



**Breakaway
Research**

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Company Information

| ASX Code | OGX |
|-------------------------|-----------------|
| Share Price | A\$0.08 |
| Ord Shares | 153m |
| Options | 62.2m |
| Performance Shares | 15.0m |
| Market Cap (FD) | A\$18.4m |
| Cash (16 Feb 2015) | A\$~2m |
| Total Debt | A\$0m |
| Enterprise Value | A\$16.4m |

Directors & Management

| | |
|--|-------------------|
| Non-Exec Chairman | John Hannaford |
| Managing Director | Mark Papendieck |
| Technical Executive/ Alternate Director | Klaus Peterson |
| Country Manager/ GM, Exploration | Marcelho Carvalho |
| Non-Exec Director | Brian Thomas |
| Non-Exec Director | Ian Finch |
| Company Secretary | Phillip Wingate |

Company Details

| | |
|---------|---|
| Address | Ground Floor, 16 Ord Street West Perth, WA, 6005 |
| Phone | +618 64633241 |
| Web | www.orinocogold.com |

Top Five Shareholders

| | |
|--------------------------------------|--------|
| Admark Investments | 11.76% |
| Trafford Resources | 8.4% |
| Walid Kahoule | 5.85% |
| John Hannaford | 3.89% |
| Westoria Resource Investments | 3.12% |
| Top 5 | 32% |

1 Year Price Chart



Source: IRESS

Orinoco Gold Limited (OGX)

Grade Is King

Recommendation: Speculative BUY

Key Points

- **Development imminent at the high grade Cascavel Gold Project**
- **Fully funded and permitted; expected production in late 2015**
- **Initial production target of ~22,000ozpa of gold at a projected average grade of 20g/t**
- **Conventional underground mining and simple gravity recovery of gold**
- **Excellent exploration and growth potential Our analysis indicates low C1 cash costs of ~A\$460/oz gold**
- **Risked base case valuation of \$0.15/share – a premium of 80% to the current price, with considerable upside in our view**

Orinoco has commenced development of its 70% held, fully permitted Cascavel Gold Project in Goiás State, central Brazil. Funding has been sourced through an innovative gold sharing financing package, which maintains fair returns to the Company and shareholders.

A JORC compliant resource has not been estimated due to high nugget effect of the gold mineralisation and insufficient drill data due to prohibitive cost of a drill out. However bulk sampling and previous underground mining at Cascavel indicate a diluted gold grade in the order of 20g/t should be achievable, and the drilling to date indicates there will be sufficient mineralisation to more than meet the requirements of the initial mining plan.

The above factors, combined with an initial four year, 40,000tpa mining operation utilising simple gravity treatment and low operating and capital costs, should provide good returns and the foundations of a robust operation. There is excellent scope to increase the scale of production beyond the initial mining plan based on the excellent exploration potential of the region.

Cascavel is located in a broader tenement package that has returned excellent exploration results for both further orogenic gold mineralisation and broad scale IOCG mineralisation.

We consider Orinoco a SPECULATIVE BUY, with a base case price target of \$0.155/share. Short to medium term price movers will include successful development and demonstrated production, and we see considerable upside potential to this valuation.

Company Overview

Orinoco is an ASX-listed company concentrating efforts on orogenic gold mineralisation in the highly prospective Goiás region of central Brazil. The key development project is the Cascavel Gold Project, part of its broader Faina Goldfields Project, which covers some 200km².

The Company's strategy is to initially develop a relatively small scale, start-up operation, with plans to then increase resources and mine life through funding drilling and other exploration activities from operational cash flow.



Investment Thesis

Developing the high grade Cascavel Gold Project in Goiás, central Brazil

High Grade Gold

Orinoco Gold (ASX: OGX, “Orinoco” or “the Company”) is concentrating efforts on developing its 70% owned high grade Cascavel Gold Project (“Cascavel”) in Goiás State, central Brazil, part of its broader Faina Goldfields Project (“Faina”). First production is expected in late 2015 from a 40,000tpa underground operation.

Goiás is a productive gold mining region

Great Address...

The Goiás region was the site, in the 1700’s; of the 2nd Brazilian gold rush after that at Ouro Preto, and current major producers include Yamana Gold Inc. (“Yamana”) and AngloGold Ashanti Ltd. (“Anglo”). Past producers and explorers include Western Mining Corporation (“WMC”) and Troy Resources Limited (ASX: TRY, “Troy”). The region is estimated to have produced some 3 million ounces of gold during the 1700’s.

Brazil is a well-respected mining jurisdiction

...in a Mining Friendly Country

Brazil is a well understood and mining friendly jurisdiction, with a large number of multi-national majors operating in various parts of the country. It has a transparent mining law and certain title, and has now been a stable democracy for over 30 years, and is the seventh largest global economy.

Mineralisation at Cascavel (and through the region) is well understood, being vein and shear hosted orogenic in style

Well Understood High Grade Mineralisation

Gold mineralisation at Cascavel is vein and shear hosted orogenic in style, hosted in Archaean to Paleoproterozoic units of the Faina greenstone belt. Mineralisation is virtually identical in style to that at Anglo’s Crixas Mine (2.3Moz @ 7.76g/t Au) and Yamana’s Pilar Mine (1.4Moz @ 4.1g/t Au), and other examples within the five parallel greenstone belts in the region, which all have been shown to be extensively continuous along strike and down the shallow (20° to 30°) SW dips.

Coarse high grade (~20g/t) free-milling mineralisation at Cascavel has precluded a JORC-compliant resource being calculated

One distinctive feature of Cascavel is the high grade, coarse, free-milling nature of the gold mineralisation. However this characteristic, combined with the narrow mineralised lode structures, precludes the accurate and cost effective calculation of grade for a JORC-compliant resource, due to inherent sampling bias and the requirement for a very high density of drilling.

Bulk and panel sampling points towards a fully diluted grade in the high grade shoots in the order of 20g/t

However What is the Grade...

This obviously poses an issue; however the Company (and we) are confident that Cascavel can deliver high grade ore after dilution at the minimum mining widths of around 1.5m. Historic mining from three winzes, and bulk and channel sampling by Orinoco point towards diluted grades in the high grade shoots in the order of 15g/t – 30g/t, with 20g/t being used in our modelling. Recent bulk and panel samples have assayed from 24g/t to 88g/t Au.

Potential tonnages can be reasonably predicted however, and we see sufficient scope for a medium to long term project

...and Tonnage?

Drilling data does allow for reasonable estimations of extents and hence potential tonnages of the mineralisation. Average host structure widths are narrow, in the order of 0.5m to 1m thick (but can in places reach up to +5m thick), with the structure identified in drilling over a strike length of ~600m and down dip for 720m, and still open in all directions. Initial mining plans are based on a 250m x 250m panel of mineralisation, which, at the 1.5m minimum mining width results in a 250,000t block of material, of which 160,000t is estimated to represent high grade shoots that will be extracted.



Initial plans call for a simple, low cost operation 2015/early 2016

Simple, Low Cost Initial Operation

Initial plans for Cascavel are for a four year 40,000tpa air-leg underground operation, with the expected 20g/t gold ROM ore easily treated with high recoveries through a simple gravity circuit, resulting in a low capital (~US\$6.6m) and operating cost (A\$250/tonne) operation.

The proposed development is fully permitted

Fully Permitted

Cascavel is fully permitted, with the mine site permitted for up to 50,000tpa extraction under an extendable trial mining licence. Treatment will be carried out at the 100% held Sertão Mine, located some 28km by road from Cascavel, which is licenced to treat up to 300,000tpa of ore, and is planned to become a treatment hub for any future discoveries. The Company has applied for a full mining licence at Cascavel, with the aim of expanding operations once granted.

The excellent upside potential is a key strength of the project

Excellent Blue Sky Potential

A key strength of the project is the excellent potential for resource growth, and hence production expansion, both through extensions of the known mineralisation and through new discoveries. The exploration strategy is supported by a robust geological, geochemical and geophysical database over the Company's 200km² tenement package.

Key areas for expansion include down dip and along strike at Cascavel, as well as underground mineralisation at Sertão, which historically produced 256,000oz of oxide gold from a shallow open pit at an average grade of 24.95g/t Au.

In addition to a large number of high quality near mine and regional gold anomalies that require follow up, there is also iron-oxide copper gold ("IOCG") gold and copper potential, as exemplified by the Tinteiro target within a few kilometres of Cascavel.

The proposed project is fully funded through an innovative gold sharing arrangement

Funding in Place

To fund its mine development activities Orinoco has entered into an innovative gold sharing funding package with Chancery Asset Management of Singapore ("Chancery"). Under the terms of the package Chancery will provide US\$8 million (secured over the Cascavel assets), in return for 20% of production over the first three years of production, for a minimum of 16,000oz of gold. Deliveries under the facility are capped at 24,000oz should production be significantly better or faster than expected.

In addition the Company has announced a 1:4 rights issue to raise an additional A\$2.7 million.

Company personnel have extensive experience in Brazil, and include Brazilian nationals

Experienced Board and Management, Skin in the Game

Orinoco personnel have considerable experience in the Brazilian gold sector, particularly in the Goiás region. Key management includes Brazilian nationals, again an important consideration for an Australian company operating in the country.

In addition, directors and management hold significant shareholdings and thus will be motivated to produce strong returns for shareholders.

Base case risked company valuation of A\$0.155/share

Company Valuation

We have arrived at a near term target valuation of \$0.155/share for Orinoco as presented below. The valuation for the initial four years operation of Cascavel includes initial capital, funding and takes into account gold deliveries to Chancery. Our figures also include a valuation for an extra four years mine life at Cascavel, at the same production rates and costs as for the initial four year mine life.



We see considerable upside in this valuation, particularly if increased production can be achieved at Cascavel. In addition we would expect exploration success and development to increase the value of Sertão and the other exploration properties. An assessment of peers suggests that the value could also be validly based on production multiples.

Company Base Case Valuation – Risked – AUD/USD Exchange Rate of 0.78, Gold Price US\$1,200/oz.

| Item | AUD - Unrisked | Risk Weighting | AUD - Risked | Notes |
|---------------------------------------|----------------|----------------|--------------|--|
| Cascavel - 2015-2019 - 70% | \$24,439,089 | 50% | \$12,219,544 | 5% DCF, funded, after tax |
| Cascavel 2020-2023 -70% | \$27,481,502 | 30% | \$8,244,450 | 5% DCF, conceptual years 5 to 8, after tax |
| Cascavel & Tinteiro Exploration - 70% | \$5,000,000 | 100% | \$5,000,000 | |
| Sertao - 100% | \$5,000,000 | 100% | \$5,000,000 | |
| Head Office NPV - 2015-2019 - 100% | -\$5,356,737 | 100% | -\$5,356,737 | 5% DCF \$1.2m per annum |
| Cash | \$2,000,000 | 100% | \$2,000,000 | |
| Equity Raisings NPV | \$2,677,625 | 100% | \$2,677,625 | Proposed 1:4 rights issue |
| Company NPV | \$61,812,921 | 49% | \$29,970,282 | |
| Shares on Issue – 193,258,918 | \$0.320 | | \$0.155 | Diluted for 1:4 rights issue |

Source: Breakaway Analysis

Orinoco Peer Group

Orinoco is compared to a number of ASX and TSX companies operating in Brazil, as well as ASX listed companies with small scale, overseas operations.

We have compared Orinoco with a number of peers

We have included two multiples – EV/company equity share of resources, and EV/company equity share of production. The latter may also be a reasonable guide to the future fair value of development companies. For Orinoco we have included conceptual resources and a conceptual production case (as used in our modelling) so comparisons can be made with current producers.

In this case we see considerable upside potential for Orinoco as it progresses into production, particularly on the back of development of further high grade underground resources.

Orinoco Gold Peer Comparison

| Company | Code | Location | EV Diluted (A\$m) | Global Resource (Mt) | Au Grade (g/t) | Contained Au Moz Co Share | EV/oz Au equity share | Annual Prod Moz Co Share | Annual Prod Grade | EV/Oz Production* | Project Stage |
|---------------------|----------|---------------|-------------------|----------------------|----------------|---------------------------|-----------------------|--------------------------|-------------------|-------------------|-----------------------|
| Cleveland Mining | CDG: ASX | Brazil | \$27.2 | 2.4 | 1.48 | 0.07 | \$395.87 | - | - | N/A | Commencing Production |
| Kingsrose Mining | KRM: ASX | Indonesia | \$92.9 | 2.2 | 6.90 | 0.41 | \$228.13 | 17.00 | 8.60 | \$5,466.99 | Operating |
| Orinoco Gold | OGX: ASX | Brazil | \$16.4 | 0.2 | 20.00 | 0.09 | \$182.40 | 18.00 | 20.00 | \$912.22 | Development |
| Sumatra Copper Gold | SUM: ASX | Indonesia | \$68.5 | 6.5 | 2.14 | 0.45 | \$153.21 | - | - | N/A | Development |
| Troy Resources | TRY: ASX | South America | \$146.3 | 15.8 | 3.01 | 1.53 | \$95.66 | 130.00 | 7.00 | \$1,125.00 | Operating |
| Medusa Mining | MML: ASX | Philippines | \$179.4 | 28.9 | 2.78 | 2.58 | \$69.65 | 100.00 | 5.31 | \$1,793.95 | Operating |
| Serabi Gold | SBI: ASX | Brazil | \$59.7 | 3.1 | 7.09 | 0.70 | \$85.87 | 30.00 | 11.00 | \$1,990.63 | Operating |
| Beadell Resources | BDR: ASX | Brazil | \$222.2 | 111.0 | 1.39 | 4.96 | \$44.76 | 154.00 | 1.24 | \$1,442.71 | Operating |
| Magellan Minerals | MNM: TSX | Brazil | \$16.3 | 6.8 | 4.59 | 1.00 | \$16.28 | - | - | N/A | DFS Underway |
| Jaguar Mining | JAG: TSX | Brazil | \$59.4 | 188.3 | 1.28 | 7.75 | \$7.67 | 92.00 | 3.13 | \$645.80 | Operating |
| Belo Sun Mining | BSX: TSX | Brazil | \$46.7 | 139.3 | 1.71 | 7.64 | \$6.11 | - | - | N/A | DFS Underway |
| Amarillo Gold | AGC: TSX | Brazil | \$3.6 | 43.8 | 1.32 | 1.85 | \$1.95 | - | - | N/A | PFS |

Source: IRESS, Company reports, Breakaway analysis

*Estimated, annualised or forecast production figures where applicable



Risks

As in any resources stock there are a number of risks as discussed below.

- **Resource** – We see the key risk for Orinoco as resource risk, particularly in terms of grade. Given that no JORC-compliant resource has been delineated there will be no meaningful guidance on resource grades until the mineralisation is mined. However, in mitigation bulk sampling at Cascavel, and other operations in the region indicate that there is a good chance that the target resource will be present. The second point here relates to distribution of high grade shoots – we have assumed that high grade shoots will comprise up to 2/3 of the mineralised structures (the location and extent of the structures themselves are well understood however); this again will not be known until development is underway.
- **Development Issues and Capital Costs**– There are always risks in developing and commissioning a new project. However given the simple and small scale nature of mining and treatment at Cascavel we consider these risks to be relatively low. One potential issue may be ground conditions – given the lack of specific geotechnical drilling there has been no detailed geotechnical work, and hence the mining may encounter unexpected areas of unstable ground.
- **Operating Costs** – Operating costs are a consideration in any resources project, and Cascavel is no exception. However, due to the estimated high grade and low operating costs (expressed relative to gold produced) any adverse movements should not significantly affect project economics. As mentioned above, however, should unstable ground be encountered additional support may be required, leading to an unexpected increase in costs. Orinoco has engaged an experienced mining consultancy with experience in narrow lode mining to provide crucial direction.
- **Price, Exchange Rate and Market Risk** – This is a key risk for any resources project, and one which companies have little or no control over. Given the high grade and expected low costs Cascavel is robust and well cushioned against USD denominated gold price movements. Economics are currently helped by recent falls of the Brazilian Real against both the Australian Dollar and US Dollar – with costs being in Reals, and gold being denominated in US Dollars (although physically sold for Reals), a depreciating Real and hence a higher Real denominated gold price will result in higher margins. Given the project is funded, and there are no requirements to go to the markets for large scale funding, market risk is not a major issue.
- **Exploration** – This is a risk with all companies carrying out exploration – results to date throughout Orinoco’s tenement package indicate an excellent chance for exploration success, and hence this risk is somewhat mitigated.
- **Funding** – This is mitigated by having funding in place.
- **Permitting** – Given that Cascavel is fully permitted this has been mitigated.
- **Sovereign Risk** – Brazil is a well understood and stable mining jurisdiction, with Goiás State one of the more progressive with respect to mining.



Project and Activities Review

Faina Goldfields Project

Introduction and Strategy

Key Project is the Orinoco orogenic gold project in Goiás State, Central Brazil, part of the broader Faina Gold Project

The initial focus is on developing a low cost, high grade operation, with the potential for significant expansions

Orinoco is concentrating activities on its Faina project, located approximately 350km west of Brasilia in the State of Goiás in central Brazil.

Faina comprises three key targets in a ~200km² tenement package located over highly prospective stratigraphy:

- Cascavel Gold (70% OGX)
- Sertão Gold (100% OGX)
- Tinteiro IOCG (70% OGX)

The Company's initial focus is on developing a low cost (around A\$460/ounce), 40,000tpa underground operation at Cascavel, which is expected to produce at a high grade of around 20g/t, with ore being trucked ~28km to a gravity plant at Sertão. Cash flow from Cascavel will be used to fund exploration over its highly prospective tenements, and to further develop Cascavel and potential future mining developments at Sertão and other discoveries that may be made.

Project Location Map



Source: Orinoco Gold

Permitting

The project is fully permitted for currently planned operations, with a 50,000tpa trial mining licence over Cascavel, and a full mining licence over Sertão; a legacy of previous operations by Troy. The current Sertão licence has environmental approvals for a 300,000tpa CIL/CIP treatment plant; all that is required for operations to commence is for the authorities to approve the use of the smaller capacity gravity plant in lieu of a cyanide plant.

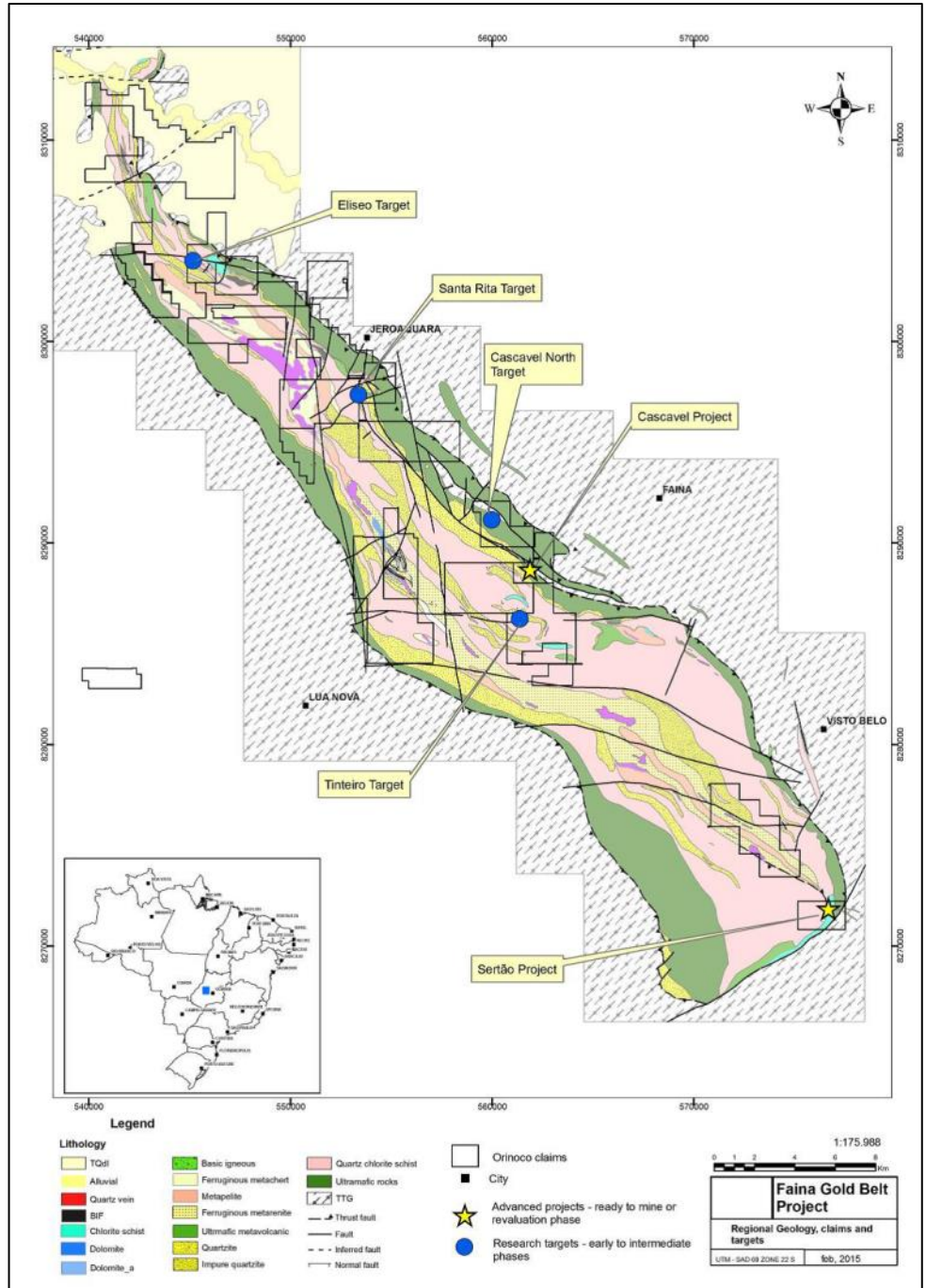
The project is fully permitted

Commencement of development is imminent, with modest capital requirements of US\$6.6m

Orinoco is currently applying for a mining licence at Cascavel to allow operations to be expanded in the future – the application was lodged in November 2014. The current trial licence can be renewed indefinitely whilst the full licence in the approvals process, with an expected time frame to approval of 20 months.

Commencement of development is imminent and the modest capital (~US\$6.6m) is being funded through an innovative gold sharing facility of up to US\$8 million, with due diligence now completed by Chancery, the capital providers.

Project Tenements, Prospects and Geology



Source: Orinoco Gold

Regional Geology and Mineralisation

Faina is located over Archaean to Paleoproterozoic greenstones

Faina is located over units of the Archaean to Paleoproterozoic Faina Greenstone Belt, one of five parallel, 330° trending belts located within the Neoproterozoic Tocantins-Araguaia Mobile Belt that separates the Amazon and São Francisco cratons.

Regional greenstone belts host a number of large, high grade gold deposits

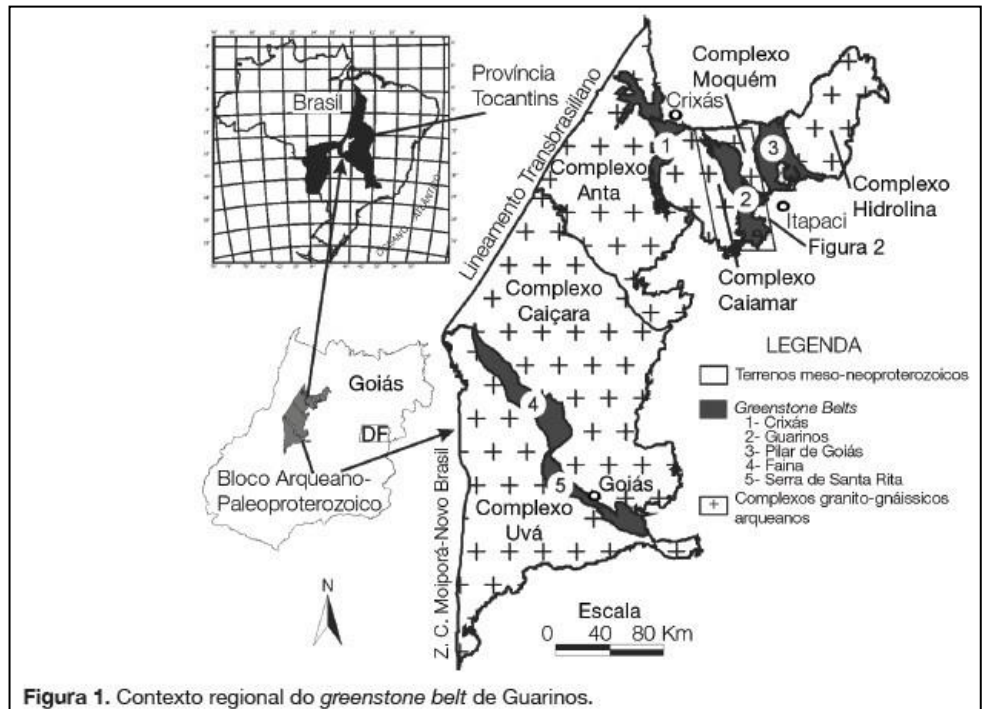
These greenstone belts host a number of shear hosted orogenic gold deposits, including Yamana's Pilar de Goiás (1.4Moz @ 4.1g/t Au) and AngloGold Ashanti's Crixas operation (2.3Moz @ 7.76g/t Au). Other deposits include Cleveland Mining's (ASX: CDG) Premier Gold Mine and Amarillo Gold Corporation's (TSX-V: AGC) Mara Rosa Project. The region was the site of Brazil's second "gold rush" in the 1700's, following that near Ouro Preto in Minas Gerais State.

Other mineralisation in the region includes Yamana's Chapada Neoproterozoic Cu/Au deposit, which has been variously interpreted as a metamorphosed porphyry copper or sediment/volcanic hosted system.

All five greenstone belts have common geology and mineralisation morphology

The greenstone belts and gold deposits generally share common stratigraphy, orientation and structure, with gold mineralisation occurring in quartz veining at the contact between a lower Archaean ultramafic to mafic volcanic package and an overlying possibly Paleoproterozoic sedimentary package. This contact is marked by layer parallel small scale thrusting, with a key characteristic being the extensive down-dip extent of the gold mineralisation.

Greenstone Belts



Source: Orinoco Gold

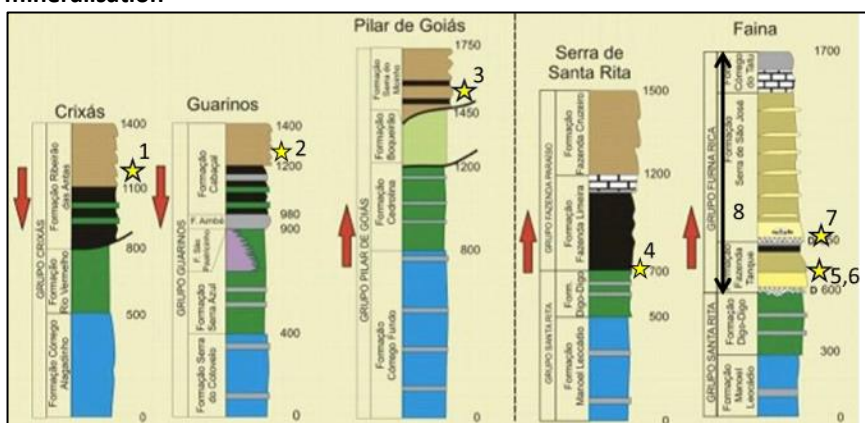
In all cases the mineralised contact dips at around 20° to 30° to the SW, with the stratigraphy interpreted as being the lower limbs of regional scale inclined synclines. There is no appreciable mine scale folding however, and the mineralised veins are interpreted to be post folding.

One thing that differentiates the Faina belt from the others is a second sedimentary cycle that has not been preserved in the other belts.



Greenstone Belt Stratigraphy – Yellow stars indicate mineralisation: 1 – Crixás, 2- Guarinos (Yamana), 3 – Pilar, 4 – historic/artisanal workings, 5,6 – Cascavel, Sertão, 7 - Elisau target (OGX), 8 – Tinteiro (OGX) – late intrusion related base and precious metals mineralisation

Mineralisation in all five belts sits at the same stratigraphic position, and has identical shallow SW dipping orientations



Source: Orinoco Gold

Infrastructure

Being located in a developed region, the Faina project area is well served by infrastructure, including grid power at Sertão which served Troy’s past operations, and crossed by sealed highways. The nearest town is Faina, 10km by formed dirt road from Cascavel, which has a population of ~7,000, and given the past mining activities will be a source of experienced personnel. The regional centre of Goiás (population ~20,000) is 50km from the centre of the tenement package.

Well-developed infrastructure, skilled local work force

There is a haul road (which has been maintained) from Sertão to the old Antena pit, 8km from the proposed Cascavel operation.

Cascavel Gold (OGX – 70%)

Ownership and Acquisition

The Cascavel tenements are held by Curral de Pedra Mineração Ltda (“CPM”), which is 70% owned by Orinoco (through a 100% held Brazilian subsidiary) and 30% by Mr. Walid Kahoule, a Brazilian national. Mr. Kahoule is free carried until mining development on the Cascavel leases.

The Cascavel tenements are held 70% by Orinoco

Orinoco (then Strickland Resources) acquired its interest in the project in August 2012 through acquiring the unlisted Orinoco Resources Pty. Ltd.

The consideration for the acquisition was:

- 19 million ordinary shares
- 10 million options
- 5 million A Class Performance Shares, which expire three years from the date of issue, and are convertible (1:1) upon the announcement of a JORC inferred resource of >0.5Moz or a decision to mine based upon a 25,000ozpa economic gold mine
- 10 million B Class Performance Shares, which expire four years from the date of issue, and are convertible (1:1) upon the announcement of a JORC inferred resource of >1.0Moz or a decision to mine based upon a 50,000ozpa economic gold mine

Consideration was for shares

Mining and Exploration History

The Cascavel area has a history of mining going back approximately 300 years, when it was worked by the Portuguese in very shallow (~5m) open cut operation. More recently three winzes have been opened by modern garimpeiros and landowners.

The region has a history of mining going back 300 years



Recent mining has produced ~6,000oz at an average grade of 2ozpt

Modern exploration has been completed by WMC, Yamana and Troy

Four sub-parallel gold zones have been identified – Orinoco is currently targeting the Mestre zone, with an average thickness of 0.5m

Mineralisation is controlled by small scale thrusts at the contact between mafic units and an overlying sedimentary package

These winzes include Cuca, Cascavel and Mestre, with Orinoco initially targeting mineralisation between and around the Cascavel and Mestre winzes. Mining by the previous landowner at Cascavel has reportedly extracted around 6,000oz of gold at an average grade of 60g/t.

Modern exploration in the belt has been carried out by WMC, Yamana and Troy, with work including ground geochemical surveys, geophysical surveys and drilling. Drilling however has largely been shallow, targeting oxide mineralisation, and concentrated around the known mineralisation. Company personnel, including Dr Carvalho, have had extensive exploration experience in the region.

Work by Orinoco includes geochemical, geological and geophysical surveys, and some drilling. This included 22 holes drilled testing for the mineralised structure in the vicinity of Cascavel; all holes successfully intersected the structure with results of up to 3.4m @ 38.29g/t Au. In late 2013 work commenced on an exploration decline which was planned to extend for 100m from the Cascavel to Mestre winzes; this was halted in late 2014 at 28m due to a lack of funding in a very tight market.

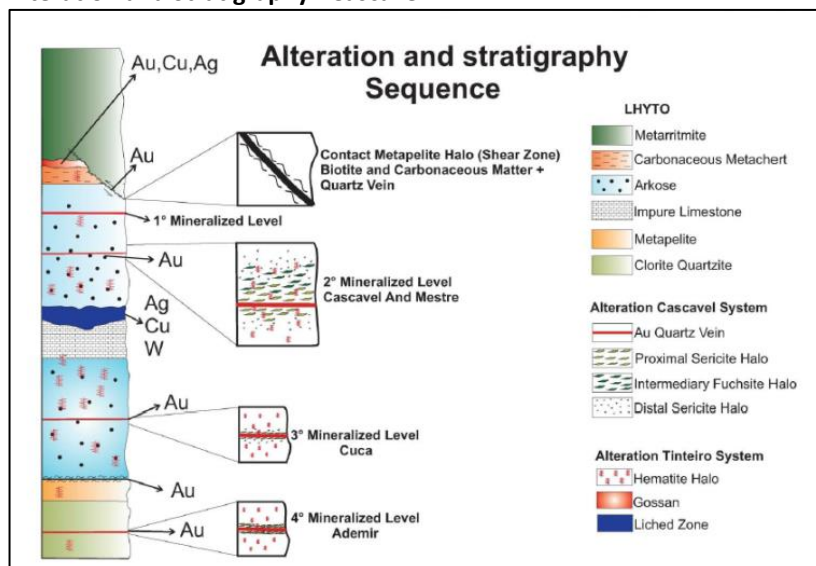
Geology and Mineralisation

Orinoco is currently targeting one of four sub-parallel parallel gold zones in the project area, with this historically being mined in the Mestre and Cascavel winzes, and being termed the Mestre Zone. The relationships between zones and the winzes are shown in the figures below.

The Mestre Zone is hosted along NW trending thrust faults near the contact between the lower mafic/ultra-mafic units and the upper sedimentary pile. The overall zone dips at around 30°, with high grade mineralisation hosted in a number of shoots plunging at around 20° to the SW. Individual shoots are interpreted as being between 10m to 20m wide, with up to 10m of lower grade material between the shoots.

In their project assessment the Company has assumed what they believe to be a conservative average thickness of 0.5m for the Mestre mineralisation; however in places stacked veins have been recognised, sampled and drilled with a mineralised package thickness of up to 10m, and individual vein widths of between 2cm and 2m.

Alteration and Stratigraphy - Cascavel

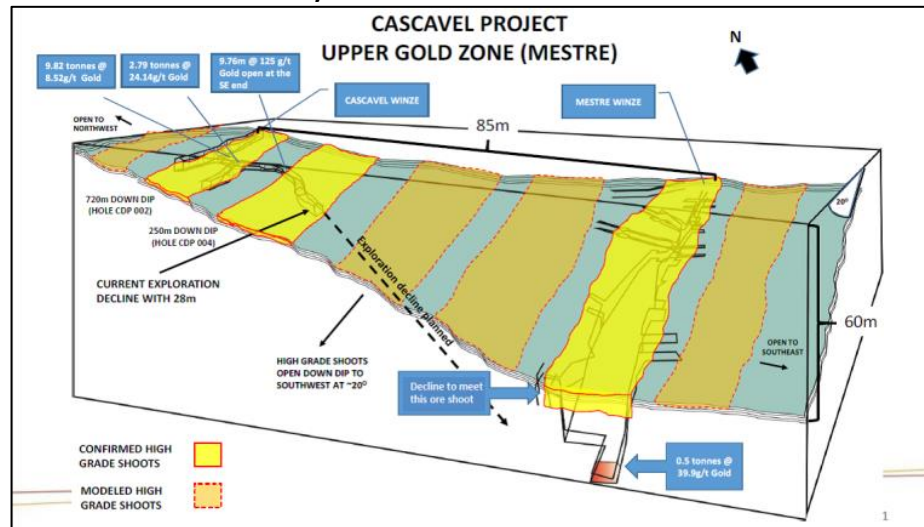


Source: Orinoco Gold

An additional gold mineralised horizon has been identified within the Faina belt – this is an interpreted gold paleoplacer, hosted in conglomerates at the base of the upper sedimentary package. This horizon has a potential strike length of 20km.



Mestre Gold Zone Geometry



Source: Orinoco Gold

High grade gold is controlled by SW plunging shoots within the overall structure

Approximately 650m of strike and 720m of down dip potential has been identified – a feature in the region is the extensive strike and dip continuity of the mineralised structures

Gold is coarse and free milling, with only minor sulphides

Approximately 650m of strike potential has thus far been identified at Cascavel (partly through recognition of an historic, 550m long open pit in the oxide zone and from results of bulk sampling and drilling); however this is only part of at least 4km of prospective stratigraphy in the immediate vicinity of Cascavel, and 20km within the Company's tenement package. The host stratigraphy is the same that hosts the Sertão Mine to the SE, with a number of gold anomalies identified between the two areas. The structure has also been identified 720m down dip in the Company's drilling at Cascavel. A notable feature of mineralisation in the Goiás region is the extensive down dip continuation of mineralisation, which, combined with the shallow dip, gives the potential to readily and economically access larger resources than would be accessible in vertical structures.

Gold, which is coarse and free milling, is associated with quartz veining (there are only minor sulphides), with high grade shoots showing a very clear stretching lineation parallel to the plunge of the shoots – individual gold grains commonly show the same stretching. The veins also have distinct sericite/biotite selvages, making it easy to distinguish the ore visually (a key advantage in mining).

Coarse Gold in Quartz Vein



Source: Orinoco Gold

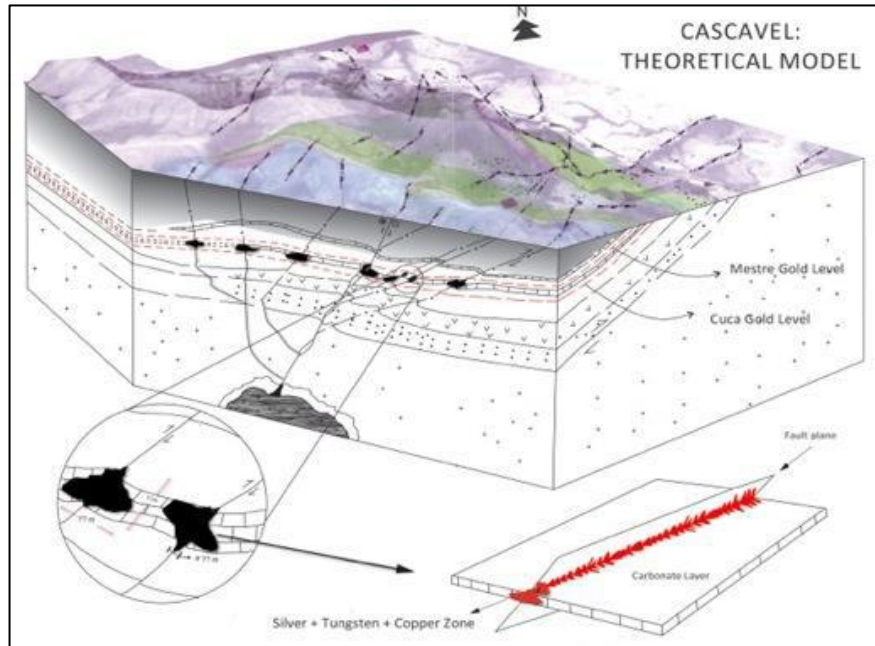
The other parallel gold zones are also considered prospective, especially Cuca, which is generally 10-30m below Mestre, and has been mined through the Cuca winze (originally opened in the 1700's), some 300m north of the Cascavel winze. Bulk sampling of the high grade shoot at Cuca has returned 27.2g/t Au from a 2.5t sample.

A later carbonate replacement style of mineralisation has been identified – drilling has returned spectacular silver results

A second mineralisation style is present at Cascavel, a younger (?Paleoproterozoic) carbonate replacement event which is located stratigraphically between the Mestre and Cuca zones, and controlled by the intersection of the carbonate units and sub-vertical E-W and N-S trending faults, which only have minor displacements of up to one metre.

Although it currently appears that the tonnage potential of this mineralisation directly around Cascavel may be small, drilling has returned spectacular results, including up to 17.6m @ 1263ppm Ag, with associated gold, copper and tungsten, and is interpreted to represent the distal margin of the Tinteiro system.

Proposed Model – Carbonate Replacement Mineralisation



Source: Orinoco Gold

Resources and Reserves

Orinoco has targeted an initial 250m x 250m block of mineralisation for mining, which, diluted to a mining width of 1.5m results in ~250,000t, of which approximately 2/3 is expected to be high grade shoots. Bulk, panel and channel sampling, when diluted for the minimum mining width, has returned grades of between 15g/t and 30g/t gold.

Due to the nature of the mineralisation no JORC-compliant resources have been calculated, however potential tonnages can be elucidated from past work

No JORC-compliant resources have been calculated for Cascavel. This is by virtue of the coarse nature of the gold mineralisation, which makes the grade (but not tonnages) very difficult to estimate by normally accepted methods, requiring a prohibitive amount of drilling to calculate even an inferred resource. It has been estimated that an inferred resource would require drilling on an 18m x 18m grid, and even this, given the nature of mineralisation, would give a relatively unreliable grade estimation.

As an example Yamana drilled around 100,000m at their Pilar mine before their initial resource calculation.

The small samples associated with drilling often underestimate grades in these types of systems, with drilling however used to locate and confirm the mineralised structures – drilling (22 holes) by Orinoco has confirmed the excellent continuity and predictability of the Mestre Zone structure, and defined the open 650m x 720m zone as mentioned previously.

All holes intersected the Mestre Zone and returned anomalous gold values, with 10 returning >1g/t Au, including 3 which returned >10 g/t, with a maximum intersection of 3.4m @ 38.29g/t Au, a positive result and "hit rate" for this style of mineralisation.

Given the issues with grades from drilling, our grade estimates have been obtained

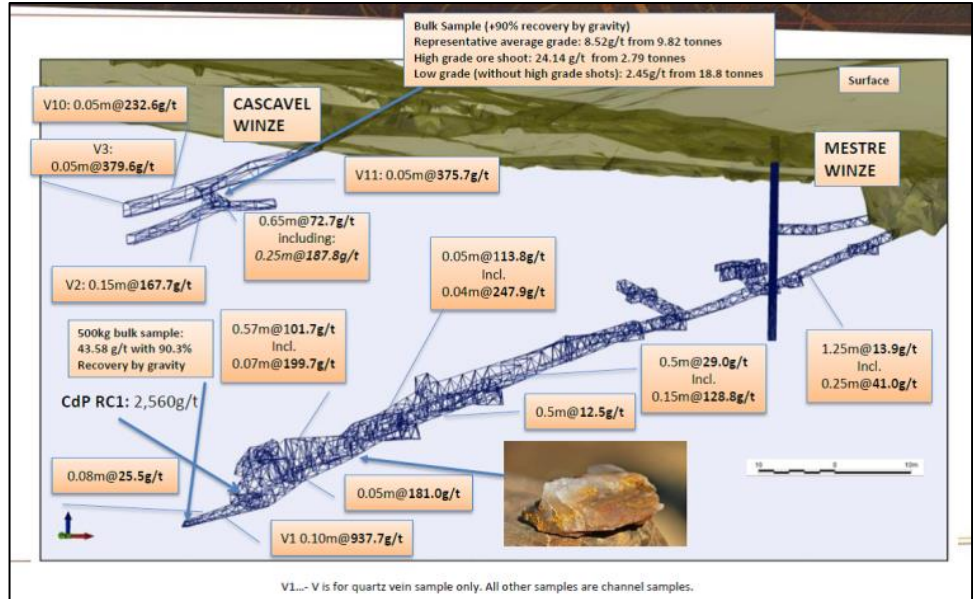


Results from bulk sampling indicated a diluted grade in the order of 20g/t may be achievable

largely from the larger samples collected from channel and bulk sampling, as shown in the diagram below, which in this style of mineralisation gives a much better estimate of grade. Recent results from sampling of the high grade shoots include:

- Mestre winze – 0.5t bulk sample @ 39.2g/t Au
- Cuca winze – 2.7t bulk sample @ 27g/t Au
- Cascavel winze – 2.8t bulk sample @ 24.1g/t Au
- Cascavel exploration decline panel sampling – 15m @ 88g/t Au – this was from a previously unmined high grade shoot at the end of the decline, collected from a ~0.5m high panel sub-parallel to the strike of the mineralisation. This equates to 29g/t fully diluted for the minimum mining width of 1.5m

Cascavel – Bulk and Channel Sampling



Source: Orinoco Gold

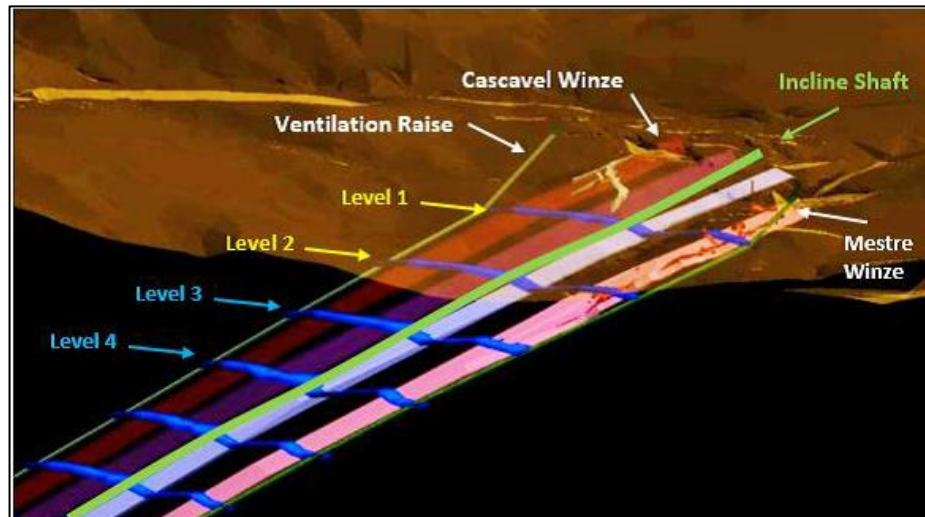
Mining

An initial 40,000tpa operation is planned, with air leg mining

Orinoco proposes an initial 40,000tpa (~150tpd on a three shift basis) room and pillar air leg mining operation of the high grade shoots at 20m vertical levels, equating to ~40m long stopes. Development will be via a 2.5m x 2.5m incline shaft (green in the diagram below), with 2.5m x 2.5m level developments (shown in blue), each of which is expected to access four stopes, giving mining flexibility.

Cascavel Proposed Mine Layout

Development is simple, comprising an incline shaft and strike drives, with all development within the mineralised structure



Source: Orinoco Gold



Planned stope width is 1.5m

The planned minimum mining width is 1.5m; which in our view should carry a fully diluted grade in the order of 20g/t gold. Also, as mentioned previously there are potential areas of greater width of mineralisation. It is expected that 80% of the high grade material will be extracted initially; however there will be the potential to extract the pillars at a later date.

All development will be within the mineralised structure, and material within the lower grade areas extracted in development will be stockpiled for potential later treatment.

Metallurgy and Processing

Metallurgy is simple, with a coarse 1mm grind and gravity separation recovering at least 85% of the gold

Metallurgical testwork indicates that gravity separation can achieve at least 85% gold recovery through a coarse 1mm grind, with the testwork indicating that 80% of the gold is >200µm in size.

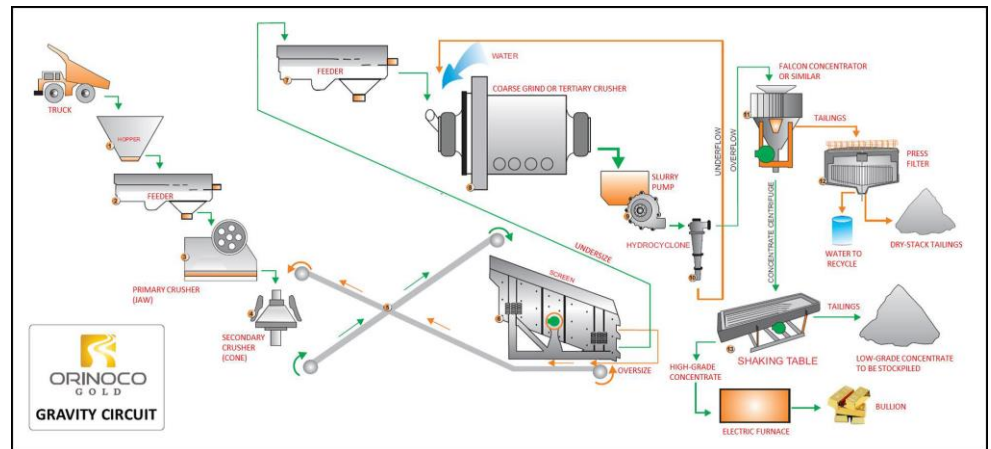
The plant will be situated at Sertão, 28km from Cascavel

As such, a simple low capex and low opex plant has been designed, which, given the current licence conditions, will be situated at the Sertão Mine and will produce dore onsite. Operations will involve a 28km haul from Cascavel and it is planned to keep Sertão as a processing hub for any future expansions of operations within the Company’s tenements.

The planned plant has a nameplate capacity of 100,000tpa, and it is expected that it will be installed and commissioned in Q4 2015. The plant is still undergoing final design tweaks.

Based on the forecast mineralisation grade and recovery, the tailings are expected to average around 3g/t. As such they will be dry stacked for possible future retreatment.

Gravity Plant Layout



Source: Orinoco Gold

Costs

Low cost operation, with direct operating costs in the order of \$200-\$250/tonne milled

Orinoco has estimated capital costs for a 40,000tpa operation at US\$6.6 million, and provided Without a JORC-compliant Mineral Resource Orinoco is unable to provide operating cost estimates to the market.

A cash operating cost comparison may be Serabi Gold, which has recently released its 2014 December quarter preliminary results, and our estimation is that current cash operating costs are in the order of US\$200/tonne for the 90,000tpa operation, however the operation is located in a more remote location and processing is through a higher cost CIL plant. Our view is that Orinoco’s costs are likely to be lower than these (less power, no reagents and lower site related costs), and we have used estimates of A\$250/tonne in our modelling.



Project Finance

Orinoco is in the process of finalising a funding package in the order of A\$14 million for the development of Cascavel.

Orinoco has entered into an innovative gold sharing US\$8m finance package with Chancery Asset Management of Singapore

As a part of this the Company has entered into an innovative gold sharing funding agreement with Chancery, a private Singapore based mining investment company. Key terms of the agreement include:

- Chancery will provide project finance of US\$8 million for the development of Cascavel – drawdown is expected by the end of April
- Orinoco will repay this amount by entering into a gold sharing agreement with Chancery, whereby Orinoco will deliver 20% of gold production to Chancery for the first three years of commercial production. Should 16,000oz not be delivered in the first three years the arrangement shall continue until 16,000oz is delivered
- The maximum amount deliverable is 24,000oz – should this be delivered prior to the end of the three year period the agreement shall be satisfied
- Chancery will receive two million shares, each with one free A\$0.11, 18 month attaching option
- Security will be over the Cascavel project.

As part of the overall funding for Cascavel, Orinoco recently raised ~A\$1 million at \$0.07 through a placement to sophisticated investors and also plans a 1 for 4 rights issue to existing shareholders, again at \$0.07, to raise approximately A\$2.7 million. Both the placement and rights share include an A\$0.11, 18 month free attaching option.

Sertão (OGX 100%)

Ownership and Acquisition

A key part of Orinoco's strategy has been the acquisition of the former Sertão gold mine from Troy, located approximately 18km as the crow flies SE of Cascavel. This involved the February 2014 acquisition of the share capital of Sertão Mineração Ltda ("SML"), the holder of the Sertão and Antena mining leases. Key terms of the acquisition included:

- Issue Troy and their Brazilian partner 7 million unlisted three year, \$0.25 options
- Pay an amount of BR\$495,000 (~A\$200,000) to the Brazilian taxation office representing a disputed item from SML's 2008 tax return – timing of this payment is undetermined
- Share equally with the vendors future tax credits estimated in the order of BR\$7.5 million (A\$3 million)
- Pay gold royalties of a 2% NSR on the first 90,000oz of future production from the mining lease, and a 0.75% NSR royalty on the next 90,000oz.

Sertão, which has a full mining licence, was acquired from Troy in early 2014

The importance of this low cost acquisition cannot be stressed enough – it gives Orinoco three current mining leases licenced for ore treatment, and thus significantly cuts the timeframe and costs in getting any operations up and running.

Sertão will be the site of the processing plant

This is in addition to the considerable potential for additional economic resources to be defined at Sertão, and acquisition of the Troy/WMC exploration and mining database.

Mining and Exploration History

Sertão was mined by Troy from 2001 to 2005, during which they extracted 256,000 ounces of largely oxide gold at an average grade of 24.95g/t from a shallow open pit, with recovered grades overcalling the modelled resource.

Troy extracted 256koz @ 24.95g/t from an oxide pit at Sertão

Drilling was largely restricted to defining the oxide mineralisation, however drilling targeting down plunge extensions of the oxide mineralisation has demonstrated the down dip continuity of mineralisation, intersecting high grade shoots and the mineralised

Drilling has identified



high grade mineralisation down dip from the mined resource

Mineralisation is similar to, and along strike from that at Cascavel

Drilling indicates significant potential for an underground operation at Sertão

structure, including hole GVD080, which intersected 0.33m @ 129.61g/t 600m down dip from the pit. Earlier exploration work was carried out by WMC, who held the area throughout the 1990's.

Geology and Mineralisation

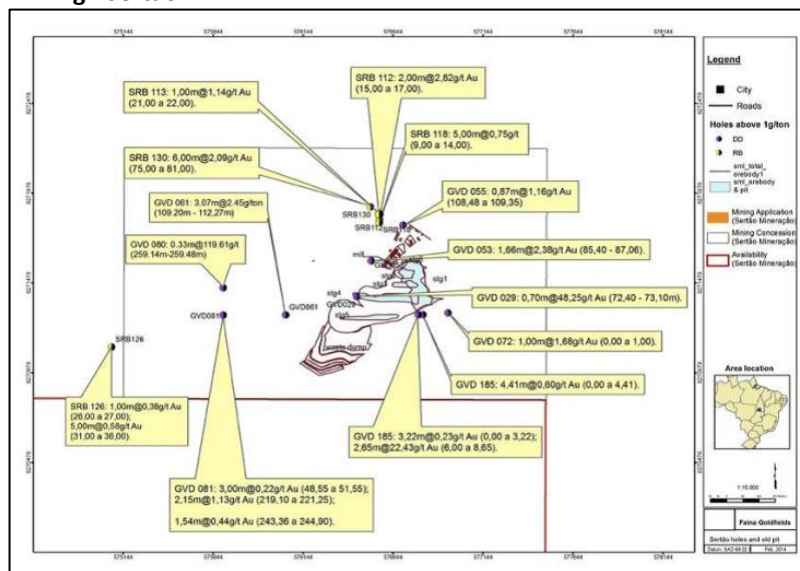
The mineralisation at Sertão is similar to that at Cascavel, being hosted at the same stratigraphic position and with shoots having an identical orientation as at Cascavel.

One key difference however is metallurgy – the presence of sulphides at Sertão results in gravity recoveries being in the order of 55%, with cyanidation required to extract additional metal.

Upside Potential

As stated above, drilling has intersected the mineralised structure some 600m down plunge from the existing open cut, and previous drilling has also helped delineate high grade shoots, similar to those at Cascavel. These results demonstrate the potential for Sertão to host economic mineralisation, which Orinoco will look at further defining in the future with a view to mining.

Drilling - Sertão



Source: Orinoco Gold

Regional Exploration

Orinoco holds a number of tenements in the 70/30 JV with Mr. Kahoule, as well as earning 60% in a number of other tenements from EDEM, a private Brazilian company – this will involve payments of A\$250,000 in shares, and A\$500,000 in cash, which may be renegotiated. In addition the Company can negotiate the purchase of a further 15%.

There is excellent exploration potential away from the mining areas

Historic and current work over the tenements has identified a number of highly prospective targets for gold and base metals mineralisation. These include additional gold targets along the 20km strike of prospective stratigraphy within the OGX tenements from Sertão to Cascavel and to the NW of Cascavel. A second target style is IOCG at Tinteiro, located to the south and west of Cascavel.

Tinteiro

Tinteiro, located in the footwall of the Cascavel mineralisation is marked by coincident geological, geochemical and geophysical anomalies, with the geochemistry being multi-element, including Cu-Au-Ag-Co-Ba, and includes a number of drill ready prospects.

This is interpreted as possibly being part of a large scale IOCG system, with later cross cutting structures and the main greenstone trends and contacts controlling fluid flow and

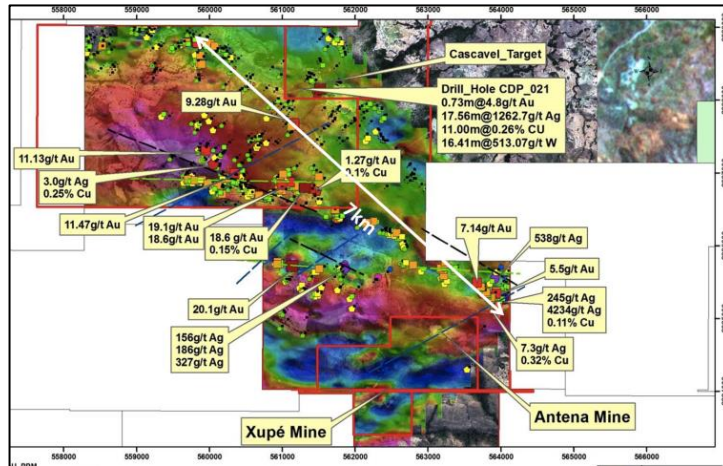


The Tinteiro target, 4km from Cascavel, has a number of untested drill ready precious and base metal prospects – these may be related to a later IOCG event

hence anomalous surface geology (including gossans and iron rich breccias) and geochemical anomalism. Broad scale, potassic/sericitic and calcic/sodic alteration is also present throughout the area. It is also postulated that the carbonate replacement mineralisation at Cascavel may be a distal, silver rich part of the same system.

Additional targets with similar characteristics have been discovered within a 20km radius of Tinteiro – these now require follow up. Recent mapping has also defined undeformed alkaline intrusives with a possible early Cambrian age, and which may be the source of the mineralising fluids.

Tinteiro Target



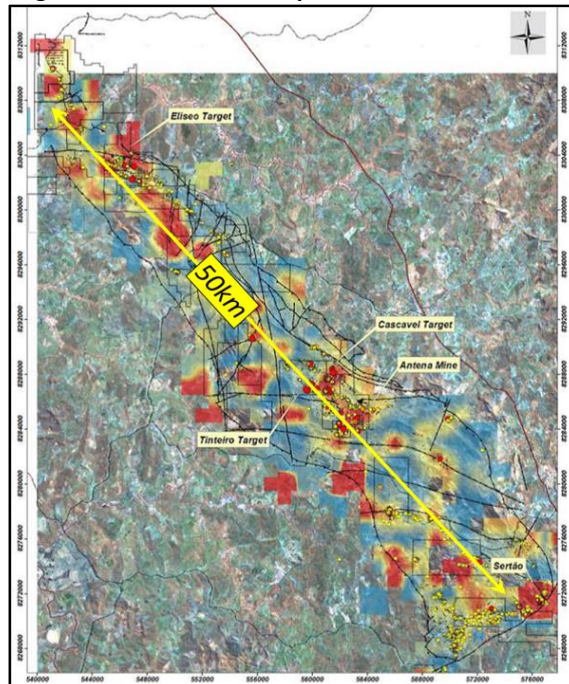
Source: Orinoco Gold

Regional Gold

Extensive soil sampling has been carried out historically by WMC over the approximately 50km strike of the Faina greenstone belt with Orinoco carrying out rock chip sampling in their tenements, which cover around 20km of strike. The work has resulted in a multiple high grade gold anomalies, with only a few followed up, mostly by shallow drilling.

Regional work has identified a large number of gold prospects that need following up

Regional Soil and Rock Chip Gold Anomalies



Source: Orinoco Gold

The prospective stratigraphy/structural zone has a strike length of 50km within the Faina Belt – approximately 20km strike length is within Orinoco's tenements

The earlier work by WMC and Troy does not appear to have used screen fire assaying as a standard technique, which, given the coarse nature of the gold in the area, may understate the grades of anomalies.



Project and Company Valuation

We have undertaken a base case valuation of Orinoco, with results presented below. As stated above we have largely used inputs noted above, with figures in AUD unless stated otherwise. The per share valuation has been diluted for the planned 1:4 rights issue.

We have completed a risked valuation for Orinoco

We have also applied a risk weighting to each item in the list, to reflect what we consider to be the comparative risks between different assets. In the case of the two Cascavel operation stages we have used weightings equivalent to those for the upper and lower end limits of those we would use for a project with an indicated resource.

We consider this a base case valuation, with excellent scope for increase.

Company Base Case Valuation - AUD/USD ER of 0.78, Gold Price US\$1,200/oz.

| Item | AUD - Unrisked | Risk Weighting | AUD - Risked | Notes |
|---------------------------------------|----------------|----------------|--------------|--|
| Cascavel - 2015-2019 - 70% | \$24,439,089 | 50% | \$12,219,544 | 5% DCF, funded, after tax |
| Cascavel 2020-2023 -70% | \$27,481,502 | 30% | \$8,244,450 | 5% DCF, conceptual years 5 to 8, after tax |
| Cascavel & Tinteiro Exploration - 70% | \$5,000,000 | 100% | \$5,000,000 | |
| Sertao - 100% | \$5,000,000 | 100% | \$5,000,000 | |
| Head Office NPV - 2015-2019 - 100% | -\$5,356,737 | 100% | -\$5,356,737 | 5% DCF \$1.2m per annum |
| Cash | \$2,000,000 | 100% | \$2,000,000 | |
| Equity Raisings NPV | \$2,677,625 | 100% | \$2,677,625 | Proposed 1:4 rights issue |
| Company NPV | \$61,812,921 | 49% | \$29,970,282 | |
| Diluted shares on Issue – 193,258,918 | \$0.320 | | \$0.155 | Diluted for 1:4 rights issue |

We have a funded, after tax base case valuation of \$30m fully diluted for raisings, or \$0.155/share for Orinoco – a 90% premium to the current price

Source: Breakaway Analysis

The following tables present parameters and results from our modelling.

Key DCF Model Parameters

| Item | Inputs |
|--------------------|-------------------------|
| Production Profile | 40,000tpa, 20g/t |
| Discount Rate | 5% Real |
| Depreciation | 10 years, straight line |
| Corporate Tax | 34% |
| Gold Price | US\$1,200/oz |
| Exchange Rate | AUD/USD of 0.78 |

Source: Orinoco Gold, Breakaway analysis

Production Parameters and Costs

| Parameter | Rate | Per Ounce | Notes |
|--------------------------------|----------------|-------------|--|
| Underground Mining Cost | \$150.00/tonne | \$274.44/oz | |
| Processing Cost | \$75.00/tonne | \$137.22/oz | |
| G & A | \$25.00/tonne | \$45.74/oz | |
| Direct Operating Cash Costs | | \$457.40/oz | |
| Exploration and Evaluation/Qtr | \$500,000/Qtr | \$55.35/oz | 50% expensed/50% capitalised |
| Sustaining Capex/Qtr | \$100,000/Qtr | \$18.30/oz | |
| Initial Capex/D & A | \$8,700,000 | \$39.79/oz | Cost/oz based on 10 year depreciation rate |
| Gold Royalty | 1.50% | \$23.08/oz | |
| Head Office Costs/Qtr | \$300,000/Qtr | \$95.97/oz | Attributable to OGX |
| Total Cash Costs | | \$689.89/oz | |

Source: Orinoco Gold, Breakaway analysis



Financing

We have included the Chancery funding in our model, assuming a full drawdown of US\$8 million. Gold deliveries attributable to Chancery are given in the table below.

Production Profile

We have based our initial four years production on a base case 40,000tpa, 20g/t gold, with production commencing in January 2016 following development through quarters 2 to 4, 2015. The table below presents mining rates and gold distributions in the initial four year production period.

Production Profile

| | FY2015F | FY2016F | FY2017F | FY2018F | FY2019F |
|------------------------------|---------|-----------|-----------|-----------|-----------|
| Diluted Tonnes | 0 t | 40,000 t | 40,000 t | 40,000 t | 40,000 t |
| Gold - ROM Grade | 0.00g/t | 20.00g/t | 20.00g/t | 20.00g/t | 20.00g/t |
| Gold Production | | | | | |
| Total Produced | 0 oz | 21,863 oz | 21,863 oz | 21,863 oz | 21,863 oz |
| Delivered to Chancery | 0 oz | 4,373 oz | 4,373 oz | 4,373 oz | 2,882 oz |
| Attributable to JV | 0 t | 17,490 t | 17,490 t | 17,490 t | 18,980 t |
| Attributable to OGX | 0 oz | 12,243 oz | 12,243 oz | 12,243 oz | 13,286 oz |

Source: Orinoco Gold, Breakaway analysis

Additional Mine Life

We have modelled an indicative additional four years mine life, with the potential supported by our view on the additional resource potential of the project, using the same production parameters as in the initial four years. We would also see additional upside here through potential production expansions.

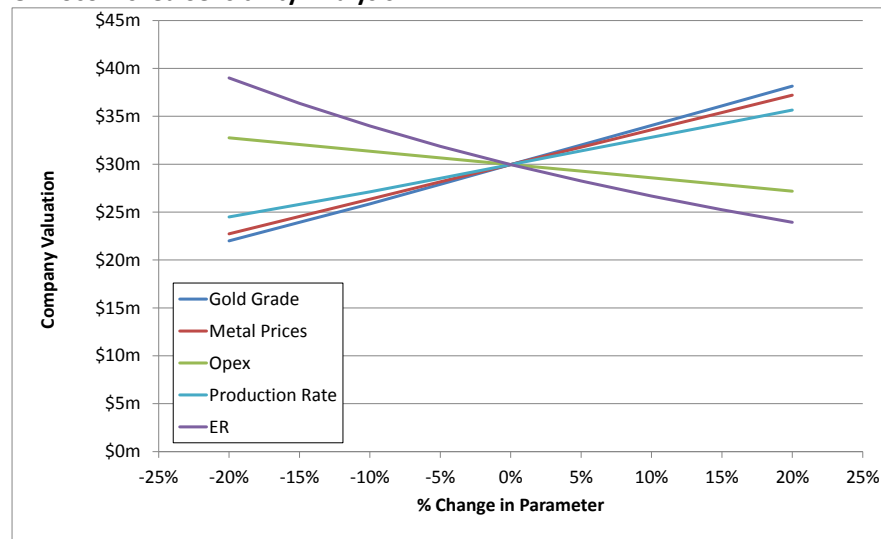
Exploration Properties

We have valued Cascavel/Tinteiro exploration and Sertão on a nominal basis, considering what may be raised (if anything in the current market) on an IPO of these properties. Dependent upon exploration success we do see considerable upside in these properties.

General Sensitivity

The table below presents the Company valuation sensitivity to a number of factors. As can be seen the valuation is robust, still retaining a positive NPV with 20% adverse changes to all parameters.

Orinoco Risked Sensitivity Analysis



Sensitivity analysis indicates a robust operation based on our inputs

Source: Breakaway Analysis

We have not however here considered movements in the Brazilian Real – since the beginning of 2015 this has depreciated markedly against both the Australian and US Dollars, and further depreciation will help the Australian Dollar valuation through decrease in Australian Dollar denominated mining costs.

Pro-Forma Financial Statements AUD – Cascavel Cash flows based on 70% of Project

| | FY2015F | FY2016F | FY2017F | FY2018F | FY2019F |
|--|--------------------|-------------------|-------------------|-------------------|-------------------|
| STATEMENT OF CASHFLOWS | | | | | |
| Production Revenue | - | 18,835,438 | 18,835,438 | 18,835,438 | 20,440,106 |
| Other Revenue | - | - | - | - | - |
| Cascavel Operating Costs - includes exploration and evaluation | (588,000) | (7,700,000) | (7,700,000) | (7,700,000) | (7,700,000) |
| Head Office Operating Costs | (1,200,000) | (1,200,000) | (1,200,000) | (1,200,000) | (1,200,000) |
| Interest Paid | - | - | - | - | - |
| Other | - | - | - | - | - |
| Royalties | - | (353,164) | (353,164) | (353,164) | (353,164) |
| Income Taxes | - | (2,375,745) | (3,412,875) | (3,388,480) | (3,509,419) |
| Cashflows from operating activities | (1,788,000) | 7,206,528 | 6,169,398 | 6,193,793 | 7,677,523 |
| Development & Sustaining Capital | (6,090,000) | (280,000) | (280,000) | (280,000) | (280,000) |
| Capitalised Exploration and Evaluation | (588,000) | (700,000) | (700,000) | (700,000) | (700,000) |
| Cashflows from investing activities | (6,678,000) | (980,000) | (980,000) | (980,000) | (980,000) |
| Equity Issues | 3,692,625 | - | - | - | - |
| Gold Stream Principal Raised | 7,179,487 | - | - | - | - |
| Debt Principal Repayments | - | - | - | - | - |
| Cashflows from financing activities | 10,872,112 | - | - | - | - |
| TOTAL FREE CASHFLOWS | 2,406,112 | 6,226,528 | 5,189,398 | 5,213,793 | 6,697,523 |
| BALANCE SHEET | | | | | |
| Current Assets | 3,406,112 | 11,077,550 | 16,266,949 | 21,480,742 | 28,301,363 |
| Cash or Cash Equivalents | 3,406,112 | 9,632,640 | 14,822,038 | 20,035,832 | 26,733,355 |
| Trade and Other Receivables | - | 1,444,910 | 1,444,910 | 1,444,910 | 1,568,008 |
| Non-Current Assets | 6,678,000 | 6,671,438 | 6,562,375 | 6,350,813 | 6,036,750 |
| Property, Plant, Equipment and Other | 6,678,000 | 6,671,438 | 6,562,375 | 6,350,813 | 6,036,750 |
| Current Liabilities | 205,742 | 1,024,110 | 1,024,110 | 1,024,110 | 1,024,110 |
| Trade and Other Payables | 205,742 | 1,024,110 | 1,024,110 | 1,024,110 | 1,024,110 |
| Financial Liabilities | - | - | - | - | - |
| Provisions | - | - | - | - | - |
| Non-Current Liabilities | - | 12,521,910 | 7,813,050 | 3,104,191 | - |
| Convertible Notes | - | - | - | - | - |
| Gold Owing Under Sharing Agreement | - | 12,521,910 | 7,813,050 | 3,104,191 | - |
| Provisions | - | - | - | - | - |
| NET ASSETS | 9,878,370 | 4,202,968 | 13,992,164 | 23,703,254 | 33,314,003 |

Source: Breakaway Analysis



Breakaway's View

Our view is that Orinoco is a quality gold asset with excellent blue sky potential

In Faina, our view is that Orinoco has a high quality production and exploration asset, with exceptional upside, both in the known mineralisation and then exploration success.

Given the style of mineralisation it is not commercially realistic to establish a JORC compliant resource for Cascavel. While this issue is partially mitigated by high grade bulk sampling results, +8,000m of drilling into the Cascavel Project and historical mining performance throughout the belt, it is likely to constrain the near term market performance of Orinoco until a positive mining track record can be established.

A grade of between 15g/t – 30g/t has been predicted with our valuation based on 20g/t. The project will still be viable at even 75% or less of this, given the low capital and operating costs. Our analysis suggests a relatively low cost operation, with C1 costs in the order of A\$460/oz.

A key strength is the exploration potential – the Company's activities were initially targeted at exploration in a very fertile belt, however tight market conditions did provide a catalyst to the change in strategy to small scale production. Exploration to date by Orinoco and previous explorers has identified a number of high quality, and in many cases drill ready anomalies.

The recent securing of funding has been a boon in these tough times, and in our view the gold sharing model is reasonable – it provides good returns to the financiers, whilst still maintaining acceptable returns to shareholders, who will also not be diluted through any large capital raisings.

With a board and management with a history of success in Brazil, we have every faith in the successful development and operation of Cascavel, and then subsequent operations. Any impediments would be those out of the Company's control, including adverse movements in exchange rates and gold prices, however given the estimated grade the project will be reasonably resilient to such movements.

Re rate Orinoco as a SPECULATIVE BUY, with a base case price target of \$0.155/share

Given the above our view is that Orinoco presents a compelling investment opportunity, and rate the Company as a SPECULATIVE BUY, with key short term price movers being the successful development and then production from Cascavel.

We consider our 15.5c/share valuation as a base case – successful operation, expansion of operations and exploration success provide upside potential.



Directors and Management

Non-Executive Chairman
John Hannaford

Mr Hannaford has extensive financial experience from several corporate roles in Australia, Asia and Europe, with a resources emphasis ranging from listed mineral exploration companies to listed oil producers and oilfield construction groups. Mr Hannaford co-founded boutique corporate advisory firm Ventnor Capital Pty Ltd, which specialises in the provision of corporate advisory services to predominantly ASX-listed companies. As a director/authorised representative of Ventnor Securities Pty Ltd and director of Ventnor Capital Pty Ltd, Mr Hannaford has been responsible for several new listings and M&A transactions, including Strickland Resources Limited (now Orinoco Gold Limited), Bathurst Resources Ltd, Transit Holdings Ltd (now Potash Minerals Limited), Atlantic Limited, Comdek Limited (now Resource Generation Limited) & Monterey Mining Group Limited. Mr Hannaford is also a director of Bone Medical Limited.

Mr Hannaford graduated from the University of Western Australia with a Bachelor of Commerce degree in 1986, majoring in finance and economics. He qualified as a Chartered Accountant in 1990, gaining experience with Arthur Andersen in Perth and Hong Kong. He is a Fellow of the Financial Services Institute of Australasia (FINSIA).

Managing Director
Mark Papendieck

Mr Papendieck has held a range of Senior Executive roles in Australia and overseas in both the Mining and the Financial Services Industry. He has experience with Gold, Copper, Iron Ore and Manganese exploration companies at both management and board level. Whilst he has been involved with exploration companies with projects in Australia and Africa, Mr Papendieck has spent the last eight years focussing predominately on Brazilian resource projects.

Mr Papendieck was the founding Chairman of Centaurus Resources Limited from 2006 and was appointed as the Managing Director in 2008 to oversee the Company's emerging operations based in Brazil. A successful merger of Centaurus Resources Limited and Glengarry Resources Limited was completed in early 2010 and Mr Papendieck was appointed the General Manager, Commercial for the combined group, which was renamed Centaurus Metals Limited, until August 2011.

Mr Papendieck brings to his directorship a solid understanding of the resources industry gained through his involvement in both the resources and financial services industries and a detailed knowledge of conducting an exploration business in Brazil. Mr Papendieck holds a Diploma of Law from the NSW Legal Practitioners Admission Board (Dip. Law, NSW LPAB).

*General Manager
Operations*
Dr Andrew Tunks

Dr Tunks is an experienced gold executive that has previously held senior positions with gold Producers, including Chief Geologist at IAMGOLD Corporation, Ranger Minerals Limited in West Africa and North Limited in Western Australia. Dr Tunks, who holds a B.Sc. (Hons) from Monash University and a Ph.D. in geology from the University of Tasmania, has over 25 years of experience in exploration and mining in Australia, Africa and South America.

*Country Manager &
Alternate Director*
Dr Klaus Peterson

Dr Petersen (M.Sc (Metalogeny), PhD (Metalogeny & Geochemistry), CREA) is a Brazilian national who has over 20 years' experience in the Brazilian resources industry. Dr Petersen has spent the last eight years in management roles at ASX listed, Brazilian focussed companies where he was responsible for project generation and exploration. This has included the last six years in Chief Geologist roles at Centaurus Resources (now Centaurus Metals) where he was one of the co-founders.

Prior to this time, Dr Petersen worked with Vale's exploration division on gold targets in Brazil's Iron Quadrangle and later completed his PhD on Anglo Gold Ashantis' Crixas mine in Goias State, Brazil. In 2003 he moved to Australia to work with the University of Western Australia on the gold mineralization of complex hydrothermal systems in the Western



Australian Goldfields.

As a Brazilian geologist Dr Petersen has developed an extensive commercial network in Brazil ranging from drilling companies and laboratories to project vendors.

*Country Manager &
General Manager,
Exploration*
**Dr Marcelho De
Carvalho**

Dr de Carvalho (M.Sc (Metalogeny), PhD (Metalogeny & Geochemistry), CREA). Prior to founding Orinoco he spent the previous seven years working with Yamana Gold Inc, a large Canadian gold company, most recently as the Generative Exploration Manager for Brazil. During this time, Dr de Carvalho was instrumental in identifying new opportunities for Yamana Gold and in advancing these exploration projects, such as the 150,000 oz p.a. Pilar gold mine through to feasibility study and mine construction.

Prior to working at Yamana Gold, Dr de Carvalho worked for Anglo Gold as a geologist in their exploration division in the Amazon region and as a contractor for Vale. In addition to Dr de Carvalho's Brazilian exploration experience, he has conducted exploration campaigns and due diligence work throughout South America, working in countries like Honduras, Nicaragua, British Guyana and Argentina.

Non-Executive Director
Brian Thomas

Mr Thomas is a geologist and mineral economist with more than 20 years of mining and exploration industry experience in a broad range of commodities from precious and base metals, bulk and industrial minerals, diamonds plus oil and gas. This is complemented by 12 years in the Australian financial services sector working in corporate stock broking, investment banking, funds management and with an Australian commercial bank, sourcing mining finance opportunities. Mr Thomas is currently a director of ASX listed Parker Resources NL.

Non-Executive Director
Ian Finch

Mr Finch, whose career as an exploration and mining geologist spans over 40 years in Southern Africa, Indonesia and Australia, holds a Bachelor of Science (Hons) and is a member of Australasian Institute of Mining and Metallurgy.

From 1970 to 1981 he worked as a mining and exploration geologist for Anglo American in Zambia, Zimbabwe and South Africa before becoming the principal geologist for CRA Exploration (Rio Tinto) based in South Australia, driving major exploration programs and new project generation.

In addition to establishing Taipan Resources NL, he founded and became President of Canadian listed Goldminco Corporation.

He established Trafford Resources In 2006 to explore for iron oxide, copper, gold, lead-zinc, silver, and uranium deposits in South Australia and oversaw the formation of Ironclad Mining as a 50 per cent owned subsidiary of Trafford, to develop Iron Ore deposits in South Australia.

Mr Finch is currently Managing Director of Trafford Resources Ltd and Non-Executive Director of Ironclad Mining Ltd.

Company Secretary
Phillip Wingate

Phillip Wingate holds a Bachelor of Commerce Degree from Curtin University Australia, and is an Associate of the Institute of Chartered Accountants in Australia. After graduating from University, he started his career in commercial and management accounting with a large private construction group.

Mr Wingate has been involved in a number of company secretarial positions and ASX junior transactions. Phillip is currently company secretary of ASX listed Radar Iron Ltd and has been closely involved with the mining sector in Western Australia since 2008. Phillip has a strong financial and management reporting background.



Analyst Verification

We, Grant Craighead and Mark Gordon, as the Research Analysts, hereby certify that the views expressed in this research accurately reflect our personal views about the subject securities or issuers and no part of analyst compensation is directly or indirectly related to the inclusion of specific recommendations or views in this research.

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