



ACN 149 219 974

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL REPORT**

for the half-year ended 30 June 2017

ORINOCO GOLD LIMITED
ACN: 149 219 974

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This financial report covers the Orinoco Gold Limited Group consisting of Orinoco Gold Limited ("Orinoco" or the "Company") and its subsidiaries. The financial report is presented in Australian dollars.

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

Orinoco Gold Limited
Ground Floor
16 Ord Street
WEST PERTH WA 6005

A description of the nature of the Group's operations and its principal activities is included in the Directors' Report on page 2, which does not form part of this financial report.

ORINOCO GOLD LIMITED
ACN: 149 219 974

Corporate Information

Directors:

Mr Brian Thomas
Non-Executive Chairman

Mr Jonathan Challis
Non-Executive Director

Mr Nicholas Revell
Non-Executive Director

Mr Terry Topping
Non-Executive Director

Mr Hécio Guerra
Non-Executive Director

Mr Andrew Allan
Non-Executive Director

Company Secretary:

Mr Joel Ives

Home Securities Exchange:

Australian Securities Exchange Limited

ASX Code:

OGX (Ordinary Shares)
OGXOC (Options)
OGXOD (Options)

Registered Office:

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WEST PERTH WA 6005

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HLB Mann Judd
Level 4
130 Stirling Street
PERTH WA 6000

Bankers:

Westpac Banking Corporation

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Directors' Report

The Directors present 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 half-year ended 30 June 2017. In compliance 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 period were:

Mr Brian Thomas	Non-Executive Chairman
Mr Jonathan Challis	Non-Executive Director
Mr Nicholas Revell	Non-Executive Director
Mr Terry Topping (appointed 27 April 2017)	Non-Executive Director
Mr Hécio Guerra (appointed 27 April 2017)	Non-Executive Director
Mr Andrew Allan (appointed 31 August 2017)	Non-Executive Director
Mr John Hannaford (resigned 31 May 2017)	Non-Executive Chairman
Mr Mark Papendieck (resigned 27 April 2017)	Managing Director
Mr Ian Finch (resigned 7 April 2017)	Non-Executive Director

Directors have been in office since the beginning of the period to the date of this report unless otherwise stated.

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 Goiás State, central Brazil, South America.

RESULTS

The comprehensive loss for the half year ended 30 June 2017 amounted to \$6,019,411 (2016: \$7,007,875).

Directors' Report

OPERATING REVIEW

Operations

Orinoco Gold Limited (**Orinoco, Company**) is pleased to report to shareholders that the Half Year to 30 June 2017 has been a period of review and renewal for the Company.

Board and Management Restructure

The Company announced a number of new Board and senior management appointments during the reporting period, following the resignation of Managing Director, Mark Papendieck, Non-Executive Director, Ian Finch and the retirement of Chairman, John Hannaford.

Chief Executive Officer

Mr Craig Dawson, who joined the Company in March as Chief Operating Officer (**COO**), was appointed as Chief Executive Officer (**CEO**) effective from 01 June 2017.

Since joining the Company, Mr Dawson has already made a significant contribution in overseeing the restart of mining operations at Cascavel and is working to implement a number of other important operational and strategic changes.

Mr Dawson is a highly experienced mining executive with more than 30 years' experience with a proven track record in developing and operating small to large-scale mining operations. He has held both senior operational positions with successful mid-tier and global mining companies (including LionOre/Norilsk and Sandfire) and executive corporate roles.

Board Appointments

Orinoco has appointed two new Non-Executive Directors to the Board - highly experienced mining executives Mr Hécio Guerra and Mr Terry Topping.

Mr Guerra, a Metallurgical Engineer, has over 30 years' experience in the Brazilian resources industry. His prior roles include as Vice-President of AngloGold's operations in the Americas and several senior roles with Brazilian giant Vale including as Director of Vale's Industrial Minerals and Precious Metals Department. He is a current member of several Brazilian business and industry bodies including the Brazilian Mining Association Advisory Board (**IBRAM**) and has built extensive networks in both government and non-government entities. Mr Guerra will be an Independent Non-Executive Director.

Mr Topping has 30 years' experience in the mining industry and has over 20 years' experience in the management of listed public companies on ASX and TSX. Mr Topping has experience in corporate finance, mergers and acquisitions and also as a mining and exploration geologist in Australia and overseas. Mr Topping is a member of the Australasian Institute of Mining & Metallurgy and the Australian Institute of Geoscientists. He is currently a Director of Kairos Minerals Limited.

Mr Brian Thomas, who has been an independent Non-Executive Director since 2011, has assumed the Chairman's role following the retirement of John Hannaford at the Company's Annual General Meeting.

Senior Management Appointments

Highly experienced Brazilian-based mining executive Richard Crew has been appointed as General Manager Operations.

Mr Crew has a wealth of knowledge of Brazilian mining operations built up over 30 years in both open pit and underground mines. Most recently, he was Consultant General Manager Projects for the São Bento Group, a private mining group operating two gold mines in the Brazilian States of Mato Gross and Para producing a combined total of 100,000oz per annum of gold. In this role, he successfully managed a Bankable Feasibility Study and construction of a 2Mtpa gravity/CIL processing plant. He has previously held a wide range of senior operational and executive

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Directors' Report

positions in Brazil including as senior mining consultant, as General Mine Manager for Cleveland Mining Company, COO for Galantas Gold Corporation and General Manager and Projects Manager for AIM-listed gold and diamond company Target Resources PLC.

Orinoco has also strengthened its Perth-based management team with the appointment of experienced corporate executive Albert Longo as Chief Financial Officer.

A qualified Chartered Accountant and experienced commercial and corporate executive, Mr Longo has held a broad range of senior corporate, commercial and financial roles over a career spanning 40 years. He was previously Chief Financial Officer and Company Secretary with Cleveland Mining Company, General Manager – Commercial with Focus Minerals, Chief Financial Officer at Allied Gold and held senior financial and executive positions with Normandy, North Limited and Pancontinental Mining.

AngloGold Ashanti Partnership

During the Half Year, the Company entered into an agreement with AngloGold Ashanti Holdings plc (**AngloGold**) which saw the leading global miner invest approximately A\$5.9m (**Corporate Investment**) and emerge with a stake of approximately 17 per cent in Orinoco. AngloGold will also enter into a US\$9.5 million exploration earn-in and joint venture agreement (**Faina Exploration JV**) on Orinoco's broader Faina Goldfields Project (**Faina Project**), excluding Cascavel.

The partnership between Orinoco and AngloGold follows more than 12 months of geological due diligence conducted by AngloGold over Orinoco's Faina Project in central Brazil.

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.

Under the terms of the agreements, AngloGold can earn up to a 70% interest in Orinoco's Faina Project through staged exploration expenditure of US\$9.5 million over a three-year period.

In addition to the Corporate Investment and the Faina Exploration JV, AngloGold will have the right to negotiate an agreement to earn up to a 50% interest in Cascavel Gold Mine (**Cascavel**) for a period of six months (with a possible three month extension).

The Faina Project consists of a large tenement package of approximately 200km² that encompasses numerous areas of interest including the Company's key Cascavel, Sertão Gold Project (**Sertão**), Antena/Xupe Gold Project (**Antena/Xupe**) and Eliseo Projects.



Figure 1: Location of the Faina Goldfields Project, Brazil

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Directors' Report

Consolidation of 100% ownership of Cascavel

During the Half Year, Orinoco entered into a binding agreement with its minority partners in Mineração Curral de Pedra Ltda (**MCP**) to acquire their combined 30% interest in MCP for a combination of cash, shares and a production royalty.

The transaction will result in Orinoco consolidating 100% ownership of Cascavel, simplifying and streamlining the ownership structure which until now has been 70% owned by Orinoco and 30% owned by its three long-standing minority partners.

MCP is the entity that owns the mineral rights to Cascavel and several other mineral rights, including a potentially important portion of the Tinteiro poly-metallic target.

Under the terms of the agreement, consideration comprised an upfront deposit of US\$300,000 cash plus US\$300,000 in shares. The shares were issued at a price based on the 10-day volume weighted average price (**VWAP**) of Orinoco shares prior to the agreement being signed. Further staged retention payments will also be made, as outlined below:

- Payment 1: (US\$1.5 million cash and US\$1.35 million worth of shares – share issue will be subject to shareholder approval), to be paid on 01 September 2017; and
- Payment 2: (US\$1.5 million cash and US\$1.35 million worth of shares – share issue will be subject to shareholder approval) to be paid on 01 September 2018.
- All share issuances to be calculated based on:
 - Payment 1: 30-day VWAP after signature of the agreement plus 30-day VWAP before issue; and
 - Payment 2: 30-day VWAP after Payment 1 plus 30-day VWAP before issue.
- A royalty of 1.5% on production from Cascavel, net of gold deliverable to Orinoco's existing financier, commencing after the 1st payment (1 September 2017).

On or before 01 March 2019 Orinoco can elect to either:

- Purchase the royalty for US\$6 million. This payment can be made, at Orinoco's election, through a combination of cash and shares – share issue will be subject to shareholder approval (maximum of 50% shares), or;
- Pay an increased total royalty of 3% on production, net of gold deliverable to Orinoco's existing financier, commencing on 01 March 2019, or;
- Make a payment of US\$3 million to keep the royalty at 1.5%. This payment can be made, at Orinoco's election, through a combination of cash and shares – share issue will be subject to shareholder approval (maximum of 50% shares).

Sertão Gold Project

During the Half Year, the Company completed a maiden JORC 2012 compliant Mineral Resource estimate for its 100%-owned Sertão Project, located near Cascavel in Goiás State in central Brazil.

The JORC 2012 compliant Mineral Resource estimate, the Company's first-ever JORC mineral resource statement, comprises 223,111 tonnes at an average grade of 6.9 g/t Au for 49,268 ounces of contained gold (see Table 1). The Mineral Resource was prepared by Orinoco's Brazilian-based geological team in accordance with the requirements of the JORC 2012 Code.

Sertão, which is located just 28km by road from Cascavel, forms part of Orinoco's broader Faina Project. The Sertão deposit was previously mined (2003-2006) as a shallow open pit by Troy Resources Limited (**Troy**) with historical production of 256koz at an average grade of 24.95 g/t Au.

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Directors' Report

The Sertão deposit lies on the same shear zone as the Cascavel deposit and, given its strategic location, strong production history and brownfields status (located on a granted Mining Lease) offers excellent potential for the development of future synergies between the two mining hubs.

Orinoco completed a 3,035m drilling programme at Sertão in Q1 2016 which formed the basis for this Mineral Resource estimate. Historical drilling completed by the previous owners (Troy) identified material depth and strike extensions to the known mineralisation, which was only mined as a shallow oxide open pit to a depth of approximately 40m.

Sertão has been identified as a priority focus for planned upcoming exploration activities to be undertaken as part of Orinoco's regional exploration joint venture with AngloGold (see ASX Announcement – 07 February 2017). Full details of the Sertão Mineral Resource estimate are provided in the Company's ASX Announcement dated 13 June 2017.

Table 1: Sertão Mineral Resource estimate as at 30 May 2017

Domain	Category	Cut-off (g/t Au)	Tonnage (tonnes)	Grade (g/t Au)	Contained Gold (ounces)
Oxide	Measured	1.0	9,490	3.6	1,114
	Indicated	1.0	24,030	7.0	5,377
	Inferred	1.0	38,979	4.9	6,191
Sulphide	Measured	3.0	-	-	-
	Indicated	3.0	57,824	8.0	14,928
	Inferred	3.0	92,788	7.3	21,658
Total	Measured		9,490	3.6	1,114
	Indicated		81,854	7.7	20,305
	Inferred		131,767	6.6	27,849
	Total		223,111	6.9	49,268

Note:

1 The Mineral Resources has been compiled under the supervision of Mr. Thiago Vaz Andrade who is an employee of Orinoco Brasil Mineração Ltda (**OBM**) and a Registered Member of the Australian Institute of Mining and Metallurgy. Mr. Andrade has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the JORC Code.

2 All Mineral Resources figures reported in the table above represent estimates as at 30 May 2017. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies.

3 Mineral Resources are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The Joint Ore Reserves Committee Code – JORC 2012 Edition).

4 A detailed schedule and option analysis has not been completed, however an initial open pit mining method followed by underground development is the most likely development scenario at Sertão. Additional mine design and more detailed and accurate cost estimate mining studies and test work are required to confirm viability of extraction.

5 The cut-off grade was calculated to report the Mineral Resource contained and to demonstrate reasonable prospects for eventual economic extraction. A 1 g/t Au cut-off was used in consideration that grades are sufficient for a likely open pit mining method in the Oxide zone. A higher cut-off grade of 3 g/t Au was used in consideration of the likely underground mining scenario required to exploit the Sulphide zone. The calculations do not constitute a scoping study or a detailed mining study which along with additional drilling and test work, is required to be completed to confirm economic viability. It is further noted that in the development of the Project, that capital expenditure is required and is not included in the mining costs assumed. Orinoco has utilised estimated operating costs and recoveries along with current commodity prices in determining the appropriate cut-off grade. Given the above analysis, Orinoco considers the Mineral Resource demonstrates reasonable prospects for eventual economic extraction

Directors' Report
Cascavel Gold Mine

All elements of the Company's plan to re-commence operations at Cascavel continued to advance positively during the Half Year, with the restart of mine development in April marking a key milestone in this process.

In summary, the key components of the plan to resume operations at Cascavel include:

- The appointment of a highly experienced General Manager Operations, based in-country;
- Development of new access to the underground workings to allow larger scale, more efficient mechanised mining equipment to be deployed;
- Increasing the supply of high-grade ore to the processing plant by amending the mine plan to provide for improved access to, and more development in, the higher-grade southern portions of the mine;
- Improving gold recoveries by enhancing the liberation of gold from the ore by implementing some relatively minor modifications to the existing process plant; and
- Enhancing assay turn-around time and accuracy through the installation of an on-site assay laboratory.

Mine Development

Mine development re-commenced in April, with the initial development focusing on adding new access ramps and new development headings, allowing for the deployment of larger-scale mining equipment into the mine.

Five development fronts were "opened up" during the June Quarter, as shown in Figure 1 below:

- **North Decline** to allow primary access into the mine for the Toro 151 load haul dump (LHD) "bogger", which was completed during the reporting period
- **Mestre Link** to provide a linkage between the northern and southern sides of the mine independent from the central incline shaft. This drive has since been completed in early July;
- **Mestre Access** to access the higher grade southern portion of the Cascavel lode system. First access to the Mestre ore zone from this drive is expected to occur in the latter part of July;
- **Central Decline** for continued access to the Cascavel lode down-dip; and
- **Incline Shaft** to provide ore and waste hoisting from the mine.

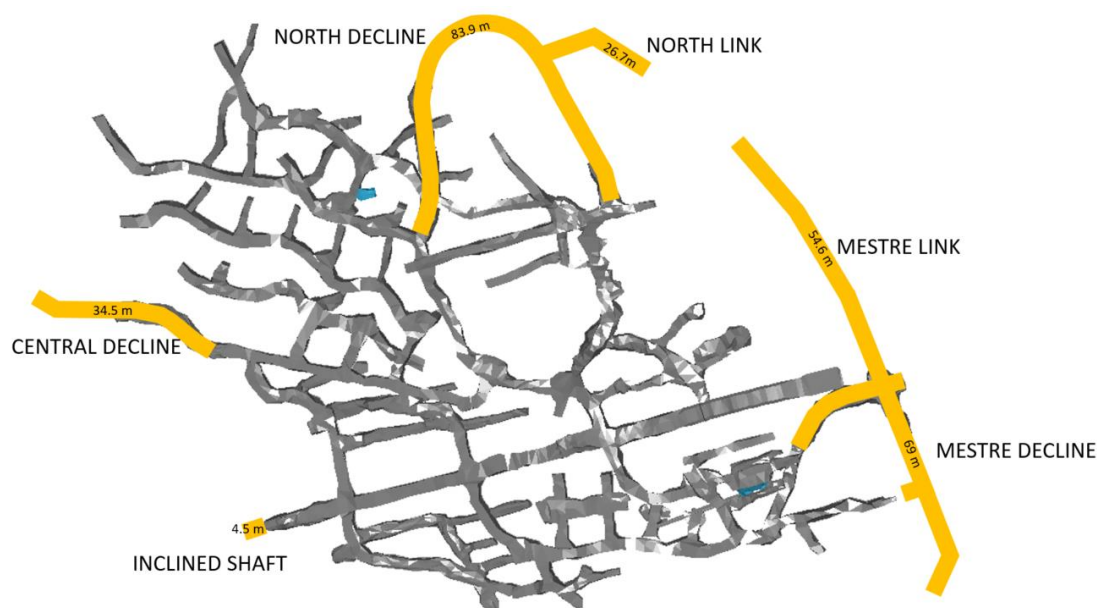


Figure 1: June Quarter Development
(Grey: Pre-April 2017 development; Gold: June Quarter development)

Directors' Report

Mine development for the Half Year, period advanced a total of 271.7 metres, including 130 metres for the month of June which was a record for Cascavel.

Two (2) shift operations commenced in the Half Year, with three (3) shift operations expected to commence in the second half.

Blasting practices aimed at reducing overbreak of development headings and dilution of stope ore have been implemented through the purchase of explosives and blasting accessories directly by Orinoco (previously supplied by a contractor) and standardisation of drill and blast patterns.

The revised mine plan aims to deliver approximately 80,000tpa of ore to the processing plant (double the initially planned mine capacity) and allows for various selective mining methods to be trialled.

Development will continue to be undertaken within the known mineralised zone at Cascavel. While this material will be processed through the process 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 calendar quarter of this year.

"Slash" Stopping Trials

Trials of the new "Slash" stopping methodology (see Figure 2) were undertaken during the Half Year in the previously developed low grade northern section of the mine. The aim of the new stopping methodology is to reduce the amount of dilution incurred in the mining of the narrow quartz vein system.

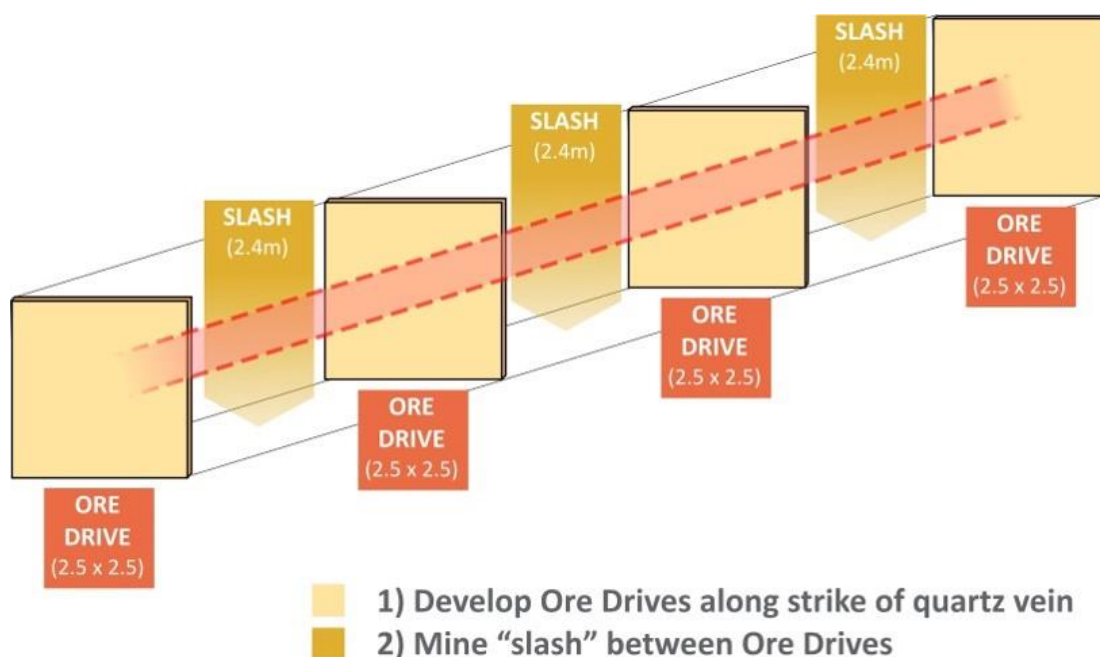
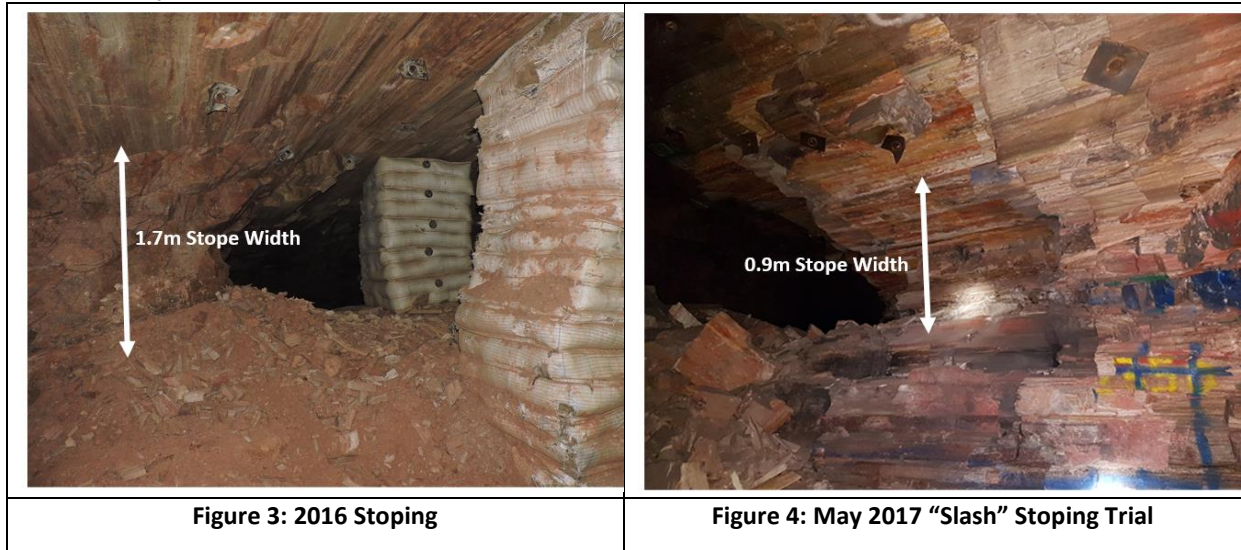


Figure 2: Proposed "Slash" Stopping method

Stopping activities undertaken previously during 2016 utilised an up-dip room-and-pillar stopping method which resulted in significant dilution of the quartz vein (see Figure 3 as an example). As can be seen from Figure 4, the new "Slash" stopping method trialled resulted in a notable reduction in dilution. This was despite the positioning of the quartz vein for the trial area being less than optimal (low in the sidewall as opposed to the preferred position of the shoulder of the sidewall) and ground foliation being less than optimal.

While not fully achieving the desired result, the Company was very encouraged by these early-stage trials of the new mining methodology. Further trials are planned to be undertaken during the coming quarter with the aim of refining the drill and blasting parameters for the "slash" stopping ahead of the full re-commencement of stopping activities.

Directors' Report



An Australian airleg miner spent two weeks at Cascavel in the Half providing training and upskilling to the local Brazilian workforce. This training will continue into the Second Half. Further training requirements will be assessed at the completion of the current training cycle.

Toro 151 LHD Bogger

The Toro 151 LHD "bogger" sourced by the Company during the Half Year has undergone refurbishment (see Picture 1) and was delivered to Cascavel late in the Half Year. Commissioning has commenced (see Picture 2) with early indications being that face bogging times will be substantively reduced.



Picture 1: Refurbished Toro 151D LHD

Directors' Report



Picture 2: Toro 151D LHD exiting Cascavel Portal

Mill Improvements

The Company implemented the following recommendations from the metallurgical review report prepared by Orinoco's metallurgical consultant, Mining Plus:

- Smaller aperture panels for the screen deck have been delivered to site and installed; and
- A Sluice Box has been fabricated and installed (see Picture 3 and Picture 4) into the processing plant tailings stream.

Early indications (from a small trial parcel of ore) are that the installation of the smaller aperture screen deck panels is resulting in a reduction in the overall Particle Size Distribution (**PSD**) being fed to the gravity circuit and that gold (which would previously have been sent to the tailings) is being recovered by the Sluice Box.

In the Half Year Mining Plus commenced a review of the various processing flowsheet options which were presented in their metallurgical review report, in order to finalise the optimal process plant configuration. This will include making a recommendation about whether, or not, additional grinding capacity is required.

Directors' Report



Picture 3: Installed Sluice Box at processing plant



Picture 4: Sluice Box in operation

Directors' Report
On-Site Laboratory

Construction works for the on-site laboratory commenced during the Half Year (see Picture 5 and Picture 6). The purpose-designed and manufactured laboratory (which will allow for quicker assay turn-around times) has been delivered to Cascavel and installed into its final location.

Construction works for the laboratory remain on track for completion by early in the second half with commissioning expected soon after.



Picture 5: External Access to Laboratory building

Directors' Report



Picture 6: Internal view of Laboratory building

Independent Metallurgical Testwork Program

During the Half Year, Orinoco received the results of a highly successful metallurgical test work program conducted by Hazen Research Incorporated (**Hazen**), which provided independent confirmation of the high-grade nature of the quartz vein lode system at Cascavel and the amenability of the ore to gravity processing.

Hazen is an independent research and development firm located in Golden, Colorado, USA which provides process research and development services to the extractive metallurgy industry.

Following the suspension of operations at the Cascavel in Q4 2016, Orinoco contracted Hazen to evaluate:

- Two (2) underground gold ore samples (from both the northern and southern areas of the Cascavel mine) to confirm both the gold content of the Cascavel system and the gravity recoverability of the gold within the system; and
- Two (2) samples of tailings material from the Cascavel processing plant tailings storage facility (**TSF**) to verify gold recoveries.

The opportunity was also taken to undertake preliminary assessment of the leachability of the Cascavel ore with a view to the possible future addition of a leaching circuit to the Cascavel processing plant.

The Gravity Recoverable Gold (**GRG**) evaluation showed that 98–99% of the gold in the underground samples could be recovered into 2–3% of the weight. The process plant tailings showed that 92–94% of the gold could be recovered into approximately 3% of the weight.

Gold recoveries were 95–99% for the underground samples for both CIL and non-CIL cyanidation with the process plant tailings samples also being amenable to cyanide leaching and showed gold extractions of greater than 71% (the residues from these leaches showed gold concentrations below the detection of gravimetric fire assay).

Hazen concluded that *“all four samples evaluated were highly amenable to gravity concentration of the gold”* and that *“these samples were also highly amenable to cyanide leaching”*.

Directors' Report

Samples

The samples provided to Hazen for analysis, comprised:

- Two (2) x 100kg underground samples (3934-79 and 3934-80); and
- Two (2) x 75kg tailings samples from the TSF (3934-81 and 3934-82).

The evaluation consisted of sample preparation, grade analysis, GRG determination, and cyanide leaching.

Grade Determination

Grade determinations were carried out on each of the samples with the test work programme confirming the high-grade nature of the Cascavel lode system with both the underground samples returning exceptionally high head grades:

- Sample 3934-79 (HRI # 54742-1) Head Grade = 37.1 g/t Au; and
- Sample 3934-80 (HRI # 54742-2) Head Grade = 48.7 g/t Au.

The assays of the process plant tailings samples confirmed that the Cascavel processing plant was recovering gold from the feed and not losing excessive gold to the tails:

- Sample 3934-81 (HRI # 54742-3) Grade = 0.9 g/t Au; and
- Sample 3934-82 (HRI # 54742-4) Grade = 1.6 g/t Au.

Gravity Recoverable Gold Test Work

It is generally considered, and accepted, that an exceptionally amenable GRG sample will have a cumulative GRG value of over 80%, and each of the four Orinoco samples had a cumulative GRG value of over 90%.

Both underground samples showed high gold recoveries in a small fraction of the weight. The process plant tailings samples had significantly lower gold concentrations than the underground samples, but were still amenable to gravity concentration.

Cyanide Leaching

Both carbon in leach (CIL) and non-CIL cyanide leaches were performed on each sample.

Gold extractions were high for all samples and ranged from 95 to 99% for the underground samples. Gold extractions were also high for the two process plant tailings samples, but were more difficult to quantify because the gold concentrations in the cyanide leach tails were below the fire assay detection limit. The two process plant tailings samples showed gold extractions greater than 71% for both CIL and non-CIL cyanide leaching.

Full results from the metallurgical testwork program are provided in the Company's ASX Announcement dated 1 June 2017.

Other Targets

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

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Directors' Report

Corporate

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.

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 29,904,264 fully paid ordinary shares and 29,904,264 OGXOD listed options. Under the terms of the settlement, convertible loan holders were also entitled to acquire an additional 29,177,519 OGXOD options at a price of \$0.01 per option.

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Directors' Report

AUDITOR

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

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

A handwritten signature in brown ink, appearing to read 'B. Thomas', with a long horizontal flourish extending to the right.

Brian Thomas
Non-Executive Chairman

Perth
12 September 2017

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Orinoco Gold Limited for the half-year ended 30 June 2017, 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 review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
12 September 2017



M R W Ohm
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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Liability limited by a scheme approved under Professional Standards Legislation

ORINOCO GOLD LIMITED
ACN: 149 219 974

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 June 2017

		Consolidated Half-year to 30 June 2017	Consolidated Half-year to 30 June 2016
	Note	\$	\$
Revenue			
Finance income		32,499	17,423
Other income		17,306	-
Total Revenue		<u>49,805</u>	<u>17,423</u>
Project expenses	2	(841,098)	(4,037,550)
Exploration expenditure	2	(628,162)	(602,252)
Write off of capitalised exploration expenditure		-	(538,118)
Administrative, insurance and compliance		(2,215,732)	(2,448,373)
Depreciation		(118,323)	(79,117)
Share based payments		(99,075)	(20,880)
Finance costs	2	(2,113,155)	(5,385)
Other expenses	2	491,072	(93,723)
Total Expenses		<u>(5,524,473)</u>	<u>(7,825,398)</u>
Loss before income tax		(5,474,668)	(7,807,975)
Income tax benefit / (expense)		-	-
Net loss for the period		<u>(5,474,668)</u>	<u>(7,807,975)</u>
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		(544,743)	800,100
Total comprehensive loss for the period		<u>(6,019,411)</u>	<u>(7,007,875)</u>
<i>Loss attributable to:</i>			
Owners of the parent entity		(5,474,668)	(6,025,973)
Non-controlling interest		-	(1,782,002)
		<u>(5,474,668)</u>	<u>(7,807,975)</u>
<i>Total Comprehensive Loss attributable to:</i>			
Owners of the parent entity		(6,019,411)	(5,098,959)
Non-controlling interest		-	(1,908,916)
		<u>(6,019,411)</u>	<u>(7,007,875)</u>
Loss per share – basic and diluted – cents per share		(1.22)	(2.47)

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

ORINOCO GOLD LIMITED
ACN: 149 219 974

Condensed Consolidated Statement of Financial Position

As at 30 June 2017

	Note	Consolidated 30 June 2017 \$	Consolidated 31 December 2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents		3,752,234	1,751,800
Other receivables		654,794	517,303
Inventory		662,203	683,998
Other current assets		62,749	52,991
Total Current Assets		5,131,980	3,006,092
Non-Current Assets			
Property, plant and equipment	3	8,513,784	8,733,581
Exploration and evaluation expenditure	4	1,220,362	1,220,362
Mine properties and development	5	20,238,691	18,790,502
Other non-current assets		191,135	147,833
Total Non-Current Assets		30,163,972	28,892,278
TOTAL ASSETS		35,295,952	31,898,370
LIABILITIES			
Current Liabilities			
Trade and other payables	6	6,547,439	3,952,669
Borrowings	7	-	1,968,897
Other current liabilities		178,734	181,925
Provisions		525,438	353,385
Financial liabilities	8	11,040,858	10,228,136
Total Current Liabilities		18,292,469	16,685,012
Non-Current Liabilities			
Trade and other payables	6	3,730,008	26,516
Provisions		480,102	480,102
Financial Liabilities	8	-	413,661
Total Non-Current Liabilities		4,210,110	920,279
TOTAL LIABILITIES		22,502,579	17,605,291
NET ASSETS		12,793,373	14,293,079
EQUITY			
Issued capital	9	54,808,763	42,078,055
Reserves	9	(5,575,037)	4,230,650
Accumulated losses		(36,440,353)	(30,965,685)
Parent interest		12,793,373	15,343,020
Non-controlling interest	13	-	(1,049,941)
TOTAL EQUITY		12,793,373	14,293,079

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

ORINOCO GOLD LIMITED
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Condensed Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2017

Consolidated 30 June 2017	Note	Issued Capital	Option Reserve	Foreign Exchange Reserve	Non- Controlling Interests Reserve	Accumulated Losses	Non- Controlling Interest	Total Equity
		\$	\$	\$	\$	\$	\$	\$
Total equity at 1 January 2017		42,078,055	3,737,320	493,330	-	(30,965,685)	(1,049,941)	14,293,079
Total comprehensive loss for the year								
Loss for the period		-	-	-	-	(5,474,668)	-	(5,474,668)
Exchange differences on translation of foreign operations	7	-	-	(544,743)	-	-	-	(544,743)
Total comprehensive loss for the period		-	-	(544,743)	-	(5,474,668)	-	(6,019,411)
Transactions with equity holders:								
Shares issued during the half year	7	12,846,823	-	-	-	-	-	12,846,823
Capital raising costs settled in cash	7	(116,115)	-	-	-	-	-	(116,115)
Share based payments – Options	8	-	311,093	-	-	-	-	311,093
Transactions with non-controlling interest	11	-	-	-	(9,572,037)	-	1,049,941	(8,522,096)
Balance at 30 June 2017		54,808,763	4,048,413	(51,413)	(9,572,037)	(36,440,353)	-	12,793,373

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

ORINOCO GOLD LIMITED
ACN: 149 219 974

Condensed Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2017

Consolidated
30 June 2016

	Issued Capital \$	Option 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 period						
Loss for the period	-	-	-	(6,025,973)	(1,782,002)	(7,807,975)
Exchange differences on translation of foreign operations	-	-	927,014	-	(126,914)	800,100
Total comprehensive loss for the period	-	-	927,014	(6,025,973)	(1,908,916)	(7,007,875)
Transactions with equity holders:						
Shares issued during the half year	9,223,072	-	-	-	-	9,223,072
Capital raising costs settled in cash	(261,155)	-	-	-	-	(261,155)
Share based payments – Options	-	20,880	-	-	-	20,880
Total Equity as at 30 June 2016	36,688,879	3,823,262	667,145	(25,052,938)	248,855	16,375,203

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

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Condensed Consolidated Statement of Cash Flows

For the half-year ended 30 June 2017

	Note	Consolidated Half- year to 30 June 2017 \$	Consolidated Half- year to 30 June 2016 \$
<i>Cash flows from operating activities</i>			
Interest received		32,500	17,423
Payments to suppliers and employees		(4,174,175)	(6,381,513)
Payments associated with Gold Stream arrangement		(661,370)	-
Finance costs		(103,145)	(5,385)
Deposits Paid		(37,522)	(207,873)
Net cash used in operating activities		(4,943,712)	(6,577,348)
<i>Cash flows from investing activities</i>			
Payments for plant and equipment		(856,538)	(2,403,362)
Payments for mine development		(1,702,819)	(439,628)
Payments relating to acquisition of Non-Controlling Interest	13	(397,280)	-
Net cash used in investing activities		(2,956,637)	(2,842,990)
<i>Cash flows from financing activities</i>			
Proceeds from the issue of shares and options		10,017,686	9,228,619
Payments for capital raising costs		(116,115)	(242,933)
Proceeds from convertible loans		90,000	-
Net cash provided by financing activities		9,991,571	8,985,686
Net increase in cash and cash equivalents		2,091,222	(434,652)
Cash and cash equivalents at the beginning of the period		1,751,800	3,715,544
Effects of exchange rate fluctuations on cash held		(90,788)	51,264
Cash and cash equivalents at the end of the period		3,752,234	3,332,156

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

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2017

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Orinoco Gold Limited (the “Company”) is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the half year ended 30 June 2017 comprises the Company and its subsidiaries (collectively referred to as the “Group”).

STATEMENT OF COMPLIANCE

These interim consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 ‘Interim Financial Reporting’, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (‘AASB’). Compliance with AASB 134 ensures compliance with IAS 34 ‘Interim Financial Reporting’.

This condensed interim financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the period ended 31 December 2016 and any public announcements made by Orinoco Gold Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

This consolidated interim financial report was approved by the Board of Directors on 12 September 2017.

BASIS OF PREPARATION

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY ESTIMATES

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year report, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the period ended 31 December 2016 except for the following:

Impairment of Mine Properties and Development

During the prior period, the Company temporarily suspended operations at Cascavel and, accordingly, the recoverable amount of mine properties and development was reviewed for impairment. The Directors determined as a result of their review that the recoverable amount was in excess of the carrying value and that no impairment existed. The Directors have also considered whether any impairment indicators have arisen in the half-year ended 30 June 2017 and whether any adverse changes have occurred since the last impairment assessment. As a result of this review, the Directors have determined that no impairment indicators are present as at 30 June 2017.

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2017

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the period ended 31 December 2016.

In the half-year ended 30 June 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2017.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 30 June 2017. The Directors have decided against early adoption of any new Standards and Interpretations. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

GOING CONCERN

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 half year ended 30 June 2017 of \$6,019,411 (2016: \$7,007,875), had a net working capital deficit of \$13,160,489 at 30 June 2017 (31 December 2016 deficit of \$13,678,920) and experienced net cash outflows from operating activities of \$4,943,712 (2016: \$6,577,348) and net cash outflows from investing activities of \$2,956,637 (2016: \$2,842,990) for 6 months to 30 June 2017. The Group had a cash balance of \$3,752,234 at 30 June 2017 (31 December 2016: \$1,751,800).

Subsequent to the financial period end, the Company commenced a capital raising to raise gross proceeds of A\$7.98M. The Directors believe that its existing cash reserves, future production cash flows 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 gold deliveries from the Cascavel Gold Project or should the quantity of gold produced during the next 12 months be materially less than expected, there is a material uncertainty which may cause significant doubt as to the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business.

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2017

NOTE 2 – LOSS BEFORE INCOME TAX

	Consolidated Half-year ended 30 June 2017 \$	Consolidated Half-year ended 30 June 2016 \$
The following expense items are relevant in explaining the financial performance for the period:		
Project expenses	(841,098)	(4,037,550)
Exploration expenditure written off as incurred ^(a)	(628,162)	(602,252)
Finance costs:		
Interest expense	(401,243)	(5,385)
Gold Stream fees	(748,964)	-
Amortisation of borrowing costs	(141,187)	-
Effective interest on gold stream facility	(821,761)	-
Total	(2,113,155)	(5,385)
Other expenditure:		
Foreign exchange gain/(loss)	720,270	(7,790)
Other	(229,198)	(85,933)
Total	491,072	(93,723)

- (a) Exploration and evaluation expenditure is written off as incurred in accordance with the Group's accounting policy. Costs of acquisition of prospects are capitalised and are only carried forward to the extent that right of tenure is current and those costs are expected to be recouped through the successful development and exploration of the area of interest, or alternatively, by its sale; or 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 area of interest are continuing.

NOTE 3 –PROPERTY PLANT AND EQUIPMENT

	Consolidated Half-year ended 30 June 2017 \$	Consolidated Full year ended 31 December 2016 \$
Property Plant and Equipment		
Net book value	8,513,784	8,733,581

Reconciliation:

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 2017	724,538	7,083,971	483,265	441,807	8,733,581
Additions	79,428	132,319	64,542	22,446	298,735
Depreciation	(38,495)	-	(18,199)	(61,629)	(118,323)
Foreign Exchange	(50,193)	(290,225)	(33,893)	(25,898)	(400,209)
Balance at 30 June 2017	715,278	6,926,065	495,715	376,726	8,513,784

¹ The process plant was in the commissioning phase at balance date. No depreciation was charged as the asset is not available for use as at balance date.

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2017

NOTE 4 – EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated Half-year ended 30 June 2017 \$	Consolidated Full year ended 31 December 2016 \$
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Costs carried forward in respect of areas of interest in the following phases:

Exploration and evaluation

Prospect acquisition costs	1,220,362	1,220,362
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Reconciliation:

A reconciliation of the carrying amounts of exploration and evaluation expenditure is set out below:

Balance at beginning of period	1,220,362	1,758,480
Capitalised expenditure written off	-	(538,118) ⁽¹⁾
Carrying amount at end of period	1,220,362	1,220,362

⁽¹⁾ The expenditure written off during the prior period relate to the Edem Joint Venture acquisition costs 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.

During the period, the Group entered into a memorandum of understanding with AngloGold Ashanti (Anglo), for an Exploration Joint Venture, whereby Anglo can earn up to a 70% interest in the Group's Faina Goldfields Project through staged exploration expenditure of US\$9.5M over a three year period. The terms of the joint venture were still being negotiated at period end.

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.

NOTE 5 – MINE PROPERTIES & DEVELOPMENT

	Consolidated Half-year ended 30 June 2017 \$	Consolidated Full year ended 31 December 2016 \$
Mine properties at cost	20,238,691	18,790,502

Reconciliation:

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

Balance at beginning of period	18,790,502	16,390,945
Capitalised mine development costs	1,085,330	676,198
Pre-production costs net of pre-production revenue capitalised	553,784	1,090,439
Mine Rehabilitation	-	480,102
Foreign exchange movements	(190,925)	152,818
Total Mine Properties	20,238,691	18,790,502

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Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2017

NOTE 6 – TRADE AND OTHER PAYABLES

	Consolidated 30 June 2017 \$	Consolidated 31 December 2016 \$
Current		
Trade and other	2,834,568	3,952,669
Purchase of minority ownership of Mineração Curral de Pedra Ltda (Note 13)	3,712,871	-
	6,547,439	3,952,669
Non-Current		
Trade and other	17,137	26,516
Purchase of minority ownership of Mineração Curral de Pedra Ltda (Note 13)	3,712,871	-
	3,730,008	26,516

NOTE 7 – BORROWINGS

	Consolidated 30 June 2017 \$	Consolidated 31 December 2016 \$
Current		
Convertible Loans ⁽¹⁾	-	1,968,897
	-	1,968,897

⁽¹⁾ During the period, the above convertible loans were converted to equity via the issue of 29,904,264 shares at a deemed price of \$0.0688

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2017

NOTE 8 – FINANCIAL LIABILITIES

	Consolidated 30 June 2017	Consolidated 31 December 2016
Financial Liabilities at amortised cost:	\$	\$
Gold stream facility ¹	2,110,235	1,288,474
Capitalised transaction costs	(188,710)	(329,897)
Funds payable under the Gold Stream variation ²	9,119,333	9,683,220
Total financial liabilities at amortised cost	11,040,858	10,641,797
Financial liabilities classification:		
<i>Current financial liabilities</i>		
Financial liabilities at amortised cost	11,040,858	10,228,136
Total current financial liabilities	11,040,858	10,228,136
<i>Non-Current financial liabilities</i>		
Financial liabilities at amortised cost	-	413,661
Total non-current financial liabilities	-	413,661
Total financial liabilities	11,040,858	10,641,797

Reconciliation:

A reconciliation of the carrying amounts of financial liabilities is set out below:

	Consolidated 30 June 2017
	\$
Balance at beginning of period	10,641,797
Transfer from deferred revenue	-
(Capitalisation)/Amortisation of transaction costs	141,187
Recognition of effective interest	821,761
Foreign exchange movements	(563,887)
Total Financial Liabilities	11,040,858

Terms of the Gold Stream agreement:

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 30 June 2017 at \$3.45m. The effective interest rate is 196% 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.

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2017

NOTE 9 – SHARE CAPITAL AND RESERVES

	Consolidated 30 June 2017	
	#	\$
(a) Share Capital		
Balance as at 1 January 2017	307,349,089	42,078,055
Issue of shares @ \$0.25 via Exercise of options	9,142	2,286
CRH Standstill fee	9,542,905	400,802
Issue of shares @ \$0.07 Rights Issue/Shortfall issue	142,649,933	9,985,496
Conversion of convertible loans (Note 7)	29,904,264	2,057,413
Cascavel minority buyout (Note 13)	8,180,126	400,826
Capital Raising Costs	-	(116,115)
Balance at 30 June 2017	497,635,459	54,808,763
(b) Options Reserve		
Share based payments reserve:		
Balance as at 1 January 2017	43,400,000	3,604,902
Unlisted options issued to employees under ESOP for services rendered and future incentive	4,500,000	99,075
Unlisted options issued to CRH	3,428,571	182,114
Expiry of options	(7,750,000)	-
Balance at 30 June 2017	43,578,571	3,886,091
Options proceeds reserve:		
Balance at 1 January 2017	19,314,511	132,418
Attaching listed options relating to capital raising	142,649,933	-
Listed options on settlement of convertible loans (Note 7)	29,904,264	-
Listed options applied for by convertible loan holders	29,904,264	29,904
Exercise of options	(9,142)	-
Balance at 30 June 2017	221,763,830	162,322
Total Options Reserve	265,342,401	4,048,413
	Consolidated Half-year ended 30 June 2017 \$	Consolidated year ended 31 December 2016 \$
Foreign Exchange Reserve		
Balance as at beginning of period	493,330	(259,869)
Currency translation movement during the half-year	(544,743)	753,199
Balance at end of period	(51,413)	493,330
Non-Controlling Interests Reserve	Consolidated 30 June 2017 \$	31 December 2016 \$
Carrying amount of non-controlling interests acquired	(1,049,941)	-
Consideration paid (or payable) to non-controlling interests	(8,522,096)	-
Excess of consideration paid recognised in the transactions with non-controlling interests reserve in equity	(9,572,037)	-

This reserve is used to record transactions with non-controlling interests that do not result in a loss of control.

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2017

NOTE 9 – SHARE CAPITAL AND RESERVES (CONTINUED)

	Consolidated	
	31 December 2016	
	#	\$
(a) Share Capital		
Balance as 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
(b) Options Reserves		
<i>Share Based Payments Reserve:</i>		
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	300,000	20,880
Expiry of options	(1,700,000)	(152,660)
Balance at 31 December 2016	43,400,000	3,604,902
<i>Options Proceeds Reserve:</i>		
Balance as at 1 January 2016	79,950,867	65,700
Free attaching listed options relating to capital raising	21,819,835	-
Listed options related 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

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2017

NOTE 10 – CONTINGENCIES

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\$440,000) 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\$1.56 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\$200,000) 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 group is required to pay a net smelter royalty on gold produced from it Cascavel gold mine to the former minority partners of Mineração Curral de Pedra Ltda on the following terms:

- 1.5% payable on gold produced (net of ounces delivered under the Gold Stream facility) from 1 September 2017.
- On or before 1 March 2019, the group can either
 - o pay an increased royalty of 3%
 - o make a payment of US\$3,000,000 to keep the royalty at 1.5%
 - o purchase the royalty for US\$6,000,000

The Directors are not aware of any other contingent liabilities that may arise from the Company's operations as at 30 June 2017.

NOTE 11 – COMMITMENTS

Expenditure Commitments

Operating Lease Commitments

Commitments for minimum lease payments are:

	Consolidated	
	30 June 2017	31 December 2016
	\$	\$
Within one year	43,003	37,953
Later than one year but less than five years	7,167	28,669
Later than five years	-	-
	50,170	66,622

The Group had no other material commitments at 30 June 2017.

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2017

NOTE 12 – SEGMENT REPORTING

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the board of Orinoco Gold Limited in order to allocate resources to the segment and to assess its performance.

Segment Reporting

The Group has identified one reportable segment being gold exploration and development. All remaining segments that do not satisfy the threshold under AASB 8 are aggregated as “All Other Segments”.

CONSOLIDATED	Gold \$	All Other Segments \$	Total \$
30 June 2017			
Segment Revenue	17,466	32,339	49,805
Segment loss after tax	(4,253,045)	(1,221,623)	(5,474,668)
Interest revenue	160	32,339	32,499
Depreciation	(93,543)	(24,780)	(118,323)
Other non-cash expenses	-	(99,075)	(99,075)
Segment assets	31,823,671	3,472,281	35,295,952
Additions to Non-Current Assets	291,131	7,604	298,735
Segment liabilities	(22,133,267)	(369,312)	(22,502,579)
Cash Flow Information			
Net cash flow from operating activities	(2,734,118)	(2,209,594)	(4,943,712)
Net cash flow from investing activities	(2,946,220)	(10,417)	(2,956,637)
Net cash flow from financing activities	-	9,991,571	9,991,571

ORINOCO GOLD LIMITED
ACN: 149 219 974

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2017

NOTE 12 – SEGMENT REPORTING (CONTINUED)

	Gold \$	All Other Segments \$	Total \$
CONSOLIDATED			
30 June 2016			
Segment revenue	4,349	13,074	17,423
Segment loss after tax	(6,188,419)	(1,619,556)	(7,807,975)
Interest revenue	4,349	13,074	17,423
Depreciation	(56,118)	(22,999)	(79,117)
Other non-cash expenses	-	(20,880)	(20,880)
Segment assets	27,932,129	2,684,919	30,617,048
Additions to non-current asset	3,196,613	7,419	3,204,032
Segment liabilities	(13,622,152)	(619,693)	(14,241,845)
Cash Flow Information			
Net cash flow from operating activities	(5,105,203)	(1,472,145)	(6,577,348)
Net cash flow from investing activities	(2,804,821)	(38,169)	(2,842,990)
Net cash flow from financing activities	-	8,985,686	8,985,686

Geographical information

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

	Brazil \$	Australia \$	Total \$
CONSOLIDATED			
30 June 2017			
Revenue from external customers	-	-	-
Non-current assets	30,126,148	37,824	30,163,972
CONSOLIDATED			
30 June 2016			
Revenue from external customers	-	-	-
Non-current assets	26,562,799	65,834	26,628,633

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2017

NOTE 13 – TRANSACTIONS WITH NON-CONTROLLING INTERESTS

During the period, the Group entered into a binding agreement to purchase the remaining 30% interest in Mineração Curral de Pedra Ltda from the Company's minority holders. Consideration for the acquisition is as follows:

- An upfront option fee of US\$300,000 in cash and US\$300,000 in shares
- Payment of US\$1,500,000 cash and US\$1,350,000 in shares to be paid on 1 September 2017
- Payment of US\$1,500,000 cash and US\$1,350,000 in shares to be paid on 1 September 2018
- A royalty of 1.5% on production from the Cascavel Gold Mine net of gold deliverable to the Company's existing Gold Stream financier on production after 1 September 2017

The transfer of the minority's 30% was transferred on the payment of the upfront option fee which was paid on 3 May 2017.

The effect on the equity attributable to the owners of Orinoco Gold Limited during the period are as follows:

	Consolidated	
	30 June 2017	31 December 2016
	\$	\$
Carrying amount of non-controlling interests acquired	(1,049,941)	-
Consideration paid to non-controlling interests	(8,522,096)	-
Excess of consideration paid recognised in the transactions with non-controlling interests reserve in equity	(9,572,037)	-

There were no transactions with non-controlling interests during the year ended 31 December 2016

NOTE 14 – SUBSEQUENT EVENTS

On 6 September, the Company announced that it had commenced a capital raising to raise gross proceeds of A\$7.98M. A\$4.98M (before costs) will be raised via a 1-for-2 non-renounceable Entitlement Issue at A\$0.02 per share. The issue is fully underwritten by Somers & Partners Pty Ltd (Somers). The Company's 17.1% shareholder and JV partner, AngloGold Ashanti (AngloGold), will enter into a priority sub-underwriting agreement with Somers under which AngloGold will subscribe for A\$1M in the Entitlement Issue to increase its stake to 18.1%.

In addition, AngloGold has made a A\$3.0M pre-payment on 31 August 2017 to Orinoco against the US\$9.5M farm-in exploration agreement it has with AngloGold at the Faina Goldfields Project.

On 28 August 2017, processing operations at the Cascavel mine resumed on a single shift basis.

The Company also appointed Andrew Allan as a new Non-Executive Director on 31 August 2017.

Other than disclosed above, no 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.

Directors' Declaration

For the half-year ended 30 June 2017

In the Directors' opinion:

a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the six months 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; and

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 six months ended 30 June 2017.

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

On behalf of the Board



Brian Thomas
Non-Executive Chairman

Perth
12 September 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Orinoco Gold Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Orinoco Gold Limited ("the company") which comprises the condensed consolidated statement of financial position as at 30 June 2017, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Orinoco Gold Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty related to going concern

We draw attention to Note 1 in the half-year financial report, which indicates that the Group generated a comprehensive loss after tax for the period ended 30 June 2017 of \$6,019,411, had a net working capital deficit of \$13,160,489 at 30 June 2017 and experienced net cash outflows from operating activities of \$4,943,712 and net cash outflows from investing activities of \$2,956,637. The Group had a cash balance of \$3,752,234 at 30 June 2017. As disclosed in Note 1, these conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants



M R W Ohm
Partner

Perth, Western Australia
12 September 2017