705,369,378        |
| <b>Total Shares on issue after completion of the Offer</b> | <b>4,129,247,998</b> |

##### Notes:

1. This assumes the Offer is fully subscribed and no existing Options are exercised.

##### Options

|   | Number      |
|---|-------------|
| Options currently on issue:   |             |
| Quoted Options:<br>Exercisable at \$0.11 each on or before 31 January 2020    | 225,072,116 |
| Unquoted Options:<br>Exercisable at \$0.25 each on or before 14 July 2019     | 300,000     |
| Unquoted Options:<br>Exercisable at \$0.075 each on or before 29 May 2020     | 750,000     |
| Unquoted Options:<br>Exercisable at \$0.0875 each on or before 29 May 2020    | 750,000     |
| Unquoted Options:<br>Exercisable at \$0.0915 each on or before 29 May 2020    | 1,500,000   |
| Unquoted Options:<br>Exercisable at \$0.106746 each on or before 29 May 2020  | 1,500,000   |
| Unquoted Options:<br>Exercisable at \$0.02 each on or before 30 November 2020 | 2,678,571   |
| Unquoted Options:<br>Exercisable at \$0.02 each on or before 31 January 2021  | 1,449,275   |
| Unquoted Options:<br>Exercisable at \$0.02 each on or before 30 April 2020    | 500,000     |
| Unquoted Options:<br>Exercisable at \$0.02 each on or before 30 June 2021     | 250,000     |
| Unquoted Options:   | 33,000,000  |

|   |                    |
|---|--------------------|
| Exercisable at \$0.03 each on or before 2 January 2020      |                    |
| Unquoted Options:   | 14,500,000         |
| Exercisable at \$0.03 each on or before 2 January 2020      |                    |
| Unquoted Options:   | 7,462,841          |
| Exercisable at \$0.03 each on or before 19 September 2021   |                    |
| Options offered pursuant to the Offer                       | Nil                |
| <b>Total Options on issue after completion of the Offer</b> | <b>289,712,803</b> |

### Performance Rights

|   | Number            |
|---|-------------------|
| Performance Rights currently on issue:                              |                   |
| Class A Performance Rights – Directors                              | 2,266,665         |
| Class B Performance Rights – Directors                              | 2,266,665         |
| Class C Performance Rights – Directors                              | 2,266,670         |
| Class A Performance Rights – Management                             | 18,333,330        |
| Class B Performance Rights – Management                             | 18,333,330        |
| Class C Performance Rights – Management                             | 18,333,340        |
| Class D Performance Rights – Management                             | 15,000,000        |
| Performance Rights offered pursuant to the Offer                    | Nil               |
| <b>Total Performance Rights on issue on completion of the Offer</b> | <b>76,800,000</b> |

### Convertible Notes

|  | Number           |
|--|------------------|
| Tranche B Convertible Notes on issue                               | 1,030,867        |
| Convertible Notes offered pursuant to the Offer                    | Nil              |
| <b>Total Convertible Notes on issue on completion of the Offer</b> | <b>1,030,867</b> |

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## **7. RIGHTS AND LIABILITIES ATTACHING TO SHARES**

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

### **7.1 General Meeting**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

### **7.2 Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

### **7.3 Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms

and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

#### **7.4 Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

#### **7.5 Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

#### **7.6 Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

#### **7.7 Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

#### **7.8 Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

## **7.9 Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

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## **8. RISK FACTORS**

### **8.1 Introduction**

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### **8.2 Company specific**

#### **(a) Potential for significant dilution**

Upon implementation of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date the number of Shares in the Company will increase from 1,423,878,620 currently on issue to 4,129,247,998. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the prospectus being lodged of \$0.004 is not a reliable indicator as to the potential trading price of Shares after implementation of the Proposed Transaction.

#### **(b) Going Concern Risk**

Both the Company's annual report for the year ended 31 December 2017, and the Company's half yearly report for the half year to 30 June 2018 include a note on the financial condition of the Company and the existence of a material uncertainty about the Company's ability to continue as a going concern. Those reports note that: "*should there be material delays in the commencement of gold production at the Cascavel Gold Project or should the quantity of gold produced during the next 12 months be materially less than expected, there is a material uncertainty which may cause significant doubt as to the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business.*"

The Directors expect that this material uncertainty will continue in the Company's 2018 annual report once it is finalised.

Notwithstanding the 'going concern' paragraph included in the abovementioned reports, the Directors have considered the present circumstances of the Company, including its debts, and believe that the Company has sufficient funds to adequately meet the Company's current commitments and short term working capital requirements. However, it is highly likely that further funding will be required to meet the medium to long term working capital costs of the Company.

(c) **Funding risk**

The Company's ability to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities and to meet any unanticipated liabilities or expenses which the Company may incur may depend in part on its ability to raise additional funds.

Further, the Company, in the ordinary course of its operations and developments, is required to issue financial assurances, particularly insurances and bond/bank guarantee instruments to secure statutory and environmental performance undertakings and/or commercial arrangements. The Company's ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position.

Loan agreements and other financing rearrangements such as debt facilities, convertible note issue and finance leases (and any related guarantee and security) that have been or may be entered into by the Company may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Company or default under a finance lease could also result in the loss of assets.

The Company is exposed to risks associated with its financial instruments (consisting of cash, receivables, accounts payable and accrued liabilities due to third parties from time to time). This includes the risk that a third party to a financial instrument fails to meet its contractual obligations; the risk that the Company will not be able to meet its financial obligations as they fall due; and the risk that market prices may vary which will affect the Company's income.

(d) **Country Risk**

The Company has projects located in Brazil, which is a less developed country than Australia and has associated political, economic, legal and social risks. There can be no assurance that the systems of government and the political systems in overseas countries will remain stable. Further, there can be no assurance that government regulations relating to foreign investment, repatriation of foreign currency, taxation and the mining industry in Brazil will not be amended or replaced in the future to the detriment of the Company's business and/or projects.

(e) **Gold Sharing Agreement Repayment Risk**

The Company entered into a gold sharing agreement in May 2015 with Cartesian Royalty Holdings (**CRH**) (as varied and deferred) refer to section

8.7 of this Prospectus, pursuant to which CRH provided funding to the Company in the amount of USD\$8 million towards the costs of development and plant construction for the Company's wholly owned Cascavel Gold Project. CRH has various security charges over the Company's assets, including share/quota pledges over the subsidiary companies. Failure to comply with certain terms of the Cascavel Goldstream Agreement may result in the Company being in default and failure to remedy such default may result in CRH seeking to enforce its rights in such circumstances, including enforcement taking possession of the pledged shares/quotas. Notwithstanding these matters, as set out in Section 4.2, the Company acknowledges the support of Cartesian of the Company's strategy, evidenced by the deferral agreement recently executed and summarised in Section 9.7.

(f) **Tax Risk**

The Company acquired the Sertão Gold Project in 2014 by purchasing the Brazilian company (**Sertão Mineração Limitada** or **SML**) from (ASX listed) Troy Resources Ltd (70%) and a private Brazilian company, Amazônia Mineração Ltda (30%). SML was the company that owned and operated the Sertão Gold Mine, which was in production during the years 2001 to 2006.

The following tax matters concern SML:

- (i) PIS/COFINS (federal transaction taxes): SML had PIS/COFINS credits (an asset), derived from supplier invoices. These credits, totalling R\$3.9 million (~\$1.43m) were netted against income tax payable (Offsets) in eight quarterly tax returns relating to 2005 and 2006, as allowed under tax regulations. The Federal tax authority (Receita Federal) has not approved the Offsets, claiming either there were no operational activities during one quarter (2 cases now before the court) or SML had failed to furnish evidence of the credits (14 administrative processes). Concerning the latter, the information has since been provided (namely the supplier invoices that generate the credits) and the Company still awaits a response from Receita Federal.

The Company believes, and Troy Resources warranted, that SML has validly complied with Brazilian tax regulations concerning this matter and expects to succeed, although it is likely that certain concessions will have to be made (such as accepting that credits arising from certain invoices cannot be claimed). The Company cautions, however, that if it should lose all proceedings in connection to this matter, the tax payable plus penalties and interest (as at June 2017) would total around R\$12.6 million (\$5.0 million).

The Company notes that it is receiving assistance in the matter from Troy Resources Limited and Amazônia Mineração Ltda. The Company has sought legal advice that supports the view that the Company has reasonable grounds to seek remedy in the event of an adverse outcome.

- (ii) CSLL (federal income tax): SML also paid R\$2.7 million in CSLL (a component of corporate income tax). However, there is an argument that it was not required to do so and therefore that amount should be recognised as credits (asset) which in theory

can be carried forward or sold to third parties. Rejection of this position will not result in additional tax or penalties.

- (iii) ICMS (state value added tax): R\$1.1 million (\$0.4m). SML received ICMS credits (asset), derived from supplier invoices. It submitted its supporting documents (i.e. supplier invoices) so the Goias State tax authority (SEFAZGO) could validate the ICMS credits however the Authority lost the invoices. In the event the supplier invoices are found, SML can apply to sell the credits to a third party for a discount to the face value of the credits. Failure to locate the records will not result in any additional tax or penalties and the SML will need to consider taking legal action against SEFAZGO.

(g) **Mine Development Risk**

Future development of a mining operation at any of the Company's projects, in particular the Cascavel Gold Project, is dependent on a number of factors including, but not limited to, favourable geological conditions, receiving and retaining the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding, and contracting risk from third parties providing essential services.

The Company's operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its projects and treatment of ore.

(h) **Operational and Technical Risks**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades and/or resources in exploration and mining, operational and technical difficulty encountered in mining and extraction, difficulties in re-commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical or recovery problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of consumables spare parts, plant and equipment. Given the current state of the operational equipment there is a likely risk that any ongoing operations are likely to suffer significant delays due to breakdowns without capital expenditure.

(i) **Gold Grade Risk**

On 23 October 2017, the Company announced its maiden resource at the Cascavel Gold Project. There remain various unknowns in relation to the Cascavel Gold Project, in particular the grade and continuity of the

gold contained in the mineral body that is to be mined outside of the resource area. These unknowns may affect the economic viability of the Cascavel Gold Project.

(j) **Exploration Risks**

The success of the Company depends on the delineation of economically mineable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities. Exploration on the Company's existing exploration and mining tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration and mining tenements.

(k) **Commodity Price and Exchange Rate Fluctuations**

The revenue derived through the sale of gold exposes the potential income of the Company to gold price and exchange rate risks. Gold prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand, forward selling by producers and the level of production costs in major regions. Moreover, gold prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional supply and demand factors.

Furthermore, the international price of gold is denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian and Brazilian currencies, exposing the Company to the fluctuations and volatility of the rates of exchange between the United States dollar, the Australian dollar and Brazilian reals as determined in international markets.

(l) **Third Party Risks**

The operations of the Company require the involvement of a number of third parties, including suppliers, contractors, partners and customers. Financial failure, default or contractual non-compliance on the part of such third parties may have a material adverse impact on the Company's operations and performance. It is not possible for the Company to predict or protect itself against all such risks.

(m) **Community Relations and Landowners**

The Company's ability to undertake exploration and production on its tenements will depend in part on its ability to maintain good relations with the relevant local communities. Any failure to adequately manage community and social expectations with respect to compensation for land access, employment opportunities, impact on local business and other expectations may lead to local dissatisfaction with the Company, which in turn may lead to disruptions in the exploration and production programs on the tenements and potential losses.

(n) **Reliance on Key Personnel**

The Company's success depends to a significant extent upon its key management personnel, as well as other management and technical personnel including those employed on a contractual basis. The loss of the services of such personnel could have an adverse effect on the performance of the Company. In the event that there is a loss of key personnel, the Company may not be able to locate or employ executives with suitable qualifications and experience.

(o) **Insurance Risk**

The Company currently has in place insurance policies with respect to its operations and personnel. The Company is intending to obtain new insurance policies to adequately insure its business activities in line with industry practices. Notwithstanding such intention, currently, and following establishment of new insurance policies, there may be certain circumstances where the Company's insurance may not be of a nature or level to provide adequate cover. The occurrence of an event that is not covered by insurance could have a material adverse effect on the Company. Insurance of all risk associated with the Company's activities may not always be available and where available the costs can be prohibitively high preventing such insurance coverage.

(p) **Directors Involvement in Other Mining Interests**

Certain Directors of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures that are potential competitors of the Company. Situations may arise in connection with potential acquisitions in investments where the other interests of these Directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

(q) **Future Funding Requirements**

The Company believes its available cash and the net proceeds of this Offer will be adequate to continue operations and other objectives in the short term as stated in this Prospectus. There is no guarantee that the mining operations can be carried out in an economical manner and thus, the future funding needs may be revised in the future.

There can be no assurance that the application of any funds on forthcoming production programs, or subsequent programs, will result in the realisation of the Company's objectives such as profitably operating and growing the size of the Cascavel Gold Project.

In addition, should additional funds be required for the Company's overall activities, there is no assurance that the funding will be available on acceptable terms, or at all. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed or complete the total raise contemplated by this Prospectus, it may be required to reduce the scope of its operations and scale back its production program.

## 8.3 Industry Risks

### (a) Resource Estimates

The Company has JORC Code compliant resources at Cascavel and Sertao, which are estimates only. Resource estimates are expressions of judgment based on knowledge, experience and industry practice. These estimates are appropriate when made but may change significantly when new information becomes available. There are risks associated with such estimates. Resource estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to resource estimates could affect the Company's future plans and ultimately its financial performance and value.

### (b) Ability to Exploit Successful Discoveries

It may not always be possible for the Company to exploit successful discoveries that may be made in areas in which the Company has an interest. Such exploitation would involve obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploitation may require participation of other companies whose interests and objectives may not be the same as the Company's.

### (c) Mining and Development Risks

Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management. Mining and development operations can be hampered by force majeure circumstances, environmental considerations and cost overruns for unforeseen events.

### (d) Title Risks

Interests in tenements in Brazil are governed by legislation in their respective jurisdictions and are evidenced by the granting of mining or exploration concessions. Each exploration concession, environmental licence and extraction licence (Guia de Utilização) is for a specific term with the latter also limited to 50,000 tonnes per licence period. Each licence carries with it reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met.

### (e) Environmental Risks

The operations and activities of the Company in Brazil are subject to environmental laws and regulations of that country. As with most exploration projects and mining operations, the Company's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(f) **Joint Venture Parties, Agents and Contractors**

There is a risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity. There is no guarantee that Company will complete the Exploration Joint Venture Agreement with AngloGold. Further, if the Exploration Joint Venture Agreement is completed, there is no guarantee that AngloGold will continue in the Joint Venture if the results are not favourable on the exploration activities conducted.

(g) **Competition**

The Company competes with other companies, including major mining companies in Australia and internationally. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Company can compete effectively with these companies.

(h) **Theft Risk**

The business of the Company may be materially impacted by breaches of security, on-site or via technology, either by unauthorised access, theft, destruction, loss of information or release of confidential data. The Company's security measures may not be sufficient to detect or prevent such breaches of security.

## **8.4 General risks**

(a) **Stock Market Conditions**

As with all stock market investments, there are risks associated with an investment in the Company. Share prices may rise or fall, and the price of Shares might trade below the price paid for those Shares. General factors that may affect the market price of Shares include economic conditions in both Australia and internationally, investor sentiment and local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

(b) **Issue of Additional Securities**

In certain circumstances, the Directors may issue equity securities without any vote or action by Shareholders. If the Company were to issue any equity securities, the percentage ownership of existing Shareholders may be reduced and diluted.

(c) **Liquidity Risk**

There cannot be any guarantee that there will continue to be an active market for Shares or that the price of Shares will increase. Equity capital

market conditions in Australia are currently in a parlous state. There may be relatively few buyers or sellers of shares on ASX at any given time. This may affect the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell Shares held by them. This may result in Shareholders receiving a market price for their Shares that is less or more than the price paid for the Shares.

(d) **Securities Investment Risk**

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance.

(e) **Changes in Legislation and Government Regulation**

Government legislation in Brazil or any other relevant jurisdiction in which the Company may operate in the future, such as changes to the taxation system, foreign investment regulations and the mining regulatory system, may affect future earnings and relative attractiveness of investing in the Company. Changes in government policy or statutory changes may affect the Company and the attractiveness of an investment in it.

(f) **Other**

Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of the Company.

## **8.5 Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

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## **9. ADDITIONAL INFORMATION**

### **9.1 Litigation**

A Group company is involved in a dispute with a Brazilian based service provider in regards to the recovery of fees paid by the Company totalling approximately R\$1.1 million (\$402,000) and the cancellation of unpaid invoices totalling approximately R\$300,000 (\$110,000) due to the unsatisfactory quality of work, in the Company's opinion. The matter is currently subject to arbitration in Brazil.

A Group company, Sertão Mineração Ltda, is involved in a series of disputes with the Brazilian federal tax authority which has disagreed with the company netting certain tax credits against income tax owed in the years prior to purchase by Orinoco. The credits claimed by Sertão Mineração Ltda total approximately R\$3.9 million (\$1.43 million). Any future liability will depend on the extent to which the Brazilian federal tax authority allows or disallows each individual claim for credits plus interest and penalties on any claims that are disallowed.

A Group company received a claim for payment from the DNPM (Brazil Department of Mines) for approximately R\$700,000 (\$260,000) for unpaid taxes relating to exploration permits held briefly in the State of Pernambuco. The claim is being contested by the Group company via a court proceeding.

During September 2018, the Group also received claims for unpaid taxes and entitlements from two former senior executives who were terminated during the half year. The combined value of the claims is approximately R\$2,500,000 (\$913,000). The claims are currently being defended by the Company in the courts to which they are being heard in Brazil.

Other than these matters, the Directors are not aware of any other legal proceedings pending or threatened against the Company.

### **9.2 Continuous disclosure obligations**

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus". In general terms a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and

specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report most recently lodged by the Company with the ASIC;
  - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
  - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

| <b>Date</b> | <b>Description of Announcement</b>                         |
|-------------|--|
| 27-Mar-2019 | Fully Underwritten Renounceable Pro-Rata Entitlement Offer |
| 26-Mar-2019 | Change of Company Address                                  |
| 25-Mar-2019 | Voluntary Suspension                                       |
| 21-Mar-2019 | Trading Halt   |
| 20-Mar-2019 | Company Update – Brazil Site Visit Completed               |
| 18-Mar-2019 | Orinoco continues Cascavel gold sales                      |
| 11-Mar-2019 | Notice of General Meeting/Proxy Form                       |
| 01-Mar-2019 | Change in Substantial Holding                              |

|              |  |
|--------------|--|
| 28-Feb-2019  | Appendix 3B  |
| 25-Feb-2019  | Appendix 3B  |
| 19-Feb-2019  | Appendix 3B  |
| 18-Feb-2019  | Orinoco Completes A\$187k Cascavel Gold Sale             |
| 15-Feb-2019  | Appendix 3B – Issue of Convertible Notes                 |
| 13-Feb-2019  | Final Director's Interest Notice – Joseph Pinto          |
| 13-Feb-2019  | Final Director's Interest Notice – Nicholas Revell       |
| 13-Feb-2019  | Initial Director's Interest Notice                       |
| 13-Feb-2019  | Board Changes and Funding Update                         |
| 11-Feb-2019  | ASX Operational Error                                    |
| 11-Feb-2019  | Trading Halt   |
| 11-Feb-2019  | Pause in Trading   |
| 11-Feb-2019  | Trading Halt   |
| 04-Feb-2019  | Gold Stream Payment Deferral & Corporate Update          |
| 31-Jan-2019  | Appendix 3B  |
| 29-Jan-2019  | Appendix 3B  |
| 23-Jan-2019  | AngloGold Exploration Earn-In Agreement Update           |
| 15-Jan-2019  | Appendix 3B  |
| 09-Jan-2019  | Final Director's Interest Notice                         |
| 07-Jan-2019  | Appendix 3B  |
| 03-Jan-2019  | Correction to Announcement                               |
| 03--Jan-2019 | Reinstatement to Official Quotation                      |
| 03-Jan-2019  | Prospectus   |
| 02-Jan-2019  | Improving Production, Placement & Leadership Restructure |
| 02-Jan-2019  | Appendix 3B  |
| 02-Jan-2019  | Voluntary Suspension                                     |
| 28-Dec-2018  | Voluntary Suspension                                     |
| 21-Dec-2018  | Voluntary Suspension                                     |
| 18-Dec-2018  | Voluntary Suspension                                     |
| 17-Dec-2018  | Initial Directors Interest Notice                        |
| 14-Dec-2018  | Trading Halt   |
| 14-Dec-2018  | Pause in Trading   |
| 12-Dec-2018  | Director Appointment                                     |
| 10-Dec-2018  | Eliseo Meta Conglomerate Potential                       |
| 07-Dec-2018  | Change of Director's Interest Notice                     |

|              |   |
|--------------|---|
| 06-Dec-2018  | Final Director's Interest Notice                            |
| 05-Dec-2018  | Appendix 3B   |
| 05-Dec-2018  | Resignation of Director & Issue of Securities               |
| 29-Nov-2018  | Orinoco Raises Further Placement Funds & Appendix 3B        |
| 29-Nov-2018  | Results of Meeting  |
| 22-Nov-2018  | Orinoco Raises Additional Funds & Appendix 3B               |
| 20-Nov-2018  | Reinstatement to Official Quotation                         |
| 20-Nov-2018  | Orinoco Completes Capital Raise                             |
| 16-Nov-2018  | Voluntary Suspension Extension                              |
| 14-Nov-2018  | Voluntary Suspension  |
| 12-Nov-2018  | Trading Halt  |
| 07-Nov-2018  | Appendix 3B - Issue of Ordinary Shares (Conversion)         |
| 05-Nov-2018  | Appendix 3B - Issue of Ordinary Shares (Conversion)         |
| 31-Oct-2018  | Quarterly Activities Report - September 2018                |
| 31-Oct-2018  | Quarterly Cashflow Report - September 2018                  |
| 31-Oct-2018  | CIL Tests confirm outstanding results for tailings & Mestre |
| 30-Oct-2018  | Final Director's Interest Notice                            |
| 30-Oct-2018  | Director Resignation  |
| 29-Oct-2018  | Appendix 3B - Issue of Ordinary Shares (Conversion)         |
| 26-Oct-2018  | Notice of General Meeting/Proxy Form                        |
| 04-Oct-2018  | Initial Director's Interest Notice                          |
| 04-Oct-2018  | Change of Director's Interest Notice                        |
| 03-Oct-2018  | Director Appointment  |
| 01-Oct-2018  | Change of Company Secretary and Registered Office           |
| 28-Sep-2018  | Appendix 3B - Issue of Ordinary Shares (Conversion)         |
| 27-Sep-2018  | Appendix 3Y - Change of Director's Interest Notice          |
| 20-Sep-2018  | Issue of Performance Rights and Unlisted Options            |
| 18-Sep-2018  | Notice under ASX Listing Rule 3.10A                         |
| 13-Sep-2018  | June 2018 Half Yearly Report and Accounts                   |
| 13-Sep-2018  | Appendix 3B - Issue of Ordinary Shares (Conversion)         |
| 12-Sep-2018  | Prospectus  |
| 11-Sept-2018 | Issue of Tranche A of Convertible Notes and Appendix 3B     |
| 3-Sept-2018  | Appendix 3B – Issue of Ordinary Shares to MEF I, L.P.       |
| 3-Sept-2018  | High grade panel samples at Cascavel's Mestre Level 6       |
| 31-Aug-2018  | Funding of Up To A\$8m Secured Via Convertible Note Issue   |

|             |  |
|-------------|--|
| 24-Aug-2018 | Completion of Maiden Antena-Xupe Diamond Drilling Campaign |
| 24-Aug-2018 | Supplementary Information - Drill Hole OST012 Rio Do Ouro  |
| 17-Aug-2018 | Rio Do Ouro (New Name for Sertao) Drilling Update          |
| 14-Aug-2018 | Digo Digo Exploration                                      |
| 06-Aug-2018 | Sertao Drilling Update                                     |
| 06-Aug-2018 | Resumption in Trading                                      |
| 31-Jul-2018 | Quarterly Cashflow Report - June 2018                      |
| 31-Jul-2018 | Quarterly Activities Report - June 2018                    |
| 25-Jul-2018 | Drilling Commences at Sertao Following Data Review         |
| 16-Jul-2018 | Geological Modelling of Cascavel Mineralisation            |
| 4-Jul-2018  | Change of Director's Interest Notice - Appendix 3Y         |
| 29-Jun-2018 | Amended Change of Director's Interest Notice - Appendix 3Y |
| 28-Jun-2018 | Change of Director's Interest Notice - Appendix 3Y x 6     |
| 28-Jun-2018 | Amended Appendix 3B  |
| 28-Jun-2018 | Issue of Additional Placement Securities                   |
| 13-Jun-2018 | Tinteiro Rock Chip Samples Grade Up To 1.75% Cobalt        |
| 6-Jun-2018  | Brazil Truck Drivers' Strike Update                        |
| 31-May-2018 | Results of Annual General Meeting                          |
| 30-May-2018 | Change of Director's Interest Notice - Appendix 3Y         |
| 28-May-2018 | Impact of Nationwide Brazilian Transport Strike            |
| 16-May-2018 | Investor Presentation - 121 Mining Conference, May 2018    |
| 1-May-2018  | Diamond Drilling Results 21.7m @ 4.49 g/t at Antena-Xupe   |
| 30-Apr-2018 | Quarterly Cashflow Report - March 2018                     |
| 30-Apr-2018 | Quarterly Activities Report - March 2018                   |
| 27-Apr-2018 | 88 new Mestre Panel samples grade up to 300 g/t            |
| 26-Apr-2018 | Notice of Annual General Meeting/Proxy Form                |
| 20-Apr-2018 | Amended Appendix 3B  |
| 20-Apr-2018 | Change of Director's Interest Notice - Appendix 3Y         |
| 18-Apr-2018 | Update on Hammer Mill 3 Commissioning                      |
| 13-Apr-2018 | Change of Director's Interest Notice - Appendix 3Y         |
| 13-Apr-2018 | Issue of Securities and Appendix 3B                        |
| 11-Apr-2018 | Revised Appendix 3B - Allotment of Placement Securities    |
| 6-Apr-2018  | Allotment of Placement Securities & Appendix 3B            |
| 5-Apr-2018  | Supplementary Prospectus                                   |
| 29-Mar-2018 | Corporate Governance Statement and Appendix 4G             |
| 28-Mar-2018 | Annual Report to Shareholders                              |

ASX maintains files containing publicly available information for all listed

companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website [www.orinocogold.com](http://www.orinocogold.com).

### 9.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

|         |         |                |
|---------|---------|----------------|
| Highest | \$0.008 | 3 January 2019 |
| Lowest  | \$0.003 | 20 March 2019  |
| Last    | \$0.004 | 20 March 2019  |

### 9.4 Material contracts

The following are summaries of the significant terms of the material agreements which relate to the business of the Company.

### 9.5 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter agreed to conditionally underwrite the Offer for 2,705,369,378 Shares (**Underwritten Securities**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 6% of the value of the Underwritten Securities.

The Underwriting Agreement is conditional upon:

- (a) **(Due Diligence):**
  - (i) the Underwriter receives prior to 9:00am on the Trading Halt Date, or such other time as the Underwriter agrees in writing in its absolute discretion, a copy of the Due Diligence Report substantially in the form of the draft due diligence committee report approved by the Due Diligence Committee and the Underwriter for the purposes of the Due Diligence Planning Memorandum, signed by the relevant persons and delivered to the directors of the Company and the Underwriter, accompanied by signed copies of all opinions, sign-offs and reports listed in the due diligence committee report or otherwise contemplated in the Due Diligence Planning Memorandum, in each case in a form acceptable to the Underwriter (acting reasonably);
  - (ii) neither the Due Diligence Report nor any of those opinions, sign-offs and reports having been withdrawn or varied without the prior written consent of the Underwriter on or prior to Completion;
- (b) **(ASIC lodgement)** the Prospectus is lodged with ASIC on the lodgement date.

- (c) **(Official Quotation)** ASX has not indicated to the Company or the Underwriter that it will not grant permission for the Official Quotation of the Entitlement Shares on or before the settlement date;
- (d) **(Entitlement Offer Shortfall Notice)** the Underwriter has received an Entitlement Offer Shortfall Notice by 9.30am on the Entitlement Offer Shortfall Notification Date; and
- (e) **(Entitlement Offer Certificate)** the Company has delivered to the Underwriter a duly executed Entitlement Offer Certificate by 9.30am on the Entitlement Offer Shortfall Notification Date.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) **(Entitlement Offer Certificate)** an Entitlement Offer Certificate which is required to be furnished by the Company is not furnished by the time specified or any statement in an Entitlement Offer is untrue, inaccurate, incomplete or misleading or deceptive in any material respect;
- (b) **(unable to issue Offer Shares)** the Company is prevented from allotting and issuing the Entitlement Offer Shares within the time required by the Listing Rules, applicable laws, an order of a court of competent jurisdiction or a Government Agency;
- (c) **(ASX announcement)** the Company fails to lodge:
  - (i) the announcement referred to in paragraph 1 of the definition of Prospectus; or
  - (ii) the Entitlement Offer Cleansing Notice, by 9.30am on the Announcement Date;
- (d) **(Prospectus):**
  - (i) there is a material omission from the Prospectus;
  - (ii) the Prospectus contains a misleading or deceptive statement;
  - (iii) a statement in the Prospectus becomes misleading or deceptive;
  - (iv) a forecast in the Prospectus becomes incapable of being met or unlikely to be met in the projected time;
  - (v) the Prospectus does not comply with all relevant sections of the Corporations Act; or
  - (vi) a matter referred to in section 719 of the Corporations Act occurs in respect of the Prospectus;
- (e) **(Breach of significant contracts)** A significant or material contract referred to in the Prospectus is, without the prior consent of the Underwriter:
  - (i) breached by the Company or a Related Body Corporate;
  - (ii) terminated (whether by breach or otherwise);

- (iii) altered or amended in any way; or
  - (iv) found to be void or voidable;
- (f) **(Corporations Act):**
- (i) ASIC applies for an order under section 1324B of the Corporations Act in relation to the Prospectus and the application is not dismissed or withdrawn before the Entitlement Offer Closing Date;
  - (ii) a person gives a notice under section 730 of the Corporations Act in relation to the Prospectus;
  - (iii) ASIC gives notice of intention to hold a hearing in relation to the Prospectus under section 739(2) of the Corporations Act or makes an interim order under section 739(3) of the Corporations Act; or
  - (iv) any person (other than the Underwriter) who consented to being named in the Prospectus withdraws that consent;
- (g) **(Supplementary prospectus)** The Underwriter reasonably forms the view that a supplementary or a replacement document must be lodged with ASIC under section 719 of the Corporations Act and the Company does not lodge a supplementary or a replacement document in the form, with the content and within the time reasonably required by the Underwriter;
- (h) **(withdrawal)** the Company withdraws the Entitlement Offer;
- (i) **(market fall)** the S&P/ASX 200 Index closes on any two Business Days in the period from the Announcement Date to the Entitlement Offer Settlement Date at a level that is 5% or more below the level of that index as at the close of trading on the Business Day before the date of this Agreement and is at or below that level at the close of trading:
- (i) for at least 2 Business Days during any time after the date of this Agreement and prior to the Entitlement Offer Settlement Date; or
  - (ii) on the Business Day immediately prior to the Entitlement Offer Settlement Date or Entitlement Offer Allotment Date;
- (j) **(ASIC action):**
- (i) an application is made by ASIC for an order under Part 9.5 in relation to the Entitlement Offer or the Prospectus and such application becomes public or is not withdrawn within 1 Business Day after it is made or, where it is made less than 1 Business Day before the Entitlement Offer Settlement Date, it has not been withdrawn by the Entitlement Offer Settlement Date; or
  - (ii) ASIC commences any investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth) in relation to the Entitlement Offer or the Prospectus and such investigation or hearing becomes public or is not withdrawn within 1 Business Day after it is commenced or, where it is commenced within 1 Business Day before the Entitlement Offer

Settlement Date, it has not been withdrawn before the Entitlement Offer Settlement Date;

- (k) **(regulatory action)** there is an application to a Government Agency (including, without limitation, the Takeovers Panel) for an order, declaration (including, in relation to the Takeovers Panel, of unacceptable circumstances) or other remedy, or a Government Agency commences any investigation or hearing or announces its intention to do so, in each case in connection with the Entitlement Offer (or any part of it) or any agreement entered into in respect of the Entitlement Offer (or any part of it);
- (l) **(listing and quotation)** approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to the quotation of any Shares by ASX or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;
- (m) **(offences by Directors)** any of the following occurs:
  - (i) a Director of the Company is charged with an indictable offence;
  - (ii) any Government Agency commences any public action against a Director of the Company or announces that it intends to take any such action; or
  - (iii) any Director of the Company is disqualified from managing a corporation under the Corporations Act;
- (n) **(insolvency)** the Company or any Company Group Member is Insolvent or there is an act or omission which may result in the Company or any Company Group Member becoming Insolvent;
- (o) **(Takeovers Panel)** a Shareholder makes an application to the Takeovers Panel in connection with the Entitlement Offer and the Takeovers Panel elects to hear the application, and the application is not withdrawn or rejected;
- (p) **(ASX approval)** unconditional approval (or conditional approval, provided such condition would not, in the Underwriter's reasonable opinion, have a material adverse effect on the success or settlement of the Entitlement Offer) by the ASX for official quotation of the Entitlement Offer Shares is refused, or is not granted, by the Entitlement Offer Settlement Date, or withdrawn on or before the earlier of the Entitlement Offer Settlement Date or ASX makes an official statement to any person or indicates to the Company or the Underwriter that official quotation of the Entitlement Offer Shares will not be granted;
- (q) **(Timetable)** any event specified in the Timetable is delayed for more than 2 Business Days without the Underwriter's prior written consent;
- (r) **(new circumstances)** in the Underwriter's reasonable opinion, a new circumstance arises that would have been required to be disclosed in the Prospectus had it arisen before the Prospectus were lodged with ASIC; or
- (s) **(notifications)** any of the following notifications are made:

- (i) ASIC issues an order (including an interim order, other than an interim order which does not become public) under section 739;
- (ii) ASIC holds a hearing under section 739(2) (other than a hearing which does not become public);
- (iii) an application is made by ASIC for an order under Part 9.5 in relation to the Entitlement Offer or the Prospectus (other than an application which does not become public and is dismissed or withdrawn by ASIC within [5 Business Days or before the Settlement Date, whichever occurs sooner) or ASIC commences any investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth) in relation to the Entitlement Offer or the Prospectus;
- (iv) any person (other than the Underwriter) who has previously consented to the inclusion of its name in any Prospectus withdraws that consent; or
- (v) any person gives a notice under section 730.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

## 9.6 Empire Mandate

The Company has entered into a mandate pursuant to which it has engaged Empire to act as Lead Manager to the Offer and the Company's corporate advisor (**Empire Mandate**).

The Empire Mandate is conditional upon:

- (a) a satisfactory outcome of the due diligence process undertaken in respect of the Company;
- (b) the Company preparing a prospectus that fully complies with the Corporations Act (including ASIC policy), the ASX Listing Rules and the Constitution, the terms and contents of which are satisfactory to Empire; and
- (c) the Company conducting a series of presentations to Empire advisors and/or certain key investors (as requested by Empire).

In its role as Lead Manager, Empire will provide the Company with all necessary assistance with managing and arranging the Offer, including the provision of issue management and marketing services.

In its role as corporate advisor, Empire has agreed to (among other things) assist the Company with broker presentations, marketing and non-deal road shows, the review of material announcements to be released to ASX and provide general advice in respect of potential offers, Transactions, disposals, capital raisings and corporate and other matters.

For its services as corporate advisor, Empire will be paid a monthly retainer for a minimum of 12 months consisting of a \$10,000 per month fee.

For its services as Lead Manager, Empire will be paid a success fee of \$150,000 (**Success Fee**). The Success Fee will be payable in Shares to be issued on the same terms and conditions as those offered under the Offer. In the event that the Entitlements Offer is fully or over-subscribed, the Company will pay Empire a success fee of 400,000,000 unlisted options with a 3-year term and \$0.004 strike price (subject to Shareholder approval).

Under the terms of the mandate, the Company provides a comprehensive indemnity to Empire (together with its associates and related companies, and its directors, agents and staff) in respect of loss and damage which may be incurred by an indemnified party, directly or indirectly, in respect of (among other things) the mandate, the Offer, any material non-compliance with applicable law in relation to the Offer, any breach or failure by the Company to observe the terms of the mandate, and any advertising, publicity, statements or reports in relation to the proposed Offer made by or with the agreement of the Company.

Empire may terminate the mandate at any time upon giving 2 business days' notice of its intention to do so, or if any one or more of the following events occurs (among other things) in its sole and absolute opinion:

- (a) there is a material adverse effect to the assets, liabilities, financial position or prospects of the Company;
- (b) there is a false or misleading statement in (or omission from) the material or information provided to Empire or included in presentation materials;
- (c) there is a default by the Company of the terms of the mandate;
- (d) the All Ordinaries Index as published by ASX is at any time 10% or more below its level as at the close of business on the business day prior to the date of the mandate;
- (e) any representations and warranties given by the Company are or become materially untrue; or
- (f) a government agency commences public action or investigation against the Company or any of its directors.

The Company may terminate the mandate at any time if Empire fails to rectify a material breach of the terms of the mandate having been given 10 business days' notice in writing by the Company of such breach having occurred, or for convenience on the Company giving 10 business days' notice in writing to Empire.

The Company also provides standard representations and warranties to Empire which are standard for a mandate of this nature.

## **9.7 Cartesian Gold Stream Payment Deferral**

The Company entered into a gold sharing agreement in May 2015 with Cartesian Royalty Holdings (**CRH**) (as varied), pursuant to which CRH provided funding to the Company in the amount of USD\$8 million towards the costs of development and plant construction for the Company's wholly owned Cascavel Gold Project. In return, CRH is entitled to receive 20% of gold produced during the first three years of commercial production subject to a minimum quantity of 17,600 ounces of gold (the gold stream continues until 17,600 ounces of gold has been delivered) and a maximum quantity of 26,400 ounces of gold, at which point the agreement will cease, whether or not three years of production has been completed. 1,000 ounces of gold are to be delivered (or equivalent paid) every quarter.

As announced on 4 February 2019 the Company announced a deferral of the gold stream payments (**Deferral**). The key terms and conditions of the agreed Deferral include:

- (a) CRH shall defer the fourth quarter 2018 minimum delivery to 18 February 2020, in exchange for a 0.5% net smelter royalty in respect of the Company's interest in all tenements in which the Company and its subsidiaries or affiliates have an interest (**NSR 1**);
- (b) CRH shall, if requested in writing by the Company prior to 18 May 2019, defer the first quarter 2019 minimum delivery to 18 May 2020, in exchange for an additional 0.75% net smelter royalty in respect of the Company's interest in all tenements in which the Company and its subsidiaries or affiliates have an interest (**NSR 2**);
- (c) CRH shall, if requested in writing by Orinoco prior to 18 August 2019, defer the second quarter 2019 minimum delivery to 18 August 2020, in exchange for an additional 1.0% net smelter royalty in respect of the Company's interest in all tenements in which the Company and its subsidiaries or affiliates have an interest (**NSR 3**); and
- (d) the granting of the first quarter 2019 minimum delivery deferral is subject to the Company completing a \$5 million capital raising by 1 May 2019 and executing definitive documents for its US\$9.5 million exploration joint venture with AngloGold Ashanti.

## 9.8 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offer.

### **Security holdings**

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

| Director          | Shares  | Options | Performance Rights | Entitlement |
|-------------------|---------|---------|--------------------|-------------|
| Adrian Byass      | -       | -       | -                  | -           |
| Andrew Allan      | -       | -       | 5,000,000          | -           |
| Francisco Barreto | -       | -       | 1,800,000          | -           |
| Matthew O'Kane    | 100,000 | -       | -                  | 190,000     |

**Notes:**

1. Performance Rights held by Mr Andrew Allan consist of:
  - (a) 1,666,666 Class A Performance Rights;
  - (b) 1,666,666 Class B Performance Rights; and
  - (c) 1,666,668 Class C Performance Rights.
2. Performance Rights held by Mr Barreto consist of:
  - (a) 600,000 Class A Performance Rights held by CRH Mezzanine Pte Ltd an entity that is associated with Mr Barreto;
  - (b) 600,000 Class B Performance Rights held by CRH Mezzanine Pte Ltd an entity that is associated with Mr Barreto; and
  - (c) 600,000 Class C Performance Rights held by CRH Mezzanine Pte Ltd an entity that is associated with Mr Barreto.
3. 5,000,000 Performance Rights are to be issued to Matthew O'Kane in lieu of cash fees, issue of the Performance Rights is subject to shareholder approval.
4. The Company has agreed, subject to obtaining Shareholder approval at the General Meeting to be held 11 April 2019, to issue 3,571,429 Shares and 3,571,429 Options to Mr Jeremy Gray, the Company's former Managing Director (resigned 2 January 2019). The Company will also seek to issue 3,571,429 Shares and 3,571,429 Options to Mr Richard Crew, the Company's Chief Operating Officer in Brazil.

The Board recommends all Shareholders take up their Entitlement and advises that Matthew O'Kane intends to take up his Entitlement in full.

**Remuneration**

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$350,000 per annum.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and

other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

| Director                             | Salary and Fees | Post-Employment Benefit | Incentives | Total     |
|--------------------------------------|-----------------|-------------------------|------------|-----------|
| <b>Adrian Byass<sup>1</sup></b>      |                 |                         |            |           |
| 2018                                 | -               | -                       | -          | -         |
| 2019                                 | -               | -                       | -          | -         |
| <b>Andrew Allan</b>                  |                 |                         |            |           |
| 2018                                 | -               | -                       | -          | -         |
| 2019                                 | -               | -                       | -          | -         |
| <b>Francisco Barreto<sup>3</sup></b> |                 |                         |            |           |
| 2018                                 | -               | -                       | -          | -         |
| 2019                                 | -               | -                       | -          | -         |
| <b>Matthew O'Kane<sup>2</sup></b>    |                 |                         |            |           |
| 2018                                 | -               | -                       | -          | -         |
| 2019                                 | \$100,000       | -                       | -          | \$100,000 |

**Notes:**

1. Mr Adrian Byass was appointed as Non-Executive Chairman on 11 February 2019.
2. Mr Matthew O'Kane was appointed as a Non-Executive Director on 12 December 2018 and replaced Jeremy Gray as Interim Managing Director on 2 January 2019. As announced 2 January 2019, Mr O'Kane is to receive a cash salary of \$100,000 per annum and be issued 5,000,000 Performance Rights (subject to Shareholder approval).
3. Mr Francisco Barreto was appointed as a Non-Executive Director on 3 October 2018.
4. As announced 18 December 2017, Non-Executive Directors' receive no cash remuneration.

**9.9 Interests of experts and advisers**

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;

- (e) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Empire Capital Partners Pty Ltd will be paid an underwriting fee of approximately \$324,644 together with a \$242,261 management fee in respect of this Offer. Empire Capital Partners Pty Ltd will also be paid \$10,000 monthly for twelve months, for corporate advisory services provided to the Company. During the 24 months preceding lodgement of this Prospectus with the ASIC, Empire Capital Partners Pty Ltd has been paid fees totalling \$247,392 by the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$20,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$131,853 (excluding GST and disbursements) for legal services provided to the Company.

Hartleys Limited has been appointed as the nominee under ASX Listing Rule 7.7. Hartleys Limited will be paid a Facility Fee of \$5,000 and a Brokerage Fee of 1% on the execution of sale of rights.

## **9.10 Consents**

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section;
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section;
- (c) Empire Capital Partners Pty Ltd has given its written consent to being named as underwriter to the Offer in this Prospectus, in the form and context in which it is named;
- (d) Empire Capital Partners Pty Ltd (including its related entities) is not a Shareholder of the Company;
- (e) Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC;

- (f) Empire Capital Partners Pty Ltd has given its written consent to being named as Lead Manager to the Company in this Prospectus. Empire Capital Partners Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC;
- (g) HLB Mann Judd has given its written consent to being named as Auditor to the Company in this Prospectus. HLB Mann Judd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC
- (h) Hartleys Limited has given and has not withdrawn its consent to be named as the Company's nominee under ASX Listing Rule 7.7. Hartleys Limited has not caused or authorised the issue of this Prospectus, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

### 9.11 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$623,598 (excluding GST) and are expected to be applied towards the items set out in the table below:

|                           |                         |
|---------------------------|-------------------------|
|                           | <b>\$</b>               |
| ASIC fees                 | \$3,206                 |
| ASIC Nominee Fee          | \$3,487                 |
| ASX fees                  | 15,000                  |
| Underwriting fees         | \$324,644               |
| Manager to the offer fees | \$242,261               |
| Legal fees                | \$20,000                |
| Printing and distribution | \$10,000                |
| Miscellaneous             | \$5,000                 |
| <b>Total</b>              | <b><u>\$623,598</u></b> |

### 9.12 Electronic prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 8 6188 8181 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at [www.orinocogold.com](http://www.orinocogold.com).

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

### 9.13 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings

on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

#### **9.14 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship**

The Company will not be issuing option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

#### **9.15 Privacy Act**

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

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**10. DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



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Matthew O'Kane  
**Managing Director**  
**For and on behalf of**  
**ORINOCO GOLD LIMITED**

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## 11. GLOSSARY

**\$** means the lawful currency of the Commonwealth of Australia.

**AngloGold** means AngloGold Ashanti Holdings PLC.

**Applicant** means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

**Application** means an application to subscribe for Shares under this Prospectus.

**Application Form** means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

**Application Monies** means money submitted by Applicants in respect of Applications.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the listing rules of the ASX.

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHESS.

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**Cartesian** or **CRH** means Cartesian Royalty Holdings Pte. Ltd. (a company incorporated in Singapore).

**Closing Date** means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

**Company** means Orinoco Gold Limited (ACN 149 219 974).

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company as at the date of this Prospectus.

**Eligible Shareholder** means a Shareholder of the Company as at the Record Date other than an Ineligible Shareholder.

**Eligible Shareholder** means a Shareholder of the Company as at the Record Date other than an Ineligible Shareholder.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Ineligible Shareholder** means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

**Institutional Investor** means investors selected by the Company who are investors who fall within the exemptions provided by section 708(8) or (11) of the Corporations Act.

**New Share** means a Share issued under this Prospectus.

**Magna** means MEF I, L.P (a company incorporated in the United States of America).

**Nominee** means Hartleys Limited.

**Offer** means the non-renounceable entitlement issue the subject of this Prospectus.

**Official Quotation** means official quotation on ASX.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Prospectus** means this prospectus.

**Record Date** means the date specified in the timetable set out at the commencement of this Prospectus.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Shortfall** means the Shares not applied for under the Offer (if any).

**Shortfall Application Form** means the shortfall application form either attached to or accompanying this Prospectus.

**Shortfall Offer** means the offer of the Shortfall on the terms and conditions set out in section 4.16 of this Prospectus.

**Shortfall Shares** means those Shares issued pursuant to the Shortfall.

**WST** means Western Standard Time as observed in Perth, Western Australia.