ORINOCO GOLD

ACN 149 219 974

ANNUAL REPORT

for the year ended 31 December 2018

ORINOCO GOLD LIMITED
ACN: 149 219 974

CONTENTS

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 is:

Orinoco Gold Limited
Level 2, 22 Mount Street
Perth WA 6000 Australia

ORINOCO GOLD LIMITED
ACN: 149 219 974

CORPORATE INFORMATION

Directors
Mr Adrian Byass
Non-Executive Chairman

Mr Matthew O'Kane
Executive Director

Mr Andrew Allan
Non-Executive Director

Mr Francisco Barreto
Non-Executive Director

Company Secretary
Mr Joel Ives

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Level 40, Central Park
152 – 158 St Georges Terrace
PERTH WA 6000 Australia

ASX Code: OGX, OGXOD

Share Registry
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16 Milligan Street
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Auditor
HLB Mann Judd
Level 4
130 Stirling Street
PERTH WA 6000 Australia

Bankers
Westpac Banking Corporation
108 Stirling Highway
NEDLANDS WA 6009 Australia

DIRECTORS' REPORT (CONTINUED)

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 2018.

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 during or since the end of the year, and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated:

Mr Adrian Byass – BSc Geol Hons, B. Econ, FSEG and MAIG
Non-Executive Chairman (appointed 11 February 2019)

EXPERIENCE AND EXPERTISE
Mr Byass has over 20 years' experience in the mining and minerals industry. This experience has principally been gained through evaluation and development of mining projects for a range of base, precious and specialty metals and bulk commodities. Due to his experience in resource estimation and professional association membership, Mr Byass is a competent person for reporting to the ASX for certain minerals. Mr Byass has also gained experience in corporate finance, capital raising, permitting and delivery of product-ready mining projects.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Non-Executive Chairman – Galena Mining Limited
Executive Director – Infinity Lithium Corporation
Non-Executive Director – Fertoz Limited

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS
Corazon Mining Limited

Mr Andrew Allan – B. Sc (Geology)
Non-Executive Director

EXPERIENCE AND EXPERTISE
Mr Allan is a geologist and independent consultant specialising in business strategy, commercial evaluation and technical assessments. He has over 30 years of experience in the mining industry with experience in diamonds, gold and other minerals. He is currently employed by Cartesian Capital as an independent technical consultant providing commercial, technical and strategic input to a variety of investments in the portfolio, in particular, Cartesian Royalty Holdings which includes the Orinoco Cascavel project.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Nil

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

DIRECTORS' REPORT (CONTINUED)

Mr Francisco Barreto – BA (Econ), M.Fin
Non-Executive Director (appointed 3 October 2018)

EXPERIENCE AND EXPERTISE
Francisco Muniz Barreto has more than 16 years of private equity practice in emerging markets. He is currently Managing Director of the Sao Paulo, Brazil, office of Cartesian Capital Group. He holds a BA degree with a major in Economics from Universidad de Belgrano/University of North Carolina at Chapel Hill and an MSc in Finance from London Business School. He also serves as Board Member of Ser Educacional S.A.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Nil

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

Mr Matthew O'Kane
Executive Director (appointed 12 December 2018)

EXPERIENCE AND EXPERTISE
Mr O'Kane is currently the CFO of Crater Gold Mining Limited, as well as providing CFO services to a Hong Kong SFC licensed institutional brokerage and asset management firm. He also provides consulting services to minerals and commodities businesses. He was the CFO of a large private commodities trading firm in Hong Kong from August 2014 to August 2016 and was the CFO of Celsius Coal Limited from May 2013 to August 2014, a coal exploration company listed on the ASX. Prior to joining Celsius Coal Limited, Mr O'Kane was the CFO of SouthGobi Resources Limited, a coal production and development company listed on the Toronto Stock Exchange and the Hong Kong Stock Exchange, from 2011 to 2012. From 2006 to January 2011, Mr O'Kane was the Finance Director and Executive Director of Volvo Car Australia Pty Ltd., a fully owned subsidiary of Volvo Cars Sweden. He is also presently a Director of Azarga Uranium (TSX:AZZ), and is a Director of Pursuit Minerals (ASX:PUR).

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Finance Director - Azarga Uranium Limited
Non-Executive Director - Pursuit Minerals Limited

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

Mr Joseph Pinto – B. Com, LLB
Non-Executive Chairman (resigned 11 February 2019)

EXPERIENCE AND EXPERTISE
Mr Pinto has been a major shareholder and supporter of the Company for some years and is also a major shareholder and non-executive Director of Tyranna Resources Limited, which is a cornerstone investor in Orinoco.

Mr Pinto operates his own legal practice in Sydney, NSW. He has been a practising Solicitor and Barrister of the Supreme Court of NSW since 1983 as well as having been admitted as a Solicitor of the High Court of Australia. He holds a Bachelor of Laws and a Bachelor of Commerce.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Non-Executive Director – Tyranna Resources Limited

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

DIRECTORS' REPORT (CONTINUED)

Mr Nicholas Revell – B. Sc (Geology), AIG
Non-Executive Director (resigned 11 February 2019)

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

Mr Jeremy Gray
Managing Director (resigned 2 January 2019)

EXPERIENCE AND EXPERTISE
Mr Gray has been involved in mining for 23 years. He started his career at Credit Suisse in Melbourne in 1994 as a Mining Research Associate before moving to London to run the Mining Equity research team at Morgan Stanley. In 2001 he joined Sthenos Capital as a founding partner of a Hedge Fund with a focus on Mining and Basic Materials trading. In 2005, Mr Gray returned to Credit Suisse in London to run the Mining team. In January 2009 he joined the world's largest cobalt producer at the time in DRC before it was acquired by ENRC in September 2009.

In 2010, Mr Gray joined Standard Chartered in Hong Kong to run the Mining team and in 2014 he became a founding partner of Chancery Asset Management in Singapore. For the last 3 years he has also worked as a Director of Cartesian Royalty Holdings in Singapore. Mr Gray sits on the boards of Axiom Mining and White Rock Minerals that both trade on the ASX.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Non-Executive Director - Axiom Mining Limited
Non-Executive Director - White Rock Minerals Limited

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

Mr Terry Topping – AIMM, AIG
Non-Executive Director (resigned 5 December 2018)

EXPERIENCE AND EXPERTISE
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 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.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Executive Chairman - Kairos Minerals Limited

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

DIRECTORS' REPORT (CONTINUED)

Mr Hélcio Guerra
Non-Executive Director (resigned 30 October 2018)

EXPERIENCE AND EXPERTISE

Mr Guerra, a Metallurgical Engineer, has over 30 years' experience in the Brazilian resources industry. His prior roles include as Senior Vice-President of AngloGold Ashanti'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 Association for Mineral Exploration (ABPM) and has built extensive networks in both government and non-government entities.

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
Resigned 23 February 2018 and re-appointed 1 October 2018

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 has acted as company secretary of ASX listed Latitude Consolidated Limited and I Synergy Group Limited.

Mr Albert Longo – B.Com , CA
Appointed 1 October 2018, resigned 10 February 2019

EXPERIENCE AND EXPERTISE

Mr Longo has nearly 40 years' experience predominantly in the Australian gold mining industry and has been involved in a number of gold operations start-ups in both Australia and overseas, including Norths Mining Kanowna Belle gold mine. His experience also includes several senior roles at heavy engineering manufacturers.

A qualified Chartered Accountant and experienced commercial and corporate executive, Mr Longo has held a broad range of senior corporate, commercial, operational and financial roles in his career to date.

He was previously Chief Financial Officer and Company Secretary with Cleveland Mining Company (Brazil based gold mining operation), 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.

Ms Sophie Raven – LLB
Appointed 23 February 2018, resigned 1 October 2018

EXPERIENCE AND EXPERTISE

Ms Raven is a lawyer and company secretary, with 20 years' experience in corporate law and company secretarial roles within the resources industry. Sophie has held positions as Company Secretary with various ASX-listed companies, including Sunbird Energy Limited, Wildhorse Energy Limited (now Salt Lake Potash Limited), Whitebark Energy Ltd, and Cradle Resources Limited.

DIRECTORS' REPORT (CONTINUED)

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 2018 is $43,251,425 (2017: $13,079,398). The net loss includes exploration expenditure written off as incurred (in accordance with the Group's accounting policy) of $2,072,755 (2017: $1,332,156) and an impairment expense of $28,399,695 (2017: Nil) in relation to the Cascavel Gold Project.

DIVIDENDS

There were no dividends paid or declared during the period.

DIRECTORS' REPORT (CONTINUED)

OPERATING AND FINANCIAL REVIEW

Orinoco Gold Limited has had an extremely trying 2018 under the 'Back to Basics' strategy to turnaround Orinoco's fortunes.

During 2018, cost cutting was a key focus for management, with reductions in senior management and staffing made during the year and continuing after the year end.

Optimising our asset portfolio and accelerating growth played a key part of the year. The months of May and June should have been key turning points for the Company however, as with all industries in Brazil, Cascavel suffered heavily from the nation-wide truckers' strike during the quarter which resulted in a delay in accessing and processing the higher-grade ores from Mestre levels five and six.

Hammer Mill 3 was put into commercial production and with the expectation that production would improve, however we did see the production levels improve materially.

The purchase of the new Brazilian-manufactured mini excavator and other equipment has improved underground performance. Levels 5 and 6 Mestre, and the Intermediate zone are showing exciting promise. Overall the lack of sufficient working capital hampered the operations over the full year.

Exploration remained a key dual focus for the group with near-term priorities at Rio do Ouro (Sertão), Antena, Tinteiro, Eliseo, Nena, and Santa Rita, being reviewed with drilling also undertaken. Consideration was given to the potential re-opening of the Antena and Sertão open pits. Sertao environmental licensing; further progress was made but remained incomplete at year end. The Company is now fully engaged with AngloGold Ashanti on executing the exploration JV which will be funded for future exploration activities by AngloGold Ashanti up to the US$9.5 million for their earn in to 70% of the Joint Venture.

Drilling undertaken during the year was to better understand the scope of a potential restart programme. When Troy Resources shut Antena and Sertão in 2007 the gold price was around R$1,400/oz compared to today's price of R$5,000/oz. Phase one of our diamond drilling campaign at Antenna Xupe was successfully completed and has taken the total drilled by Orinoco to 2,067.97m.

A diamond drilling program at Rio do Ouro (Sertão) was also commenced (ASX announcement on 25 July 2018 entitled Drilling Commences at Sertão Following Data Review) A total of 1,429.22 meters were completed. By year end the Company had advanced the task of licensing an area obtained from Troy Resources- the Sertão project, which has been renamed as Rio do Ouro

The mid year truckers' strike seriously hindered mine development; a shortage of diesel and non-delivery of spare parts were the main contributing factors. During this period the main underground tasks concentrated on pumping and remedial works.

During this truckers' strike, we focussed on mine and plant maintenance, and several essential modifications were made to the gravity processing plant. The onsite laboratory has had all licences renewed and is performing above expectations.

During the year, the Cascavel mine site also suffered from numerous underground machinery breakdowns that led to considerable downtime of key machinery throughout the year. Additional essential maintenance spares were purchased to improve our spare part availability. The third LHD was ordered and is scheduled for delivery in early Q2, 2019. The permanent powder magazines were constructed, commissioned and licenced in the year.

Further, senior personnel changes in Brazil and at the mine were made during the year, both to address costs and address key skills.

DIRECTORS' REPORT (CONTINUED)

Mining

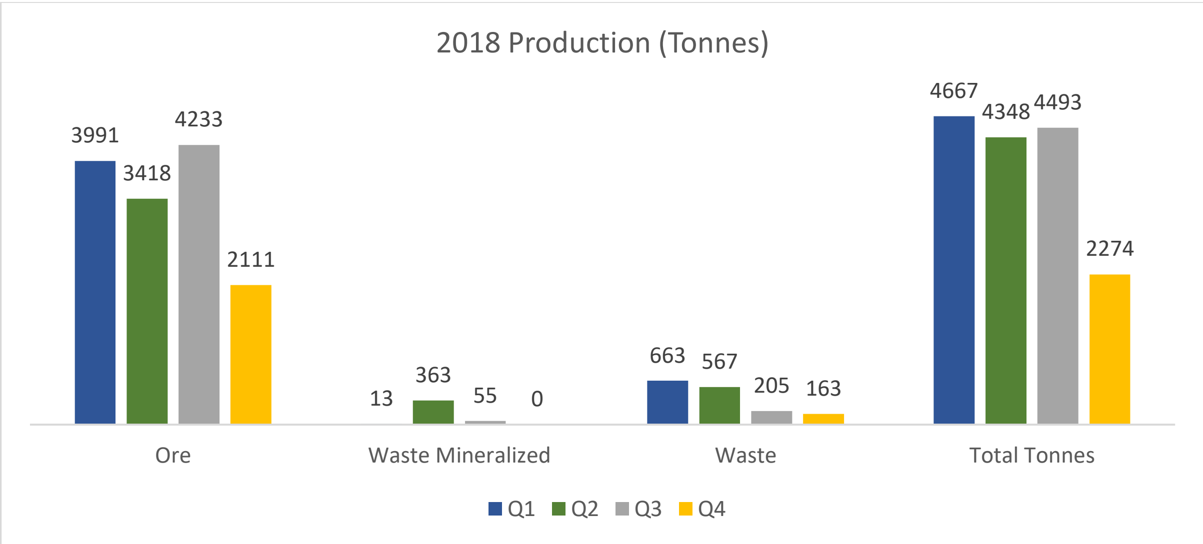
The focus of mining operations was to develop new access drives to underground workings to allow access to larger scale mechanised mining equipment as well as increasing the supply of high-grade ore to the processing plant by amending the mine design to improve access to the higher grade, southern portions of the mine.

Over the year, five development fronts were opened up in the following areas:

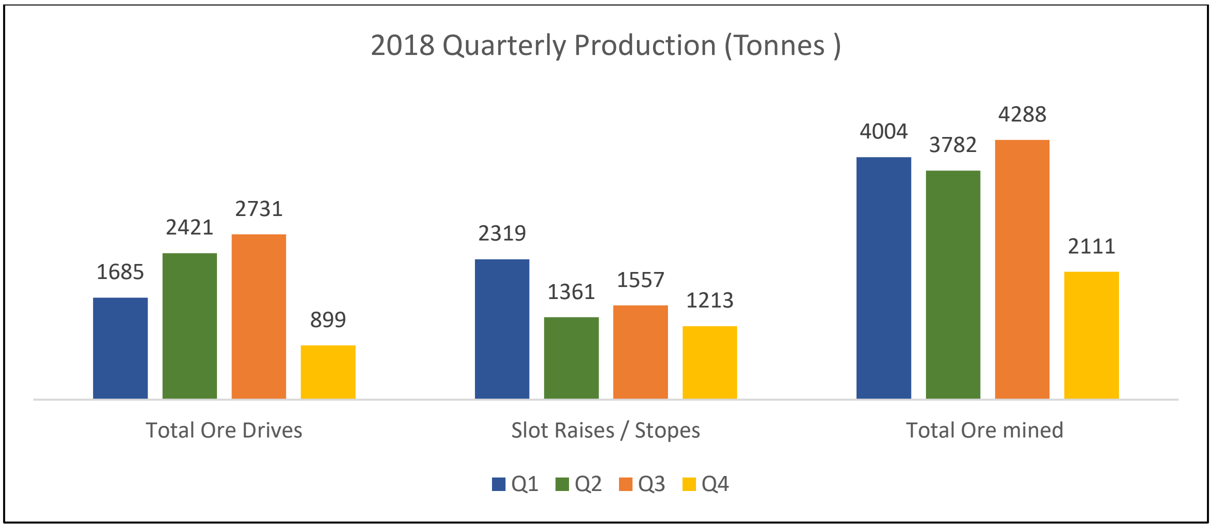
- North decline to allow primary access into the mine for the Toro 151 LHD which was refurbished and delivered to site in June
- Mestre link to provide a linkage between the northern and southern sides of the mine independent from the central incline shaft – this was completed in July
- Mestre Access to allow access to the higher grade southern portion of the Cascavel lode system
- Central decline for continued access to the Cascavel lode down dip
- Incline shaft to provide ore and waste hoisting from the mine

Over the year, mine development continued with a view to enabling full resumption of operations at Cascavel; the keys being development of the Mestre and Central lodes as well as continued down-dip development at Cascavel opening up new levels and allowing access to new stopes. In all a total of 1,117m of additional development was achieved during 2018

2018 Development Summary													
Type	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Total**
Decline Shaft Development		0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	5,8	0,0	12,7	19
Decline Development	42,2	18,4	11,7	16,7	26,4	6,8	28,8	16,1	0,0	0,0	0,0	0,0	167
Lateral Development	102,6	102,0	69,9	77,2	93,4	94,4	74,5	143,4	94,5	38,3	0,0	41,0	931
Incline Development	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0
Total Development	144,8	120,4	81,6	93,9	119,8	101,2	103,2	159,5	94,5	44,1	0,0	53,7	1117



DIRECTORS' REPORT (CONTINUED)



Cascavel Gold Mine 2018 Production Summary						
		Q1	**Q2**	**Q3**	**Q4**	**Total**
Production (Tons Milled)	**ton**	4042	5380	5016	3829	18267
Head Grade	**g/ton**	1,52	1,01	2,30	2,12	1,71
Contained Au	**Oz**	197	174	370	261	1003
Tail Grade	**g/ton**	0,39	0,26	0,53	0,48	0,41
Recovery (%)	**(%)**	69%	79%	75%	77%	76%
Gold Recovered (oz)	**Oz**	175	139	312	260	886
Gold Poured (oz)	**Oz**	175	220	236	260	890
Gold Sold	**Oz**	264	297	260	329	1151

Cascavel Mine 2018 Development Summary

In order to increase bogging capacity and reduce cycle times for cleaning of the working fronts, a refurbished second hand LHD arrived from Peru. A third LHD was secured and was being refurbished at year end. It is expected to be delivered to site early in the second quarter 2019.

Cascavel Gold Mine 2018 Development Summary					
Type		**Q1**	**Q2**	**Q3**	**Q4**
Decline Shaft Development	m	-	-	-	19
Decline Development	m	72	50	45	-
Lateral Development	m	274	265	312	79
Incline Development	m	-	-	-	-
Total Development	m	347	315	357	98

DIRECTORS' REPORT (CONTINUED)

Plant

Metallurgical reviews were conducted during the year, by independent consultants demonstrating that improved recoveries are achievable with the installation of simple 25TPH hammer mills in the existing gravity separation process plant. Further material was also sent to a laboratory in Perth for floatation testing. The independent metallurgist has since returned to the mine to oversee the implementation of these operational improvements.

As reported in our press release dated 31 October 2018, CIL processing delivered some high-grade results for tailings and Mestre zone. These results are of a small sample of material only and not considered representative of the complete bodies of material from which they came, however they do suggest further testing is warranted when resources permit. During the year, Gell Street Mining were appointed to complete an onsite review of the performance of the Gekko plant, which management felt was not achieving optimal recoveries of gold. During their visit, the gravity mill was optimised with particular focus on the IPJ – Inline Pressure Jig plus various small 'tune up' adjustments focused on recovering the fine gold component of our high grade tailings and ores.

Laboratory

The site laboratory was fully operational in March 2018 and performed well during the year and allowed local sample preparation and determining the assays for geological grade control and the processing plant. Inspections were made by the military for the storage and purchase of chemicals thereafter which a new licence was issued.

HEALTH AND SAFETY

During the year, the health and safety team continued with continual training of employees and continued with the exceptionally high standards.

The Company continued to provide excellent training for all employees, and this was reflected in minimal injuries. The Brazilian operations recorded 265,539 man hours worked during the year.

OCCUPATIONAL HEALTH AND SAFETY	OBM	MCP	Contractors	Total
Lost Time Injuries (LTI´s)	1	5	1	7
Minor Injuries (MI´s)	1	6	1	8
Man hours worked	43,314	203,965	18,260	265,539

Environmental

All permits and licenses are up to date and the Company is in full compliance with its ongoing requirements. New settling tanks for the mine water discharge have been excavated and commissioned.

All documentation was compiled for the environmental impact assessment (EIA) for the reopening of Rio de Ouro (previously named Sertão). It was found that previous management had requested licencing for an underground mine and not open pit, therefore; ongoing modifications and further studies are underway these are expected to be completed Q2 2019.

Exploration

As stated during the year exploration works were completed at Antena – Xupe, Rio Do Ouro, Tinteiro, Rio do Ouro SW extension and the Digo Digo targets during the year. Diamond drilling at both Rio Do Ouro (formerly Sertão) and Antena Xupe was completed. 304 soil samples were collected at our Tinteiro target and 376 soil samples were collected at Rio do Ouro SW extension. This was to test an identified anomalous gold zone.

Focus on High Grade Gold Production

The potential of Cascavel as a high-grade gold mine has always been exciting, however, the delivery of ounces to date has been elusive. A number of different approaches by different independent experts had been proposed in trying to unlock the reasons as to why visible high grades within the Cascavel mine have failed to result in the production of low cost ounces. Upon independent review, the management team believes the failure to produce ounces is a combination of issues, being excessive dilution during mining together with low recoveries from the imported gravity recovery plant which has struggled to recover the fine grade gold component of the ore. As a result, the Group has made the decision to impair the value of the Cascavel Gold Project.

DIRECTORS' REPORT (CONTINUED)

CORPORATE ACTIVITIES

Capital Raising

On 23 and 27 March 2018, the Company announced it had raised $12.1 million via the placement of 115,891,876 fully paid ordinary shares, plus a free OGXOD listed option on a 1 for 3 basis exercisable at 11 cents, expiring 31 January 2020, comprising $8.5 million of new monies and $3.6 million in lieu of the US$2.85 million payment due to the Cascavel joint venture partners. The Company further announced that the New Shares would be allotted at an issue price of 12 cents for new monies other than US$1.35 million payable in shares to the Cascavel joint venture partners being issuable at a VWAP price of 6 cents each.

On 31 August 2018, the Company announced that it had entered into a convertible note facility agreement with MEF I, L.P. (Magna) to provide up to $8,000,000 in convertible notes. The Company received $2,000,000 on 11 September 2018 and has the option to draw down a further three tranches of $2,000,000 each within the next 12 months. Magna was issued 1,363,636 Shares by way of a commitment fee upon execution of the Convertible Note Facility. Further details regarding the Convertible Note Facility are set out in the announcements dated 31 August 2018 and 2 January 2019.

Facility

Subsequent to year end the Company entered into a separate agreement with Empire to secure a two-year A$2.5 million equity placement facility. The Facility was obtained for use on a standby basis to ensure the continuous funding of the Company's ongoing project development, and in order to fast-track the Company's production and optimisation plans.

Funds from a drawdown of the facility will be used for:

- Capital expenditure at the Cascavel Gold Mine; and
- General corporate and working capital purposes

Board and Management Restructure

The Company's commitment to strengthening the composition of its board and management was realised post-quarter end, with a leadership restructure announced on 2 January 2019. The Board appointed Matthew O'Kane as Interim Executive Director due to his relevant experience in driving turnaround strategies, with former Managing Director Jeremy Gray resigning.

Other Board and Management changes announced the year included:

- Resignation of Non-Executive Directors Helcio Guerra and Terry Topping;
- Francisco Barreto appointed as Non-Executive Director; and
- Resignation of Joel Ives as Company Secretary and subsequent re-appointment during the year
- Appointment of Sophie Raven as Company Secretary and subsequent resignation during the year
- Appointment of Albert Longo appointed Joint Company Secretary (with Joel Ives) before resigning after year end.
- Resignation post year end of Joseph Pinto and Nicholas Revell
- Adrian Byass appointed as Non-executive Chairman post year end

A management restructure was undertaken late in the year, with Matthew O'Kane appointed to the role of Interim Executive Director. Matthew has been charged with leading a comprehensive operational and financial review of the business, which was commenced during the month of January.

An important development in the context of Orinoco's exploration program occurred post-year end, with the Company reporting that it has re-commenced discussions with major global mining house AngloGold Ashanti

DIRECTORS' REPORT (CONTINUED)

Holdings Plc on the establishment of an exploration JV in Brazil. Both parties are now committed to establishing the in-country joint venture entity as soon as possible, which is a fundamental component of Orinoco's regional exploration strategy moving forward. Under the terms of the JV agreement, AngloGold may earn up to a 70% interest in the JV tenements by spending US$9.5 million in exploration over a three-year period with the right to withdraw at any time. To date, AngloGold has advanced a total of A$3 million to reduce earn-in requirements.

The Group's cash balance at 31 December 2018 was $111,041.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

Board Changes
On 2 January 2019, Matthew O'Kane was appointed as Interim Executive Director following the resignation of Jeremy Gray as Managing Director.

On 13 February 2019, Adrian Byass was appointed Chairman following the resignations of Joseph Pinto and Nicholas Revell.

Funding
On 2 January 2019, Empire Capital Partners was appointed as lead manager of a $556,200 placement at $0.07 per share with a free attaching option with a 3-year life and $0.01 strike price. The company also entered into a two year $2.5m equity placement facility with Empire to be used towards capital expenditure at Cascavel and for general corporate and working capital purposes.

On 2 January 2019, the Company also drew down the second tranche of convertible notes under the convertible note facility provided by MEF I, L.P. and announced to ASX on 31 August 2018. The Company elected to draw down $US947,540, and these funds have been used to pay down existing debt of the Company.

On 4 February 2019, the Company announced that it reached agreement with Cartesian Royalty Holdings ("CRH") for a three-month deferral of the quarterly minimum payment under the Gold Stream agreement with additional six and nine-month deferrals available at the Company's option. Key terms of the deferral are as follows:

- CRH shall defer the Q4 2018 minimum delivery to 18 February 2020, in exchange for a 0.5% net smelter royalty in respect of Orinoco's interest in all tenements in which the Company and its subsidiaries or affiliates have an interest;
- CRH shall, if requested in writing by Orinoco prior to 18 May 2019, defer the Q1 2019 minimum delivery to 18 May 2020, in exchange for an additional 0.75% net smelter royalty in respect of Orinoco's interest in all tenements in which the Company and its subsidiaries or affiliates have an interest;
- CRH shall, if requested in writing by Orinoco prior to 18 August 2019, defer the Q2 2019 minimum delivery to 18 August 2020, in exchange for an additional 1.0% net smelter royalty in respect of Orinoco's interest in all tenements in which the Company and its subsidiaries or affiliates have an interest;
- The granting of the Q1 2019 minimum delivery deferral is subject to Orinoco completing a A$5 million capital raising by 1 May 2019 and executing definitive documents for its US$9.5 million exploration Joint Venture with AngloGold Ashanti.

On 13 February 2019, the Company reached agreement with Magna to draw down $400,000 under the existing Convertible Note Facility along with a further $250,000 on 25 March 2019.

On 27 March 2019 the Company announced a fully underwritten accelerated renounceable entitlements issue of nineteen (19) New Shares for every ten (10) Shares to raise up to $5,410,739 (before costs) at a price of $0.002 per share.

DIRECTORS' REPORT (CONTINUED)

Shares Issued
The following shares have been issued since year end:

- On 2 January 2019, issue of 41,914,285 ordinary shares at $0.007 per share and 947,540 convertible notes on 2 January 2019.
- On 7 January 2019, issue of 21,785,714 ordinary shares at $0.007 per share.
- On 7 January 2019, issue of 31,250,000 ordinary shares at $0.00 per share in accordance with Committed Equity facility.
- On 7 January 2019, issue of 2,000,000 ordinary shares at $0.007 per share.
- On 7 January 2019, issue of 4,767,429 ordinary shares at $0.007 per share in lieu of cash fees to broker.
- On 7 January 2019, issue of 7,812,500 ordinary shares at $0.007 per share in accordance with Committed Equity facility.
- On 7 January 2019, issue of 20,449,069 ordinary shares on the conversion of $130,669.55 Tranche B Convertible Notes at a conversion price of $0.00639 per Fully Paid Ordinary Share.
- On 15 January 2019, issue of 16,571,431 ordinary shares at $0.007 per share.
- On 29 January 2019, issue of 23,547,088 ordinary shares at $0.0054 per share on the conversion of $127,154.27 Tranche B Convertible Notes.
- On 29 January 2019, issue of 500,000 ordinary shares at $0.007 per share.
- On 31 January 2019, issue of 37,500,000 ordinary shares at $0.004 per share.
- On 19 February 2019, issue of 22,749,700 ordinary shares at $0.004 per share under a placement.
- On 19 February 2019, issue of 22,564,910 ordinary shares at $0.003780 per share on the conversion of $85,295.36 Tranche B Convertible Notes.
- On 25 February 2019, issue of 13,400,000 ordinary shares at $0.004 per share under a placement.
- On 25 February 2019, issue of 2,352,941 ordinary shares at $0.0051 (5 day VWAP) as a commitment fee of 3% for the $400,000 of Tranche B Convertible Notes issued, settled in shares under the Magna Convertible Note Agreement.
- On 28 February 2019, issue of 1,350,300 ordinary shares at $0.004 per share under a placement.
- On 28 February 2019, issue of 2,500,000 ordinary shares at a deemed price $0.005 as a brokerage fee for January and February placements settled in shares.
- On 25 March 2019, issue of 1,875,000 ordinary shares at $0.004 per share as payment in shares of 3% Commitment Fee (A$7,500) for A$250,000 drawdown of the Magna Facility.

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**		**Performance Rights**	
Director	*Held Directly*	*Held Indirectly*	*Held Directly*	*Held Indirectly*	*Held Directly*	*Held Indirectly*
A. Byass	-	-	-	-	-	-
A. Allan	-	-	-	-	5,000,000	-
F. Barreto	-	-	-	-	-	1,800,000
M. O'Kane	100,000	-	-	-	-	-
TOTAL	**100,000**	**-**	**-**	**-**	**5,000,000**	**1,800,000**

MEETINGS OF DIRECTORS

During the financial period, there were 2 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**
A. Byass	-	-	-	-	-	-
M. O'Kane	-	-	-	-	-	-
A. Allan	2	2	-	-	-	-
F. Barreto	1	1	-	-	-	-
J. Pinto	2	2	-	-	-	-
J. Gray	2	2	-	-	-	-
N. Revell	2	2	2	2	-	-
T. Topping	2	1	2	2	-	-
H. Guerra	1	1	-	-	-	-

Two meetings were held by the Audit Committee and no meetings were held by the Remuneration Committee during the year ended 31 December 2018.

DIRECTORS' REPORT (CONTINUED)

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 2018. The information contained in this report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

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 Adrian Byass (Non-Executive Chairman) – Appointed 11 February 2019
Mr Matthew O'Kane (Executive Director) – Appointed 12 December 2018
Mr Andrew Allan (Non-Executive Director)
Mr Francisco Barreto (Non-Executive Director) – Appointed 3 October 2018
Mr Joseph Pinto - (Non-Executive Chairman) – Resigned 11 February 2019
Mr Nicholas Revell (Non-Executive Director) - Resigned 11 February 2019
Mr Jeremy Gray – (Managing Director) – Resigned 2 January 2019
Mr Terry Topping (Non-Executive Director) – Resigned 5 December 2018
Mr Hélcio Guerra (Non-Executive Director) – Resigned 30 October 2018

Executives:
Mr Albert Longo (Chief Financial Officer)
Mr Richard Crew (Chief Operating Officer)
Dr Klaus Petersen (President – Brazil Operations) – Terminated 4 April 2018
Mr Marcelo de Carvalho (VP Brazil & Chief Geologist) – Terminated 4 April 2018

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.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

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 $450,000).

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.

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 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.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Directors and executives are also issued performance rights and options to encourage the alignment of personal and shareholder interests. Performance rights and 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 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.

The Board may exercise discretion in relation to approving incentives such as options and performance rights. 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.

<u>Service Contracts</u>

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.

Mr Matthew O'Kane – Managing Director

- Term of Agreement – No fixed term or contract
- Fixed Remuneration – $100,000 per annum
- Termination Provisions – No formal notice period

Mr Jeremy Gray – Managing Director

- Term of Agreement – No fixed term or contract
- Fixed Remuneration – $100,000 per annum
- Termination Provisions – No formal notice period

Mr Albert Longo – Chief Financial Officer

- 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.

Mr Richard Crew – Chief Operations Officer

- Term of Agreement – ongoing subject to review.
- Fixed Remuneration – US$80,000.
- 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 60 days written notice (plus 90 days salary), or a lesser period may be mutually agreed by the Parties.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

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.

Note: *No cash fees were paid to Non-Executive Directors during the year.*

Other transactions
During the year Joseph Pinto loaned the Company $400,000 with a 6% facility fee and interest accrues at 10%. At year end the balance owing was $428,602.

During the year Nicholas Revell loaned the Company $20,000 with a 6% facility fee and interest accrues at 10%. At year end the balance owing was $21,430.

DIRECTORS' REPORT (CONTINUED)

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 2018

	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. Pinto	-	-	-	-	-	-	-
J. Gray	108,329	-	-	-	-	108,329	-
N. Revell	-	-	-	-	-	-	-
T. Topping	-	-	-	-	-	-	-
H. Guerra	-	-	-	-	-	-	-
A. Allan	-	-	-	-	-	-	-
F. Barreto	-	-	-	-	-	-	-
M. O'Kane	-	-	-	-	-	-	-
Total Directors	**108,329**	**-**	**-**	**-**	**-**	**108,329**	**-**
A. Longo	241,538	-	22,946	-	-	264,484	-
R. Crew	89,458	22,338	-	-	-	111,796	-
K. Petersen	159,532	14,218	-	-	-	173,750	-
M. Carvalho	104,160	10,999	19,776	-	-	134,935	-
Total Executives	**594,688**	**47,555**	**42,722**	**-**	**-**	**684,965**	**-**
Total	**703,017**	**47,555**	**42,722**	**-**	**-**	**793,294**	**-**

DIRECTORS' REPORT (CONTINUED)

Remuneration for the year ended 31 December 2017

	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. Pinto	9,108	-	865	-	-	9,973	-
J. Gray	-	-	-	-	-	-	-
N. Revell	48,000	-	4,560	-	-	52,560	-
T. Topping	32,369	-	3,075	-	-	35,444	-
H. Guerra	35,478	-	-	-	-	35,478	-
A. Allan	17,318	-	-	-	-	17,318	-
B. Thomas	181,750	-	5,225	-	-	186,975	-
J. Challis	62,125	-	-	-	-	62,125	-
J. Hannaford	50,840	-	2,375	-	-	53,215	-
M. Papendieck	331,120	-	16,625	-	-	347,745	-
I. Finch	38,108	-	1,228	-	-	39,336	-
Total Directors	**806,216**	**-**	**33,953**	**-**	**-**	**840,169**	**-**
A. Longo	171,474	-	16,290	28,425	-	216,189	-
K. Petersen	299,964	49,675	-	-	-	349,639	-
M. Carvalho	243,736	46,702	86,039	-	-	376,477	-
R. Crew	80,492	24,188	-	-	-	104,680	-
C. Dawson	223,397	-	21,223	70,650	-	315,270	-
T. Spencer	43,955	-	1,979	-	-	45,934	-
Total Executives	**1,063,018**	**120,565**	**125,531**	**99,075**	**-**	**1,408,189**	-
Total	**1,869,234**	**120,565**	**159,484**	**99,075**	**-**	**2,248,358**	**-**

Share-based compensation

Details of share-based payments granted as compensation to key management personnel are as follows:

Remuneration for the year ended 31 December 2018

During the period, 106,800,000 performance rights were issued to Key Management Personnel. As at balance date, no vesting expense has been brought to account due to uncertainty around non-market vesting conditions being achieved. Vesting conditions will be assessed at each subsequent balance date and a vesting expense will be recorded when the Board believe the performance hurdles will be met. Refer to note 20 for details of vesting conditions.

DIRECTORS' REPORT (CONTINUED)

Remuneration for the year ended 31 December 2017

		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**
C. Dawson	A	23/03/17	$0.0247	1,500,000	1,500,000	100%	0%
	B	23/03/17	$0.0224	1,500,000	1,500,000	100%	0%
A.Longo	A	24/04/17	$0.0199	750,000	750,000	100%	0%
	B	24/04/17	$0.0180	750,000	750,000	100%	0%

The options granted to Mr Longo and Mr Dawson were not performance related. Mr Dawson retained his options on termination.

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 2018 is as follows:

Key Management Personnel	Held at 1 January 2018	Balance on Appointment	Acquired	Disposals	Balance held on resignation	Held at 31 December 2018
J. Pinto	98,339,762	-	3,014,490	(707,046)	-	100,647,206
J. Gray	1,745,931	-	10,000,000	-	-	11,745,931
N. Revell	130,000	-	-	-	-	130,000
A. Allan	-	-	-	-	-	-
F. Barreto	-	-	-	-	-	-
M. O'Kane	-	100,000	-	-	-	100,000
T. Topping	-	-	-	-	-	-
H. Guerra	-	-	-	-	-	-
A. Longo	250,000	-	-	-	-	250,000
K. Petersen	2,589,738	-	-	-	(2,589,738)	-
M. Carvalho	1,312,469	-	-	-	(1,312,469)	-
R. Crew	-	-	-	-	-	-
Total	**104,367,900**	**100,000**	**13,014,490**	**(707,046)**	**(3,902,207)**	**112,873,137**

DIRECTORS' REPORT (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 2017 is as follows:

Key Management Personnel	Held at 1 January 2017	Balance on Appointment	Acquired	Disposals	Balance held on resignation	Held at 31 December 2017
J. Pinto	-	103,026,112	1,503,012	(6,189,362)	-	98,339,762
J. Gray	-	1,745,931	-	-	-	1,745,931
N. Revell	10,000	-	120,000	-	-	130,000
T. Topping	-	-	-	-	-	-
H. Guerra	-	-	-	-	-	-
A. Allan	-	-	-	-	-	-
B. Thomas	475,000	-	284,892	-	(759,892)	-
J. Challis	-	-	-	-	-	-
J. Hannaford	7,491,060	-	1,700,681	-	(9,191,741)	-
M. Papendieck	4,546,477	-	142,857	-	(4,689,334)	-
I. Finch	844,815	-	-	-	(844,815)	-
A. Longo	-	-	250,000	-	-	250,000
K. Petersen	2,589,738	-	-	-	-	2,589,738
M. Carvalho	1,312,469	-	-	-	-	1,312,469
R. Crew	-	-	-	-	-	-
C. Dawson	-	-	-	-	-	-
T. Spencer	1,234,412	-	-	-	(1,234,412)	-
Total	**18,503,971**	**104,772,043**	**4,001,442**	**(6,189,362)**	**(16,720,194)**	**104,367,900**

DIRECTORS' REPORT (CONTINUED)

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 2018 is as follows:

Directors	Held at 1 January 2018	Balance on appointment	Acquired	Remunerated	Expired on resignation	Balance on resignation	Held at 31 December 2018	Vested and exercisable at 31 December 2018
J. Pinto	-	-	-	-	-	-	-	-
J. Gray	-	-	-	-	-	-	-	-
N. Revell	10,000	-	-	-	-	-	10,000	10,000
T. Topping	-	-	-	-	-	-	-	-
H. Guerra	-	-	-	-	-	-	-	-
A. Allan	-	-	-	-	-	-	-	-
F. Barreto	-	-	-	-	-	-	-	-
M. O'Kane	-	-	-	-	-	-	-	-
A. Longo	1,500,000	-	-	-	-	-	1,500,000	1,500,000
R. Crew	-	-	-	-	-	-	-	-
K. Petersen	1,500,000	-	-	-	-	(1,500,000)	-	-
M. Carvalho	1,000,000	-	-	-	-	(1,000,000)	-	-
Total	**4,010,000**	**-**	**-**	**-**	**-**	**(2,500,000)**	**1,510,000**	**1,510,000**

DIRECTORS' REPORT (CONTINUED)

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 2017 is as follows:

Directors	Held at 1 January 2017	Balance on appointment	Acquired	Remunerated	Expired	Balance on resignation	Held at 31 December 2017	Vested and exercisable at 31 December 2017
J. Pinto	-	-	-	-	-	-	-	-
J. Gray	-	-	-	-	-	-	-	-
N. Revell	-	-	10,000	-	-	-	10,000	10,000
T. Topping	-	-	-	-		-	-	-
H. Guerra	-	-	-	-	-	-	-	-
A. Allan	-	-	-	-	-	-	-	-
B. Thomas	500,000	-	39,928	-	-	(539,928)	-	-
J. Challis	-	-	-	-	-	-	-	-
J. Hannaford	1,683,849	-	1,700,681	-	-	(3,384,530)	-	-
M. Papendieck	4,816,000	-	142,857	-	-	(4,958,857)	-	-
I. Finch	1,029,412	-	-	-	-	(1,029,412)	-	-
A. Longo	-	-	-	1,500,000	-	-	1,500,000	1,500,000
K. Petersen	3,380,000	-	-	-	(1,880,000)	-	1,500,000	1,500,000
M. Carvalho	1,940,000	-	-	-	(940,000)	-	1,000,000	1,000,000
R. Crew	-	-	-	-	-	-	-	-
C. Dawson	-	-	-	3,000,000	-	(3,000,000)	-	-
T. Spencer	1,543,138	-	-	-	-	(1,543,138)	-	-
Total	**14,892,399**	**-**	**1,893,466**	**4,500,000**	**(2,820,000)**	**(14,455,865)**	**4,010,000**	**4,010,000**

DIRECTORS' REPORT (CONTINUED)

Performance Right holdings of Key Management Personnel

The number of performance rights 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 2018 is as follows:

Directors	Held at 1 January 2018	Balance on appointment	Acquired	Remunerated	Expired on resignation	Balance on resignation	Held at 31 December 2018	Vested and exercisable at 31 December 2018
J. Pinto	-	-	-	10,000,000	-	-	10,000,000	-
J. Gray	-	-	-	30,000,000	-	-	30,000,000	-
N. Revell	-	-	-	5,000,000	-	-	5,000,000	-
T. Topping	-	-	-	5,000,000	(5,000,000)	-	-	-
H. Guerra	-	-	-	5,000,000	(5,000,000)	-	-	-
A. Allan	-	-	-	5,000,000	-	-	5,000,000	-
F. Barreto	-	-	-	1,800,000	-	-	1,800,000	-
M. O'Kane	-	-	-	-	-	-	-	-
A. Longo	-	-	-	10,000,000	-	-	10,000,000	-
R. Crew	-	-	-	35,000,000	-	-	35,000,000	-
K. Petersen	-	-	-	-	-	-	-	-
M. Carvalho	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**106,800,000**	**(10,000,000)**	**-**	**96,800,000**	**-**

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

DIRECTORS' REPORT (CONTINUED)

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.

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 2018 has been received and can be found on page 30.

AUDITOR

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

DIRECTORS' REPORT (CONTINUED)

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 2018.

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 289,712,803 unissued shares under option outstanding.

Expiry Date	Exercise Price	Number of shares under option
31/01/20*	$0.11	225,072,116
14/07/19	$0.25	300,000
29/05/20	$0.075	750,000
29/05/20	$0.0875	750,000
29/05/20	$0.0915	1,500,000
29/05/20	$0.106746	1,500,000
30/11/20	$0.02	2,678,571
31/01/21	$0.02	1,449,275
30/04/21	$0.02	500,000
30/06/21	$0.02	250,000
02/01/20	$0.03	33,000,000
04/04/21	$0.03	14,500,000
19/09/21	$0.03	7,462,841
Total		**289,712,803**

* Listed options

These options do not entitle the holders to participate in any share issue of the Company or any other body corporate. No shares have been issued since year end as a result of the exercise of options.

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

Mr Adrian Byass
Non-Executive Chairman

Perth
29 March 2019

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.

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in 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
29 March 2019

M R Ohm
Partner

hlb.com.au

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ORINOCO GOLD LIMITED
ACN: 149 219 974

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Revenue			
Finance income	4	24,375	45,029
Total Revenue		24,375	45,029
Project expenses		(4,050,790)	(3,442,109)
Financial administration, insurance and compliance costs		(3,134,236)	(4,669,633)
Exploration expenditure written off as incurred	5	(2,072,755)	(1,332,156)
Fair value adjustment	19	160,867	(96,302)
Write off of capitalised exploration expenditure	13	(124,132)	-
Share-based payments	23	(752,975)	(99,075)
Depreciation	15	(217,746)	(232,220)
Finance costs	6	(3,673,483)	(3,706,795)
Foreign exchange gain/(loss)		(935,659)	772,988
Impairment of non-current assets	5	(28,399,695)	-
Other expenses		(75,196)	(319,125)
Total Expenses		(43,275,800)	(13,124,427)
Loss before income tax expense		(43,251,425)	(13,079,398)
Income tax (expense) / benefit	8	-	-
Loss after income tax		(43,251,425)	(13,079,398)
Other Comprehensive Income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(728,440)	(458,403)
Total Other Comprehensive income/(loss), net of tax		(728,440)	(458,403)
Total Comprehensive Loss for the year		**(43,979,865)**	**(13,537,801)**
Loss attributable to:			
Owners of the parent entity		(43,251,425)	(13,079,398)
Non-controlling interest		-	-
		(43,251,425)	(13,079,398)
Total Comprehensive Loss attributable to:			
Owners of the parent entity		(43,979,865)	(13,537,801)
Non-controlling interest		-	-
		(43,979,865)	(13,537,801)
Basic and Diluted Loss per share – cents per share	7	(4.26)	(2.31)

The above 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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
ASSETS			
Current Assets			
Cash and cash equivalents	9	111,041	3,478,808
Other receivables	10	471,486	483,457
Inventory	11	577,038	676,219
Other current assets	12	173,634	173,854
Total Current Assets		1,333,199	4,812,338
Non-Current Assets			
Property, plant and equipment	15	1,791,240	8,616,729
Exploration and evaluation expenditure	13	1,220,362	1,220,362
Mine properties and development	14	-	21,032,455
Other non-current assets	12	4,510	87,562
Total Non-Current Assets		3,016,112	30,957,108
TOTAL ASSETS		**4,349,311**	**35,769,446**
LIABILITIES			
Current Liabilities			
Trade and other payables	16	8,243,104	10,797,129
Other current liabilities	17	294,618	283,115
Provisions	18	347,169	428,240
Financial liabilities	19	11,524,256	10,976,566
Total Current Liabilities		20,409,147	22,485,050
Non-Current Liabilities			
Trade and other payables	16	-	1,097,456
Provisions	18	480,102	480,102
Total Non-Current Liabilities		480,102	1,577,558
TOTAL LIABILITIES		**20,889,249**	**24,062,608**
NET (LIABILITIES)/ASSETS		**(16,539,938)**	**11,706,838**
EQUITY			
Issued capital	20	76,081,240	60,995,126
Reserves	20	(5,324,670)	(5,243,205)
Accumulated losses		(87,296,508)	(44,045,083)
Parent interest		(16,539,938)	11,706,838
Non-controlling interest	33	-	-
TOTAL EQUITY		**(16,539,938)**	**11,706,838**

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

ORINOCO GOLD LIMITED
ACN: 149 219 974

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

Consolidated year ended 31 December 2018	Note	Issued Capital $	Options Proceeds Reserve $	Share Based Payments Reserve $	Foreign Exchange Reserve $	Non-Controlling Interest Reserve $	Accumulated Losses $	Non-Controlling Interest $	Total Equity $
Total equity at 1 January 2018		60,995,126	162,322	3,960,194	34,927	(9,400,648)	(44,045,083)	-	11,706,838
Total comprehensive loss for the year									
Loss for the year ended 31 December 2017		-	-	-	-	-	(43,251,425)	-	(43,251,425)
Total other comprehensive loss		-	-	-	(728,440)	-	-	-	(728,440)
Total comprehensive loss for the year		-	-	-	(728,440)	-	(43,251,425)	-	(43,979,865)
Transactions with equity holders:									
Issue of shares	20	15,475,325	-	-	-	-	-	-	15,475,325
Capital raising costs settled in cash	20	(389,211)	-	-	-	-	-	-	(389,211)
Share based payments – options	20	-	-	760,126	-	(113,151)	-	-	646,975
Total equity at 31 December 2018		**76,081,240**	**162,322**	**4,720,320**	**(693,513)**	**(9,513,799)**	**(87,296,508)**	**-**	**(16,539,938)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2017

Consolidated year ended 31 December 2017	Note	Issued Capital $	Options Proceeds Reserve $	Share Based Payments Reserve $	Foreign Exchange Reserve $	Non-Controlling Interest Reserve $	Accumulated Losses $	Non-Controlling Interest $	Total Equity $
Total equity at 1 January 2017		42,078,055	132,418	3,604,902	493,330	-	(30,965,685)	(1,049,941)	14,293,079
Total comprehensive loss for the year									
Loss for the year ended 31 December 2017		-	-	-	-	-	(13,079,398)	-	(13,079,398)
Total other comprehensive loss		-	-	-	(458,403)	-	-	-	(458,403)
Total comprehensive loss for the year		-	-	-	(458,403)	-	(13,079,398)	-	(13,537,801)
Transactions with equity holders:									
Issue of shares	20	19,707,749	-	-	-	-	-	-	19,707,749
Capital raising costs settled in cash	20	(790,678)	-	-	-	-	-	-	(790,678)
Share based payments – options	20	-		355,292	-	-	-	-	355,292
Issue of options	20	-	29,904	-	-	-	-	-	29,904
Transactions with non-controlling interests	32	-	-	-	-	(9,400,648)	-	1,049,941	(8,350,707)
Total equity at 31 December 2017		**60,995,126**	**162,322**	**3,960,194**	**34,927**	**(9,400,648)**	**(44,045,083)**	**-**	**11,706,838**

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 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		24,375	45,030
Payments to suppliers and employees		(7,382,366)	(9,177,877)
Deposits (paid)/returned		-	53,605
Finance costs		(180,485)	(147,500)
Payments associated with gold stream arrangement		-	(1,298,397)
Exploration joint venture prepayment		-	3,000,000
Net cash used in operating activities	21	**(7,538,476)**	**(7,525,139)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(372,067)	(1,193,949)
Proceeds from disposal of plant and equipment		5,303	-
Payments for mine development, net of pre-production revenue		(913,171)	(2,622,878)
Payments for the acquisition of the non-controlling interest in MCP		-	(2,405,176)
Payments for interest in exploration licenses		(63,000)	-
Net cash used in investing activities		**(1,342,935)**	**(6,222,003)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares and options	20	8,971,069	16,819,009
Capital raising costs	20	(383,210)	(790,678)
Repayment of gold stream facility	19,21	(5,203,357)	(627,400)
Proceeds from convertible notes and loans	21	2,420,000	90,000
Payments for borrowing transaction costs	21	(61,912)	-
Net cash provided by financing activities		**5,742,590**	**15,490,931**
Net increase / (decrease) in cash and cash equivalents		(3,138,821)	1,743,789
Cash and cash equivalents at the beginning of the period		3,478,808	1,751,800
Effects of foreign exchange		(228,946)	(16,781)
Cash and cash equivalents at the end of the period	9	**111,041**	**3,478,808**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2018

NOTE 1: REPORTING ENTITY

Orinoco Gold Limited (the "Company") is a company domiciled in Australia. The consolidated financial statements of the Group as at and for the year ended 31 December 2018 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 29 March 2019.

<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 2018 of $43,979,865 (2017: $13,537,801), had a net working capital defecit of $19,075,948 at 31 December 2018 (31 December 2017: $17,672,712) and experienced net cash outflows from operating activities of $7,538,476 (2017: $7,525,139) and net cash outflows from investing activities of $1,342,935 (2017: $6,222,003) for the year ended 31 December 2018. The Group had a cash balance of $111,041 at 31 December 2018 (31 December 2017: $3,478,808).

The Directors believe that its existing cash reserves, future production cash flows, the recently announced capital raising, plus the demonstrated ability of the Company to raise capital in the past 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. Supporting this opinion of the Directors is the fact that:

- The current liabilities include $3 million that is a pre-payment on the proposed exploration joint venture with AngloGold Ashanti. The Company expects to convert the payment towards AngloGold Ashanti's joint venture earn in commitment of US$9.5M upon execution of the joint venture agreement during the 12-month period from the date of this report;
- the Company continues to mine and process gold from its Cascavel operation and, as announced on 2 January 2019 and 18 March 2019, the Company continues to undertake sales of gold from its Cascavel mine, which will see ongoing cash payments received by the Company;
- the Directors have the support of key stakeholder Cartesian Royalty Holdings, who represent $9.5 million of the current liabilities, to pursue the Company's strategy, as evidenced by their recent agreement to defer up to three quarters of payments under the agreement with the Company and Cartesian Royalty Holdings subject to achieving certain milestones as announced on February 4th;
- that the recently announced renounceable rights issue is being supported by AngloGold Ashanti, who are acting as a sub-underwriter up to a voting power of 19.9% in the Company.

NOTE 2: BASIS OF PREPARATION (Continued)

Accordingly, the Directors consider the going concern basis of preparation to be appropriate.

However, if

i) There are material periods where the Company is unable to produce gold for sale from its Cascavel mine, or should the quantity of gold produced during the next 12 months be materially less than expected; or
ii) The Company fails to execute its Exploration Joint Venture agreement with AngloGold Ashanti; or
iii) The Company fails to increase production of gold to a level that enables it to meet its obligations for delivery of gold to Cartesian Royalty Holdings once the deferral periods are exhausted, or it fails to raise funds to meet those obligations by cash; or
iv) The Company fails to complete its recently announced $5.4 million renounceable entitlements issue.

Or a combination of the above, there would be 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 2018 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 acquire. 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.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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".

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Impairment is assessed under the expected credit model. 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.

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.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Share-Based Payments

The Group has provided payments to directors and employees (including senior executives) in the form of share-based compensation, whereby services are provided 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.

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.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. 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

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Significant Accounting Estimates and Assumptions (continued)

related exploration and evaluation asset through sale.

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 year, a total of $124,132 of capitalised exploration expenditure as the group elected not to pay to extend its option and therefore no longer has any rights to explore the tenements.

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 23: 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.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Significant Accounting Estimates and Assumptions (continued)

iv) Recoverability of the Cascavel Gold Project

The recoverability of the carrying amount of the Cascavel Gold Project 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.

The Directors have considered whether any impairment indicators have arisen during the year ended 31 December 2018 and whether any adverse changes have occurred since the last impairment assessment. As a result of this review, the Directors have determined that due to the continued underperformance of the Cascavel Gold Project an impairment indicator exists in relation to the Cascavel Project. Accordingly, the Directors conducted an impairment assessment of the Cascavel cash generating unit under AASB 136 Impairment of Assets. As a result of this impairment assessment, an impairment charge of $28,399,695 has been recognised in profit and loss (refer to notes 14 and 15 for details).

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.

vii) Performance Rights

131,800,000 Performance Rights were issued during the period to Directors and employees (10,000,000 were cancelled upon the resignation of directors) and have been valued at the grant date of each issue. Grant date is assessed as the date there was a shared understanding of the terms and conditions of the issue by both the Company and the recipient. The Director performance rights required shareholder approval and therefore the grant date is the day shareholder approval was received. Refer to note 20 for additional information.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Parent Entity Financial Information

The financial information for the parent entity, Orinoco Gold Limited, disclosed in Note 28 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 (less impairment) 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.

R. 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.

S. 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 months 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.

T. 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.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

U. Revenue Recognition

The Group has applied *AASB 15: Revenue from Contracts with Customers* using the cumulative effective method. Therefore, the comparative information has not been restated and continues to be presented under *AASB 118: Revenue*. The details of accounting policies under AAB 118 are disclosed separately since they are different from those under AASB 15 and the impact of changes is disclosed in Note 3 (W).

Sale of gold
The Group owns and operates the Cascavel Gold Project for the mining and extraction of gold. The terms of the customer contract are based on free on board (FOB) at shipping point. Therefore, at the point of delivery of gold to the shipping point, the customer takes control of the gold and has the obligation to pay. The Group is not responsible for the shipping of gold to the destination point. Revenue is recognised at the point of delivery to the customer at the mine gate.

The transaction price of the contract is based on the number of ounces measured at the point of delivery to the customer and the price per unit is set out in the contract with the customer.

A receivable is recognised when the items are delivered, as at this point the consideration is unconditional since only time needs to pass before the payment is due and payable.

Comparative Period

In the comparative period, Revenue was 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
Previously revenue was recognised when the goods were delivered and titles have passed, at which time all the following conditions are satisfied:

- When the buyer obtains control of the goods;
- 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.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

W. New Accounting Standards for Application in Future Years

In the year ended 31 December 2018, 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.

AASB 9 Financial Instruments (2014)
AASB 9 (2014), published in December 2014, replaces the existing guidance AASB 9 (2009), AASB 9 (2010) and AASB 139 *Financial Instruments: Recognition and Measurement* and came into effect on 1 January 2018.

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement.

Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs.

Debt instruments are subsequently measured at FVTPL, amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held.

There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch.

Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss.

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.

All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB 9, including the embedded derivative separation rules and the criteria for using the FVO.

The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139.

There was no material change as a result of the adoption of AASB 9.

AASB 15 Revenue from Contracts with Customers
AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, including in respect of multiple element arrangements. It replaced AASB 111 *Construction Contracts,* AASB 118 *Revenue* and AASB 1004 *Contributions.* AASB 15 came into effect on 1 January 2018.

The core principle of AASB 15 is that it requires identification of discrete performance obligations within a transaction and associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks and rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

There was no material change as a result of the adoption of AASB 15.

Standards and Interpretations in issue not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods. Those which may have a significant to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 16 Leases
AASB 16 replaces the current AASB 17 Leases standard. AASB 16 removes the classification of leases as either operating leases or finance leases- for the lessee - effectively treating all leases as finance leases. Most leases will be capitalised on the balance sheet by recognising a 'right-of-use' asset and a lease liability for the present value obligation. This will result in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in expense recognition, with interest and deprecation replacing operating lease expense.

Lessor accounting remains similar to current practice, i.e. lessors continue to classify leases as finance and operating leases.

AASB 16 is effective from annual reporting periods beginning on or after 1 January 2019.

As the group had no operating leases at year end, the standard is not expected to have any impact unless new operating leases are entered.

No other new standards, amendments to standards and interpretations are expected to affect the Group’s consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2018

NOTE 4: FINANCE REVENUE

	Consolidated 2018 $	Consolidated 2017 $
Finance Revenue		
Interest revenue	24,375	45,029
Total Finance Revenue	**24,375**	**45,029**

NOTE 5: LOSS

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

	Consolidated 2018 $	Consolidated 2017 $
Exploration expenditure written off as incurred	2,072,755	1,332,156
Equity settled share-based payments	752,975	99,075
Equity settled finance costs	57,273	855,537
Impairment of the Cascavel Gold Project	28,399,695	-

NOTE 6: FINANCE COSTS

	Consolidated 2018 $	Consolidated 2017 $
Interest paid	211,687	132,838
Fees relating to gold stream agreement	-	1,980,052
Effective interest	3,319,161	1,368,764
Amortisation of transaction costs	142,635	225,141
Total Finance Costs	**3,673,483**	**3,706,795**

NOTE 7: LOSS PER SHARE

	Consolidated 2018 $	Consolidated 2017 $
Basic and diluted loss per share – cents	(4.26)	(2.31)
Loss used in the calculation of basic and diluted loss per share	**(43,251,425)**	**(13,079,398)**
Weighted average number of ordinary shares outstanding during the period used in calculation of basic loss per share	1,016,007,866	566,618,360

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	
	2018 **$**	**2017** **$**
(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 2018 $	Consolidated 2017 $
Accounting loss before income tax	(43,251,425)	(13,079,398)
Income tax / (benefit) at the statutory income tax rate of 30% (2017: 30%)	(12,975,427)	(3,923,819)
Tax effect of expenditure not allowable for tax purposes		
Entertainment	-	516
Share based payments	194,093	29,723
Foreign income expenditure	12,339,689	3,168,336
Other non-deductible expenditure	-	-
Capital raising expenditure	(119,797)	(101,655)
Over-provision in prior year	(25,046)	-
Income tax benefit not brought to account	586,488	826,899
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% (2017: 30%) are made up as follows:

	Consolidated 2018 $	Consolidated 2017 $
Australian tax losses	4,344,824	3,746,862
Australian deductible temporary differences	43,725	27,366
Australian taxable temporary differences	(44,473)	(16,641)
Unrecognised net deferred tax assets	**4,344,076**	**3,757,587**

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 2018 $	Consolidated 2017 $
Reconciliation to Statement of Financial Position		
Cash at bank	111,041	3,478,808
Total Cash and Cash Equivalents (1)	**111,041**	**3,478,808**

(1) Cash at bank is subject to floating interest rates at an effective interest rate of 0.18% (31 December 2017: 0.75%).

NOTE 10: OTHER RECEIVABLES

	Consolidated	
	2018	**2017**
	$	**$**
Current:		
Trade Debtors	1,219	7,362
Advances/Deposits	75,232	40,818
Advances – Royalties	298,146	315,620
Other receivables – Taxes (Australia)	24,946	52,106
Other receivables – Taxes (Brazil)	54,459	57,650
Other	17,484	9,901
Total Other Receivables	**471,486**	**483,457**

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

NOTE 11: INVENTORY

Stores and spares	577,038	676,219
Total Inventory	**577,038**	**676,219**

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

NOTE 12: OTHER ASSETS

	Consolidated	
	2018	**2017**
	$	**$**
Current:		
Prepaid expenses	173,634	173,854
Total Other Current Assets	**173,634**	**173,854**
Non-Current:		
Prepaid expenses	4,510	87,562
Total Other Non-Current Assets	**4,510**	**87,562**

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

NOTE 13: EXPLORATION & EVALUATION EXPENDITURE

	Consolidated	
	2018	**2017**
	$	**$**
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

NOTE 13: EXPLORATION & EVALUATION EXPENDITURE (CONTINUED)

	Consolidated	
	2018 $	2017 $
Reconciliation:		
A reconciliation of the carrying amounts of exploration and evaluation expenditure is set out below:		
Balance at beginning of the year	1,220,362	1,220,362
Acquisition costs incurred during the year	124,132	-
Capitalised expenditure written off [1]	(124,132)	-
Total Exploration & Evaluation Expenditure	**1,220,362**	**1,220,362**

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] The capitalised acquisition costs were written off as the group elected not to pay to extend its option and therefore no longer has any rights to explore the tenements.

NOTE 14: MINE PROPERTIES AND DEVELOPMENT

	Consolidated	
	2018 $	2017 $
Mine properties at cost	-	21,032,455

Reconciliation:

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

	2018 $	2017 $
Balance at beginning of the year	21,032,455	18,790,502
Capitalised mine development costs	620,562	1,871,855
Pre-production costs net of pre-production revenue capitalised	295,382	604,196
Mine rehabilitation	-	-
Impairment	(21,677,913)	-
Foreign exchange movements	(270,486)	(234,098)
Total Mine Properties	**-**	**21,032,455**

NOTE 14: MINE PROPERTIES AND DEVELOPMENT (CONTINUED)

Impairment

Following a review of the carrying values of assets associated with the Cascavel mine, the Directors have determined that due to ongoing issues with the recoveries an impairment indicator was present. The Cascavel cash-generating unit has been determined as being the assets associated with the Cascavel Gold Project in Brazil. The cash-generating unit is comprised of mine properties and development ($21,677,913), mining equipment ($913,242), the process plant ($6,721,782) and other plant and equipment associated with the project ($421,277). The recoverable amount of the project was determined based on a value in use calculation using cash flow projections using financial budgets approved by management. The discount rate applied to the value in use assessment was 11.02%. Based upon the value in use assessment, an impairment charge of $28,399,695 has been recognised in the profit and loss and allocated between the process plant ($6,721,782) and mine properties and development ($21,677,913).

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2018 $	Consolidated 2017 $
Property Plant and Equipment		
Net book value	1,791,240	8,616,729

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 2018	770,092	6,876,157	629,731	340,749	8,616,729
Additions	285,022	56,604	60,246	19,770	421,642
Disposals	-	-	-	(2,204)	(2,204)
Depreciation	(99,559)	-(1)	(35,128	(83,059)	(217,746)
Impairment	-	(6,721,782)(2)	-	-	(6,721,782)
Foreign Exchange	(42,313)	(210,979)	(33,948)	(18,159)	(305,399)
Balance at 31 December 2018	913,242	-	620,901	257,097	1,791,240

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.
2 Following a review of the carrying values of assets associated with the Cascavel mine, the Directors have determined that due to ongoing issues with the recoveries an impairment indicator was present. The process plant was assigned to a cash-generating unit which consisted of the assets associated with the Cascavel Gold Project in Brazil. The cash generating unit is comprised of mine properties and development ($21,677,913), mining equipment ($913,242), the process plant ($6,721,782) and other plant and equipment associated with the project ($421,227). The recoverable amount of the project was determined based on a value in use calculation using cash flow projections using financial budgets approved by management. The discount rate applied to the value in use assessment was 11.02%. Based upon the value in use assessment, an impairment charge of $28,399,695 has been recognised in the profit and loss and allocated between the process plant ($6,721,782) and mine properties and development ($21,677,913).

Refer to note 14 for impairment consideration.

NOTE 16: TRADE AND OTHER PAYABLES

	Consolidated	
	2018	2017
	$	$
Current:		
Trade payables [1]	2,102,474	696,833
Accruals	266,398	292,052
Deferred consideration for non-controlling interest acquisition [2]	-	3,647,300
Other payables [3]	1,491,515	1,072,026
Brazilian taxes and social security payables [4]	1,353,485	263,949
Unissued shares [5]	29,232	1,824,969
Advance of Joint Venture funding [6]	3,000,000	3,000,000
Total Trade and Other Payables	**8,243,104**	**10,797,129**
Non-Current:		
Brazilian taxes and social security payables [4]	-	1,097,456
Total Trade and Other Payables	**-**	**1,097,456**

[1] Trade payables are non-interest bearing and are normally settled on 30-day terms.
[2] The Group had a liability to pay the former owners of the non-controlling interest in MCP US$1,500,000 in cash and US$1,350,000 in shares on 1 September 2018. On 23 March 2018, the Group settled these liabilities through the issue of 45.1m shares and 5.4m options with an exercise price of $0.11 and an expiry date of 31 March 2020.
[3] Other payables are non-trade payables, are non-interest bearing and have an average term of 3 months.
[4] During the previous year, the group negotiated the payment terms of certain tax and social security obligations. These payments are interest bearing and are payable via instalment. Due to the non-payment of instalments during the year, the full balance of these liabilities has been classified as current. Additional penalties and interest may be applicable, however, the value cannot be reliably estimated and has not been accrued.
[5] The Group received placement funding $29,232 during the year ended 31 December 2018 (2017: $1,824,969). The shares relating to this placement were issued during January 2019.
[6] Advance of funding for Exploration Joint Venture with Anglo Gold which is still under negotiation. The balance is non-interest bearing and will be offset against future exploration costs once the Joint Venture agreement has been finalised.

NOTE 17: OTHER LIABILITIES

	Consolidated 2018 $	2017 $
Current:		
Acquisition payments[1]	173,879	173,879
Premium funding	116,233	104,466
Other current liability	4,506	4,770
Total Other Current Liabilities	**294,618**	**283,115**

(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 18: PROVISIONS

		Consolidated	
	Rehabilitation (1) $	Employee benefits (2) $	Total $
Balance at beginning of year	480,102	428,240	908,342
Arising during the year	-	348,596	348,596
Utilised	-	(408,049)	(408,049)
Foreign Exchange	-	(21,618)	(21,618)
Balance at the end of year	480,102	347,169	827,271
Current	-	347,169	347,169
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 19: FINANCIAL LIABILITIES

	Consolidated 2018 $	Consolidated 2017 $
Financial liabilities at amortised cost		
Gold Stream facility [1]	-	2,123,043
Capitalised transaction costs	-	(104,757)
Funds payable under the Gold Stream variation [2,3]	9,912,206	8,958,280
Convertible notes with unrelated parties[4]	1,187,217	-
Convertible loans with former directors[5]	424,833	-
Total financial liabilities at amortised cost	**11,524,256**	**10,976,566**
Financial liabilities classification:		
Current financial liabilities		
Financial liabilities at amortised cost	11,524,256	10,976,566
Total current financial liabilities	11,524,256	10,976,566
Total financial liabilities	11,524,256	10,976,566

Reconciliation - Gold Stream Facility:
A reconciliation of the carrying amounts of financial liabilities is set out below:

	Consolidated 31 December 2018 $
Balance at beginning of period	10,976,566
(Capitalisation)/Amortisation of transaction costs	104,757
Recognition of effective interest	3,241,180
Repayments made	(5,203,357)
Fair value adjustment	(160,867)
Foreign exchange movements	953,927
Total Gold Stream Facility	**9,912,206**

NOTE 19: FINANCIAL LIABILITIES (CONTINUED)

Reconciliation - Convertible Notes with unrelated parties:
A reconciliation of the carrying amounts of financial liabilities is set out below:

	Consolidated 31 December 2018 $
Balance at beginning of period	-
Convertible note funding received[4]	2,000,000
Capitalisation of transaction costs	(119,184)
Amortisation of transaction costs	37,878
Recognition of finance charges	73,148
Conversions made	(804,625)
Total Financial Liabilities	**1,187,217**

Reconciliation- Convertible loans with former directors:
A reconciliation of the carrying amounts of financial liabilities is set out below:

	Consolidated 31 December 2018 $
Balance at beginning of period	-
Convertible loan funding received[5]	420,000
Recognition of finance charges	4,833
Total Financial Liabilities	**424,833**

[1] During the period the Group completed all payments due under the gold stream facility with the balance now being carried under the gold stream variation. Refer points 2 and 3 below.

[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 ended 31 December 2016, 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. The introduction of a Net Smelter Royalty (see (a) below) to the agreement has introduced a monetary aspect and as such the liability has been re-classified from deferred revenue to financial liabilities at amortised cost.

The gold stream liabilities are secured (refer b(iii) below).

NOTE 19: FINANCIAL LIABILITIES (CONTINUED)

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 (this was subsequently revised to a minimum quantity of 17,600 ounces of gold and a maximum quantity of 26,400 ounces).

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) 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%.

b) 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) 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'.

NOTE 19: FINANCIAL LIABILITIES (CONTINUED)

iii) 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.

On 4 February 2019, the company announced that it had negotiated a 12 month deferral of its Q4 2018 minimum payment of 1,000 oz which was due on 18 February 2019 in exchange for a 0.5% Net Smelter Royalty ("NSR") over all tenements owned by the Group. 12-month deferrals of the Q1 2019 and Q2 2019 payments are also available at the Group's discretion for an additional NSR of 0.75% and 1.0% for a total NSR of 2.25%.

The cash equivalent of 3,000 oz was repaid to CRH during the year ended December 2018 (2017: 380 oz)

[4] The Group issued the convertible notes to MEF I, L.P. ('Magna") on the following terms:

Face value per Tranche	A$2,000,000
Tranches	4
Maturity date	12 Months
Interest payments	Nil
Conversion Rights	Lower of fixed conversion price of $0.20 and 90% of the to conversion notice date.
Fixed conversion price	A$0.20.
Floor price	A$0.0125 on five consecutive trading days
Repayment on maturity	115% of face value
Early Redemption:	115% of the face value, 110% if in the first 180 days
Costs:	
Commitment fee	3% of purchase price
Termination Fee	2% of the amount by which the aggregate amount of all A$8,000,000 on the Termination Date

At 31 December 2018, the Group had issued Tranche A in its entirety.

The convertible notes are separated out into the host contract and embedded derivatives and are accounted for separately as follows:
The option to convert is fair valued based on the $0.20 option and the 90% VWAP option. The fair value of the derivative is deducted from and the host contract.
The embedded derivative for the conversion feature is separated out of the host contract and the derivative financial liability is accounted for as fair value through profit or loss (Note: at balance date, the value of the embedded derivative was trivial and has not been accounted for separately).
The residual host contract is accounted as a financial liability at amortised cost.

[5] The convertible loans were provided to the Group by Directors of the Company. A facility fee of 6% along with interest of 10% per annum is payable. The loans have a term of 2 months and are repayable in either cash or shares at the election of the director.

NOTE 20 ISSUED CAPITAL & RESERVES

Consolidated as at and for the year ended 31 December 2018	# Ordinary	$
(a) Issued and Paid Up Capital		
Fully paid ordinary shares	1,158,988,253	76,081,240
(b) Movements in fully paid shares on issue		
Balance as at 1 January 2018	783,295,119	60,995,126
Issue of shares @ $0.02 - Placement	92,500,000	1,850,000
Issue of shares @ $0.03 - Exercise of options	59,500,000	1,785,000
Issue of shares @ $0.11 - Exercise of options	2,188	241
Issue of shares @ $0.12 - Placement	51,683,038	6,201,965
Issue of shares @ $0.12 – Cascavel minority purchase	16,164,492	1,939,739
Issue of shares @ $0.06 – Cascavel minority purchase	28,931,051	1,735,863
Issue of shares @ $0.045 – Payment to acquire option over mineral rights	1,444,877	65,020
Issue of shares @ $0.042 – Commitment fee shares for convertible notes	1,363,636	57,273
Conversion of 100,000 Tranche A Convertible Notes @ US$1.10 per note	4,631,877	153,825
Conversion of 100,000 Tranche A Convertible Notes @ US$1.10 per note	6,295,597	151,850
Conversion of 75,000 Tranche A Convertible Notes @ US$1.10 per note	5,499,336	116,806
Conversion of 50,000 Tranche A Convertible Notes @ US$1.10 per note	5,101,776	77,139
Conversion of 200,000 Tranche A Convertible Notes @ US$1.10 per note	21,049,335	305,005
Issue of shares @ $0.0135 - Placement	71,525,931	965,600
Issue of shares @ $0.007 - Placement	10,000,000	70,000
Capital raising costs	-	(389,212)
Balance at 31 December 2018	**1,158,988,253**	**76,081,240**
Total Options Proceeds Reserves (refer (c) below)		**162,322**
Total Share Based Reserves (refer (d) below)		**4,720,320**
Foreign Exchange Reserve (refer (e) below)		**(693,513)**
Non-Controlling Interests Reserve (refer (f) below)		**(9,513,799)**
Total Reserves		**(5,324,670)**

(c) Options Proceeds Reserve

Balance at 1 January 2018	221,763,830	162,322
Free attaching options	109,727,679	-
Exercise of options	(59,502,188)	-
Lapse of options	(41,905,369)	-
Balance at 31 December 2018	**230,083,952**	**162,322**

NOTE 20 – ISSUED CAPITAL & RESERVES (CONTINUED)

(d) Share based payments reserve:		
Balance as at 1 January 2018	32,277,846	3,960,194
Options issued to consultants in lieu of cash	14,500,000	395,850
Options issued to minority holders of MCP	5,388,164	113,151
Options issued to consultants in lieu of cash	7,462,840	251,125
Performance rights issued to directors and management [1]	121,800,000	-
Balance at 31 December 2018	**181,428,850**	**4,720,320**

[1] Performance hurdles relating to the performance rights are as follows:

- 35,599,994 vest when 1,000 ounces is achieved for 2 consecutive months from Cascavel for a total of greater than 2,000 ounces over the 2-month period.
- 35,599,994 vest when 1,500 ounces is achieved for 2 consecutive months from Cascavel for a total of greater than 3,000 ounces over the 2-month period.
- 35,600,012 vest when 2,000 ounces is achieved for 2 consecutive months from Cascavel for a total of greater than 4,000 ounces over the 2-month period.
- 15,000,000 vest when a further 5,000-ounce milestone per month is achieved for 4 consecutive months from Cascavel for a total of 20,000 ounces over the 4 month period.

The value of the performance rights at grant date was approximately $10.4m. As at balance date, no vesting expense has been brought to account due to uncertainty around non-market vesting conditions being achieved. Vesting conditions will be assessed at each subsequent balance date and a vesting expense will be recorded when the Board believe the performance hurdles will be met.

(e) Foreign Exchange Reserve	**Consolidated year ended 31 December 2018 $**	**Consolidated year ended 31 December 2017 $**
Balance as at beginning of period	34,927	493,330
Currency translation movement during the year	(728,440)	(458,403)
Balance at end of period	**(693,513)**	**34,927**

(f) Non-Controlling Interests Reserve	**Consolidated**	
	31 December 2018 $	**31 December 2017 $**
Carrying amount of non-controlling interests acquired	(9,400,648)	(1,049,941)
Consideration paid (or payable) to non-controlling interests	(113,151)	(8,350,707)
Excess of consideration paid recognised in the transactions with non-controlling interests reserve in equity	**(9,513,799)**	**(9,400,648)**

NOTE 20 – ISSUED CAPITAL & RESERVES (CONTINUED)

Consolidated as at and for the year ended 31 December 2017	# Ordinary	$
(a) Issued and Paid Up Capital		
Fully paid ordinary shares	783,295,119	60,995,126
(b) Movements in fully paid shares on issue		
Balance at 1 January 2017	307,349,089	42,078,055
Issue of shares @ $0.25 exercise of options	9,142	2,285
Issue to CRH – Standstill fee	14,269,518	599,319
Issue of shares @ $0.07 entitlements issue/shortfall	142,649,933	9,985,497
Issue of shares – settlement of convertible loans	29,904,264	2,057,413
Issue of shares – Cascavel minority purchase	40,295,443	2,086,880
Issue of shares @ $0.02 entitlements issue/shortfall	248,817,730	4,976,355
Capital raising costs	-	(790,678)
Balance at 31 December 2017	**783,295,119**	**60,995,126**
Total Option Proceeds Reserve (refer (c) below)		**162,322**
Total Share Based Payments Reserve (refer (d) below)		**3,960,194**
Foreign Exchange Reserve (refer (e) below)		**34,927**
Non-Controlling Interests Reserve (refer (f) below)		**(9,400,648)**
Total Reserves		**(5,243,205)**

(c) Option Proceeds Reserve

Balance as at 1 January 2017	19,314,511	132,418
Free attaching listed options relating to capital raise	142,649,933	-
Free attaching listed options relating to convertible loans	29,904,264	-
Options applied for by convertible loan holders	29,904,264	29,904
Exercise of options	(9,142)	-
Balance at 31 December 2017	**221,763,830**	**162,322**

(d) 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(1)	4,500,000	99,075
Issued in relation to Gold Stream funding	8,306,417	256,217
Expiry of options	(23,928,571)	-
Balance at 31 December 2017	**32,277,846**	**3,960,194**

NOTE 20 – ISSUED CAPITAL & RESERVES (CONTINUED)

(e) Foreign Exchange Reserve

	$
Balance as at 1 January 2017	493,330
Currency translation differences arising during the year	(458,403)
Balance at 31 December 2017	**34,927**

(f) Non-Controlling Interests Reserve

	Consolidated	
	31 December 2017 $	31 December 2016 $
Carrying amount of non-controlling interests acquired	(1,049,941)	-
Consideration paid (or payable) to non-controlling interests	(8,350,707)	-
Excess of consideration paid recognised in the transactions with non-controlling interests reserve in equity	**(9,400,648)**	**-**

(1) The valuation of the issue of these securities is disclosed in Note 23: 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 289,712,803 (31 December 2017: 254,041,676) unissued ordinary shares on which options are outstanding with a weighted average exercise price of 9.3 cents (31 December 2017: 13 cents). The weighted average remaining contractual life of all share options outstanding at the end of the financial period is 1.2 years (31 December 2017: 1.79 years).

NOTE 20: 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 and performance rights 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.

4) *Non-Controlling Interests Reserve*

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

NOTE 21: CASH FLOW INFORMATION

	Consolidated	
	2018	**2017**
	$	**$**
Reconciliation of cash flow from operating activities with loss after income tax		
Loss for the year	(43,251,425)	(13,079,398)
Less – Non-cash items:		
Share based payments	752,975	99,075
Depreciation	217,746	232,220
Inventory write down	-	90,524
Write off of capitalised exploration expenditure	124,132	-
Foreign exchange loss (gain)	935,659	(465,903)
Non-cash finance costs	3,492,997	2,449,441
Disposal of property, plant & equipment	(372)	(662)
Fair value adjustments	(160,867)	96,302
Impairment of non-current assets	28,399,695	-
Changes in Assets and Liabilities		
Movement in trade and other receivables	91,429	(112,109)
Movement in other assets	(54,472)	(159,205)
Movement in inventory	108,091	(77,931)
Movement in provisions	(81,099)	74,855
Movement in trade and other payables	1,887,035	3,327,652
Net cash flows used in operating activities	**(7,538,476)**	**(7,525,139)**

NOTE 21: CASH FLOW INFORMATION (Continued)

Reconciliation of financing cash flows from financial liabilities	Convertible loans with former directors $	Convertible notes with other parties $	Gold Stream $	Total $
Opening balance	-	-	10,976,566	10,976,566
Cash movement				
Proceeds from convertible notes and loans	420,000	2,000,000	-	2,420,000
Repayment of gold stream facility	-	-	(5,203,357)	(5,203,357)
Transaction costs settled in cash	-	(61,911)	-	(61,912)
Non-cash movements				
Transaction costs settled in shares	-	(57,273)	-	(57,273)
Amortisation of transaction costs	-	37,878	104,757	142,635
Conversion into shares	-	(804,625)	-	(804,624)
Effective interest	4,833	73,148	3,241,180	3,319,161
Fair value adjustments	-	-	(160,867)	(160,867)
Foreign exchange movements	-	-	953,927	953,927
Closing balance	**424,833**	**1,187,217**	**9,912,206**	**11,524,256**

NOTE 22: 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 2018 $	2017 $
Total remuneration paid to key management personnel during the period is as follows:		
Short-term employee benefits	703,017	1,869,234
Post-employment benefits	42,722	159,484
Share based payments	-	99,075
Non monetary	47,555	120,565
Total	**793,294**	**2,248,358**

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.

	Consolidated 2018 $	2017 $
Loans from directors	424,833	-
Total	**424,833**	**-**

Refer to note 19 for terms and conditions

NOTE 23: SHARE BASED PAYMENTS

Share based Payment Transactions

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

	Consolidated 2018 $	Consolidated 2017 $
Share based payments in profit or loss in Share Based Payment Expense [(1)]:		
7,851,853 (2017: Nil) Shares issued to consultants in lieu of cash	106,000	-
21,962,840 (2017: Nil) Unlisted options issued to consultants in lieu of cash	646,975	-
Nil (2017: 4,500,000) Options issued to employees under ESOP for services rendered and future incentive	-	99,075
Total share based payments in profit or loss in Share Based Payment Expense:	**752,975**	**99,075**
Share based payments in profit or loss in Finance Costs [(2)]:		
Nil (2017: 8,306,417) Options issued in relation to Gold Stream	-	256,217
Nil (2017: 14,269,518) Shares issued in settlement of Gold Stream standstill payments	-	599,320
1,363,636 (2017: Nil) Shares issued to MEF I LP relating to issue of convertible notes	57,273	-
Total share based payments in profit or loss in Finance Costs:	**57,273**	**855,537**
Total share based payments in profit or loss	**810,248**	**954,612**
Share based payments in capital accounts [(4)]:		
45,095,543 (2017: 40,235,443) Shares issued as consideration for purchase of Minority Interest in Mineração Curral de Pedra Ltda	3,675,602	2,086,880
5,388,164 (2017: Nil) unlisted options issued as consideration for purchase of Minority Interest in Mineração Curral de Pedra Ltda	113,151	-
1,444,877 (2017: Nil) shares issued to acquire an option over mineral rights	65,020	-
Total share based payments in capital accounts	**3,853,773**	**2,086,880**
Total share based payments	**4,664,021**	**3,041,492**

NOTE 23: SHARE BASED PAYMENTS (CONTINUED)

(3) Share based payments in profit or loss in Share Based Payment Expense

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
23 March 2017	1,500,000	29 May 2020	$0.0915	Unlisted	$0.0247
23 March 2017	1,500,000	29 May 2020	$0.106746	Unlisted	$0.0224
24 April 2017	750,000	29 May 2020	$0.075	Unlisted	$0.0199
24 April 2017	750,000	29 May 2020	$0.0875	Unlisted	$0.018

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

(4) Share based payments in profit or loss in Finance Costs

Shares and Options were issued to the Company's funding partner on the following terms and conditions:

Options

Grant Date	Options issued during the period	Expiry Date	Exercise Price per Option	Type	Fair Value at Grant Date
19 September 2017	2,678,571	30/11/2020	$0.02	Unlisted	$0.015
19 September 2017	1,449,275	31/01/2021	$0.02	Unlisted	$0.0153
19 September 2017	500,000	30/04/2021	$0.02	Unlisted	$0.0156
19 September 2017	250,000	30/06/2021	$0.02	Unlisted	$0.0158

Shares

Date of issue	Number of Ordinary Shares	Market price of shares at date of issue
13 January 2017	9,542,905	$0.042
23 November 2017	4,726,613	$0.042
3 September 2018	1,363,636	$0.042

(5) Share based payments in profit or loss in Consulting Fees

Options

Grant Date	Options issued during the period	Expiry Date	Exercise Price per Option	Type	Fair Value at Grant Date
2 January 2018	14,500,000	4 April 2021	$0.03	Unlisted	$0.0273
2 July 2018	1,865,710	19 September 2021	$0.03	Unlisted	$0.0581
7 August 2018	1,865,710	19 September 2021	$0.03	Unlisted	$0.0393
19 September 2018	3,731,420	19 September 2021	$0.03	Unlisted	$0.0186

NOTE 23: SHARE BASED PAYMENTS (CONTINUED)

(6) Share based payments in profit or loss in Consulting Fees (Continued)

Shares

Date of issue	Number of Ordinary Shares	Market price of shares at date of issue
22 November 2018	4,148,149	$0.0135
29 November 2018	3,703,704	$0.0135

(7) Share based payments in capital accounts

During the year, the Company issued a total of 45,095,543 (2017: 40,235,443) shares and 5,388,164 (2017: Nil) listed options exercisable at $0.11 with an expiry date of 31 January 2020 to the Minority holders of Mineração Curral de Pedra Ltda as part of the terms of the acquisition. A further 1,444,887 (2017: Nil) shares were issued for the acquisition of an option over mineral rights in Brazil:

Options

Grant Date	Options issued during the period	Expiry Date	Exercise Price per Option	Type	Fair Value at Grant Date
23 March 2018	5,388,164	31 January 2020	$0.11	Listed	$0.021

Shares

Date of issue	Number of Ordinary Shares	Fair value of shares at grant date
3 May 2017	8,180,126	$0.049
21 September 2017	32,115,317	$0.0525
5 April 2018	16,164,492	$0.12
5 April 2018	28,931,051	$0.06
13 April 2018	1,444,877	$0.045

NOTE 23: SHARE BASED PAYMENTS (CONTINUED)

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

2018								
Granted	Terms & Conditions						Vested	
#	Grant Date	Fair Value at Grant Date	Exercise Price per Option	Expiry Date	First Exercise Date	Last Exercise Date	Yes	%
14,500,000	2/1/18	$0.0273	$0.03	4/4/21	13/4/18	4/4/21	Yes	100%
1,865,710	2/7/18	$0.0581	$0.03	19/9/21	19/9/18	19/9/21	Yes	100%
1,865,710	7/8/18	$0.0393	$0.03	19/9/21	19/9/18	19/9/21	Yes	100%
3,731,420	19/9/18	$0.0186	$0.03	19/9/21	19/9/18	19/9/21	Yes	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 Consultant Options	Unlisted Consultant Options	Unlisted Consultant Options	Unlisted Consultant Options
1. Options granted for consideration of services:	14,500,000	1,865,710	1,865,710	3,731,420
2. Exercise price (cents):	3	3	3	3
3. Valuation date:	2/1/18	2/7/18	7/8/18	19/9/18
4. Expiry date:	4/4/21	19/9/21	19/9/21	19/9/21
5. Underlying security spot price at grant date (cents):	3.5	6.9	4.9	2.6
6. Expected price volatility of the Company's shares:	128%	126%	126%	126%
7. Expected dividend yield:	0%	0%	0%	0%
8. Risk-free interest rate:	2.18%	2.15%	2.15%	2.15%
9. Discount:	-	-	-	-

Fair value of listed options granted

A total of 5,388,164 listed options were issued to the former minority holders of Mineração Curral de Pedra Ltda as a part of the cost of acquisition. These options were valued at the quoted option price on grant date being $0.021 per option.

NOTE 23: SHARE BASED PAYMENTS (CONTINUED)

Fair value of performance rights granted

Performance rights issued to directors and management have been valued with reference to the underlying share price on grant date as follows:

# Performance Rights	Date of Grant	Share Price	Value
60,000,000	22/02/2018	$0.097	$5,820,000
70,000,000	24/04/2018	$0.082	$5,740,000
3,000,000	01/10/2018	$0.027	$81,000
1,800,000	29/11/2018	$0.009	$16,200

Refer to note 20 for details of vesting conditions.

Fair value of shares issued

1. During the period the company issued 1,444,877 of shares @ $0.045 as payment to acquire an option over mineral rights. The valuation agreed on as settlement of US$50,000.
2. The Group had a liability to pay the former owners of the non-controlling interest in MCP US$1,500,000 in cash and US$1,350,000 in shares on 1 September 2018. On 23 March 2018, the Group settled these liabilities through the issue of 45,095,543 shares and 5,388,164 listed options with an exercise price of $0.11 and an expiry date of 31 March 2020. The share price was calculated using a 30 day VWAP after payment date plus a 30 day VWAP before issue as per the sale agreement. The shares were subject to escrow until 1 September 2018.

NOTE 24: AUDITOR'S REMUNERATION

The auditor of Orinoco Gold Limited is HLB Mann Judd.

	Consolidated	
	2018	**2017**
	$	**$**
Amounts received or due and receivable by HLB Mann Judd for:		
An audit or review of the financial report of the Company	77,560	96,000
Other services in relation to the Company	-	-
	77,560	**96,000**
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	42,896	63,877
	42,896	**63,877**
Total	**120,456**	**159,877**

NOTE 25: 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. 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 main impact of the change in gold price will result in the recognition of finance charges against the Group's gold stream facility. Based on a year end Australian dollar gold price of $1,815 the effect of an increase in the gold price on the potential value of the gold stream deliveries will be as follows:

	Sensitivity	**2018** **$**	**2017** **$**
Minimum oz	10%	2,580,930	2,856,798
Maximum oz	10%	4,178,180	4,316,718

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 2018 approximates the value of cash and cash equivalents.

NOTE 25: FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

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

	Assets		Liabilities	
	2018 AUD$	**2017 AUD$**	**2018 AUD$**	**2017 AUD$**
Brazilian Real	679,333	1,122,166	5,147,404	3,454,380
US Dollar	-	1,280	9,912,151	12,896,197
Total	**679,333**	**1,123,446**	**15,059,555**	**16,350,577**

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 2018 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.

NOTE 25: FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2018 $	Effect On: Equity 2018 $	Effect On: Results 2017 $	Effect On: Equity 2017 $
BRL Balances	+ 5%	(223,404)	(223,404)	(116,611)	(116,611)
	- 5%	223,404	223,404	116,611	116,611
USD Balances	+ 5%	(495,608)	(495,608)	(644,746)	(644,746)
	- 5%	495,608	495,608	644,746	644,746

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 19.

(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.

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 2018 $	Effect On: Equity 2018 $	Effect On: Results 2017 $	Effect On: Equity 2017 $
Interest Rate	+ 1.00%	1,110	1,110	34,788	34,788
	- 1.00%	(1,110)	(1,110)	(34,788)	(34,788)

* 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 26: 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.

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.

NOTE 26: SEGMENT REPORTING (CONTINUED)

Information about Reportable Segments

CONSOLIDATED	Gold $	All Other Segments $	Total $
Year ended 31 December 2018			
Segment Revenue	-	24,375	24,375
Segment Loss after Tax	(39,924,363)	(3,327,062)	(43,251,425)
Interest revenue	-	24,375	24,375
Interest expense	(3,593,008)	(80,475)	(3,673,483)
Depreciation	(206,229)	(11,517)	(217,746)
Share based payments	-	(752,975)	(752,975)
Impairment expense	(28,399,695)	-	(28,399,695)
Segment Assets	4,226,302	123,009	4,349,311
Additions to Non-Current Assets	1,461,722	-	1,461,722
Segment Liabilities	(20,070,733)	(818,516)	(20,889,249)
Cash Flow Information			
Net cash flow from operating activities	(5,960,573)	(1,577,904)	(7,538,477)
Net cash flow from investing activities	(1,348,238)	5,303	(1,342,935)
Net cash flow from financing activities	(5,203,357)	10,945,947	5,742,590

CONSOLIDATED	Gold $	All Other Segments $	Total $
Year ended 31 December 2017			
Segment Revenue	157	44,872	45,029
Segment Loss after Tax	(10,442,993)	(2,636,405)	(13,079,398)
Interest revenue	157	44,872	45,029
Interest expense	(332,359)	(25,620)	(357,979)
Depreciation	(191,735)	(40,485)	(232,220)
Share based payments	-	(99,075)	(99,075)
Segment Assets	32,518,625	3,250,821	35,769,446
Additions to Non-Current Assets	3,069,743	10,604	3,080,347
Segment Liabilities	(21,878,169)	(2,184,439)	(24,062,608)
Cash Flow Information			
Net cash flow from operating activities	(6,079,328)	(4,445,811)	(10,525,139)
Net cash flow from investing activities	(6,208,586)	(13,417)	(6,222,003)
Net cash flow from financing activities	2,372,600	16,118,331	18,490,931

NOTE 26: SEGMENT REPORTING (CONTINUED)

Geographical Information

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

	Brazil	Australia	Total
CONSOLIDATED	**$**	**$**	**$**
31 December 2018			
Revenue from external customers	-	-	-
Non-current assets	3,006,779	9,333	3,016,112
CONSOLIDATED			
31 December 2017			
Revenue from external customers	-	-	-
Non-current assets	30,934,053	23,055	30,957,108

NOTE 27: COMMITMENTS FOR EXPENDITURE

Expenditure Commitments

Operating Lease Commitments
Commitments for minimum lease payments are:

	Consolidated	
	2018	**2017**
	$	**$**
Within one year	-	28,669
Later than one year but less than five years	-	-
Later than five years	-	-
	-	**28,669**

The Group had no other material commitments at 31 December 2018.

NOTE 28: PARENT ENTITY DISCLOSURES

Financial Position

	2018	**2017**
	$	**$**
Assets		
Current Assets	113,676	3,227,587
Non-Current Assets	9,333	19,795,849
Total Assets	123,009	23,023,436
Liabilities		
Current Liabilities	12,091,821	11,316,598
Non-Current Liabilities	-	-
Total Liabilities	12,091,821	11,316,598
Equity		
Issued Capital	76,081,240	60,995,126
Options Reserve	4,882,640	4,122,515
Accumulated Losses	(92,932,692)	(53,410,803)
Total Equity/(Net Deficiency)	(11,968,812)	11,706,838

Financial Performance

	2018	**2017**
	$	**$**
Loss for the period	(39,521,889)	(9,493,084)
Other comprehensive income	-	-
Total Comprehensive Loss	(39,521,889)	(9,493,084)

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

NOTE 29: INTERESTS IN CONTROLLED ENTITIES

The Company has the following subsidiaries:

Name of Subsidiary	Country of Incorporation	Class of Shares	Percentage Held 2018	Percentage Held 2017
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	100%	100%
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 30: SUBSEQUENT EVENTS

Board Changes
On 2 January 2019, Matthew O'Kane was appointed as Interim Executive Director following the resignation of Jeremy Gray as Managing Director.

On 13 February 2019, Adrian Byass was appointed Chairman following the resignations of Joseph Pinto and Nicholas Revell.

Funding
On 2 January 2019, Empire Capital Partners was appointed as lead manager of a $556,200 placement at $0.07 per share with a free attaching option with a 3-year life and $0.01 strike price. The company also entered into a two year $2.5m equity placement facility with Empire to be used towards capital expenditure at Cascavel and for general corporate and working capital purposes.

On 2 January 2019, the Company also drew down the second tranche of convertible notes under the convertible note facility provided by MEF I, L.P. and announced to ASX on 31 August 2018. The Company elected to draw down $US947,540, and these funds have been used to pay down existing debt of the Company.

On 4 February 2019, the Company announced that it reached agreement with Cartesian Royalty Holdings ("CRH") for a three-month deferral of the quarterly minimum payment under the Gold Stream agreement with additional six and nine-month deferrals available at the Company's option. Key terms of the deferral are as follows:

- CRH shall defer the Q4 2018 minimum delivery to 18 February 2020, in exchange for a 0.5% net smelter royalty in respect of Orinoco's interest in all tenements in which the Company and its subsidiaries or affiliates have an interest;
- CRH shall, if requested in writing by Orinoco prior to 18 May 2019, defer the Q1 2019 minimum delivery to 18 May 2020, in exchange for an additional 0.75% net smelter royalty in respect of Orinoco's interest in all tenements in which the Company and its subsidiaries or affiliates have an interest;
- CRH shall, if requested in writing by Orinoco prior to 18 August 2019, defer the Q2 2019 minimum delivery to 18 August 2020, in exchange for an additional 1.0% net smelter royalty in respect of Orinoco's interest in all tenements in which the Company and its subsidiaries or affiliates have an interest;
- The granting of the Q1 2019 minimum delivery deferral is subject to Orinoco completing a A$5 million capital raising by 1 May 2019 and executing definitive documents for its US$9.5 million exploration Joint Venture with AngloGold Ashanti.

On 13 February 2019, the Company reached agreement with Magna to draw down $400,000 under the existing Convertible Note Facility along with a further $250,000 on 25 March 2019.

NOTE 30: SUBSEQUENT EVENTS (Continued)

On 27 March 2019 the Company announced a fully underwritten accelerated renounceable entitlements issue of nineteen (19) New Shares for every ten (10) Shares to raise up to $5,410,739 (before costs) at a price of $0.002 per share.

Shares Issued
The following shares have been issued since year end:

- On 2 January 2019, issue of 41,914,285 ordinary shares at $0.007 per share and 947,540 convertible notes.
- On 7 January 2019, issue of 21,785,714 ordinary shares at $0.007 per share.
- On 7 January 2019, issue of 31,250,000 ordinary shares at $0.00 per share in accordance with Committed Equity facility.
- On 7 January 2019, issue of 2,000,000 ordinary shares at $0.007 per share.
- On 7 January 2019, issue of 4,767,429 ordinary shares at $0.007 per share in lieu of cash fees to broker.
- On 7 January 2019, issue of 7,812,500 ordinary shares at $0.007 per share in accordance with Committed Equity facility.
- On 7 January 2019, issue of 20,449,069 ordinary shares on the conversion of $130,669.55 Tranche B Convertible Notes at a conversion price of $0.00639 per Fully Paid Ordinary Share.
- On 15 January 2019, issue of 16,571,431 ordinary shares at $0.007 per share.
- On 29 January 2019, issue of 23,547,088 ordinary shares at $0.0054 per share on the conversion of $127,154.27 Tranche B Convertible Notes.
- On 29 January 2019, issue of 500,000 ordinary shares at $0.007 per share.
- On 31 January 2019, issue of 37,500,000 ordinary shares at $0.004 per share.
- On 19 February 2019, issue of 22,749,700 ordinary shares at $0.004 per share under a placement.
- On 19 February 2019, issue of 22,564,910 ordinary shares at $0.003780 per share on the conversion of $85,295.36 Tranche B Convertible Notes.
- On 25 February 2019, issue of 13,400,000 ordinary shares at $0.004 per share under a placement.
- On 25 February 2019, issue of 2,352,941 ordinary shares at $0.0051 (5 day VWAP) as a commitment fee of 3% for the $400,000 of Tranche B Convertible Notes issued, settled in shares under the Magna Convertible Note Agreement.
- On 28 February 2019, issue of 1,350,300 ordinary shares at $0.004 per share under a placement.
- On 28 February 2019, issue of 2,500,000 ordinary shares at a deemed price $0.005 as a brokerage fee for January and February placements settled in shares.
- On 25 March 2019, issue of 1,875,000 ordinary shares at $0.004 per share as payment in shares of 3% Commitment Fee (A$7,500) for A$250,000 drawdown of the Magna Facility.

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 31: 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$402,000) and the cancellation of unpaid invoices totalling approximately R$300,000 (A$110,000) 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$1.43 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$700,000 (A$254,000) 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 the 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
    - pay an increased royalty of 3%
    - make a payment of US$3,000,000 to keep the royalty at 1.5%
    - purchase the royalty for US$6,000,000

The Group elected not to pay to purchase or keep the royalty at 1.5% and as a result the royalty increased to 3%.

During September 2018, the Group also received claims for unpaid taxes and entitlements from two former senior executives who were terminated during the year. The combined value of the claims is approximately R$2,500,000 (A$913,000). The claims are being assessed by the Group, and the Company expects that it will defend these claims.

Due to the non-payment of previously negotiated tax and social security instalments during the year, additional penalties and interest may be applicable, however, as the value of these cannot be reliably estimated they have not been accrued. Refer to note 16 for details.

The Directors are not aware of any other contingent liabilities that may arise from the Company's operations as at 31 December 2018.

NOTE 32: TRANSACTIONS WITH NON-CONTROLLING INTERESTS

During the prior 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 (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 (settled during the period via the issue of 45,095,543 ordinary shares and 5,388,164 listed options exercisable at $0.11 with an expiry date of 31 January 2020)
- 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	
	31 December 2018	**31 December 2017**
	$	**$**
Carrying amount of non-controlling interests acquired	(9,400,648)	(1,049,941)
Consideration paid to non-controlling interests	(113,151)	(8,350,707)
Excess of consideration paid recognised in the transactions with non-controlling interests reserve in equity	**(9,513,799)**	**(9,400,648)**

NOTE 33: NON-CONTROLLING INTEREST

The Group has one subsidiary with a Non-Controlling interest being Rio do Ouro Mineração Ltda (ROM) which has a 40% NCI. There were no transactions during the current financial year which have impacted on the carrying value of the Non-Controlling Interest and there was no closing balance in the Non-Controlling interest.

DIRECTORS' DECLARATION

In the Directors' opinion:

a) the financial statements, notes 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 2018 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 2018.

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

On behalf of the Board

Mr Adrian Byass
Non-Executive Chairman

Perth
29 March 2019

INDEPENDENT AUDITOR'S REPORT

To the members of Orinoco Gold Limited

Report on the Audit of the Financial Report

Disclaimer of Opinion

We were engaged to audit 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 2018, 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.

We do not express an opinion on the accompanying financial report of the Group. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit report on this financial report.

Basis for Disclaimer of Opinion

As at 31 December 2018, the Group had cash and cash equivalents of $111,041, an excess of current liabilities over current assets of $19,075,948 and net liabilities of $16,539,938. For the year ended 31 December 2018, the Group recorded a loss of $43,251,425 and a net cash outflow from operating and investing activities of $8,881,411.

As part of our audit procedures, we have been unable to obtain sufficient, appropriate audit evidence in relation to the Group's ability to continue as a going concern with respect to the following matters:

- the ability to obtain further funding under various funding agreements previously announced to ASX and the quantum of any further funding due to the possible existence of events of default arising under the terms of those agreements;
- the likely future ability of the Group to successfully renegotiate or meet its obligations of $9.9 million under the Gold Stream variation as disclosed in Note 19 to the financial report as current liabilities;
- the likelihood of the Group being able to meet its obligations in relation to drawn down convertible notes and the likelihood of future conversion of the notes;
- the extent of any future forecast positive cash flows arising from the Cascavel Project; and
- the ability of the Group to raise future funding which is sufficient to enable it to continue as a going concern for the relevant period.

The going concern assertion is material and pervasive to the financial report as a whole.

Based upon the above matters, we have been unable to obtain sufficient and appropriate audit evidence as to whether the Group is able to continue as a going concern and whether it will be able to realise its assets (in particular, its mine properties, property plant and equipment, inventories and exploration assets) and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

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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 responsibility is to conduct an audit of the Group's financial report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

We are independent of the Group in accordance with 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 ethical responsibilities in accordance with the Code.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 31 December 2018.

In our opinion, the Remuneration Report of Orinoco Gold Limited for the year ended 31 December 2018 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

Perth, Western Australia
29 March 2019

M R Ohm
Partner

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 25 March 2019 is 1,423,878,620 ordinary fully paid shares. All ordinary shares carry one vote per share.

TOP 20 SHAREHOLDERS AS AT 25 MARCH 2019

		No. of Shares Held	% Held
1	ANGLOGOLD ASHANTI HLDG PL	135,190,463	9.49%
2	ADMARK INV PL	71,209,178	5.00%
3	HSBC CUSTODY NOM AUST LTD	37,570,770	2.64%
4	WYLIE STEPHEN ROBERT	26,765,000	1.88%
5	J P MORGAN NOM AUST PL	26,732,455	1.88%
6	ADMARK INV PL	26,250,000	1.84%
7	BHATLA SAMIR + POOJA	24,455,081	1.72%
8	VUCIC TONY PETER + DIANE	23,907,408	1.68%
9	CITICORP NOM PL	20,901,860	1.47%
10	KHAOULE WALID	20,590,507	1.45%
11	CORBY MICHAEL WILLIAM	20,485,000	1.44%
12	ZW 2 PL	20,100,000	1.41%
13	BROTHERDAVE PL	18,678,571	1.31%
14	LIU LIAN	17,333,302	1.22%
15	MORUE JAMIL	15,031,848	1.06%
16	KHAOULE WALID	15,031,848	1.06%
17	FILHO DIMAS MARTINS	15,031,847	1.06%
18	MARSHALL TRACEY LEANNE	13,481,298	0.95%
19	JARVIS DEAN GREGORY	13,000,000	0.91%
20	ONE MANAGED INV FUNDS LTD	10,478,510	0.74%
		572,224,946	40.21%

* Denotes merged holders

Shares Range	No. of Holders	No. of Shares
1 – 1,000	76	8,888
1,001 – 5,000	119	428,476
5,001 – 10,000	281	2,351,141
10,001 – 100,000	1,110	49,484,954
100,001 and over	1,018	1,371,605,161
	2,604	1,423,878,620
Number holding less than a marketable parcel at $0.004 per share (closing price on 25 March 2019)	1,628	61,536,572

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 25 MARCH 2019

		No. of Shares Held	% Held
1	ANGLOGOLD ASHANTI HLDG PL	135,190,463	9.49%
2	ADMARK INV PL	97,459,178	6.84%

* Denotes merged holders

OPTION HOLDINGS

The Company has the following classes of options on issue at 25 March 2019 as detailed below. Options do not carry any rights to vote.

Class	Terms	No. of Options
OGXOD	Exercisable at 11 cents each, expiring on or before 31 January 2020	225,072,116
A	Exercisable at 25 cents each, expiring on or before 14 July 2019	300,000
B	Exercisable at 7.5 cents each, expiring on or before 29 May 2020	750,000
C	Exercisable at 8.75 cents each, expiring on or before 29 May 2020	750,000
D	Exercisable at 9.15 cents each, expiring on or before 29 May 2020	1,500,000
E	Exercisable at 10.6746 cents each, expiring on or before 29 May 2020	1,500,000
F	Exercisable at 2 cents each, expiring on or before 30 November 2020	2,678,571
G	Exercisable at 2 cents each, expiring on or before 31 January 2021	1,449,275
H	Exercisable at 2 cents each, expiring on or before 30 April 2021	500,000
I	Exercisable at 2 cents each, expiring on or before 30 June 2021	250,000
J	Exercisable at 3 cents each, expiring on or before 2 January 2020	33,000,000
K	Exercisable at 3 cents each, expiring on or before 4 April 2021	14,500,000
L	Exercisable at 3 cents each, expiring on or before 19 September 2020	7,462,841
		289,712,803

LISTED OPTIONS

As at 25 March 2019 the Company had 225,072,111 OGXOD listed options on issue. Listed Options do not carry any voting rights.

ASX ADDITIONAL INFORMATION (CONTINUED)

TOP 20 OGXOD HOLDERS AS AT 25 MARCH 2019

		No. of Options Held	% Held
1	ANGLOGOLD ASHANTI HLDG PL	85,190,463	37.85%
2	HSBC CUSTODY NOM AUST LTD	16,022,857	7.12%
3	TYRANNA RES LTD	14,823,328	6.59%
4	KIRRAGROVE PL	3,000,000	1.33%
5	ADAMIDES ALEXIS	3,000,000	1.33%
6	TEAGUE ADAM JOSEPH	2,918,000	1.30%
7	MARSHALL TRACEY LEANNE	2,753,023	1.22%
8	HALL WESLEY JAMES + M O	2,476,585	1.10%
9	CLARK PETER WILLIAM	2,334,694	1.04%
10	LYMBERIS THEO	2,290,000	1.02%
11	IMPULZIVE PL	2,144,590	0.95%
12	ROGER BARKER CONCEPTS PL	2,000,000	0.89%
13	KLINGNER ANDREW MARK	1,978,600	0.88%
14	JOLDALE PL	1,967,725	0.87%
15	FILHO DIMAS MARTINS	1,796,057	0.80%
16	MORUE JAMIL	1,796,054	0.80%
17	KHAOULE WALID	1,796,053	0.80%
18	EL-KAZZI MICHEL	1,700,000	0.76%
19	STAIB K L + HEADLEY B	1,496,500	0.66%
20	PACESKOSKI SASO	1,453,490	0.65%
		152,938,019	67.96%

* Denotes merged holders

Options Range	No. of Holders	No. of Options
1 – 1,000	4	203
1,001 – 5,000	42	124,098
5,001 – 10,000	44	329,301
10,001 – 100,000	227	9,684,336
100,001 and over	162	214,934,178
	479	225,072,116

ASX ADDITIONAL INFORMATION (CONTINUED)

UNLISTED OPTIONS

Options Range	Unlisted Options	
	No. of Holders	No. of Options
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	-	-
10,001 – 100,000	-	-
100,001 and over	40	64,640,687
	40	**64,640,687**

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

Holder	Unlisted Options Class F	Unlisted Options Class G	Unlisted Options Class H	Unlisted Options Class I
CRH MEZZANINE PTE LTD	1,428,571	1,449,275	500,000	250,000
PR PORTFOLIOS LLC	1,250,000	-	-	-

Holder	Unlisted Options Class J	Unlisted Options Class K	Unlisted Options Class L
ONE MANAGED INV FUNDS LTD	10,000,000	-	-
MR ALEXANDER ALAN MOLYNEUX	-	3,000,000	-
TRITTON SIMON WILLIAM	-	-	1,865,710
FOSTER BRADLEY NORMAN	-	-	1,865,710
KUO CHIA-LING	-	-	1,865,710
BARON LELITA	-	-	1,865,710

Class A, B, C, D and E 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	Process Number	City	Interest Held	Status
Cascavel	860167/2007	Faina	100%	Mine Concession Application
	861501/2014	Faina	70%	Exploration Permit
	861586/2009	Faina	100%	Exploration Permit
Faina Goldfields Project	860051/2012	Faina	70%	Exploration Permit
	860213/2018	Faina	100%	Application Claim
	860404/2013	Faina	100%	Exploration Permit
	860605/2017	Faina	100%	Application Claim
	860683/2016	Faina	80%	Exploration Permit
	860684/2016	Faina	80%	Exploration Permit
	860685/2016	Faina	80%	Exploration Permit
	860686/2016	Faina	80%	Exploration Permit
	860856/2012	Faina	70%	Exploration Permit
	860995/2016	Faina	100%	Exploration Permit
	861389/2016	Faina	100%	Exploration Permit
	861391/2016	Faina	100%	Exploration Permit
	861392/2016	Faina	100%	Exploration Permit
	861393/2016	Faina	100%	Exploration Permit
Sertão	760742/1996	Sertão	100%	Mine Concession Application
	860096/1986	Sertão	100%	Mine Concession
	860368/1995	Sertão	100%	Mine Concession
	861194/2016	Sertão	100%	Application Claim
	861414/2016	Sertão	80%	Exploration Permit