ORINOCO GOLD

ACN 149 219 974

ANNUAL REPORT

for the year ended 31 December 2016

ORINOCO GOLD LIMITED
ACN: 149 219 974

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This Annual Report covers Orinoco Gold Limited ("Orinoco" or the "Company") and its subsidiaries. The financial report is presented in Australian currency.

Orinoco is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Orinoco Gold Limited
Ground Floor, 16 Ord Street
West Perth WA 6005 Australia

ORINOCO GOLD LIMITED
ACN: 149 219 974

CORPORATE INFORMATION

Directors
Mr John Hannaford
Non-Executive Chairman

Mr Mark Papendieck
Managing Director

Mr Brian Thomas
Non-Executive Director

Mr Ian Finch
Non-Executive Director

Mr Jonathan Challis
Non-Executive Director

Mr Nicholas Revell
Non-Executive Director

Company Secretary
Mr Joel Ives

Home Securities Exchange:
Australian Securities Exchange Limited
Level 40, Central Park
152 – 158 St Georges Terrace
PERTH WA 6000 Australia

ASX Code: OGX, OGXOC, OGXOD

Share Registry
Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153 Australia

Telephone: (08) 9315 2333

Registered Office
Ground Floor, 16 Ord Street
WEST PERTH WA 6005 Australia

Corporate Office
Suite 2, 33 Cedric Street
STIRLING WA 6021 Australia

Telephone: +61 (0)8 9482 0540
Facsimile: +61 (0)8 9482 0505

Email: info@orinocogold.com
Website: www.orinocogold.com

Postal Address
P.O. Box 150
INNALOO WA 6918 Australia

Solicitors
Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000 Australia

Auditor
HLB Mann Judd
Level 4
130 Stirling Street
PERTH WA 6000 Australia

Bankers
Westpac Banking Corporation
108 Stirling Highway
NEDLANDS WA 6009 Australia

LETTER FROM THE CHAIRMAN

Dear Shareholder

It is with pleasure that I present to shareholders the 2016 Annual Report, an extremely transformational year for the company and one that will define the company's future.

The 2016 year was a significant year for Orinoco Gold in the backdrop of a difficult financial markets environment for mining companies, with several major achievements throughout the year elevating the company from developer to producer, including:

1. ***Completing and commissioning the gravity gold plant:*** using the gold streaming funding the company constructed and commissioned a Gekko gravity gold plant and the Cascavel Gold Project, with a start-up of operations in September 2016.
2. ***Continuing underground mining operations to feed the newly constructed process plant***: using local and internationally experienced underground mining expertise the company commenced mining operations during the year and undertook limited development of the mine.
3. ***Suspended mining and processing operations:*** as initial production results were below expectations as indicated by project modelling, a decision to suspend Brazilian operations was taken and expert consultants appointed to review mining and processing methodology.
4. ***Renegotiation of the Goldstream Funding:*** with a key milestone of gold production not being achieved the company renegotiated the funding arrangements with the Cartesian Group to allow sufficient time to put plans in place to raise sufficient funding to recommence operations.
5. ***Securing additional funding:*** After suspension of operations the company embarked upon a capital raising to provide working capital funding to recommence the Brazilian operations.
6. ***Funding:*** The company has secured Anglo Gold, a major international gold mining company, as a funding partner and cornerstone investor to support the recommencement of operations and provide funding for major exploration & development activities over the next 3 years.

The achievement in commencing production was a milestone in the company's history, however, subsequent suspension of operations for unsatisfactory outcomes was a difficult but necessary decision by the board to ensure the company could review operations in an orderly fashion and secure funding for the recommencement of mining and processing operations.

A detailed review by expert consultants was commenced during the fourth quarter of 2016, with recommendations expected by end of the first quarter 2017.

The suspension of operations has been quite understandably detrimental to the share price, which has been hard for shareholders, however the Board is confident that the subsequent plan to restart operations and the introduction of Anglo Gold to the company will put the company in good stead to grow and prosper into the future.

The company management and development teams have worked extremely hard on securing the company's assets and on the plans for recommencement of mining and processing operations at Cascavel. This is extremely satisfying for the board and shareholders, and on behalf of both I would like to express our gratitude to the executive team and the rest of the team for their efforts during what were trying circumstances.

The Company has been blessed with a loyal shareholder base that has supported the company both in capital raisings, and also on market. We look forward to your continued support as we build into a successful gold mining company.

Yours sincerely

John A Hannaford
Chairman

DIRECTORS' REPORT

Your Directors have pleasure in submitting their report together with the financial statements of the Group consisting of Orinoco Gold Limited and the entities it controlled during the period for the year ended 31 December 2016.

In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The names and details of Directors in office at any time during the financial period are:

Mr John Hannaford – B.Com (UWA), CA, F.Fin.
Non-Executive Chairman – (Appointed 9 February 2011)

EXPERIENCE AND EXPERTISE

Mr Hannaford has broad financial experience from several corporate roles in Australia, Asia and Europe with resources companies. Mr Hannaford established corporate advisory firm Ventnor Capital Pty Ltd which specialised in the provision of corporate and financial advice to junior resource companies for over a decade. Mr Hannaford has also been involved with several ASX listings and has acted as Director, Company Secretary and Financial Controller to several of these companies. Recently Mr Hannaford established View Street Partners, an independent corporate advisory firm.

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 the Arthur Andersen audit division in Perth and in Hong Kong. He completed a Diploma of Applied Finance and Investment with the Securities Institute of Australia and was admitted as an Associate of the Institute in 2003.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

None

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

Non-Executive Chairman – Monteray Mining Group Limited (appointed 21 December 2010, resigned 20 January 2015)
Non-Executive Director – Bone Medical Limited (appointed 24 January 2014, resigned 1 July 2016)

Mr Mark Papendieck – Dip. Law, NSW, LPAB
Managing Director – (Appointed 31 October 2012)

EXPERIENCE AND EXPERTISE

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 focused companies at both management and board level and has spent the past ten years focusing predominantly on Brazilian resources companies.

Prior to co-founding Orinoco in 2011 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 in Brazil.

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 running a resource business in Brazil. Mr Papendieck has been involved in the identification, assessment, structuring and management of gold, copper and iron ore projects in Australia and South America.

Mr Papendieck holds a Diploma of Law from the NSW Legal Practitioners Admission Board (Dip. Law, NSW LPAB). He is also a Non-Executive Director of unlisted company Supergene Resources Limited.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS (CONTINUED)

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
None

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS
Non-Executive Director – Southern Crown Resources Ltd (appointed 30 April 2010, resigned 20 January 2016)

Mr Brian Thomas – BSc, MBA, SAFin, MAusIMM, MAICD
Non-Executive Director – (Appointed 31 March 2011)

EXPERIENCE AND EXPERTISE
Mr Thomas is the principal of a corporate advisory practice working with small to mid-market capitalisation companies in the areas of corporate finance, mergers & acquisitions and investor relations. He is currently a Non-Executive Director with an ASX listed company and has held both Executive and Non-Executive roles with numerous other ASX listed and unlisted companies after an extensive career in the financial services sector working in corporate stockbroking, investment banking, funds management and banking.

Mr Thomas graduated from the University of Adelaide with a BSc in Geology and Economic Geology, the University of Western Australia with an MBA and the Securities Institute of Australia (now FinSIA) with a Diploma in Applied Finance and Investment. He has more than 35 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.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Non-Executive Director - Tempo Australia Limited

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS
Non-Executive Chairman – Go Energy Group Ltd (formerly Solco Ltd) (appointed 23 February 2015, resigned 19 February 2016)
Non-Executive Chairman – Ensurance Ltd (formerly Parker Resources NL) (appointed 10 January 2011, resigned 10 September 2015)
Non-Executive Director - Potash Minerals Limited (appointed 9 June 2010, resigned 30 June 2014)

Mr Ian Finch – BSc (Hons), AUSIMM
Non-Executive Director – (Appointed 31 October 2012)

EXPERIENCE AND EXPERTISE
Mr Finch's career spans more than 46 years of mining and exploration. He worked extensively throughout Southern Africa between 1970 and 1981 – from the Zambian Copper Belt and Zimbabwean Nickel and Chrome fields to the Witwatersrand Gold Mines in South Africa.

In 1981 he joined CRA Exploration as a Principal Geologist before joining Bond Gold as its Chief Geologist in 1987. In these roles he was instrumental in the discovery and development of several new gold and copper/gold resources in Australia.

In 1993 Mr Finch established Taipan Resources Ltd, a company which successfully pioneered the exploration for large gold deposits in the Ashburton District of Western Australia – when it discovered a resource of approximately 1.0 million ounces at the Paulsen's Project.

In 1999 Mr Finch founded Templar Resources Limited, now a 100% owned subsidiary of Canadian Listed company Goldminco Corporation. As President/CEO for Goldminco until May 2005, Mr Finch established an extensive exploration portfolio in New South Wales where the Company is actively exploring for large porphyry copper / gold deposits. During his presidency, Mr Finch forged strong strategic ties with major mining houses and financial institutions in Vancouver, Toronto and London.

Mr Finch was also the founding Chairman for both Robust Resources and Bannerman Resources.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS (CONTINUED)

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

Non-Executive Chairman – Kairos Minerals Ltd

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

Executive Chairman – Tyranna Resources Ltd (Appointed 19 April 2007, resigned 1 August 2016)
Managing Director – Trafford Resources Limited (delisted on 21 May 2015 following merger with IronClad Mining Limited)

Mr Jonathan Challis – Chartered Mining Engineer, BSc., MBA
Non-Executive Director – (Appointed 10 June 2015)

EXPERIENCE AND EXPERTISE

Mr Challis is a mining engineer with over 30 years' experience in the operation, management, financing and analysis of mining projects around the world. Mr Challis has an honours degree in Mineral Exploitation from University College, Cardiff and an MBA degree from Cranfield University. He further strengthens the board in the key areas of technical, operational and mining expertise.

Mr Challis commenced his professional career as a mining engineer with Gold Fields of South Africa in 1974 before returning to Europe, where he worked as a mining analyst and project financier for several European institutions. In 1997, he joined Ivanhoe Capital Corporation and was involved in several Canadian resources companies in the roles of CEO, President and Director.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

Non-Executive Director and Chairman – Rye Patch Gold Corp
Executive Director – Goldbelt Empires Ltd (formerly Quartet Mining Ltd)
Non-Executive Director – Pasinex Resources Ltd

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

Non-Executive Director – WAI Capital Investments Corp (formerly West African Iron Ore Corp) (resigned July 2016)
Non-Executive Director – Explor Resources Inc (resigned July 2016)

Mr Nicholas Revell – B. Sc (Geology)
Non-Executive Director (Appointed 28 November 2016)

EXPERIENCE AND EXPERTISE

Mr Revell has over 25 years' experience as an exploration/mine geologist specializing in gold and iron ore and has held senior roles with operating miners including Crescent Gold Ltd (formerly Apollo Gold Mining Ltd), Auriongold Ltd (formerly Goldfields Limited), North Limited, Renison Goldfields Limited and St Barbara Limited (formerly St Barbara Mines Limited). He has also held roles as a Technical Director with several junior ASX- and TSX-listed companies.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

Technical Director – Tyranna Resources Limited (Appointed 1 August 2016)

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

Nil

Dr Klaus Petersen – Engineer, Geologist, M. Sc, PhD, AusIMM, CREA
Alternate Director to Mr Papendieck and Mr Finch – (Appointed 31 October 2012, resigned 18 July 2016)

EXPERIENCE AND EXPERTISE

Dr Petersen is a Brazilian national who has over 25 years' experience in the Brazilian resources industry. Dr Petersen has spent the last twelve years in management roles at ASX-listed, Brazilian-focused companies, where he was responsible for team management, project generation and exploration.

DIRECTORS' REPORT (CONTINUED)

This has included Exploration Manager, Country Manager and Executive Director roles as well as Chief Geologist roles at Crusader Resources and Centaurus Resources (now Centaurus Metals). Before this, 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 Goiás State, Brazil. In 2003 he moved to Australia to work with the University of Western Australia as a post-doctoral researcher on the gold mineralisation of complex hydrothermal systems in the Western Australian Goldfields.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Nil

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS
Nil

COMPANY SECRETARY

Mr Joel Ives – B.Com & BSc (UWA), CA
Appointed 2 December 2016

EXPERIENCE AND EXPERTISE
Mr Ives is a Chartered Accountant with a strong background in audit and compliance and has extensive mining and resources experience from working with several junior to medium sized companies. Mr Ives is also company secretary of ASX listed Latitude Consolidated Limited.

Mr Timothy Spencer
Appointed 24 June 2016, resigned 2 December 2016

Mr Phillip Wingate
Appointed 9 February 2011, resigned 24 June 2016

PRINCIPAL ACTIVITIES

Orinoco Gold Limited is an Australian company developing a gold mine and conducting exploration activities on projects located on the Faina Greenstone Belt in central Brazil, South America.

RESULTS

The net loss attributable to owners of the parent entity for the year ended 31 December 2016 is $12,091,380 (2015: $8,766,749). The net loss includes exploration expenditure written off as incurred (in accordance with the Group's accounting policy) of $1,348,220 (2015: $1,445,452).

DIVIDENDS

There were no dividends paid or declared during the period.

DIRECTORS' REPORT (CONTINUED)

OPERATING AND FINANCIAL REVIEW

In a bittersweet year for the Company significant achievements were made in the first half of the year and significant setbacks experienced in the second half of the year. The construction and commissioning of the Cascavel Processing Plant and Gold mine was immediately followed by a suspension of operations in October to reduce cash drain and provide time to review and remedy operational issues identified during commissioning, while at the same time planning for a re-start of production. At the time of suspension of operations the Company did not have sufficient cash reserves to allow for the necessary optimisation and remediation to occur while continuing to generate negative cash flow during the ramp-up period. The key issues identified were that there was insufficient high-grade ore available to be mined to generate positive cash flow due to limited access to the high-grade mining fronts combined with recovery issues in the processing plant and insufficient working capital.

A technical committee was established to oversee an operations review to address all aspects of the Company's operations with a view to improving the recoveries from the plant, re-scheduling the mine and completing necessary development prior to re-starting production.

Recommencement Plan

The key components of the plan to re-commence operations at Cascavel include:

- Increasing the amount of high-grade ore being delivered to the processing plant by revising the mine plan to open up more development in the higher grade southern portions of the mine;
- Reducing dilution with improved mining and blasting techniques;
- Improving gold recoveries by enhancing the liberation of gold from the ore;
- Providing additional training to plant employees; and
- Increasing the amount of working capital buffer available to the Company.

The Company intends to bring all assay laboratory functions to site to allow for faster turnaround with improved quality of assays for mine grade control functions and to more efficiently monitor processing plant functions to improve recoveries. Until now, mine and plant samples have had to be dispatched off-site to a non-certified laboratory for assay due to licence restrictions regarding the use of cyanide and acids on site.

Having access to an on-site assay laboratory will also result in vastly improved response times in terms of managing and blending ore feed streams and reacting to variations in metallurgy and recovery across the ore body.

Mine

The initial focus of underground development at Cascavel was on the central/northern zones in tandem with development at a slower pace, due to ground conditions and artisanal workings, to open up the southern areas.

Current development within the mine is approximately 55m below surface at its deepest point and remains in weathered transitional rock between oxide and fresh rock. Ground conditions in the northern part of the mine are significantly better than in the higher grade South, allowing for faster development rates in the North. Conversely, in the southern portion of the mine where alteration around the vein set is currently thicker, ground conditions necessitate a lower rate of advance and additional ground support technologies.

The southern portion of the mine is interpreted to contain thicker and generally richer areas of mineralisation, however the associated thicker alteration zones and extensive abandoned artisanal workings make development slower in this portion of the mine.

DIRECTORS' REPORT (CONTINUED)

Whilst no access was available to the northern areas of the mine prior to mine development, and consequently no bulk sampling was undertaken, mineralisation was inferred from Orinoco's previous drilling and has now been visually confirmed in the mine development and from material processed during commissioning. The information gathered from ongoing sampling and mapping of Cascavel supports the current geological model where the mineralised veins consist of both high and low-grade ore shoots. In the north, there is a predominance of low-grade shoots, interspersed with high grade; whereas in the south, there is a predominance of high-grade shoots, interspersed with low-grade.

The inability to accurately assess grade from small sample sizes is a well-established feature of the coarse gold mineralization at Cascavel. Processing of bulk samples or mined material is the best indication of grades available to the Company.

The Company's view is that the material sourced solely from the lower-grade northern area of the mine will not by itself allow the Company to generate sufficient operating cash-flow at this scale of operations, and that production ore from stopes in the south of the mine is required to generate positive cash flow.

Mine re-commencement

The additional mine development required will commence in April 2017 with the initial development to be focused on adding new access ramps and development headings to allow larger-scale mining equipment to be deployed in the mine. The necessary personnel and equipment for the re-commencement of mine development are currently being sourced and secured.

Following the re-commencement of development in early April 2017, development will continue in order to deliver approximately 80,000tpa to the processing plant (double the initially planned mine capacity) with a focus on the Southern areas of the mine.

Development will continue to be undertaken within the known mineralised zone at Cascavel and this material will be processed through the plant together with production material resulting from trial mining activities. Deliveries of scheduled production ore to the mill are expected to commence late in the third quarter of 2017.

Plant

Following the completion of construction of the Cascavel processing plant, cold commissioning of the plant commenced in July while August saw the introduction of waste to the circuit followed by the commencement of the processing of low grade development ore.

During the commissioning period of August and September, ~7,000 tonnes of material was processed through the gravity plant. Of the material processed, 91% was development material or mineralised waste, removed from the mine during development of the main incline shaft, level development drives and internal ramps; the remainder (9%) was production ore from initial stoping activities.

Both the grade of the processed material and the grade of the tails proved difficult to precisely measure via sampling because of the coarse gold nature of the mineralisation, the poor quality of assays and sampling procedures that require further improvement. As a consequence, actual plant recoveries are not possible to estimate, however the actual amount of gold in doré poured from smelting the concentrate was ~13kg. All tailings are dry stacked and can be reprocessed if they are found to contain gravity recoverable gold. It should be noted that lower grade material will generally have lower gravity gold recoveries than high grade material.

DIRECTORS' REPORT (CONTINUED)

Various factors are viewed as contributing to the non optimised performance of the plant, including the assay issues discussed above, with the other significant factor being the grind size and particle size distribution currently being achieved by the comminution circuit.

While lead from poor quality misfiring detonators used by the previous mining contractor was still present in the ore being fed into the circuit, Orinoco has successfully made adjustments to its smelting (and fluxing) process to remove the lead from the concentrate. The gold content of the last gold pour was 89%. Use of new explosives will remove the issue entirely.

Plant Recommencement

The final results from the most recent set of metallurgical tests are expected to be received in late March 2017. This should allow the Company to finalise the design of any required mill improvements. It is likely that the Company will wish to source additional grinding capacity for the processing circuit to improve gold liberation and recoveries.

Once results from the metallurgical tests are received, the Company will finalise the type and sizing of the required grinding capacity, including a decision about whether or not the additional grind capacity will operate in conjunction with the existing tertiary crusher or as a replacement of the existing tertiary crusher.

The existing plant remains capable of processing stockpiled and future development material in batches while the plant undergoes the minor proposed modifications (including sourcing additional grinding capacity and other minor improvements such as rationalising the sampling procedures and points for increased accuracy and control). Tailings will continue to be dry-stacked and can be re-processed to recover any contained gravity recoverable gold.

On-Site Laboratory

Plans have also been finalised for an Orinoco-owned and managed on-site laboratory, with civil works for the laboratory set to commence in the first quarter of 2017. Orinoco is purchasing a purpose-designed and manufactured laboratory that will allow for quicker installation and also allow for eventual certification.

Having such a facility available on site will greatly assist the Company in the timely turn-around of accurate assays for both the mine and the plant. Due to licencing restrictions, the Company previously had to utilise a state-owned facility located 300km from site. The installation of the new on-site assay laboratory is a key part of the Company's strategy to re-commence operations at Cascavel.

Cascavel Gold Mine – Independent Technical Reviews

SRK Consulting (Denver) and Mining Plus (Vancouver and Lima) visited the Cascavel site during November 2016 to complete independent technical reviews of the mining operation. These reviews were commissioned to assist Orinoco with a detailed evaluation of the current status of the Cascavel Project and to determine the best path for restarting operations. SRK was appointed by Cartesian Royalty Holdings, and Mining Plus was appointed by Orinoco.

An Orinoco Board Technical Committee, comprising Non-Executive Directors Brian Thomas and Jonathan Challis, oversaw the reviews and the development of the re-commencement plan.

The work included conducting a review of geology, mining methods, support systems, ore handling, plant operations, security, project management and any other factors that may negatively impact gold production, as well as presenting recommendations that should lead to improved productivity in a restart of operations.

Both independent diagnostic reviews indicated that the plant and mine issues encountered during commissioning can be readily resolved.

Overall, Mining Plus stated: "The issues observed at the Cascavel Mine are common start-up and commission(ing) problems, and we identified no fundamental problems that should impede the mine from achieving success."

DIRECTORS' REPORT (CONTINUED)

Key issues and areas of improvements identified in the review process included:

- Acquisition of further data, including from recently concluded drilling and ongoing bulk sampling campaign to define a new detailed mine plan;
- A focus on identifying refined mining methods using access to existing infrastructure;
- Implementation of modified mining and blasting techniques;
- Further mine development in the higher grade southern portion of the mine, with several potential development options being assessed;
- Consideration of new underground equipment for use in the mine operation;
- Improved management of water flows in the mine; and
- Improvements to underground material handling and haulage traffic controls.

The reports, by SRK Consulting and Mining Plus, concluded that the lack of an adequate working capital buffer was a key factor curtailing the commissioning and ramp-up process. The reports provide a number of recommendations to address the plant and gold recovery issues, increase the availability of high-grade ore from the mine and provide a strong basis to re-establish mining and processing operations in the near term.

The review noted that no evidence of material theft from the site exists – a view also held by Orinoco.

Bulk Sampling

Bulk sampling tests were undertaken during November on the Cascavel mineralisation for metallurgical purposes.

Five samples of the mineralised vein and selvedge ranging from 120kg to over 200kg were taken from various medium and high grade sections of the mine in order to re-test the gravity recovery characteristics of the ore. After grinding the samples in the Company's prep-lab, a small split of the samples was sent for assay and the rest of the samples were then processed directly on the Gemini shaking table.

This simple testwork was found to recover approximately 93% of the contained gold, confirming again the gravity recoverability of the ore. The grade of the samples ranged from 50.42 g/t to 478.63 g/t. To consider these results from a mining perspective, a dilution factor of up to 10 should be applied to these grades and these grades are not presented as representative of the mine as a whole, but were selected for metallurgical testing purposes only.

Exploration

Orinoco's Faina Goldfields Project remains the Company's sole focus and the exploration of the Company's ground is a crucial component of achieving the Company's stated strategy. The Faina Goldfields Project is located in the central Brazilian state of Goiás approximately 120km southwest of AngloGold's world-class Serra Grande mine complex and Yamana Gold's Pilar mine. The Faina Goldfields Project consists of a large tenement package of approximately 200km^2 that encompasses numerous areas of interest of which Cascavel is but the first to be explored and now developed.

Orinoco believes that the Faina Goldfields Project has the potential to host multiple gold and polymetallic deposits and that through the initial development of the Cascavel Gold Mine can build upon the Company's infrastructure and knowledge to unlock the potential of the greenstone belt.

The exploration joint venture with AngloGold Ashanti that was announced after the end of the reporting period will be instrumental in allowing the potential of the belt to be quickly unlocked. The Joint Venture will see AngloGold spend up to US$9.5 million on Orinoco's broader Faina Goldfields tenement portfolio, excluding the Cascavel Gold Mine.

AngloGold, which is the largest gold producer in Brazil, has a strong understanding of the local geology and operating conditions, having operated the world-class Serra Grande mining complex, located in an adjoining greenstone belt, for over 20 years. Serra Grande is a multi-million ounce project with geological similarities to the Faina Goldfields region.

DIRECTORS' REPORT (CONTINUED)

Under the terms of the agreements, AngloGold can earn up to a 70% interest in Orinoco's Faina Goldfields Project through staged exploration expenditure of US$9.5 million over a three-year period. Work is currently ongoing to facilitate the commencement of exploration by the JV as soon as possible.

Field work conducted by Orinoco's exploration team during 2016 confirmed a number of near-mine opportunities for extensions and repeats of the high-grade Cascavel gold system as well as following up brownfield and greenfield regional exploration targets.

Orinoco is seeking to grow its operations at Cascavel through the identification of near-mine targets capable of delivering additional ore to the Cascavel processing plant and by continuing to expand the area of operations of the existing mine. Recent exploration activity has been successful on both fronts, highlighting the potential to substantially expand the project over time.

Cascavel Drilling

A small mine definition drilling program of 2,000m was undertaken to assist with the mine design process. The last hole completed in the campaign was designed to test the down-plunge extent of Cascavel, and intersected the mineralised zone 1.2km down plunge at a vertical depth of 380m.

This hole, CDP 052, represents the deepest hole drilled down plunge at Cascavel to date and contained a 3m package of quartz veins and sulphides related to gold mineralisation. The drill program was suspended along with other operations at Cascavel in October and the core from that program will be sent for assay at a certified laboratory in 2017.

Near-Mine Exploration – Cuca Target

The Cascavel system consists of a stacked series of shallow dipping gold mineralised quartz veins within a major shear. Currently, all planned mining activities at Cascavel encompass only a small area of strike on one of two sampled parallel gold lodes. The second lode (the Cuca lode), located approximately 15-20m beneath the Cascavel lode, was bulk sampled in May 2014 and returned a grade of 27.2g/t gold from a 2.5 tonne sample (see ASX Announcement – 14 May 2014). Fieldwork and drilling to date suggests that several more parallel gold lodes are likely to exist within the Cascavel system.

Orinoco intends to dewater the old artisanal workings at Cuca to investigate the possibility of repairing and re-using the existing shaft to access this lode for large-scale bulk sampling. The Cuca lode was first mined by the Portuguese in 1741 and then re-opened by artisanal miners in 2009. The shaft used to access the lode by both the Portuguese and artisanal miners is located around 350m north from the main incline at Cascavel (see photos in Figure 1).

DIRECTORS' REPORT (CONTINUED)

***Figure 1**. A: The existing Cuca shaft. B & C: Inside the Cuca artisanal workings. D: Gold from Cuca has the same metallurgical characteristics as Cascavel gold.*

A program to collect large bulk samples from Cuca, in the order of hundreds of tonnes, is currently being planned. Once collected, these large bulk samples can be processed through the Cascavel processing plant.

Metallurgical testing has already shown that the Cuca lode shares the same free gold characteristics as the Cascavel lode. A successful bulk sampling campaign can lead seamlessly into larger scale extraction at Cuca with Orinoco's existing licences also covering potential operations at Cuca.

Recent fieldwork and sampling has also confirmed that a third parallel gold lode exists that has a significantly greater strike length than previously recognised. This target, previously called Garimpo, has been renamed Española.

Española contained a well-known "garimpo" (artisanal mine) that produced gold from approximately 2010-2012 when the artisanal miners were removed. The artisanal workings, located approximately 1.5km north of the Cascavel Gold Mine, consist of a series of winzes developed along approximately 200m of strike where, as with Cascavel, the mineralised horizon is composed of a shallowly dipping set of quartz veins and associated alteration halo. Previously reported rock chip sampling of the artisanal workings returned gold grades up to 9.9g/t (ASX Announcement 7 October 2014).

Recent fieldwork has shown that the strike of this zone of quartz veins and alteration is much larger than initially thought, with the unit now mapped over 2km. In addition to the main artisanal workings, several sites along the strike have smaller workings that are reported to have yielded gold from rudimentary surface workings.

Shallow drilling is being planned to confirm the continuity of the Española structure down-plunge and along strike. Should this drilling successfully delineate gold-bearing quartz veins, bulk sampling will be planned to test the grade of the lode. With the Cascavel processing plant now operating, any material

DIRECTORS' REPORT (CONTINUED)

removed from Española can easily and quickly be processed to ascertain its grade and amenability to gravity gold recovery.

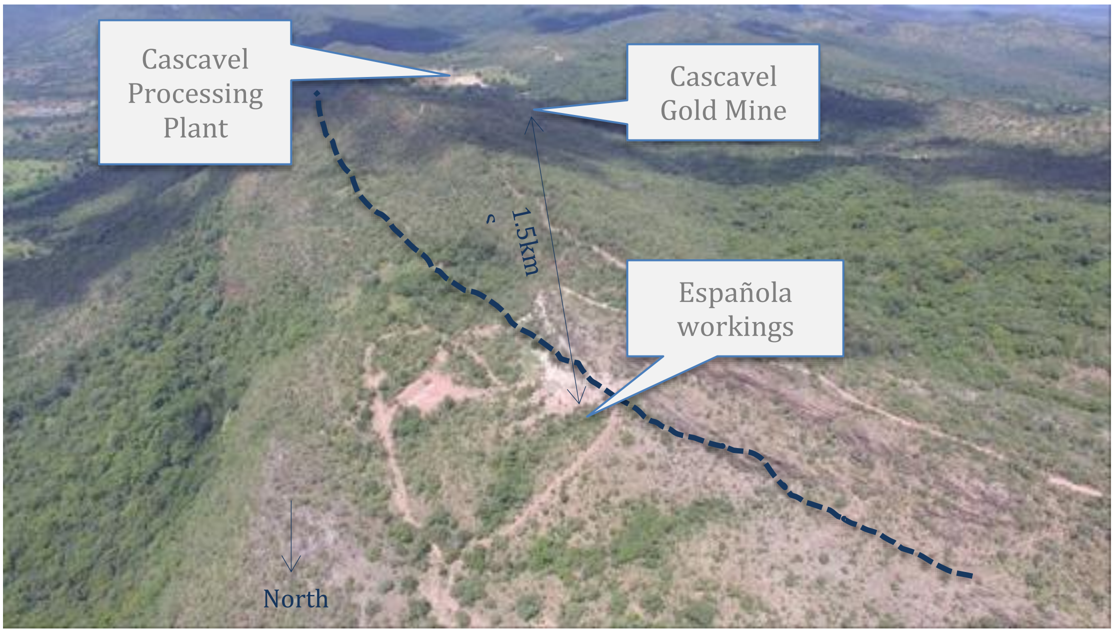

***Figure 2**: Location plan of Espanola workings*

<u>Other Targets</u>

Orinoco considers other targets such as the extensions to the Sertão Gold Mine and the extensive polymetallic Tinteiro system to remain first order exploration targets. However, in the short term, all exploration expenditure will focus on extending the known Cascavel mineralisation and adding mill feed to the existing Cascavel processing plant from near-mine targets with similar free gold characteristics.

DIRECTORS' REPORT (CONTINUED)

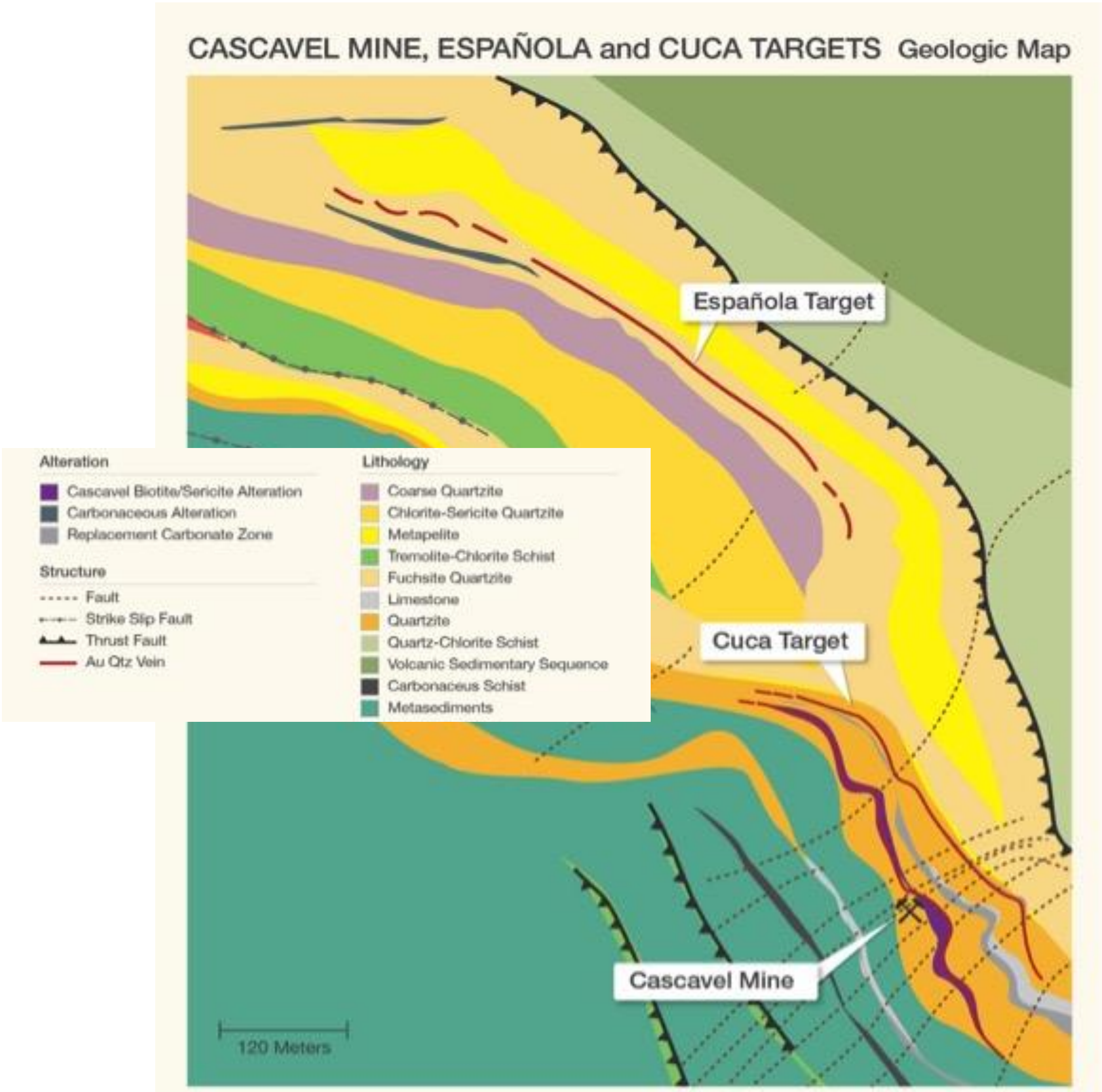

***Figure 3**: Regional Exploration Targets*

DIRECTORS' REPORT (CONTINUED)

Sertão

In late 2015, Orinoco's exploration team completed a 23-hole, 3200m diamond drilling program at Sertão Gold Mine, located 28km from Cascavel, with final results released to the market during the quarter.

Stage One of the drill program was designed to test for extensions of previously mined mineralisation at Sertão, as well as to follow up on historical drilling results such as 0.7m @ 48.2g/t gold (~30m down-dip from Sertão open pit in hole GVD_029) and 0.33m @ 119.6g/t gold (~650m down-dip from Sertão open pit in hole GVD_080).

Stage Two was designed to test for extensions of the system along strike to the north and near- surface mineralisation around the site of the previous processing plant.

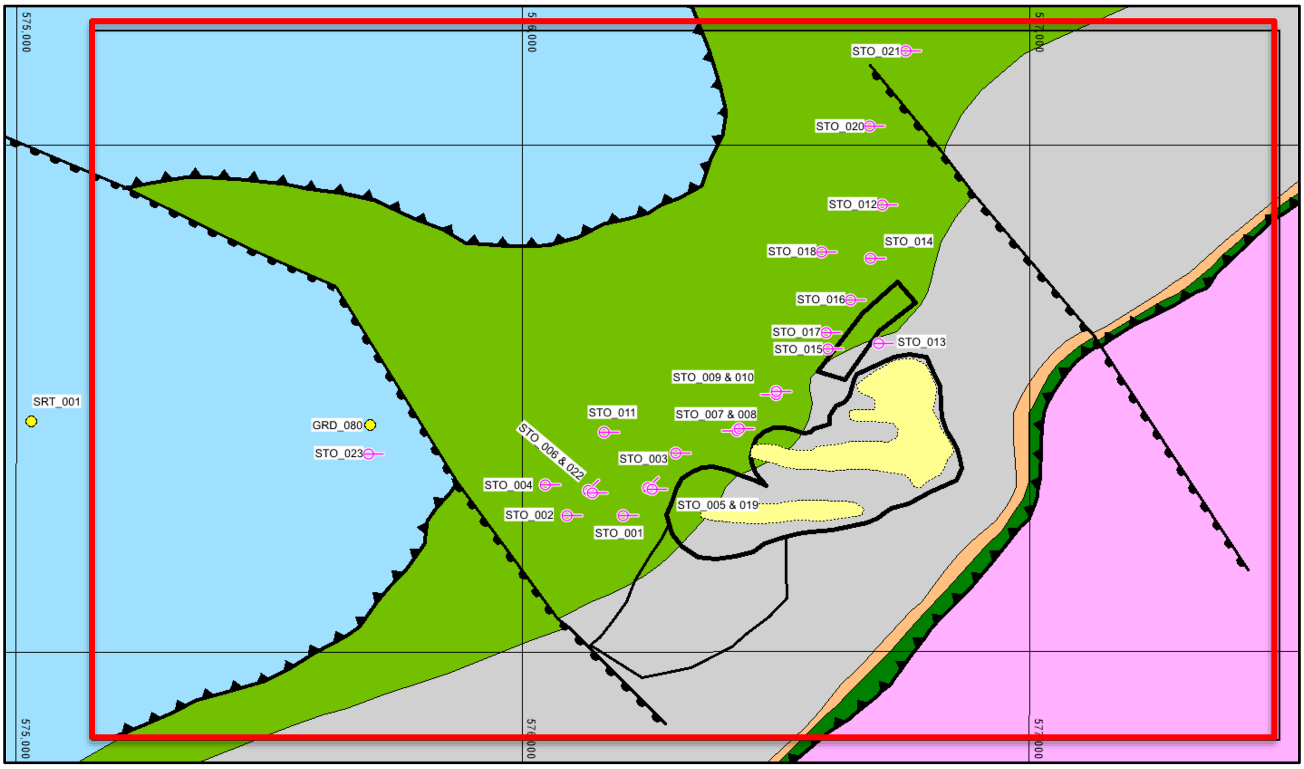

Figure 4: *Collar plan of all recent holes completed by the Company, highlighted are the shapes of historical infrastructure from previous mining. Geology dips shallowly (15°) towards the NW. Note SRT_001 is an Exploration hole that was collared outside the Sertão Boundary but intercepted the mineralised horizon 50m within Orinoco's ground. SRT_001 intercepted 2m @ 18.7 g/t from a vertical depth of 541m.*

Significant results were released to the ASX on 28/01/2016 and included:

- **0.5m @ 7.33g/t** (STO_004: from 141.5-142.0m)
- **1.82m @13.55g/t** (STO_005**:** from 130m)
- **0.65m @ 13.05 g/t** (STO_005**:** from 126.2m)
- **0.46m @ 21.40g/t** (STO_005**:** from 131m)
- **0.5m @ 46.8g/t (**STO_022: from 150.2m)

Based on analysis of the grades intersected in historical and current drilling, combined with a new geological model, Orinoco's Exploration Team believes that high-grade shoots extend out of the base of the open pit and can be traced to the historical intercepts in holes GRD_080 and SRT_001 (see Figure 4).

Tragically, a member of the Company's regional exploration team at the Faina Goldfields Project passed away after being struck by lightning while conducting routine exploration activities in the south of the greenstone belt.

DIRECTORS' REPORT (CONTINUED)

Competent Person's Statement: *The information in this report that relates to Exploration Results is based on information compiled by Dr Klaus Petersen who is a member of the Australasian Institute of Mining and Metallurgy and CREA and Dr. Marcelo Juliano de Carvalho who is member of the Australasian Institute of Mining and Metallurgy. Dr Klaus Petersen and Dr. Marcelo Juliano de Carvalho are employees of Orinoco Gold Limited and have sufficient experience, which is relevant to the style of mineralisation under consideration and to the activity that they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Klaus Petersen and Dr. Marcelo Juliano de Carvalho consent to the inclusion in this report of the matters based on the information in the form and context in which it appears.*

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 is available to view on the Company's website www.orinocogold.com:*

1. *14 May 2014 – Outstanding Gold Grade from Latest Cascavel Bulk Sample*
2. *7 October 2014 – Orinoco Expands Cascavel Gold Project*
3. *28 January 2016 – Completion of Orinoco's Maiden Sertão Drilling Programme*
4. *5 September 2016 – First Production Material Successfully Processed at Cascavel as Production Ramp-up Begins*
5. *9 December 2016 – Independent Technical Reviews Support Recommencement of Operations at Cascavel*

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 Report 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.

DIRECTORS' REPORT (CONTINUED)

CORPORATE ACTIVITIES

During the year ended 31 December 2016, the Company completed a 1-for-7 entitlements issue at an issue price of $0.17 per share, together with one free attaching option for every 3 shares subscribed for and issued. Of the 31,528,825 shares and 10,509,610 free attaching options offered under the offer, a total of 10,348,672 shares and 3,449,675 free attaching options were subscribed for by existing shareholders, resulting in a shortfall of 21,180,153 shares and 7,059,935 free attaching options. The shortfall was subsequently placed in full to raise a total of $5.3 million under the combined entitlements issue and shortfall.

A further placement was completed on the same terms as the entitlements issue. A total of 14,364,719 shares and 4,788,253 free attaching options were issued to raise $2.4 million.

Subsequent to this, the Group raised a further $4.5 million via a placement comprising 19,565,435 shares and one free attaching OGXOC option for every 3 shares subscribed for and issued.

During the year 22.3 million listed options were exercised to raise $2.4 million and a further $1.9m was raised via convertible loans.

Because of the suspension of operations, the Group was required to renegotiate milestone/date default clauses in its gold stream financing facility. These were successfully renegotiated and details can be found in note 20.

The Group's cash balance at 31 December 2016 was $1,751,800.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The following significant changes in the state of affairs occurred during the year:

- Following a review of the performance of the processing plant and mine during the first two months of commissioning and with bullion shipments well below expectations, the board and management determined that it was in the best interest of all stakeholders to temporarily suspend operations. This included the stand down of non-essential staff and contractors while a full technical review could be undertaken.
- Because of the suspension of operations, the Group was required to renegotiate milestone/date default clauses in its gold stream financing facility. These were successfully renegotiated and details can be found in note 20
- The Company also undertook additional capital raising in order to cover working capital deficiencies resulting from the suspension of operations.

Other than the items above, there have been no other significant changes in the state of affairs of the Group that occurred during the financial period not otherwise disclosed in this report or the financial statements.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 13 January 2017, the Company issued 9,542,905 fully paid ordinary shares for settlement of a finance standstill fee of US$300,000. In addition, the Company also issued the following unlisted options to its financier:

- 2,678,571 exercisable at $0.07, expiring on 30 November 2017
- 500,000 exercisable at $0.07, expiring on 30 April 2018
- 250,000 exercisable at $0.07, expiring on 30 June 2018

The shares and options issued to financiers were approved by shareholders at the General Meeting held on 13 January 2017.

The Entitlement Issue launched on 16 December 2016 was closed on 10 February 2017 and resulted in 39,932,597 shares and 39,932,597 attaching options being issued at $0.07 per share to raise $2,795,282. As at 28 February 2017, a further 102,717,336 shares and 102,717,336 attaching options from the shortfall of the entitlement issue had been placed to raise a further $7,190,213.

DIRECTORS' REPORT (CONTINUED)

On 7 February 2017, the Company announced that it had entered into an agreement with AngloGold Ashanti (**AngloGold**) to invest approximately $5.9m (**Corporate Investment**) which was completed using the Entitlements Issue shortfall, as well as entering into an Exploration Joint Venture. Under the terms of the agreement, AngloGold can earn up to a 70% interest in the Groups Faina Goldfields Project through staged exploration expenditure of US$9.5m over a three-year period (**Exploration JV**). In addition to the Corporate Investment and the Exploration JV, AngloGold will also have the right to negotiate an agreement to earn up to a 50% interest in the Cascavel Gold Mine. This agreement is yet to be finalised.

On 10 February 2017, the Company settled its Convertible Loans via the issue of 29,177,519 fully paid ordinary shares.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

ENVIRONMENTAL REGULATION

The Directors believe that the Company has, in all material respects, complied with all particular and significant environmental regulations relevant to its operations.

The Company's operations are subject to various environmental regulations under the Federal and State Laws of Australia and environmental laws of Brazil. The majority of the Company's activities involve low-level surface disturbance associated with mine development and exploration drilling programs. Approvals, licences and hearings and other regulatory requirements are performed when required by the management of Orinoco for each permit or lease in which the Company has an interest.

DIRECTORS' REPORT (CONTINUED)

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into an Access, Indemnity and Insurance Deed with the Directors to indemnify them to the maximum extent permitted by law against liabilities and legal expenses incurred in, or arising out of, the conduct of the business of the Company or the discharge of their duties as directors.

Also, pursuant to the Deed, the Company has paid premiums to insure the directors against liabilities incurred in the conduct of the business of the Company and has provided right of access to the Company records. In accordance with common commercial practice, the insurance policy prohibits disclosure of the amount of the premium and the nature of the liability insured against.

DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the Directors in ordinary shares and unlisted options of the Company were:

	Shares		**Options**	
Director	*Held Directly*	*Held Indirectly*	*Held Directly*	*Held Indirectly*
J. Hannaford	95,239	9,096,502	3,969	3,380,561
M. Papendieck	1,880,001	2,809,333	1,880,000	3,078,857
B. Thomas	12,500	502,428	-	539,928
I. Finch	-	844,815	-	1,029,412
J. Challis	-	-	-	-
N. Revell	20,000	-	10,000	-
TOTAL	**2,007,740**	**13,253,078**	**1,893,969**	**8,028,758**

MEETINGS OF DIRECTORS

During the financial period, there were 13 meetings of Directors, held with the following attendances:

	Directors Meetings		**Audit Committee**		**Remuneration Committee**	
Directors	**Meetings Attended**	**Meetings Eligible to Attend**	**Meetings Attended**	**Meetings Eligible to Attend**	**Meetings Attended**	**Meetings Eligible to Attend**
J. Hannaford	13	13	2	2	1	1
M. Papendieck	13	13	-	-	-	-
B. Thomas	13	13	2	2	1	1
I. Finch	10	13	2	2	1	1
J. Challis	9	13	-	-	-	-
N. Revell	-	1	-	-	-	-

Two meetings were held by the Audit Committee and one meeting was held by the Remuneration Committee during the year ended 31 December 2016.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and key management personnel of the Company for the year ended 31 December 2016. The information contained in this report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The information provided includes remuneration disclosures that are required under Accounting Standard AASB 124 "Related Party Disclosures". These disclosures have been transferred from the financial report.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

This remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company, and includes the following executives in the Company:

Key Management Personnel

Directors:
- Mr John Hannaford (Non-Executive Chairman)
- Mr Mark Papendieck (Managing Director)
- Mr Brian Thomas (Non-Executive Director)
- Mr Ian Finch (Non-Executive Director)
- Mr Jonathan Challis (Non-Executive Director)
- Mr Nicholas Revell (Non-Executive Director) – appointed 28 November 2016

Executives:
- Dr Klaus Petersen (President – Brazil Operations)
- Mr Timothy Spencer (Chief Financial Officer)
- Mr Marcelo de Carvalho (VP Brazil & Chief Geologist)

Remuneration Policy

The Company's performance relies heavily on the quality of its Key Management Personnel. The Company has therefore designed a remuneration policy to align Director and Executive reward with business objectives and shareholder value.

Executive reward is linked to shareholder value by providing a fixed remuneration component and offering specific short term and long-term incentives based on key performance areas affecting the Company's operational and financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain high calibre management personnel and Directors to run and manage the Company.

Remuneration Structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive remuneration is separate and distinct.

Non-Executive Director Remuneration

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees per annum that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting (currently $350,000).

Fees for Non-Executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in employee incentive option plans that may exist from time to time.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Executive Remuneration

The remuneration policy has been designed to align Executive objectives with shareholder and business objectives by providing fixed remuneration, in line with market rates, and variable remuneration. The Board of Orinoco believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives to run and manage the Group, as well as create goal congruence between Executives and Shareholders.

Fixed Remuneration

In setting competitive remuneration, the Board compares industry standard and remuneration packages of comparable companies. The Board reviews KMP packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

All Executives receive a base salary (which is based on length of service and experience), and superannuation. The proportion of an executive's total fixed salary package that is paid as superannuation is at the discretion of the Executive, subject to compliance with relevant superannuation guarantee legislation.

The fixed remuneration of the Company's KMP is detailed in the table below.

Variable Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and Directors and key management personnel. The Company is currently in the process of designing and implementing a new employee incentive plan, which includes both short and long term incentives (the Plan) based on key operating objectives and shareholder objectives as the Company moves into production at Cascavel. The Plan will be offered to key management personnel to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth.

Principles used to determine the nature and amount of variable remuneration: relationship between remuneration and company performance

The overall level of Executive reward takes into account the performance of the Company over a number of years, with greater emphasis given to the current and prior year. The main performance criteria used in determining the executive reward remuneration is increasing shareholder value through aligning the Company with high quality exploration and development assets. Due to the nature of the Company's principal activities, the Directors assess the performance of the Company with regard to the price of the Company's ordinary shares listed on the ASX and the market capitalisation of the Company. The Short Term Incentive (STI) Plan to be implemented in the near future will be designed to reward KMP and other employees for meeting or exceeding key financial and non-financial targets.

Directors and executives are also issued options to encourage the alignment of personal and shareholder interests. Options issued to Directors may be subject to market based price hurdles and vesting conditions, and the exercise price of options is set at a level that encourages the Directors to focus on share price appreciation. The Company believes this policy, together with the new Plan to be introduced in the near future will be effective in increasing shareholder wealth. Key Management Personnel are also entitled to participate in the employee share and option arrangements.

On the resignation of Directors any vested options issued as remuneration are retained by the relevant party.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

The Board may exercise discretion in relation to approving incentives such as options. The policy is designed to reward key management personnel for performance that results in long-term growth in shareholder value.

As part of the Company's Security Trading Policy, Directors, Officers and Employees are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements under any equity based remuneration schemes.

During the period the Board completed a self-performance evaluation at a Director and Board level. Performance review of KMP are completed periodically.

Service Contracts

Remuneration and other terms of employment for Executives are formalised in executive service agreements. Major provisions of the agreements existing at or entered into since balance date relating to remuneration are set out below.

Mark Papendieck - Managing Director
- Term of Agreement – ongoing subject to annual review.
- Fixed Remuneration – $300,000 per annum plus statutory superannuation.
- Variable Remuneration – The Officer will be eligible for participation in the Company's Employee Incentive Schemes including the Short-Term Incentive Plan (STIP) and Long-Term Incentive Plan (LTIP). Any participation level is subject to the discretion of the Remuneration Committee.
- Termination Provisions – The Executive may terminate the agreement without cause by giving 3 months written notice. The Company may terminate the agreement without cause by giving 6 months written notice.

Dr Klaus Petersen – President, Orinoco Brazil
- Term of Agreement – 3 years.
- Fixed Remuneration – US$230,000
- Termination Provisions – The Executive may terminate the agreement at any time without cause. The Company may terminate the agreement without cause by giving 90 days written notice and payment of 2% of the remaining contract value.

Mr Timothy Spencer – Chief Financial Officer (resigned 31 January 2017)
- Term of Agreement – ongoing subject to annual review.
- Fixed Remuneration – $250,000 per annum plus statutory superannuation.
- Variable Remuneration – The Officer is eligible for participation in the Company's Employee Incentive Schemes including the Short-Term Incentive Plan (STIP) and Long-Term Incentive Plan (LTIP). Any participation level is subject to the discretion of the Remuneration Committee.
- Termination Provisions – The Executive or the Company may terminate the agreement without cause by giving 3 months written notice, or a lesser period may be mutually agreed by the Parties.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Mr Marcelo Carvalho – Chief Geologist

- Term of Agreement – ongoing subject to annual review.
- Fixed Remuneration – $206,370 per annum (Brazilian Real $534,000 per annum).
- Variable Remuneration – The Officer is eligible for participation in the Company's Employee Incentive Schemes including the Short-Term Incentive Plan (STIP) and Long-Term Incentive Plan (LTIP). Any participation level is subject to the discretion of the Remuneration Committee.
- Termination Provisions – The Executive or the Company may terminate the agreement without cause by giving 1 months written notice, or a lesser period may be mutually agreed by the Parties.

Non-Executive Directors

Upon appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the policies and terms, including compensation, relevant to the office of Director.

The key terms of the Non-Executive Director service agreements are as follows:

- Term of Agreement – ongoing subject to annual review.
- Chairman's fees of $60,000 per annum plus statutory superannuation.
- Directors' Fees of $48,000 per annum plus statutory superannuation.
- There is no notice period stipulated to terminate the contract by either party.

Remuneration of Key Management Personnel

Details of the remuneration of the Directors and the key management personnel (as defined in AASB 124 *Related Party Disclosures)* of Orinoco Gold Limited are set out in the following table.

Key Management Personnel of Orinoco Gold Limited

Remuneration for the year ended 31 December 2016

	Short Term Benefits		Post-Employment Benefits	Share Based Payments	Bonus		
Key Management Personnel	**Salary and Fees $**	**Non-Monetary $**	**Super-annuation (or equivalent) $**	**Options $**	**$**	**Total $**	**% of remuneration performance related**
J. Hannaford	86,660	-	5,700	-	-	92,360	0%
M. Papendieck	300,000	-	28,500	-	-	328,500	0%
B. Thomas	74,250	-	4,560	-	-	78,810	0%
I. Finch	48,000	-	4,560	-	-	52,560	0%
J. Challis	53,625	-	-	-	-	53,625	0%
N. Revell	4,554	-	433	-	-	4,987	0%
Total Directors	**567,089**	**-**	**43,753**	**-**	**-**	**610,842**	**0%**
K. Petersen	270,189	37,873	13,300	-	-	321,362	0%
T. Spencer	235,000	-	22,325	-	-	257,325	0%
M. Carvalho	215,940	41,738	65,766	-	-	323,444	0%
Total Executives	**721,129**	**79,611**	**101,391**	**-**	**-**	**902,131**	0%
Total	**1,288,218**	**79,611**	**145,144**	**-**	**-**	**1,512,973**	0%

DIRECTORS' REPORT (CONTINUED)

Remuneration for the year ended 31 December 2015

	Short Term Benefits		Post-Employment Benefits	Share Based Payments	Bonus		
Key Management Personnel	**Salary and Fees $**	**Non-Monetary $**	**Super-annuation $**	**Options $**	**$**	**Total $**	**% of remuneration performance related**
J. Hannaford	45,000	-	4,275	82,050	-	131,325	62%
M. Papendieck	283,333	-	26,917	136,750	100,000*	547,000	43%
B. Thomas	39,000	-	3,705	27,350	-	70,055	39%
I. Finch	39,000	-	3,705	27,350	-	70,055	39%
J. Challis	25,667	-	-	-	-	25,667	0%
Total Directors	**432,000**	**-**	**38,602**	**273,500**	**100,000**	**844,102**	**44%**
K. Petersen	233,333	-	22,167	82,050	100,000*	437,550	42%
T. Spencer	125,231	-	11,897	115,500	-	252,628	46%
M. Carvalho	213,250	-	-	77,000	-	290,250	27%
Total Executives	**571,814**	**-**	**34,064**	**274,550**	**100,000**	**980,428**	**38%**
Total	**1,003,814**	**-**	**72,666**	**548,050**	**200,000**	**1,824,530**	**41%**

* The performance requirements for the bonuses were met prior to 31 December 2015 and paid during the year ended 31 December 2016. Under their previous Service Contracts, the Company has awarded Mr Papendieck and Dr Petersen a performance based bonus of $100,000, which was triggered upon the enterprise value of the Company exceeding $30 million for 20 consecutive trading days.

Share-based compensation

There were no share-based payments issued as compensation to key management personnel during the year ended 31 December 2016. Details of share-based payments granted as compensation to key management personnel during the year ended 31 December 2015 are as follows:

		During the financial year					
Key Management Personnel	**Options series**	**Grant date**	**Grant date fair value per option**	**No. granted**	**No. vested**	**% of grant vested**	**% of grant forfeited**
J. Hannaford	$0.15, exp 30/4/18	13/5/15	$0.0547	1,500,000	1,500,000	100%	N/a
M. Papendieck	$0.15, exp 30/4/18	13/5/15	$0.0547	2,500,000	2,500,000	100%	N/a
B. Thomas	$0.15, exp 30/4/18	13/5/15	$0.0547	500,000	500,000	100%	N/a
I. Finch	$0.15, exp 30/4/18	13/5/15	$0.0547	500,000	500,000	100%	N/a
K. Petersen	$0.15, exp 30/4/18	13/5/15	$0.0547	1,500,000	1,500,000	100%	N/a
T. Spencer	$0.15, exp 30/4/18	20/7/15	$0.0770	1,500,000	1,500,000	100%	N/a
M. Carvalho	$0.15, exp 30/4/18	20/7/15	$0.0770	1,000,000	1,000,000	100%	N/a

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Share Holdings of Key Management Personnel

The number of ordinary shares of Orinoco Gold Limited held, directly, indirectly or beneficially, by each Director and key management personnel, including their personally-related entities for the year ended 31 December 2016 is as follows:

Key Management Personnel	Held at 1 January 2016	Movement during the period	Options Exercised	Held at 31 December 2016
J. Hannaford	6,939,520	551,540	-	7,491,060
M. Papendieck	3,872,875	673,602**	-	4,546,477
B. Thomas	475,000	-	-	475,000
I. Finch	756,579	88,236**	-	844,815
J. Challis	-	-	-	-
N. Revell	-	10,000*	-	10,000
K. Petersen	2,589,737	1**	-	2,589,738
T. Spencer	629,412	605,000	-	1,234,412
M. Carvalho	1,312,468	1**	-	1,312,469
Total	**16,575,591**	**1,928,380**	**-**	**18,503,971**

* Held on commencement as a director
** The performance conditions for Class B Performance shares (allotted in October 2012) were not met prior to their expiry on 1 November 2016. The above movements include an allotment of ordinary shares on cancellation of the Class B Performance Shares as follows:

Key Management Personnel	Shares Converted
M. Papendieck	2
I. Finch	1
K. Petersen	1
M. Carvalho	1
Total	**5**

Option Holdings of Key Management Personnel

The number of options over ordinary shares in Orinoco Gold Limited held, directly, indirectly or beneficially, by each Director and key management personnel, including their personally-related entities for the year ended 31 December 2016 is as follows:

Directors	Held at 1 January 2016	Movement during the period	Options Exercised	Held at 31 December 2016	Vested and exercisable at 31 December 2016
J. Hannaford	2,674,571	(990,722)	-	1,683,849	1,683,849
M. Papendieck	4,759,375	56,625	-	4,816,000	4,816,000
B. Thomas	595,000	(95,000)	-	500,000	500,000
I. Finch	1,125,000	(95,588)	-	1,029,412	1,029,412
J. Challis	-	-	-	-	-
N. Revell	-	-*	-	-	-
K. Petersen	3,380,000	-	-	3,380,000	3,380,000
T. Spencer	2,309,804	(766,666)	-	1,543,138	1,543,138
M. Carvalho	2,940,000	(1,000,000)	-	1,940,000	1,940,000
Total	**17,783,750**	**(2,891,351)**	**-**	**14,892,399**	**14,892,399**

* On his commencement as a Director, Mr Revell held 100,000 OGXOB options. These expired on 30 November 2016.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Performance Share Holdings of Key Management Personnel

The number of performance shares in Orinoco Gold Limited held, directly, indirectly or beneficially, by each Director and key management personnel, including their personally-related entities for the year ended 31 December 2016 is as follows:

Directors	Held at 1 January 2016	Cancelled during the period	Held at 31 December 2016
J. Hannaford	-	-	-
M. Papendieck	1,242,106	(1,242,106)	-
B. Thomas	-	-	-
I. Finch	263,158	(263,158)	-
J. Challis	-	-	-
N. Revell	-	-	-
K. Petersen	989,474	(989,474)	-
T. Spencer	-	-	-
M. Carvalho	494,737	(494,737)	-
Total	**2,989,475**	**(2,989,475)**	**-**

Other Related Party Transactions

Transactions with other related parties are made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

Ventnor Capital Pty Ltd, a company of which Mr John Hannaford was a Director, provided the Group with company secretarial services, office accommodation and corporate services in relation to the administration of the Group on normal commercial terms and conditions and at market rates.

Mr Hannaford resigned as a Director of Ventnor Capital Pty Ltd on 31 March 2016. A summary of the total fees paid to Ventnor Capital Pty Ltd until the date of resignation is as follows:

	Consolidated	
	Year ended 31 December 2016 $	Year ended 31 December 2015 $
Serviced office, company secretarial & CFO services, bookkeeping services, IT support, general administration and registered office	65,000	194,000
Financial accounting and corporate advisory services including executive time charged by Mr Hannaford	5,863	111,388
Total	**70,863**	**305,388**

***********END OF AUDITED REMUNERATION REPORT***********

LIKELY DEVELOPMENTS

Information as to likely developments in the operations of the Company and the Group and the expected results of those operations in future financial years has not been included in this report because, in the opinion of the Directors, it would prejudice the interests of the Company and the Group.

DIRECTORS' REPORT (CONTINUED)

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* for the year ended 31 December 2016 has been received and can be found on page29.

AUDITOR

HLB Mann Judd continues in office in accordance with Section 327 of the *Corporation Act 2001*.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year ended 31 December 2016.

NON-AUDIT SERVICES

The Directors review any non-audit services to be provided to ensure they are compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

During the period, the auditors did not provide any non-audit services to the Group.

SHARE OPTIONS

Shares under Option

At the date of this report there are 263,396,316 unissued shares under option outstanding.

Expiry Date	Exercise Price	Number of shares under option
31 October 2017*	$0.25	12,250,000
31 May 2017*	$0.25	7,000,000
30 April 2018*	$0.15	10,500,000
30 April 2017*	$0.11	500,000
31 October 2017*	$0.16	1,250,000
30 June 2017*	$0.11	250,000
31 January 2018	$0.25	30,655,369
14 July 2019*	$0.25	300,000
30 November 2017*	$0.07	2,678,571
30 April 2018*	$0.07	500,000
30 June 2018*	$0.07	250,000
31 January 2020	$0.11	197,262,376
Total		**263,396,316**

* Unlisted options

These options do not entitle the holders to participate in any share issue of the Company or any other body corporate.

Signed in accordance with a resolution of the Directors made pursuant to Section 306(3) of the *Corporations Act 2001*.

Mr John Hannaford
Chairman

Perth
31 March 2017

CORPORATE GOVERNANCE STATEMENT

The Company's directors and management are committed to conducting the business of the Group in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Third Edition) (Recommendations) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations (Corporate Governance Statement).

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on the Company's website (www.orinocogold.com) (the Website), and will be lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX. The Appendix 4G will identify each Recommendation that needs to be reported against by the Company, and will provide shareholders with information as to where relevant governance disclosures can be found.

The Company's corporate governance policies and charters and policies are all available on the Website.

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Orinoco Gold Limited for the year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia **M R W Ohm**
31 March 2017 **Partner**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

ORINOCO GOLD LIMITED
ACN: 149 219 974

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2016

		Consolidated	
	Note	**2016 $**	**Restated 2015 $**
Revenue			
Finance income	4	26,143	27,730
Total Revenue		26,143	27,730
Project expenses		(8,034,613)	(2,608,934)
Financial administration, insurance and compliance costs		(4,639,076)	(3,984,684)
Exploration expenditure written off as incurred	5	(1,348,220)	(1,445,452)
Write off of capitalised exploration expenditure	13	(538,118)	-
Share based payments	24	(20,880)	(994,925)
Depreciation	15	(189,406)	(62,977)
Finance costs	6	(345,969)	(625,556)
Other expenses		(89,489)	(61,459)
Total Expenses		(15,205,771)	(9,783,987)
Loss before income tax expense		(15,179,628)	(9,756,257)
Income tax (expense) / benefit	8	-	-
Loss after income tax		(15,179,628)	(9,756,257)
Other Comprehensive Income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		633,735	(175,974)
Total Other Comprehensive income/(loss), net of tax		633,735	(175,974)
Total Comprehensive Loss for the year		**(14,545,893)**	**(9,932,231)**
Loss attributable to:			
Owners of the parent entity		(12,091,380)	(8,766,749)
Non-controlling interest		(3,088,248)	(989,508)
		(15,179,628)	(9,756,257)
Total Comprehensive Loss attributable to:			
Owners of the parent entity		(11,338,181)	(8,954,173)
Non-controlling interest		(3,207,712)	(978,084)
		(14,545,893)	(9,932,257)
Basic and Diluted Loss per share – cents per share	7	(4.43)	(4.74)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Note	Consolidated 2016 $	Consolidated Restated 2015 $
ASSETS			
Current Assets			
Cash and cash equivalents	9	1,751,800	3,715,544
Other receivables	10	517,303	417,252
Inventory	11	683,998	-
Other current assets	12	52,991	54,262
Total Current Assets		3,006,092	4,187,058
Non-Current Assets			
Property, plant and equipment	15	8,733,581	4,536,594
Exploration and evaluation expenditure	13	1,220,362	1,758,480
Mine properties and development	14	18,790,502	16,390,945
Other non-current assets	12	147,833	105,145
Total Non-Current Assets		28,892,278	22,791,164
TOTAL ASSETS		**31,898,370**	**26,978,222**
LIABILITIES			
Current Liabilities			
Trade and other payables	16	3,952,669	1,051,920
Borrowings	17	1,968,897	-
Other current liabilities	18	181,925	251,603
Provisions	19	353,385	177,922
Financial liabilities	20	10,228,136	-
Deferred revenue	20	-	1,459,613
Total Current Liabilities		16,685,012	2,941,058
Non-Current Liabilities			
Trade and other payables	16	26,516	-
Provisions	19	480,102	208,212
Financial Liabilities	20	413,661	-
Deferred revenue	20	-	9,428,671
Total Non-Current Liabilities		920,279	9,636,883
TOTAL LIABILITIES		**17,605,291**	**12,577,941**
NET ASSETS		**14,293,079**	**14,400,281**
EQUITY			
Issued capital	21	42,078,055	27,726,962
Reserves	21	4,230,650	3,542,513
Accumulated losses		(30,965,685)	(19,026,965)
Parent interest		15,343,020	12,242,510
Non-controlling interest	34	(1,049,941)	2,157,771
TOTAL EQUITY		**14,293,079**	**14,400,281**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2016

Consolidated year ended 31 December 2016	Note	Issued Capital $	Options Reserve $	Foreign Exchange Reserve $	Accumulated Losses $	Non-Controlling Interest $	Total Equity $
Total equity at 1 January 2016		27,726,962	3,802,382	(259,869)	(19,026,965)	2,157,771	14,400,281
Total comprehensive loss for the year							
Loss for the year ended 31 December 2016		-	-	-	(12,091,380)	(3,088,248)	(15,179,628)
Total other comprehensive loss		-	-	753,199	-	(119,464)	633,735
Total comprehensive loss for the year		-	-	753,199	(12,091,380)	(3,207,712)	(14,545,893)
Transactions with equity holders:							
Issue of shares	21	14,898,028	-	-	-	-	14,898,028
Capital raising costs settled in cash	21	(546,935)	-	-	-	-	(546,935)
Share based payments – options	21	-	20,880	-	-	-	20,880
Issue of options	21	-	66,718	-	-	-	66,718
Expiry of options		-	(152,660)	-	152,660	-	-
Total equity at 31 December 2016		**42,078,055**	**3,737,320**	**493,330**	**(30,965,685)**	**(1,049,941)**	**14,293,079**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
For the year ended 31 December 2015

Consolidated year ended 31 December 2015	Note	Issued Capital $	Options Reserve $	Foreign Exchange Reserve $	Accumulated Losses $	Non-Controlling Interest $	Total Equity $
Total equity at 1 January 2015		20,665,007	2,791,532	(72,471)	(10,322,155)	2,077,093	15,139,006
Total comprehensive loss for the year							
Loss for the year ended 31 December 2015		-	-	-	(8,766,749)	(989,508)	(9,756,257)
Total other comprehensive loss		-	-	(187,398)	-	11,424	(175,974)
Total comprehensive loss for the year		-	-	(187,398)	(8,766,749)	(978,084)	(9,932,231)
Transactions with equity holders:							
Non-controlling share of exploration and evaluation expenditure acquired		-	-	-	-	953,617	953,617
Non-controlling share of equity in subsidiary issued during the year		-	-	-	-	105,145	105,145
Issue of shares	21	5,338,775	-	-	-	-	5,338,775
Capital raising costs settled in cash	21	(250,196)	-	-	-	-	(250,196)
Capital raising costs settled in share based payments	21	(108,300)	108,300	-	-	-	-
Finance costs settled share based payments	24	269,250	133,575	-	-	-	402,825
Share based payments – options	24	-	994,925	-	-	-	994,925
Issue of shares – project acquisition consideration	24	1,739,624	-	-	-	-	1,739,624
Expiry of options	21	-	(225,300)	-	225,300	-	-
Exercise of options	21	72,802	(650)	-	650	-	72,802
Reclassification adjustment		-	-	-	(164,011)	-	(164,011)
Total equity at 31 December 2015		27,726,962	3,802,382	(259,869)	(19,026,965)	2,157,771	14,400,281

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		26,144	27,730
Payments to suppliers and employees		(13,095,717)	(7,246,932)
Deposits paid		(285,674)	-
Payments associated with gold stream arrangement		-	(440,943)
Finance costs		(13,864)	(13,782)
Net cash used in operating activities	22	**(13,369,111)**	**(7,673,927)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(3,090,700)	(4,743,019)
Payments for mine development, net of pre-production revenue		(1,608,517)	(827,134)
Payments relating to acquisition costs		-	(346,857)
Net cash used in investing activities		**(4,699,217)**	**(5,917,010)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares and options	21	14,822,042	5,411,577
Capital raising costs		(577,705)	(268,419)
Proceeds from gold stream facility	20	1,288,474	10,888,284
Repayment of gold stream facility	20	(1,429,124)	-
Proceeds from convertible loans		1,950,000	-
Other		-	2,704
Net cash provided by financing activities		**16,053,687**	**16,034,146**
Net increase / (decrease) in cash and cash equivalents		(2,014,641)	2,443,209
Cash and cash equivalents at the beginning of the period		3,715,544	1,219,722
Effects of foreign exchange		50,897	52,613
Cash and cash equivalents at the end of the period	9	**1,751,800**	**3,715,544**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTE 1: REPORTING ENTITY

Orinoco Gold Limited (the "Company") is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 31 December 2016 comprise the Company and its subsidiaries (collectively referred to as the "Group").

A description of the nature of the Company's operations and its principal activities is included in the Directors' Report, which does not form part of this financial report.

NOTE 2: BASIS OF PREPARATION

This general purpose financial report is prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (including Australian Interpretations) and the *Corporations Act 2001*.

The Financial Statements and Notes of the Company comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the Financial Statements and Notes comply with International Financial Reporting Standards.

Orinoco Gold Limited is a listed public company limited by shares. The financial report is presented in Australian currency.

This Financial Report was approved by the Board of Directors on 31 March 2017.

<u>Going Concern</u>

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group generated a comprehensive loss after tax for the year ended 31 December 2016 of $14,545,893 (2015: $9,932,231), had a net working capital defecit of $13,678,920 at 31 December 2016 (31 December 2015: Surplus of $1,246,000) and experienced net cash outflows from operating activities of $13,369,111 (2015: $7,673,927) and net cash outflows from investing activities of $4,699,217 (2015: $5,917,010) for year ended 31 December 2016. The Group had a cash balance of $1,751,800 at 31 December 2016 (31 December 2015: $3,715,544).

Subsequent to the financial period end, the Company closed an entitlement issue, raising $9,985,495 including shortfall applications and settled all outstanding convertible loans via the issue of shares. The Directors believe that its existing cash reserves, future production cash flows subsequent to recommencing production and the capital raisings referred to above will be sufficient to meet the Group's requirements for a period of at least 12 months from the date of approval of this financial report. Accordingly, the Directors consider the going concern basis of preparation to be appropriate.

However, should there be material delays in the re-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, in particular its mine properties and development assets, and extinguish its liabilities in the normal course of business.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

Historical Cost Convention

These financial statements have been prepared under the historical cost convention.

The significant policies which have been adopted in the preparation of this financial report are:

A. Basis of Consolidation

The Consolidated Financial Statements incorporate the assets and liabilities of all subsidiaries of Orinoco Gold Limited ("Company") as at 31 December 2016 and the results of all subsidiaries for the year then ended. Orinoco Gold Limited and its subsidiaries are referred to in this financial report as the Group.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-Group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of Orinoco Gold Limited.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Consolidation (continued)

When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

B. Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision maker – being the Board of Directors.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in the nature of the minerals targeted.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

C. Foreign Currency Translation

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

As at the balance date the assets and liabilities of the Brazilian subsidiaries are translated into the presentation currency of Orinoco Gold Limited (being Australian Dollars) at the rate of exchange ruling at the balance date and items in the Consolidated Statement of Profit or Loss and Other Comprehensive Income are translated at the weighted average exchange rate for the period.

The exchange differences arising on the translation are taken directly to a separate component of equity, being the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

E. Goods and Services Tax & Value Added Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") and/or Value Added Tax (VAT), except where the amount of tax incurred on a purchase of goods and services is not recoverable from the taxation authorities, in which case the amount of tax is recognised as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable. Receivables and Payables in the Consolidated Statement of Financial Position are shown inclusive of the tax amount.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position. Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the tax component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of tax recoverable from, or payable to, the taxation authority.

F. Trade and Other Receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 1 days to 7 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Trade and Other Receivables (continued)

of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

G. Exploration, Evaluation and Development Expenditure

Exploration and evaluation expenditure is written off as incurred. Costs of acquisition of prospects are capitalised and only carried forward to the extent that rights to tenure of the area of interest are current and at least one of the following conditions is met:

a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

b) exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

Accumulated costs in relation to an abandoned area are written off in full against profit/loss in the year in which the decision to abandon the area is made.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous periods.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

When a decision has been made to proceed with development in respect to a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development (mine properties).

Development expenditure is capitalised only to the extent that it is classified as primary development, that is, it is on or connected to the surface at or near the underground mine and it is expected to provide an economic benefit in excess of 12 months.

Project commissioning production costs and revenue are capitalised as development expenditure until commercial production commences.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

During the year, the Group changed its accounting policy with respect to the accounting for Capitalised Mine Development (Note 14). The impact of the change in accounting policy has been disclosed in Note 33.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the items. Repairs and maintenance are charged to the profit or loss during the reporting period in which they were incurred.

Depreciation is calculated using the straight-line method to allocate asset costs over their estimated useful lives, as follows:

- Mining Equipment 5 – 10 years
- Process Plant Life of mine
- Leasehold improvements 10 years
- Office furniture and equipment 3 – 10 years

The useful lives of the mine properties are often dependent on the life of the orebody to which they relate. Where this is the case, the lives of mining properties, and their long-lived processing equipment are generally based on the expected life of the orebody. The life of the orebody is estimated on the basis of the life-of-mine plan.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

I. Impairment of Assets

Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount the asset or cash generating unit is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit (group of assets) to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

J. Share-Based Payments

The Group has provided payments to related parties in the form of share-based compensation, whereby related parties render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions is measured by reference to the fair value of the shares or rights at the date at which they are granted. The fair value is determined using the Black & Scholes methodology.

The Black & Scholes option pricing model takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance date, the entity revises its estimates of the number of options that are expected to become exercisable.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Share-Based Payments (continued)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the year end in which the performance conditions are fulfilled, ending on the date on which the relevant parties become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

K. Cash and Cash Equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

L. Finance Income and Expenses

Finance income comprises interest income on funds invested, gains on disposal of financial assets and changes in fair value of financial assets held at fair value through profit or loss.

Finance expenses comprise changes in the fair value of financial assets held at fair value through profit or loss and impairment losses on financial assets.

Interest income is recognised as it accrues in profit or loss, using the effective interest rate method.

M. Issued Capital

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

N. Earnings per Share

i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding at balance date.

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Trade and other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade and other payables are stated at amortised cost, using the effective interest method.

P. Deferred Revenue

Proceeds received from the Gold Stream agreement are accounted for as deferred revenue due to the settlement of the facility being made by delivery of gold from the Cascavel Gold Mine. Because settlement can only be made through the physical delivery of gold extracted from the Cascavel Gold Mine, the agreement meets the "own use exemption" contained in AASB139, and consequently, the proceeds received under the agreement will be accounted for as a prepayment for the future delivery of gold, and hence as an executory contract.

Q. Significant Accounting Estimates and Assumptions

Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

i) Impairment of capitalised exploration and evaluation expenditure (costs of acquisition of prospects)

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. During the year, the Group impaired the Edem acquisition costs of $538,118 due to Joint Venture obligations not being met.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, results and net assets will be reduced in the year in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, results and net assets will be reduced in the period in which this determination is made.

When the decision to mine is made in respect of an area of interest, the capitalised acquisition costs of the area of interest are transferred from exploration and evaluation expenditure to mine development costs. The value of the exploration and evaluation expenditure is assessed for impairment at the time of transfer. During the prior year, the Group reclassified $13.5m of exploration to development upon reaching set criteria based upon demonstrating technical feasibility and commercial viability of the Cascavel Project.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Significant Accounting Estimates and Assumptions (continued)

ii) Recoverability of potential deferred tax assets

The Group recognises deferred income tax assets in respect of tax losses to the extent that it is probable that the future utilisation of these losses is considered probable. Assessing the future utilisation of these losses requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, this could result in significant changes to the deferred income tax assets recognised, which would in turn impact the financial results.

iii) Share-based payment transactions

The Group measures the cost of equity-settled transactions with management and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the Board of Directors using the Black & Scholes valuation method, taking into account the terms and conditions upon which the equity instruments were granted. The assumptions in relation to the valuation of the equity instruments are detailed in Note 24: Share Based Payments. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

iv) Mine Properties and Development

The recoverability of the carrying amount of mine development expenditure carried forward has been reviewed by the Directors. In conducting the impairment assessment, the recoverable amount has been assessed by reference to the higher of “fair value less costs to sell” and “value in use”. In determining value in use, future cash flows are based on:

- Estimates of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- Estimated production and sales levels;
- Estimate future commodity prices;
- Future costs of projection;
- Future capital expenditure; and/or
- Future exchange rates.

Variations to expected future cash flows, and timing thereof, could result in significant changes to the impairment test results, which in turn could impact future financial results. Further details in relation to the Directors’ impairment assessment is contained in Note 14.

v) Provision for Rehabilitation

The provision for rehabilitation relates to the estimated cost of rehabilitation work to be carried out in relation to the removal of facilities, closure of sites and restoring the affected areas. The estimates were based on quotes provided by 3rd parties. The provision represents the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date

vi) Amortisation of mine properties and development

Amortisation of mine properties and development has not been charged as commissioning is yet to be completed.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Parent Entity Financial Information

The financial information for the parent entity, Orinoco Gold Limited, disclosed in Note 29 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities
Investments in subsidiaries are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

S. Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the balance date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each balance date.

The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

T. Employee leave benefits

Wages, salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits and accumulated annual leave expected to be settled within 12 month of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

U. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Borrowings (Continued)

any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

V. Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Sale of goods
Revenue is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that assets' net carrying amount on initial recognition.

V. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.
In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

X. New Accounting Standards for Application in Future Years

In the year ended 31 December 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted
The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 31 December 2016. As a result of this review the Directors have determined that the following Standards and Interpretations may have a material effect on the Company in future reporting periods.

- AASB 15 Revenue from contracts with Customers
- AASB 16 Leases
- AASB 9 Financial Instruments

The Company have elected to not early adopt these Standards and Interpretations.

Other than the above, there are no other material impact of the new and revised Standards and Interpretations on the Group and therefore no change is necessary to Group accounting policies.

NOTE 4: FINANCE REVENUE

	Consolidated 2016 $	2015
Finance Revenue		
Interest revenue	26,143	27,730
Total Finance Revenue	**26,143**	**27,730**

NOTE 5: LOSS

Loss before income tax has been determined after charging the following expenses:

	Consolidated 2016 $	2015 $
Exploration expenditure written off as incurred	1,348,220	1,445,452
Equity settled share based payments	20,880	994,925
Equity settled finance costs	-	402,825

NOTE 6: FINANCE COSTS

	Consolidated 2016 $	2015 $
Interest paid	32,761	13,783
Fees on gold stream agreement	313,208	611,773
Total Finance Costs	**345,969**	**625,556**

NOTE 7: LOSS PER SHARE

	Consolidated 2016 $	(Restated) 2015 $
Basic and diluted loss per share - cents	(4.43)	(4.74)
Loss used in the calculation of basic and diluted loss per share	**(12,091,380)**	**(8,766,749)**
Weighted average number of ordinary shares outstanding during the period used in calculation of basic loss per share	272,646,565	185,008,295

As the company has incurred a loss, any exercise of options would be antidilutive, therefore the basic and diluted loss per share is equal.

NOTE 8: INCOME TAX

	Consolidated 2016 $	(Restated) 2015 $
(a) Income tax expense		
The major components of income tax expense are:		
Current Income Tax		
Current income tax charge	-	-
Deferred income tax		
Relating to movements in temporary differences	-	-
Income tax benefit reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	**-**	**-**

(b) Amounts charged directly to equity

There were no amounts charged directly to equity.

(c) Numerical reconciliation between aggregate tax expense recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the Company's applicable income tax rate is as follows:

NOTE 8: INCOME TAX (CONTINUED)

	Consolidated 2016 $	(Restated) 2015 $
Accounting loss before income tax	(15,179,628)	(9,756,257)
Income tax / (benefit) at the statutory income tax rate of 30% (2015: 30%)	(4,553,888)	(2,926,877)
Tax effect of expenditure not allowable for tax purposes		
Entertainment	1,601	3,167
Share based payments	6,264	338,550
Foreign income expenditure	3,862,429	1,707,946
Other non-deductible expenditure	94,410	29,163
Capital raising expenditure	(76,723)	(89,785)
Over-provision in prior year	180,895	(129,226)
Income tax benefit not brought to account	485,012	1,067,062
Income tax expense / (benefit)	**-**	**-**

(d) Unrecognised deferred tax assets and liabilities

The directors estimate that the potential future income tax benefits carried forward but not brought to account at year end at the Australian corporate tax rate of 30% (2015: 30%) are made up as follows:

	Consolidated 2016 $	(Restated) 2015 $
Australian tax losses	2,949,032	2,422,255
Australian deductible temporary differences	41,930	39,804
Australian taxable temporary differences	(60,013)	(16,122)
Unrecognised net deferred tax assets	**2,930,949**	**2,445,937**

These benefits will only be obtained if:
(i) the group derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deduction for the losses to be realised;
(ii) the group continues to comply with the conditions for deductibility imposed by tax legislation; and
(iii) no changes in tax legislation adversely affect the group in realising the benefit from the deduction for the losses.

NOTE 9: CASH AND CASH EQUIVALENTS

	Consolidated 2016 $	2015 $
Reconciliation to Statement of Financial Position		
Cash at bank	1,751,800	3,715,544
Total Cash and Cash Equivalents (1)	**1,751,800**	**3,715,544**

(1) Cash at bank is subject to floating interest rates at an effective interest rate of 0.91% (31 December 2015: 1.25%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2016

NOTE 10: OTHER RECEIVABLES

	Consolidated 2016 $	Consolidated 2015 $
Current:		
Advances/Deposits	71,408	164,075
Advances - Royalties	269,884	72,843
Other receivables – Taxes (Australia)	(30,805)	135,753
Other receivables – Taxes (Brazil)	64,590	33,494
Other	142,226	11,087
Total Other Receivables	**517,303**	**417,252**

The above amounts do not bear interest and their carrying amount is equivalent to their fair value.

NOTE 11: INVENTORY

Stores and spares	683,998	-
Total Inventory	**683,998**	**-**

Stores and spares are recognised at the lower of cost and net realisable value

NOTE 12: OTHER ASSETS

	Consolidated 2016 $	Consolidated 2015 $
Current:		
Prepaid expenses	52,991	54,262
Total Other Current Assets	**52,991**	**54,262**
Non-Current:		
Prepayments	20,499	-
Advances to non-controlling interests	127,334	105,145
Total Other Non-Current Assets	**147,833**	**105,145**

The above amounts do not bear interest and their carrying amount is equivalent to their fair value.

NOTE 13: EXPLORATION & EVALUATION EXPENDITURE

	Consolidated 2016 $	Consolidated 2015 $
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation		
Prospect acquisition costs	1,220,362	1,758,480

NOTE 13: EXPLORATION & EVALUATION EXPENDITURE (CONTINUED)

	Consolidated	
	2016	**2015**
	$	**$**
Reconciliation:		
A reconciliation of the carrying amounts of exploration and evaluation expenditure is set out below:		
Balance at beginning of the year	1,758,480	14,768,153
Acquisition costs incurred during the year	-	579,041 [(1)]
Transfer to mine development	-	(13,588,714)
Capitalised expenditure written off	(538,118) [(1)]	-
Total Deferred Exploration Expenditure	**1,220,362**	**1,758,480**

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on the successful development and commercial exploitation or sale of the respective areas.

[(1)] **Acquisition of Projects**

The acquisition costs incurred during the prior period relate to:

1. The Edem acquisition of $538,118 consisting of a share based payment plus an accounting adjustment for the non-controlling 40% interest. These costs were written off as the Group has constructively not met its obligations under the Joint Venture, notwithstanding that there has been no formal notification from either party that the Joint Venture has ceased and the parties continue to work together to amend the original agreement.
2. The purchase of mining rights for $40,923 in relation to various early stage mineral properties located within the Faina Goldfields Project.

NOTE 14: MINE PROPERTIES AND DEVELOPMENT

	Consolidated	
		(Restated)
	2016	**2015**
	$	**$**
Mine properties at cost	18,790,502	16,390,945

Reconciliation:

A reconciliation of the carrying amounts of mine development expenditure is set out below:

	2016	2015
Balance at beginning of the year	16,390,945	-
Transfer from exploration and evaluation expenditure	-	13,588,714
Capitalised mine development costs	676,198	827,134
Pre-production costs net of pre-production revenue capitalised	1,090,439	-
Mine rehabilitation	480,102	-
Acquisition costs associated with the conversion of Class A Performance Shares into Ordinary Shares	-	1,425,000
Minority interest on acquisition costs associated with the conversion of Class A Performance Shares into Ordinary Shares	-	610,714
Minority interest on retention payment	-	131,892
Mine development costs expensed	-	(93,715)
Foreign exchange movements	152,818	(98,794)
Total Mine Properties	**18,790,502**	**16,390,945**

NOTE 14: MINE PROPERTIES AND DEVELOPMENT (CONTINUED)

During the prior period a decision to mine was made and thus there was a transfer of the capitalised acquisition costs for the Cascavel Gold mine from exploration and evaluation expenditure to mine development costs. The value of the exploration and evaluation expenditure was assessed for impairment at the time of transfer.

During the year, the Group performed a review of capitalised mine development costs and subsequently implemented a change in accounting policy. Refer note 33 for details.

Impairment

Following the temporary suspension of operations in October 2016, the recoverable amount of mine properties and development was reviewed for impairment. Following the review, the Directors have determined that the recoverable amount exceeds the carrying value and that no impairment exists. The recoverable amount estimation was based on the estimated value in use and was determined at the cash-generating unit level. The cash-generating unit consists of the operating assets associated with the Cascavel gold project in Brazil, which is comprised of mine properties and development ($18.7m), mining equipment ($0.72m), the process plant ($7.08m) and other property, plant and equipment associated with the project ($0.69m).

The recoverable amount of the project has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a 4 year period. The discount rate applied to cash flow projections is 10%.

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2016 $	Consolidated 2015 $
Property Plant and Equipment		
Net book value	8,733,581	4,536,594

A reconciliation of the carrying amounts of Property, Plant and Equipment is set out below:

	Mining Equipment $	Process Plant $	Leasehold Improvements $	Office Furniture and Equipment $	Total $
Balance at 1 January 2016	151,754	3,772,888	308,932	303,020	4,536,594
Additions	596,320	3,061,418	142,880	206,017	4,006,635
Depreciation	(50,588)	- [1]	(30,723)	(108,095)	(189,406)
Foreign Exchange	27,052	249,665	62,176	40,865	379,758
Balance at 31 December 2016	724,538	7,083,971	483,265	441,807	8,733,581

[1] Construction of the process plant was completed during the year and commissioning was being carried out until the suspension of operations in October. The plant was not capable of being operated as intended by management and is therefore is not considered available for use as at balance date, as such no depreciation was charged against the process plant during the period.

NOTE 16: TRADE AND OTHER PAYABLES

	Consolidated	
	2016 **$**	**2015** **$**
Current:		
Trade payables [1]	2,046,845	513,729
Accruals	482,306	260,000
Other payables [2]	1,423,518	278,191
Total Trade and Other Payables	**3,952,669**	**1,051,920**
Non-Current:		
Other payables	26,516	-
Total Trade and Other Payables	**26,516**	**-**

[1] Trade payables are non-interest bearing and are normally settled on 30-day terms.

[2] Other payables are non-trade payables, are non-interest bearing and have an average term of 3 months.

NOTE 17: BORROWINGS

	Consolidated 2016 $	2015 $
Current:		
Convertible Loans	1,968,897	-
Total Borrowings	**1,968,897**	**-**

The loans have a term of 6 months from draw down or conversion into shares as a part of the capital raise announced on 16 December 2016. The loans are repayable in cash or shares at the Company's election and have an interest rate of 10% per annum.
The loans were repayable in cash or a variable number of shares at the Company's election. Settlement occurred on 14 February 2017 through the issue of 29,177,519 shares and 29,177,519 options.

NOTE 18: OTHER LIABILITIES

	Consolidated 2016 $	2015 $
Current:		
Acquisition payments(1)	173,879	173,879
Lease payments	2,813	43,375
Premium funding	-	30,028
Other current liability	5,233	4,321
Total Other Current Liabilities	**181,925**	**251,603**

(1) As part of the acquisition of Sertão Mineração Ltda (SML), an amount of BR$495,000 (AUD$173,879 at the 31 December 2015 BR/AUD exchange rate) is owed to the Brazilian taxation office representing a disputed item from SML's 2008 tax return. This payment will fall due at an undetermined future date.

NOTE 19: PROVISIONS

		Consolidated	
	Rehabilitation (1) $	Employee benefits (2) $	Total $
Balance at beginning of year	208,212	177,922	386,134
Arising during the year	271,890	398,214	670,104
Utilised	-	(232,607)	(232,607)
Foreign Exchange	-	9,856	9,856
Balance at the end of year	480,102	353,385	833,487
Current	-	353,385	353,385
Non-current	480,102	-	480,102

(1) The provision for rehabilitation relates to the estimated cost of rehabilitation work to be carried out in relation to the removal of facilities, closure of sites and restoring the affected areas. The estimates were based on quotes provided by 3rd parties. The provision represents the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date

(2) The employee benefits provision relates to annual leave accrued by employees

NOTE 20: FINANCIAL LIABILITIES AND DEFERRED REVENUE

	Consolidated 2016 $	2015 $
Financial liabilities at amortised cost		
Gold Stream facility [1]	1,288,474	-
Capitalised transaction costs	(329,897)	-
Funds payable under the Gold Stream variation [2]	9,683,220	-
Total financial liabilities at amortised cost	**10,641,797**	**-**
Financial liabilities classification:		
Current financial liabilities		
Financial liabilities at amortised cost	10,228,136	-
Total current financial liabilities	10,228,136	-
Non-current financial liabilities		
Financial liabilities at amortised cost	413,661	-
Total non-current financial liabilities	413,661	-
Total financial liabilities	**10,641,797**	**-**
Deferred Revenue:		
Balance at beginning of the year	10,888,284	-
Settlements made	(53,035)	-
Transfer to financial liabilities [3]	(10,835,249)	-
Funding received	-	10,888,284
Total deferred revenue	**-**	**10,888,284**
Deferred revenue classification:		
Current deferred revenue	-	1,459,613
Non-current deferred revenue	-	9,428,671
Total deferred revenue	**-**	**10,888,284**

[1] The fair value of funds payable under the Gold Stream facility are calculated with reference to scheduled gold deliveries, gold price and prevailing exchange rates. Management has estimated the maturity amount of the gold stream facility at 31 December 2016 at $3.1m. The implied interest rate is 172% and the liability will be settled via delivery of gold over the life of the contract.

[2] The fair value of Funds payable under the Gold Stream variation approximate their carrying value, are interest free and are likely to be settled within 3 – 12 months.

[3] During the year, the original Gold Stream agreement entered into by Orinoco Gold Limited (Orinoco) was cancelled and a new agreement entered into by Mineração Curral de Pedra Ltda (MCP) the owner and license holder of the Cascavel Gold Project. Under the terms of the new Gold Stream agreement, Orinoco is required to repay the original advanced proceeds of US$8.0m back to the counterparty who will then fund the US$8.0m to MCP. As at balance date US$1.0m had been repaid and funded to MCP. As a contractual obligation to deliver cash exists, the balance of US$7.0m has been treated as a financial liability and revalued in accordance with prevailing exchange rates at balance date. Upon full repayment and funding

NOTE 20: FINANCIAL LIABILITIES AND DEFERRED REVENUE (CONTINUED)

to MCP, the funding will be settled solely by delivery of physical gold to the counterparty in accordance with the Groups expected sale requirements. The introduction of a Net Smelter Royalty to the agreement has introduced a monetary aspect and as such the liability has been re-classified from deferred revenue to financial liabilities at ammortised cost.

All financial liabilities are secured (refer d(iv) below).

Terms of the Gold Stream agreement:

The Company entered into a gold stream financing arrangement in May 2015 under which Cartesian Royalty Holdings ("CRH") provided US$8 million in return for an entitlement to receive 20% of the gold produced during the first three years of commercial production from Cascavel, subject to a minimum quantity of 16,000 ounces of gold and a maximum quantity of 24,000 ounces of gold to be delivered to CRH.

Following the suspension of operations in October 2016, the Company negotiated with CRH to replace the milestone/date default clause contained in the gold stream agreement. New variation deeds were agreed which allow the Company sufficient time to complete the necessary independent operations reviews and remedial action planning to allow it to recommence operations. The material terms of the variation deeds entered into on 8 December 2016 are as follows:

a) Remediation Process (based from 4 November 2016, deemed to be the 'Restructuring Date'):
   i) within 150 days following the Restructuring Date the Seller Guarantors shall submit a remedial action plan (which outlines the Project's present condition and reasons for underperformance and the suggested pathways for recommencing operations, including a mining plan, budget and management and staffing plan) to CRH to be approved by CRH;
   ii) within 300 days following the Restructuring Date (or such later date as agreed to by CRH under the Remedial Action Plan), the Seller Guarantors shall recommence operations at the Project in accordance with the Remedial Action Plan;
   iii) Orinoco shall submit, by 15 May 2017, a Budget for the period starting on 31 May 2017 and ending on 30 November 2017 to be approved by CRH

b) Standstill Payments and other compensation:
   i) US$100,000 per month (cash or shares at Orinoco's election) while operations are suspended.
   ii) A 'signing fee' of 2 million ordinary shares in the Company.
   iii) 3.4 million options will be issued on the following terms:
      a. 2,678,571 Options exercisable at Entitlement Offer share issue price on or before 30 November 2017;
      b. 500,000 Options exercisable at Entitlement Offer share issue price on or before 30 April 2018; and
      c. 250,000 Options exercisable at Entitlement Offer share issue price on or before 30 June 2018.
   iv) Increase in the minimum and maximum gold stream quantities by 10%. This increases the minimum number of ounces from 16,000oz to 17,600oz and the maximum number of ounces from 24,000oz to 26,400oz.

NOTE 20: FINANCIAL LIABILITIES AND DEFERRED REVENUE (CONTINUED)

c) Royalty

A 2.5% Net Smelter Royalty ("NSR") for CRH on all tenements covered by the streaming agreement in the following circumstances:

a. No NSR is payable while gold stream is in compliance;
b. when gold stream term is satisfied an NSR will be payable on the next 50,000 Au oz of production ("Compliance NSR");
c. if Company defaults on gold stream agreement, then the NSR is immediately in force and the limitation in the above clause no longer applies ("Default NSR").
d. If the Company is in default on the gold stream **and** the 30% partner has not provided a security interest over its shares in the JV, the Royalty Percentage shall increase to 5%.

d) Other conditions:

i) Minimum Delivery of 1,000 ounces of gold (or 20% of production if greater) starting in the first quarter after 90 days following recommencement of operations or the commencement date (i.e. when the process plant meets specific minimum operating parameters) (or such later date as agreed under the Remedial Action Plan) ("Minimum Delivery Commencement Date"), the SELLER (the operator of the Cascavel Gold Mine) fails to deliver the Minimum Delivery to the BUYER (CRH) in any calendar quarter, provided that the amount of Refined Gold (or Monetary Equivalent) to be delivered in:
   a. the first calendar quarter after the Minimum Delivery Commencement Date; and
   b. subsequent deliveries will continue on a quarterly basis until 20% Refined Gold in a month exceeds 333 ounces of gold, upon which time deliveries of the BUYER's Proportion will be paid on a monthly basis in accordance with the GEPA. For the avoidance of doubt, after the Minimum Delivery Commencement Date, the SELLER shall still deliver at least the Minimum Delivery to the BUYER every calendar quarter of the Term, regardless of any monthly payment during that calendar quarter; and monthly payments will be counted toward the Minimum Delivery for the calendar quarter in which they were delivered.

ii) Right to nominate a person to be appointed as a director to the Board (in addition to the current CRH Nominee Director, Mr Jonathan Challis) and a further right to nominate another person to be appointed as a director to the Board should the Capital Raising not result in $6,000,000 raised within the shortfall period (3 months after the close of the Entitlement Offer).

iii) Continuation of specific default triggers - those typically included in financing arrangements such as; 'failure to pay'; 'event of insolvency'; 'material breach'; 'misrepresentation'; 'loss of lease, right, license, or approvals'.

iv) Putting in place a 'fiduciary lien' or security charge over plant and equipment owned by the owner and operator of the Cascavel Gold Mine (Mineracao Curral de Pedra Ltda) in addition to security being provided over all of Orinoco's Brazilian assets.

NOTE 21 ISSUED CAPITAL & RESERVES

Consolidated as at and for the year ended 31 December 2016	# Ordinary	$
(a) Issued and Paid Up Capital		
Fully paid ordinary shares	307,349,089	42,078,055
(b) Movements in fully paid shares on issue		
Balance at 1 January 2016	217,569,588	27,726,962
Issue of shares @ $0.11 via exercise of options	22,314,625	2,454,609
Issue of shares @ $0.17 rights issue/shortfall issue	31,528,822	5,359,900
Issue of shares @ $0.17 placement	14,364,719	2,442,002
Issue of shares @ $0.25 via exercise of options	5,866	1,467
Issue of shares @ $0.23 placement	19,565,435	4,500,050
Shares issued in lieu of cancellation of Class B Performance Shares	34	-
Issued to CRH - signing fee	2,000,000	140,000
Capital raising costs	-	(546,935)
Balance at 31 December 2016	**307,349,089**	**42,078,055**
(c) Options Reserves		
Share Based Payments Reserve:		
Balance as at 1 January 2016	44,800,000	3,736,682
Unlisted options issued to employees under ESOP for services rendered and future incentive(1)	300,000	20,880
Expiry of options	(1,700,000)	(152,660)
Balance at 31 December 2016	**43,400,000**	**3,604,902**
Options Proceeds Reserve:		
Balance as at 1 January 2016	79,950,867	65,700
Free attaching listed options relating to capital raise	21,819,835	-
Listed options relating to placement	6,671,816	66,718
Exercise of options	(22,320,491)	-
Expiry of options	(66,807,516)	-
Balance at 31 December 2016	**19,314,511**	**132,418**
Total Options Reserves	**62,714,511**	**3,737,320**
Foreign Exchange Reserve (refer (d) below)		**493,330**
Total Reserves		**4,230,650**

	$
(d) Foreign Exchange Reserve	
Balance as at 1 January 2016	**(259,869)**
Currency translation differences arising during the year	753,199
Balance at 31 December 2016	**493,330**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2016

NOTE 21: ISSUED CAPITAL & RESERVES (CONTINUED)

Consolidated as at and for the year ended 31 December 2015	# Ordinary	$
(a) Issued and Paid Up Capital		
Fully paid ordinary shares	217,569,588	27,726,962
(b) Movements in fully paid shares on issue		
Balance as at 1 January 2015	138,507,134	20,665,007
Issue of shares @ $0.07 each via capital raising	60,394,641	4,227,625
Issue of shares @ $0.07 for Edem acquisition	4,494,629	314,624
Issue of shares @ $0.25 via Exercise of options	19,507	4,877
Issue of shares @ $0.086 for Gold Stream fee	500,000	43,000
Issue of shares @ $0.105 for Gold Stream fee	750,000	78,750
Issue of shares @ $0.21 for Gold Stream fee	500,000	105,000
Issue of shares @ $0.17 for Gold Stream fee	250,000	42,500
Issue of shares @ $0.11 via Exercise of options	617,500	67,925
Conversion of Class A Performance Shares	5,000,000	1,425,000
Issue of shares @ $0.17 each via Placement	6,536,177	1,111,150
Capital Raising Costs	-	(358,496)
Balance at 31 December 2015	**217,569,588**	**27,726,962**
(c) Options Reserves		
Share Based Payments Reserve:		
Balance as at 1 January 2015	**30,900,000**	**2,711,382**
Unlisted options issued to employees under ESOP for services rendered and future incentive	10,500,000	663,550
Expiry of options	(5,100,000)	(211,500)
Gold Stream options (1)	2,000,000	133,575
Underwriters options (1)	4,000,000	108,300
Marketing Agreement options (1)	2,500,000	331,375
Balance at 31 December 2015	**44,800,000**	**3,736,682**
Options Proceeds Reserve:		
Balance as at 1 January 2015	**31,342,756**	**80,150**
Free attaching listed options relating to capital raising	76,489,641	-
Exercise of options	(637,007)	(650)
Expiry of options	(29,423,249)	(13,800)
Free attaching listed Placement Options	2,178,726	-
Balance at 31 December 2015	**79,950,867**	**65,700**
Total Options Reserves	**124,750,867**	**3,802,382**
Foreign Exchange Reserve (refer (d) below)		**(259,869)**
Total Reserves		**3,542,513**

NOTE 21: ISSUED CAPITAL & RESERVES (CONTINUED)

	$
(d) Foreign Exchange Reserve	
Balance as at 1 January 2015	**(72,471)**
Currency translation differences arising during the year	(187,398)
Balance at 31 December 2015	**(259,869)**

(1) The valuation of the issue of these securities is disclosed in Note 24: Share-Based Payments.

At shareholders' meetings, each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

As at the period end the Company had a total of 62,714,511 (31 December 2015: 124,750,867) unissued ordinary shares on which options are outstanding with a weighted average exercise price of 23 cents (31 December 2015: 15 cents). The weighted average remaining contractual life of all share options outstanding at the end of the financial period is 1.00 years (31 December 2015: 1.14 years).

NOTE 21: ISSUED CAPITAL & RESERVES (CONTINUED)

Nature and Purpose of Reserves

1) *Share Based Payments Reserve*

The share based payment reserve is used to recognise the fair value of all options issued (but not yet exercised) to executives; consultants; and third parties for acquisition of tenements, including any proceeds received on the issue of these options.

2) *Option Proceeds Reserve*

The option proceeds reserve is used to recognise the proceeds received from the issue of options for consideration or as part of a placement or entitlements issue, other than options issued as share based payments.

3) *Foreign Exchange Reserve*

The foreign exchange reserve is used to record exchange differences arising on translation of the foreign controlled entity, which are recognised in other comprehensive income. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

NOTE 22: OPERATING CASH FLOW INFORMATION

	Consolidated	
	2016	**2015**
	$	**$**
Reconciliation of cash flow from operating activities with loss after income tax		
Loss for the year	(15,179,628)	(9,756,257)
Less – Non-cash items:		
Share based payments	20,880	1,397,750
Depreciation	189,406	63,224
Write off of capitalised exploration expenditure	538,118	-
Foreign exchange loss (gain)	(253,185)	410,979
Capitalised interest	18,897	-
Write off of capitalised project costs	-	93,714
Changes in Assets and Liabilities		
Movement in trade and other receivables	(443,323)	(17,537)
Movement in other assets	(244,570)	(15,776)
Movement in inventory	(683,998)	-
Movement in provisions	1,420	269,084
Movement in trade and other payables	2,666,872	(119,108)
Net cash flows used in operating activities	**(13,369,111)**	**(7,673,927)**

NOTE 23: RELATED PARTY TRANSACTIONS

a) Related Party Compensation

Information on remuneration of Directors and other Key Management Personnel is contained in the Remuneration Report within the Directors' Report.

	Consolidated	
	2016 **$**	**2015** **$**
Total remuneration paid to key management personnel during the period is as follows:		
Short-term employee benefits	1,288,218	1,003,814
Post-employment benefits	145,144	72,666
Total	**1,433,362**	**1,076,480**

b) Other Related Party Transactions

Transactions with other related parties are made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

Ventnor Capital Pty Ltd, a company of which Mr John Hannaford was a Director, provided the Group with company secretarial services, office accommodation and corporate services in relation to the administration of the Group on normal commercial terms and conditions and at market rates.

Mr Hannaford resigned as a Director of Ventnor Capital Pty Ltd on 31 March 2016. A summary of the total fees paid to Ventnor Capital Pty Ltd until the date of resignation is as follows:

	Consolidated	
	2016 **$**	**2015** **$**
Serviced office, company secretarial & CFO services, bookkeeping services, IT support, general administration and registered office	65,000	194,000
Financial accounting and corporate advisory services including executive time charged by Mr Hannaford	5,863	111,388
Total	**70,863**	**305,388**

The total amount of fees due to Ventnor Capital Pty Ltd as at 31 December 2015 was $41,675.

NOTE 24: SHARE-BASED PAYMENTS

Share-based Payment Transactions

Share-based payment transactions recognised during the period were as follows:

	Consolidated 2016 $	Consolidated 2015 $
Share based payments in profit or loss in Share Based Payment Expense:		
6,500,000 Director Options	-	355,550 (1)
300,000 (2015: 4,000,000) Options issued to employees under ESOP for services rendered and future incentive	20,880(2)	308,000 (2)
2,500,000 Options issued for Marketing Agreement fee	-	331,375 (3)
Total share based payments in profit or loss in Share Based Payment Expense:	**20,880**	**994,925**
Share based payments in profit or loss in Finance Costs:		
Nil (2015: 2,000,000) Shares issued in relation to Gold Stream	-	269,250 (4)
Nil (2015: 2,000,000) Options issued in relation to Gold Stream	-	133,575 (5)
Total share based payments in profit or loss in Finance Costs:	**-**	**402,825**
Total share based payments in profit or loss	**20,880**	**1,397,750**
Share based payments in capital accounts:		
2,000,000 Shares issued in relation to Gold Stream	140,000 (4)	
4,000,000 Options issued for underwriting fee - Capital raising costs	-	108,300 (6)
4,494,629 Shares issued for Edem Project acquisition - Capitalised Exploration and Evaluation Expenditure	-	314,624 (7)
5,000,000 Class A Performance Shares converted to Ordinary Shares - Capitalised Exploration and Evaluation Expenditure	-	1,425,000 (8)
Total share based payments in capital accounts	**-**	**1,847,924**
Total share based payments	**160,880**	**3,245,674**

(1) Unlisted Director Options
The options issued to Directors were issued on the following terms and conditions:

Grant Date	Options issued during the period	Expiry Date	Exercise Price per Option	Type	Fair Value at Grant Date
13 May 2015	6,500,000	30 April 2018	$0.15	Unlisted	$0.0547

There are no voting rights attached, the options are not transferable and they may be exercised at any time until 30 April 2018 and are not subject to an escrow period.

NOTE 24: SHARE BASED PAYMENTS (CONTINUED)

(2) Unlisted ESOP Options
The options issued to employees under the Employee Option Incentive Scheme were issued on the following terms and conditions:

Grant Date	Options issued during the period	Expiry Date	Exercise Price per Option	Type	Fair Value at Grant Date
13 July 2016	300,000	14 July 2019	$0.25	Unlisted	$0.0696
20 July 2015	4,000,000	30 April 2018	$0.15	Unlisted	$0.0770

There are no voting rights attached, the options are not transferable and they may be exercised at any time until 30 April 2018 and are not subject to an escrow period.

(3) On 9 October 2015, a total of 2,500,000 unlisted options were issued in relation to payment of a Marketing Agreement fee:

Grant Date	Options issued during the period	Expiry Date	Exercise Price per Option	Type	Fair Value at Grant Date
9 October 2015	1,250,000	31 October 2017	$0.16	Unlisted	$0.1372
9 October 2015	1,250,000	31 October 2017	$0.25	Unlisted	$0.1279
Total	2,500,000				

There are no voting rights attached, the options are not transferable and they may be exercised at any time until 31 October 2017 and are not subject to an escrow period.

(4) During the period, 2,000,000 Ordinary Shares were issued to the Company's funding partner. The shares were issued to satisfy the signing fee for variation of the gold stream funding agreement as follows:

Date of issue	Number of Ordinary Shares	Market price of shares at date of issue
9 December 2016	2,000,000	$0.07

During the year ended 31 December 2015 a total of 2,000,000 Ordinary Shares were issued to the Company's funding partner under the Gold Streaming Agreement following the drawdown of funds under the Gold Streaming Agreement as follows:

Date of issue	Number of Ordinary Shares	Market price of shares at date of issue
18 June 2015	500,000	$0.086
26 August 2015	750,000	$0.105
9 October 2015	500,000	$0.21
18 December 2015	250,000	$0.17
Total	2,000,000	

NOTE 24: SHARE BASED PAYMENTS (CONTINUED)

(5) During the prior year, a total of 2,000,000 options were issued to the Company's funding partner under the Gold Streaming Agreement following the drawdown of funds under the Gold Streaming Agreement as follows:

Grant Date	Options issued during the period	Expiry Date	Exercise Price per Option	Type	Fair Value at Grant Date
18 June 2015	500,000	30 November 2016	$0.11	Listed	$0.0200*
26 August 2015	750,000	30 November 2016	$0.11	Listed	$0.0310*
9 October 2015	500,000	30 April 2017	$0.11	Unlisted	$0.1349**
18 December 2015	250,000	30 June 2017	$0.11	Unlisted	$0.1315**
Total	2,000,000				

* Market value as at grant date
** Fair value determined using a Black & Scholes option pricing model

There are no voting rights attached, the options are freely transferable and they may be exercised at any time until their respective expiry dates and are not subject to an escrow period.

(6) 4,000,000 listed options issued to Azure Capital as underwriting fee as follows:

Grant Date	Options issued during the period	Expiry Date	Exercise Price per Option	Type	Market Value at Grant Date
22 June 2015	4,000,000	30 November 2016	$0.11	Listed	$0.027

There are no voting rights attached, the options are freely transferable and they may be exercised at any time until 30 November 2016 and are not subject to an escrow period.

(7) A total of 4,494,629 shares were issued during the prior year in relation to the acquisition of the Edem Project (3,329,733 shares issued on 12 May 2015 and 1,164,896 shares issued on 16 July 2015) at an issue price of $0.07 per share.

(8) 5,000,000 Class A Performance Shares were converted to Ordinary Shares on 28 October 2015 in accordance with the terms and conditions following the decision to mine in respect of the Licences based upon a mine plan which indicates a >25,000 oz per year economic mine life (excluding tailings). The fair value for the conversion of the Class A Performance Shares is the market value of the Ordinary Shares at the date of issue of the Class A Performance Shares being $0.285 per share on 31 October 2012.

NOTE 24: SHARE BASED PAYMENTS (CONTINUED)

The details of the unlisted options issued during the year are as follows:

2016								
Granted	**Terms & Conditions**						**Vested**	
#	**Grant Date**	**Fair Value at Grant Date**	**Exercise Price per Option**	**Expiry Date**	**First Exercise Date**	**Last Exercise Date**	**Yes**	**%**
300,000	14/03/2016	$0.0696	$0.25	14/07/2019	14/07/2016	14/07/2019	300,000	100%

Fair value of unlisted options granted
The fair value of unlisted options issued has been determined using a Black & Scholes option pricing model that takes into account the exercise price, the term of the options, the impact of dilution, the non-tradeable nature of the options, the share price at grant date and expected price volatility of the underlying shares, the expected dividend yield and the risk-free interest rate for the term of the options.

The table below summarises the model inputs for unlisted options granted during the period:

Model Inputs	**Unlisted ESOP Options (2)**
1. Options granted for consideration of services	300,000
2. Exercise price (cents):	25
3. Valuation date:	14/03/2016
4. Expiry date:	14/07/2019
5. Underlying security spot price at grant date (cents):	17
6. Expected price volatility of the Company's shares:	72.8%
7. Expected dividend yield:	0%
8. Risk-free interest rate:	1.55%
9. Discount:	-

NOTE 25: AUDITOR'S REMUNERATION

The auditor of Orinoco Gold Limited is HLB Mann Judd.

	Consolidated	
	2016 **$**	**2015** **$**
Amounts received or due and receivable by HLB Mann Judd for:		
An audit or review of the financial report of the Company	52,500	40,000
Other services in relation to the Company	-	-
	52,500	**40,000**
Amounts received or due and receivable by a network firm of HLB Mann Judd for:		
An audit or review of the financial report of the overseas subsidiary	27,975	11,855
	27,975	**11,855**
Total	**80,475**	**51,855**

NOTE 26: FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks that includes market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by Company Management under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as mitigating foreign exchange and interest rate and credit risks.

a) Market Risk

Market risk is the risk that changes in market prices, such as the gold price, foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return. The Group only had exposure to interest rate risk and foreign currency risk during the period.

Price Risk

The Group was exposed to gold price risk during the period resulting from the sale of pre-production gold. There was no bullion awaiting settlement at year end. The Group has not entered into hedging contracts to protect against future volatility in the gold price as the production profile is not yet known with a high enough degree of certainty. The impact of gold price sensitivity was reviewed and is not considered material for the current reporting period.

Interest Rate Risk

The Group is exposed to interest rate risk on cash balances held in interest bearing accounts. The Board regularly monitors its interest rate exposure and attempts to maximise interest income by using a mixture of fixed and variable interest rates, whilst ensuring sufficient funds are available for the Group's operating activities. The Group's net exposure to interest rate risk at 31 December 2016 approximates the value of cash and cash equivalents.

Foreign Currency Risk

As a result of its operations in Brazil, the Group undertakes certain transactions in foreign currencies, primarily the Brazilian Real and US Dollar, hence exposures to exchange rate fluctuations arise. The Group's functional currencies are the Australian Dollar and the Brazilian Real.

NOTE 26: FINANCIAL RISK MANAGEMENT (CONTINUED)

The carrying value of the Group's foreign currency denominated monetary assets and monetary liabilities as at balance date are as follows:

	Assets		Liabilities	
	2016 AUD$	**2015 AUD$**	**2016 AUD$**	**2015 AUD$**
Brazilian Real	916,366	2,092,504	2,738,180	572,426
US Dollar	1,385	53,416	10,971,694	-
Total	**917,751**	**2,145,920**	**13,709,874**	**572,426**

Foreign Currency Sensitivity

The Group is exposed to Brazilian Real (BRL) and United States Dollar (USD) currency fluctuations.

The following table details the Group's sensitivity to a 5% change in the Australian Dollar against the BRL and the USD. 5% is the sensitivity calculated based on the analysis of the change of the exchange rate over the year ended 31 December 2016 as compared to the average exchange rate across the period and the rate in effect at the balance date and represents management's assessment of the possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated items and adjusts their translation at year end for a 5% change in foreign currency rates.

A positive number indicates an increase in profit or loss and other equity where the Australian Dollar strengthens against the BR and USD, and for a weakening Australian Dollar there is an equal and opposite impact on the profit and other equity, shown as a negative number.

Consolidated Risk Variable	**Sensitivity***	**Effect On: Results 2016 $**	**Effect On: Equity 2016 $**	**Effect On: Results 2015 $**	**Effect On: Equity 2015 $**
BRL Balances	+ 5%	(91,091)	(91,091)	76,004	76,004
	- 5%	91,091	91,091	(76,004)	(76,004)
USD Balances	+ 5%	(548,515)	(548,515)	2,671	2,671
	- 5%	548,515	548,515	(2,671)	(2,671)

b) Credit Risk
The Group has no significant concentrations of credit risk.

c) Liquidity Risk
The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained for the coming months. Upcoming capital needs and the timing of raisings are assessed by the Board at each Meeting of Directors.

The maturity of the Company's payables is disclosed in Note 16 and 20

(a) Cash Flow and Interest Rate Risk
The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities are disclosed in Note 9. Only cash is affected by interest rate risk as cash is the Group's only financial asset exposed to fluctuating interest rates.

NOTE 26: FINANCIAL RISK MANAGEMENT (CONTINUED)

In accordance with AASB 7 the following sensitivity analysis has been performed for the Group's Interest Rate risk:

Consolidated Risk Variable	Sensitivity*	Effect On: Results 2016 $	Effect On: Equity 2016 $
Interest Rate	+ 1.00%	17,518	17,518
	- 1.00%	(17,518)	(17,518)

Consolidated Risk Variable	Sensitivity*	Effect On: Results 2015 $	Effect On: Equity 2015 $
Interest Rate	+ 1.00%	37,155	37,155
	- 1.00%	(37,155)	(37,155)

* It is considered that 100 basis points is a 'reasonably possible' estimate of potential variations in the interest rate.

The fair values of all financial assets and liabilities of the Group approximate their carrying values.

The Group does not have any recognised assets and liabilities which are measured at fair value on a recurring basis.

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group's capital includes ordinary share capital and convertible performance shares, supported by financial assets.

There were no changes in the Group's approach to capital management during the period.

The Group is not subject to externally imposed capital requirements.

NOTE 27: SEGMENT REPORTING

Identification of Reportable Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The operating segments are identified by the Board based on the nature of the mineral being targeted and the country of origin. Discrete financial information about each of these operating businesses is reported to the executive management team on at least a monthly basis.

Reportable segments requiring disclosure are operating segments that meet either of the following thresholds:

- Segment loss greater than 10% of combined loss of loss making operating segments; and
- Segment assets greater than 10% of combined assets of all operating segments.

In accordance with AASB 8, the reportable segments are based on aggregated operating segments determined by the similarity of the minerals targeted, as these are the sources of the Group's major risks and have the most effect on the rates of return.

NOTE 27: SEGMENT REPORTING (CONTINUED)

Once reportable segments have been identified, all remaining segments that do not satisfy the thresholds are to be aggregated together to form an all other segments reporting segment. In accordance with AASB 8 Segment Reporting corporate and administration activities are to be included in the all other segments reporting segment.

Description of Operating Segments

Information reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of segment performance is focussed on the type of resources being explored for and evaluated or developed, namely gold. The Group's reportable segments under AASB 8 are therefore as follows:

- Gold
- All Other

The gold segment relates to:

1. Orinoco Gold Limited has acquired a 70% interest in the Curral de Pedra Project, which is located in Goiás State in Central Brazil. The Curral de Pedra Project is the most advanced of the Group's Brazilian prospects. These tenements are prospective for gold mineralisation.
2. Orinoco Gold Limited also acquired a 100% interest in the Sertao Project which is also a gold project in Brazil. The details of these tenements can be found in the Schedule of Mining Tenements.

Accounting Policies and Inter-Segment Transactions

The accounting policies used by the Group in reporting segments internally is the same as those contained in Note 3 to the financial statements.

Information about Reportable Segments

CONSOLIDATED	**Gold $**	**All Other Segments $**	**Total $**
Year ended 31 December 2016			
Segment Revenue	6,656	19,487	26,143
Segment Loss after Tax	(11,935,112)	(3,244,516)	(15,179,628)
Interest revenue	6,656	19,487	26,143
Interest expense	(13,851)	(18,910)	(32,761)
Depreciation	(141,383)	(48,023)	(189,406)
Impairment	(538,118)	-	(538,118)
Other non-cash expenses	-	(20,880)	(20,880)
Segment Assets	30,303,379	1,594,991	31,898,370
Additions to Non-Current Assets	4,465,127	21,610	4,486,737
Segment Liabilities	(14,788,167)	(2,817,124)	(17,605,291)
Cash Flow Information			
Net cash flow from operating activities	(10,455,070)	(2,914,041)	(13,369,111)
Net cash flow from investing activities	(5,117,801)	418,584	(4,699,217)
Net cash flow from financing activities	(140,650)	16,194,337	16,053,687

NOTE 27: SEGMENT REPORTING (CONTINUED)

CONSOLIDATED	Gold $	All Other Segments $	Total $
Year ended 31 December 2015 (Restated)			
Segment Revenue	3,245	24,792	28,037
Segment Loss after Tax	(6,124,936)	(3,631,321)	(9,756,257)
Interest revenue	2,938	24,792	27,730
Depreciation	(22,511)	(40,466)	(62,977)
Other non-cash expenses	(402,825)	(994,925)	(1,397,750)
Segment Assets	24,697,109	2,281,113	26,978,222
Additions to Non-Current Asset	7,865,020	31,310	7,896,330
Segment Liabilities	(11,923,665)	(654,276)	(12,577,941)
Cash Flow Information			
Net cash flow from operating activities	(6,120,530)	(1,553,397)	(7,673,927)
Net cash flow from investing activities	(5,849,513)	(67,497)	(5,917,010)
Net cash flow from financing activities	10,888,284	5,145,862	16,034,146

Geographical Information

The following table presents the geographical information from the Group's two geographical locations, Brazil and Australia.

CONSOLIDATED	Brazil $	Australia $	Total $
31 December 2016			
Revenue from external customers	-	-	-
Non-current assets	28,837,277	55,001	28,892,278
CONSOLIDATED			
31 December 2015			
Revenue from external customers	-	-	-
Non-current assets	22,709,750	81,414	22,791,164

NOTE 28: COMMITMENTS FOR EXPENDITURE

Expenditure Commitments

Operating Lease Commitments
Commitments for minimum lease payments are:

	Consolidated	
	2016	**2015**
	$	**$**
Within one year	37,953	-
Later than one year but less than five years	28,669	-
Later than five years	-	-
	66,622	**-**

The Group had no other material commitments at 31 December 2016.

NOTE 29: PARENT ENTITY DISCLOSURES

Financial Position

	2016	**2015**
	$	**$**
Assets		
Current Assets	1,539,436	2,199,146
Non-Current Assets	13,513,199	10,632,236
Total Assets	15,052,635	12,831,382
Liabilities		
Current Liabilities	13,154,979	2,287,767
Non-Current Liabilities	-	9,428,671
Total Liabilities	13,154,979	11,716,438
Equity		
Issued Capital	42,078,055	27,726,962
Options Reserve	3,737,320	3,802,382
Accumulated Losses	(43,917,719)	(30,414,400)
Total Equity	1,897,656	1,114,944

Financial Performance

	2016	**2015**
	$	**$**
Loss for the period	(13,655,979)	(16,654,616)
Other comprehensive income	-	-
Total Comprehensive Loss	(13,655,979)	(16,654,616)

The parent entity had no commitments or contingent liabilities at balance date.

NOTE 30: INTERESTS IN CONTROLLED ENTITIES

The Company has the following subsidiaries:

Name of Subsidiary	Country of Incorporation	Class of Shares	Percentage Held	
			2016	2015
Orinoco Resources Pty Ltd	Australia	Ordinary	100%	100%
Orinoco Brasil Mineração Ltda (1)	Brazil	Ordinary	100%	100%
Mineração Curral de Pedra Ltda (2)	Brazil	Ordinary	70%	70%
Rio do Ouro Mineração Ltda (2)	Brazil	Ordinary	60%	60%
Sertão Mineração Ltda (2)	Brazil	Ordinary	100%	100%

(1) Investment in this subsidiary is held by Orinoco Resources Pty Ltd.

(2) Investment in this subsidiary is held by Orinoco Brasil Mineração Ltda.

NOTE 31: SUBSEQUENT EVENTS

On 13 January 2017, the Company issued 9,542,905 fully paid ordinary shares for settlement of a finance standstill fee of US$300,000. In addition, the Company also issued the following unlisted options to its financier:

- 2,678,571 exercisable at $0.07, expiring on 30 November 2017
- 500,000 exercisable at $0.07, expiring on 30 April 2018
- 250,000 exercisable at $0.07, expiring on 30 June 2018

The shares and options issued to financiers were approved by shareholders at the General Meeting held on 13 January 2017.

The Entitlements Issue launched on 16 December 2016 was closed on 10 February 2017 and resulted in 39,932,597 shares and 39,932,597 attaching options being issued at $0.07 per share to raise $2,795,282. As at 28 February 2017, a further 102,717,336 shares and 102,717,336 attaching options from the shortfall of the entitlement issue had been placed to raise a further $7,190,213.

On 7 February 2017, the Company announced that it had entered into an agreement with AngloGold Ashanti (**AngloGold**) to invest approximately $5.9m (**Corporate Investment**) which was completed using the Entitlements Issue shortfall, as well as entering into an Exploration Joint Venture. Under the terms of the agreement, AngloGold can earn up to a 70% interest in the Groups Faina Goldfields Project through staged exploration expenditure of US$9.5m over a three-year period (**Exploration JV**). In addition to the Corporate Investment and the Exploration JV, AngloGold will also have the right to negotiate an agreement to earn up to a 50% interest in the Cascavel Gold Mine. This agreement is yet to be finalised.

On 10 February 2017, the Company settled its Convertible Loans via the issue of 29,177,519 fully paid ordinary shares.

Other than disclosed above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

NOTE 32: CONTINGENT LIABILITIES

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 (A$460,000) and the cancellation of unpaid invoices totalling approximately R$300,000 (A$125,000) due to the unsatisfactory quality of work, in the Company's opinion.

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 (A$1.6 million). Any future liability will depend on the extent to which the Brazilian federal tax authority allows or disallows each individual claims 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$500,000 (A$210,000) 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.

The Directors are not aware of any other contingent liabilities that may arise from the Company's operations as at 31 December 2016.

NOTE 33: CHANGE OF ACCOUNTING POLICY

The Group changed its policy for the financial year commencing 1 January 2015 relating to the accounting treatment of capitalised mine development expenditure. Previously, all mining expenditure has been capitalised as incurred, however, following a review, the group has elected to capitalise mine development expenditure only to the extent that it is classified as primary development, that is, it is on or connected to the surface at or near the underground mine and it is expected to provide an economic benefit in excess of 12 months. The change has been implemented as the directors are of the opinion that this will result in a more relevant and reliable reflection of the results and net assets of the Group.

The aggregate effect of the change in accounting policy on the year end financial statements for the period ended 31 December 2015 is as follows (no taxation effect result from these changes):

CONSOLIDATED	**Previously Stated $**	**Adjustment $**	**Restated $**
Statement of Profit or Loss and other Comprehensive Income			
Project Expenditure	(1,026,183)	(1,582,751)	(2,608,934)
Statement of Financial Position (31 December 2015)			
Mine properties and development	17,776,601	(1,385,656)	16,390,945
Accumulated losses	17,919,039	1,107,926	19,026,965
Foreign Exchange Reserve	456,964	(197,095)	259,869
Non-controlling interest	(2,632,596)	474,825	(2,157,771)

NOTE 34: NON-CONTROLLING INTEREST

The Group has two subsidiaries with Non-Controlling Interests (NCI), Mineração Curral de Pedra Ltda (MCP) (30% NCI) and Rio do Ouro Mineração Ltda (ROM) (40% NCI). The share of current year losses and movements in reserves is disclosed below.

	MCP $	ROM $	Total $
Balance at 1 January 2016	1,948,022	209,749	2,157,771
Share of loss	(2,878,499)	(209,749)	(3,088,248)
Share of movement in reserves	(119,464)	-	(119,464)
Balance as at 31 December 2016	**(1,049,941)**	**-**	**(1,049,941)**

Summarised financial information for subsidiaries with a material NCI, before intragroup eliminations, is set out below

	Mineração Curral de Pedra Ltda	
	2016 $	2015 $
Current assets	1,327,167	1,695,200
Non-current assets	15,566,615	10,287,010
Total assets	**16,893,782**	**11,982,210**
Current liabilities	3,209,670	350,795
Non-current liabilities	17,183,915	5,138,008
Total liabilities	**20,393,585**	**5,488,803**
Equity attributable to the owners	(3,499,803)	6,493,407
Non-controlling interests	(1,049,941)	1,948,022
Revenue		
Loss for the year attributable to owners of the parent	(6,716,503)	(1,321,980)
Loss for the year attributable to non-controlling interests	(2,878,499)	(566,562)
Loss for the year	(9,595,002)	(1,888,542)
Net cash from operating activities	(8,680,576)	(556,800)
Net cash from investing activities	(4,573,811)	(4,036,547)
Net cash from financing activities	11,850,846	5,947,871
Net cash flow	(1,403,541)	1,354,524

DIRECTORS' DECLARATION

In the Directors' opinion:

a) the financial statements and notes set out on pages 30 to 75 and the Remuneration Report in the Directors' Report are in accordance with the *Corporations Act 2001,* including:

i. giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the year ended on that date; and

ii. complying with Australian Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements;

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration is made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ended 31 December 2016.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Board

Mr John Hannaford
Chairman

Perth
31 March 2017

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT
To the members of Orinoco Gold Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Orinoco Gold Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group generated a comprehensive loss after tax for the year ended 31 December 2016 of $14,545,893, had a net working capital deficit of $13,678,920 at 31 December 2016 and experienced net cash outflows from operating activities of $13,369,111 and net cash outflows from investing activities of $4,699,217. The Group had a cash balance of $1,751,800 at 31 December 2016. As disclosed in Note 2, these conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern*, we have determined the matters described below to be the key audit matters to be communicated in our report**.**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

Key Audit Matter	How our audit addressed the key audit matter
Impairment assessment of Cascavel Gold Project Notes 14 and 15	
An impairment assessment was conducted by management during the year in relation to the assets comprising the Cascavel Gold Project due to the existence of impairment indicators following the suspension of operations. The Cascavel Gold Project assets include mine properties and development with a carrying value of $18,790,502 (refer Note 14) and the process plant with a carrying value of $7,083,971, mining equipment of $724,538 and other property, plant and equipment with a carrying value of $698,629 (refer Note 15). The impairment assessment conducted under AASB 136 *Impairment of Assets* involved a comparison of the recoverable amount of the Cascavel Gold Project assets with their carrying amounts in the financial statements. Recoverable amount is based upon the higher of fair value less costs of disposal and value-in-use. The evaluation of the recoverable amount of these assets is considered a key audit matter as it was based upon a value-in-use calculation which required significant judgement in verifying the key assumptions supporting the expected discounted future cash flows of the Cascavel Gold Project.	Our procedures included but were not limited to: - Obtaining an understanding of the key controls associated with the preparation of the model used to assess the recoverable amount of the Cascavel Gold Project; - Critically evaluating management's methodology in the value-in-use model and the basis for key assumptions; - Performing sensitivity analyses around the key inputs used in the cash flow forecasts that either individually or collectively would be required for assets to be impaired and considered the likelihood of such a movement in those key assumptions arising; - Reviewing the mathematical accuracy of the value-in-use model; - Comparing value-in-use to the carrying amount of assets comprising the cash-generating unit; - Considering whether the assets comprising the cash-generating unit had been correctly allocated; - Comparing forecast cash flows to the latest Board approved forecasts; - Considering the results of independent technical reports obtained subsequent to the suspension of operations at Cascavel; - Comparing key assumptions in forecast cash flows to historical results and, where this were materially different, critically reviewing the basis for differing future expectations; - Considering the appropriateness of the discount rate used; and - Assessing the appropriateness of the disclosures included in the relevant notes to the financial report.

Accounting for the Gold Stream Agreement
Note 20

During the year, as indicated in Note 20, the original Gold Stream agreement entered into by Orinoco Gold Limited was cancelled and a new agreement was entered into by Mineração Curral de Pedra Ltda, the owner and licence holder of the Cascavel Gold Project and a subsidiary of Orinoco Gold Limited.

In assessing the accounting for the Gold Stream agreement, significant judgement was required to determine if the exemption in AASB 139 *Financial Instruments: Recognition and Measurement* was applied or whether the agreement was accounted for as a financial liability within the scope of AASB 139.

The accounting for the Gold Stream Facility is considered a key audit matter due to its complexity.

Our procedures included but were not limited to:

- Considering the key terms of the various agreements comprising the Gold Stream facility with the counterparty;
- Considering if the scope exemption within paragraph 5 of AASB 139 *Financial Instruments: Recognition and Measurement* was applicable under the agreements and therefore whether the transaction was within the scope of AASB 139;
- Agreeing cash repayments by Orinoco Gold Limited to the lender and cash receipts of Mineração Curral De Pedra Ltda from the lender;
- Recalculating the carrying value of the financial liability at amortised cost as at 31 December 2016;
- Considering whether the classification of the financial liability as current or non-current was appropriate under AASB 101 *Presentation of Financial Statements;* and
- Considering the adequacy of the disclosures included within the financial statements.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2016, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

HLB Mann Judd

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 31 December 2016.

In our opinion, the remuneration report of Orinoco Gold Limited for the year ended 31 December 2016 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

M R W Ohm
Partner

Perth, Western Australia
31 March 2017

ASX ADDITIONAL INFORMATION

Additional information required by the ASX Listing Rules not disclosed elsewhere in this Annual Report is set out below.

SHAREHOLDINGS

The issue capital of the Company at 16 March 2017 is 489,455,333 ordinary fully paid shares. All ordinary shares carry one vote per share.

TOP 20 SHAREHOLDERS AS AT 16 MARCH 2017

		No. of Shares Held	% Held
1	ANGLOGOLD ASHANTI HLDG PL	85,190,463	17.41%
2	ADMARK INV PL	45,274,074	9.25%
3	TYRANNA RES LTD	22,918,566	4.68%
4	ADMARK INV PL	18,220,399	3.72%
5	CRH MEZZANINE PTE LTD	15,890,731	3.25%
6	HSBC CUSTODY NOM AUST LTD	11,949,983	2.44%
7	KAS INV & DVLMT PL	10,925,618	2.23%
8	PALASOVSKI TONY	7,755,701	1.58%
9	KHAOULE WALID	7,158,692	1.46%
10	JANELIN INV PL	6,300,000	1.29%
11	IMPULZIVE PL	5,897,621	1.20%
12	MARSHALL TRACEY LEANNE	5,039,476	1.03%
13	RIVERVIEW CORP PL	4,704,371	0.96%
14	MANICITI PTE LTD	4,700,000	0.96%
15	GREGORACH PL	3,914,386	0.80%
16	ADRISA BUILDERS PL	3,708,141	0.76%
17	JAEK HLDGS PL	3,567,638	0.73%
18	KAS DVLMTS PL	3,514,634	0.72%
19	LESO VINCENT JOHN	3,500,000	0.72%
20	ALIMATT PL	3,464,163	0.71%
		273,594,657	**55.90%**

* Denotes merged holders

Shares Range	No. of Holders	No. of Shares
1 – 1,000	42	5,192
1,001 – 5,000	134	466,708
5,001 – 10,000	218	1,857,713
10,001 – 100,000	862	35,228,475
100,001 and over	446	451,897,245
	1,702	**489,455,333**

Number holding less than a marketable parcel at $0.053 per share (closing price on 16 March 2017)	302	1,412,787

ASX ADDITIONAL INFORMATION (CONTINUED)

VOTING RIGHTS

In accordance with the Company's Constitution, on a show of hands every shareholder present in person or by proxy, attorney or representative of a shareholder has one vote and on a poll every shareholder present in person or by proxy, attorney or representative of a shareholder has in respect of fully paid shares, one vote for every share held. No class of option holder has a right to vote, however the shares issued upon exercise of options will rank pari passu with the then existing issued fully paid ordinary shares.

SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2017

		No. of Shares Held	% Held
1	ANGLOGOLD ASHANTI HLDG PL	85,190,463	17.41%
2	ADMARK INV PL	63,494,473	12.97%

* Denotes merged holders

OPTION HOLDINGS

The Company has the following classes of options on issue at 16 March 2017 as detailed below. Options do not carry any rights to vote.

Class	Terms	No. of Options
OGXOC	Exercisable at 25 cents each, expiring on or before 31 January 2018	30,655,369
OGXOD	Exercisable at 11 cents each, expiring on or before 31 January 2020	197,262,376
A	Exercisable at 15 cents each, expiring on or before 30 April 2018	10,500,000
B	Exercisable at 11 cents each, expiring on or before 30 April 2017	500,000
C	Exercisable at 25 cents each, expiring on or before 31 October 2017	12,250,000
D	Exercisable at 16 cents each, expiring on or before 31 October 2017	1,250,000
E	Exercisable at 25 cents each, expiring on or before 31 May 2017	7,000,000
F	Exercisable at 11 cents each, expiring on or before 30 June 2017	250,000
G	Exercisable at 25 cents each, expiring on or before 14 July 2019	300,000
H	Exercisable at 7 cents each, expiring on or before 30 November 2017	2,678,571
I	Exercisable at 7 cents each, expiring on or before 30 April 2018	500,000
J	Exercisable at 7 cents each, expiring on or before 30 June 2018	250,000
		263,396,316

LISTED OPTIONS

As at 16 March 2017 the Company has 30,655,369 OGXOC listed options on issue and 197,262,376 OGXOD listed options on issue. Listed Options do not carry any voting rights.

ASX ADDITIONAL INFORMATION (CONTINUED)

TOP 20 OGXOC HOLDERS AS AT 16 MARCH 2017

		No. of Options Held	% Held
1	ADMARK INV PL	3,125,000	10.19%
2	HSBC CUSTODY NOM AUST LTD	1,511,084	4.93%
3	CRH MEZZANINE PTE LTD	1,449,275	4.73%
4	BANKSIA INV PL	1,154,419	3.77%
5	KAS INV & DVLMT PL	1,123,371	3.66%
6	HOLMES ASHENAFI JAKE	900,000	2.94%
7	ADRISA BUILDERS PL	900,000	2.94%
8	LESKO FRANK	820,000	2.67%
9	EVANS SIMON ROBERT + K M	815,057	2.66%
10	PERSHING AUST NOM PL	733,333	2.39%
11	KPSF RETMNT PL	708,873	2.31%
12	IMPULZIVE PL	695,455	2.27%
13	KASBARIAN JOHN	613,830	2.00%
14	JANELIN INV PL	600,000	1.96%
15	FIRST INV PTNRS PL	500,000	1.63%
16	MERCER HELEN LORRAINE	473,369	1.54%
17	KIRKLAND TRENT JAMES	413,034	1.35%
18	LYMBERIS THEO	411,905	1.34%
19	WHEELAHAN J D + S E	410,666	1.34%
20	IPS NOM LTD	400,000	1.30%
		17,758,671	**57.92%**

* Denotes merged holders

Options Range	No. of Holders	No. of Options
1 – 1,000	78	46,057
1,001 – 5,000	121	301,086
5,001 – 10,000	48	357,452
10,001 – 100,000	116	4,618,876
100,001 and over	56	25,331,898
	419	**30,655,369**

ASX ADDITIONAL INFORMATION (CONTINUED)

TOP 20 OGXOD HOLDERS AS AT 16 MARCH 2017

		No. of Options Held	% Held
1	ANGLOGOLD ASHANTI HLDG PL	85,190,463	43.19%
2	ADMARK INV PL	29,069,768	14.74%
3	TYRANNA RES LTD	14,823,328	7.51%
4	PALASOVSKI TONY	6,163,513	3.12%
5	MANICITI PTE LTD	5,000,000	2.53%
6	HSBC CUSTODY NOM AUST LTD	3,045,462	1.54%
7	MARSHALL TRACEY LEANNE	2,753,023	1.40%
8	ADRISA BUILDERS PL	2,616,282	1.33%
9	IMPULZIVE PL	2,144,590	1.09%
10	ZW 2 PL	2,000,000	1.01%
11	PACESKOSKI SASO	1,453,490	0.74%
12	VUCIC TONY PETER + DIANE	1,453,490	0.74%
13	RIVERVIEW CORP PL	1,428,571	0.72%
14	PRESS KEVIN	1,400,000	0.71%
15	LEES LIONEL C J + C K	1,100,000	0.56%
16	ALIMATT PL	928,572	0.47%
17	JANELIN INV PL	901,915	0.46%
18	FIT LABORATORIES PL	820,562	0.42%
19	EVANS SIMON ROBERT + K M	755,000	0.38%
20	BENATAR RONNIE + LOUANNE	682,858	0.35%
		163,730,887	**83.01%**

* Denotes merged holders

Options Range	No. of Holders	No. of Options
1 – 1,000	-	-
1,001 – 5,000	54	162,991
5,001 – 10,000	55	409,416
10,001 – 100,000	265	10,382,838
100,001 and over	118	186,307,131
	492	**197,262,376**

ASX ADDITIONAL INFORMATION (CONTINUED)

UNLISTED OPTIONS

Options Range	Unlisted Options No. of Holders	Unlisted Options No. of Options
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	1	10,000
10,001 – 100,000	8	600,000
100,001 and over	35	34,868,571
	44	**35,478,571**

The following Option holders hold more than 20% of a particular class of the Company's Unlisted Options.

Holder	Unlisted Options Class A	Unlisted Options Class B	Unlisted Options Class D	Unlisted Options Class E
MS ANNETTE PAPENDIECK	2,500,000	-	-	-
CRH MEZZANINE PTE LTD	-	500,000	-	-
HFI LIMITED	-	-	1,250,000	-
CATLA MANAGEMENT INC	-	-	1,250,000	-
TROY RESOURCES LIMITED	-	-	-	4,900,000
AMAZONIA MINERACAO LTDA	-	-	-	2,100,000

Holder	Unlisted Options Class F	Unlisted Options Class H	Unlisted Options Class I	Unlisted Options Class J
CRH MEZZANINE PTE LTD	250,000	1,250,000	500,000	250,000
P2 PORTFOLIOS LLC	-	1,428,571	-	-

No single Option holder holds more than 20% of Class C Unlisted Options. Class G Unlisted Options were issued under an employee incentive plan.

SCHEDULE OF MINERAL TENEMENTS

As at the date of this report, Orinoco Gold Limited has an interest in the following tenements:

Brazil

Project	Tenement	Location	Interest Held	Granted / Application
Cascavel	860167/2007	Faina	70%	Exploration Permit
	861501/2014	Faina	70%	Joint Venture Exploration Permit
	861586/2009	Faina	70%	Exploration Permit
Faina Goldfields Project	860188/2012	Faina	70%	Joint Venture Exploration Permit
	860193/2011	Faina	80%	Exploration Permit
	860404/2013	Faina	70%	Exploration Permit
	860683/2016	Faina	80%	Application Claim
	860684/2016	Faina	80%	Application Claim
	860685/2016	Faina	80%	Application Claim
	860686/2016	Faina	80%	Application Claim
	860856/2012	Faina	70%	Joint Venture Exploration Permit
	860995/2016	Faina	100%	Application Claim
	861360/2015	Faina	70%	Exploration Permit
	861389/2016	Faina	80%	Application Claim
	861391/2016	Faina	80%	Application Claim
	861392/2016	Faina	80%	Application Claim
	861393/2016	Faina	80%	Application Claim
	861917/2013	Faina	70%	Exploration Permit
	861918/2013	Faina	70%	Exploration Permit
Sertão	760742/1996	Sertão	100%	Mine Concession
	860096/1986	Sertão	100%	Mine Concession
	860368/1995	Sertão	100%	Mine Concession
	861194/2016	Sertão	100%	Application Claim
	861414/2016	Sertão	70%	Application Claim