



Orinoco to raise up to \$6m to accelerate production increase at Cascavel gold project

Key Points:

- Capital raising will fund additional underground mine development to increase production at the Cascavel gold project in Brazil from the planned start-up rate of 40,000tpa in the March quarter, 2016 to more than 60,000tpa in the December quarter, 2016
- Decision to increase production follows Orinoco's increased confidence in the high-grade deposit at Cascavel
- Capital raising via a one-for-seven non-renounceable Entitlement Offer to shareholders at 17c with one free listed option for every three new shares subscribed to raise up to A\$5 million
- Key major shareholders have advised their intention to take up their Entitlements
- \$1 million in commitments via a Share Placement to sophisticated and institutional investors, including support from key major shareholders
- Conditional commitment to take up to A\$1.3 million of Entitlement Offer shortfall and non-binding conditional term-sheet entered into with a potential cornerstone investor to raise up to an aggregate total of \$15m

Orinoco Gold (ASX: OGX) is pleased to advise that it will seek to raise up to \$6 million (Entitlement Offer plus Share Placement) to fund a major increase in production at its Cascavel gold project in Brazil.

Under this strategy, planned mine production will increase from the start-up rate of 40,000 tonnes a year in the March quarter of next year to 60,000tpa by the December quarter, 2016. Orinoco's decision to accelerate the production expansion follows the Company's increased confidence in the high-grade deposit at Cascavel. The proceeds of the raising will be used to develop a second ore haulage point from the mine and purchase additional capital equipment to allow the development and subsequent mining of additional underground headings. The funds will also provide a prudent working capital buffer during the plant assembly and commissioning phases.

Orinoco Managing Director Mark Papendieck said the capital raising would enable the Company to create more value for shareholders in a shorter timeframe. “We now have immense confidence in the Cascavel Gold Mine and therefore it makes complete commercial sense to take maximum advantage of it by expanding production quickly,” Mr Papendieck said. “These funds will allow us to accelerate the planned mine development and expand our haulage capacity, meaning we will increase planned production by more than 50 per cent in less than a year.”

Terms of Entitlement Offer

The Company intends to offer its existing eligible shareholders the opportunity to participate in a non-renounceable entitlement offer of 1 fully-paid ordinary share for every 7 shares held on the record date at an issue price of 17 cents per share to raise up to approximately A\$5 million (“Entitlement Offer”).

Eligible shareholders will be entitled to receive one (1) free listed option for every three (3) shares subscribed for under the Entitlement Offer (“Options”). The Options will be exercisable at 25 cents and will expire on 31 January 2018.

The prospectus and timetable for the Entitlements Offer will be released shortly.

Share Placement

The Share Placement to sophisticated and institutional investors will raise A\$1 million with shares to be issued at a price of 17 cents per share with subscribers entitled to receive one (1) free listed option for every three (3) shares subscribed for. The Options will be exercisable at 25 cents and will expire on 31 January 2018.

The Share Placement is expected to be completed within the Company’s available placement capacity provided by the ASX Listing Rules. An Appendix 3B and Cleansing Notice will be lodged with the ASX upon the issue and allotment of the placement shares. Upon issue, the placement shares will rank equally alongside the existing fully-paid ordinary shares on issue.

Conditional Entitlement Offer shortfall commitment and non-binding term sheet with potential cornerstone investor

An international resource finance and investment company focused specifically on the metals/mining sector will invest up to A\$1.3m at 17 cents per share (for an issue of up to 8,000,000 shares) with attaching Options on the same terms as the Entitlement Offer via a share placement under the Company’s (Listing Rule 7.1 and 7.1A) capacity to issue shares and/or as a take-up of shortfall shares under the Entitlement Offer, on the condition that a total of at least A\$2.7m has been received in the combination of the Share Placement and the Entitlement Offer (“Minimum Subscription Condition”).

In addition, a conditional non-binding term sheet has been signed with the same international resource finance and investment company, under which it is contemplated an additional investment of between approximately \$10-14 million would be made in the Company via the issuing of shares at the same price as the Entitlement Offer (including with a free 1:3 attached Option).

The proposed investor is a wholly-owned subsidiary of a diversified alternative asset management business with global firm-wide assets under management of approximately US\$15.5 billion and estimated net asset value of approximately US\$1.9 billion.

The non-binding term sheet contemplates the investor participating via a further take-up of shortfall shares under the Entitlement Offer and/or as a share placement subject to shareholder approval.

The non-binding term sheet is conditional on satisfaction of the Minimum Subscription Condition under the Entitlements Offer, due diligence satisfactory to the proposed investor, negotiation and execution of definitive documents, shareholder approval for the issue of shares in excess of the Company's existing placement capacity and for the purposes of s611 (Item 7) of the Corporations Act for the potential investor to hold more than 19.9% of the share capital of the Company, and other customary closing conditions. Due to the conditional nature of this proposed investment, there is no assurance that any transaction will materialise from the non-binding term sheet. Therefore, shareholders and potential investors are advised to exercise caution in their dealings with the Company's shares.

Should the current term sheet progress to definitive documentation and all conditions are satisfied (including shareholder approval), the funds raised will be used for:

- Further development of the Cascavel Project, including increasing ownership from 70%;
- Drilling programme to prove up along strike and down plunge extensions of the mineralised zone outside of the current mine plan.
- An exploration programme aimed at rapidly advancing the Sertao Project;
- An aggressive regional exploration programme on the Company's extensive property holding in the Faina greenstone belt that contains Cascavel, Sertao and the Garimpo prospect;
- Acquisition or 'earn-ins' into other gold properties.

The Company will keep the market updated on any progress in relation to this non-binding term sheet as soon as it is able.

-ENDS-

For further information, please contact:

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Previous Reported Results: There is information in this report relating to Exploration Results at Cascavel. Full details of the Results were included in the following ASX Release and are available to view on the Company's website www.orinocogold.com:

1. 28 November 2014 - Low Cost Development & Exploration Upside Highlight Cascavel Opportunity
2. 23 October 2013 – Cascavel: More Bonanza Results Extend Current High Grade Zone to 15m @ 88g/t Au
3. 14 May 2014 - "Outstanding Gold Grade from Latest Cascavel Bulk Sample"
4. 7 July 2014 – Bonanza Gold Results up to 27 oz/tonne from Cascavel Exploration Decline
5. 14 May 2014 - Outstanding Gold Grade from Latest Cascavel Bulk Sample
6. 20 January 2014 - Successful Bulk Sampling Highlights the Opportunity for High Grade Development at Cascavel Gold Project.
7. 8 October 2012 - High-Grade Gold Results Returned From Curral De Pedra Project, Brazil
8. 12 December 2012 - Hits of up to 193gpt Au confirm mineralisation over 620m down dip

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the Exploration Results in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Forward-Looking Statements:

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

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. Any information relating to the exploration target should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.