ORINOCO GOLD

ACN 149 219 974

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

for the half-year ended 30 June 2016

CONTENTS

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

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

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

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

Corporate Information

Directors:
Mr John Hannaford
Non-Executive Chairman

Mr Mark Papendieck
Managing Director

Mr Brian Thomas
Non-Executive Director

Mr Ian Finch
Non-Executive Director

Mr Jonathan Challis
Non-Executive Director

Company Secretary:
Mr Timothy Spencer

Home Securities Exchange:
Australian Securities Exchange Limited

ASX Code:
OGX (Ordinary Shares)
OGXOB (Options)
OGXOC (Options)

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

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

Postal Address:
P.O. Box 234
WEST PERTH WA 6872

Share Registry:
Security Transfers Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone: +61 (0)8 9315 2333

Auditors:
HLB Mann Judd

Bankers:
Westpac Banking Corporation

Directors' Report

The Directors present their report together with the financial statements of the Group consisting of Orinoco Gold Limited and the entities it controlled during the period for the half-year ended 30 June 2016. In compliance with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

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

Mr John Hannaford	Non-Executive Chairman
Mr Mark Papendieck	Managing Director
Mr Brian Thomas	Non-Executive Director
Mr Ian Finch	Non-Executive Director
Mr Jonathan Challis	Non-Executive Director
Dr Klaus Petersen (resigned 18 July 2016)	Alternate Director

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

PRINCIPAL ACTIVITIES

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

RESULTS

The comprehensive loss for the half year ended 30 June 2016 amounted to $7,007,875 (2015: $2,932,557).

Directors' Report

OPERATING REVIEW

Orinoco Gold Limited is pleased to report that the Half Year to 30 June 2016 has been an extremely busy and productive period for the Company with the development of an underground mine and gravity processing circuit at the Cascavel Gold Mine in Brazil and, at the end of June, the commencement of commissioning at Cascavel.

The Faina Goldfields Project consists of a large tenement package of approximately 200km^2 that encompasses numerous areas of interest including the Company's key Cascavel, Sertão and Tinteiro Projects. Orinoco's strategy at the Faina Goldfields Project has been to rapidly develop and commence a modest initial mine at Cascavel and then expand production through further development of the mine and near mine sites, while unlocking the greater potential of the Project through continued exploration.

Activity during the six month reporting period has focused around completing construction of the Cascavel plant and the ongoing development of the underground Cascavel Gold Mine. At the end of June, commissioning of the Cascavel plant was underway, paving the way for the commencement of production at Cascavel in the second half of 2016.

Figure 1. Location of the Faina Goldfields Project, Brazil

Directors' Report

Cascavel Processing Plant

Following an extended delay in Customs during the first few months of the reporting period, the import certificate for all outstanding containers was issued in May allowing Orinoco to commence the final stage of erecting of the gravity circuit.

Construction was completed in late June, allowing for the commencement of commissioning.

The commissioning process consists of running 'mineralised waste' through the plant with the addition of parcels of production material during the latter phase of commissioning. The processing of these batches of production ore from various parts of the mine will allow the Company to more accurately estimate the grade of initial production areas.

The majority of all underground development at Cascavel is within the ore zones, however additional dilution due to the size of the development opening (between 2.0-3.5m high) will mean this material is significantly lower grade than production ore from the stopes (averaging ~1.2m high) and at times not in mineralised areas. As such, this development material is classified as "mineralised waste".

The Cascavel plant is expected to have significant excess capacity as it initially processes material from the mine at the rate of approximately 40,000t per annum (around 3,500t per month). The current capacity of the plant of ~110,000 tonnes per annum will ensure that significant increases in production from the Cascavel mine can be accommodated.

Figure 2. Cascavel Processing Plant

Directors' Report

Mine Development

Underground mine development at Cascavel continues to advance with the focus of development being in the higher grade Central and Southern portions of the mine.

Room-and-pillar (artificial pillars) mining along with T-bone mining are utilised in the upper levels of the mine and will allow for +90% extraction of the mineralised zone in these areas. Steeper areas of the mine are anticipated to be mined predominately via long-hole stoping, which will significantly increase productivity. An assessment will be made in the second half of 2016 of the relative impacts and trade-offs of dilution and productivity of utilising different mining methods.

Many of the slot raises for the commencement of stoping in the Central, Northern and Southern zones have been completed. Generally speaking, the Central and Southern zones are well mineralised with the Northern portion of the mine being characterised predominately as medium – low grade with several high-grade shoots. No new information has been gathered recently about the Mestre zone, however previous underground exploration by Orinoco demonstrated that this zone is very well mineralised.

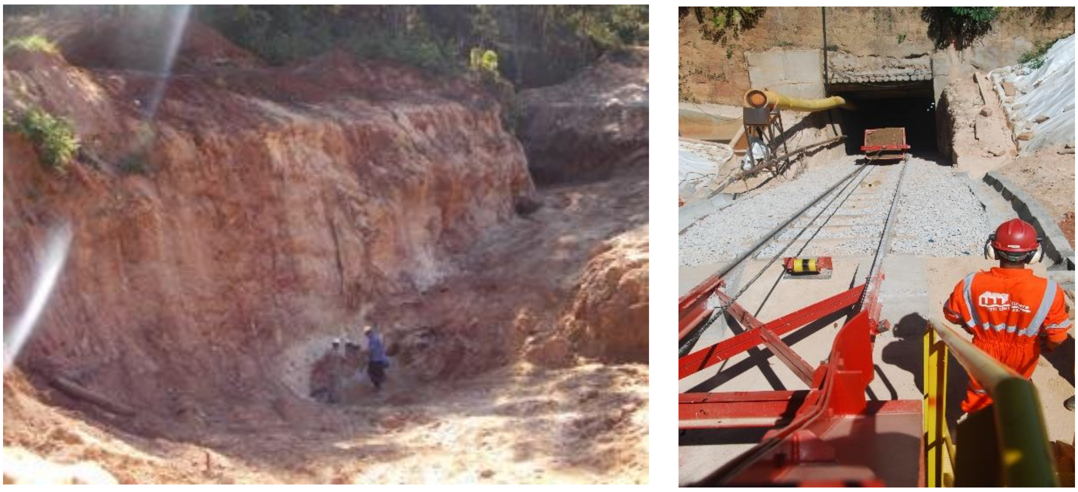

Figure 3. Commencement of the Cascavel Portal in June 2015 (left) and the Cascavel portal today (right)

Initial production material comes predominantly from Levels 0 and 1 in the Central and Southern zones of the mine.

The Northern zone of the Cascavel mine was outside of Orinoco's original mine plan, however due to the continuation of the gold-bearing system, development has continued 80m north beyond the boundaries of the original mine plan and continues to be in mineralisation. A cross cutting fault (related to the Tinteiro system) has offset the veinset approximately 2m below the drive at this point and drilling will be used to identify further high grade ore shoots to the north of the current limits of development.

The inability to accurately assess grade from small sample sizes is a well-established feature of the coarse gold mineralization at Cascavel. The limitations of small sample sizes in achieving accurate grade estimation can be seen in the disparate results obtained from recent drilling, panel sampling and visual geological grade assessment within the mine. For example, the highest assay from the Cascavel mine to date is from a development drive in the Southern zone where a panel sample, situated only 1.5m from a drill hole (CdP_041) that returned 1.5m @ 10.8g/t gold, recently returned a grade of 1,230g/t gold.

Directors' Report

Orinoco cautions that panel sample results are not necessarily accurate representations of the grade of mineralisation of a zone. Orinoco is currently using panel sampling as an indicator of grade ranges only and higher value is put upon visual geological assessment of each zone. During the plant commissioning process bulk samples from the initial mining areas will be processed to compare assessed grades with processed grades.

As with any narrow vein underground gold mine, the ability of the Company to maintain sufficient development ahead of planned production is critical to the mine's ongoing success. With development currently focused in the South, access to production headings is scheduled alongside development access with the result that not all production headings are available for mining.

Given the coarse nature of the gold at Cascavel, no JORC Mineral Resources or Reserves have been defined at the Project and it is uncertain if future work will result in the definition of JORC Mineral Resources or Reserves. As such, the Company can make no representations about the grade of any potential mineralised rock that may be delivered to a mill for processing, nor can the Company make any forecasts about the potential production of ounces of gold.

<u>Near-Mine Exploration – Cuca Target</u>

The Cascavel system consists of a stacked series of shallow dipping gold mineralised quartz veins within a major shear. Currently, all planned mining activities at Cascavel encompasses only ~180m of strike on one of two sampled parallel gold lodes. The second lode (the Cuca lode), located approximately 15-20m beneath the Cascavel lode, was bulk sampled in May 2014 and returned a grade of 27.2g/t gold from a 2.5 tonne sample (see ASX Announcement – 14 May 2014). Fieldwork and drilling to date suggests that several more parallel gold lodes are likely to exist within the Cascavel system.

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

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

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

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

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

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

Shallow drilling is being planned to confirm the continuity of the Española structure down-plunge and along strike. Should this drilling successfully delineate gold-bearing quartz veins, bulk sampling will be planned to test the grade of the lode. With the now operating Cascavel Processing Plant, any material removed from Española can easily and quickly be processed to ascertain its grade and amenability to gravity gold recovery.

Directors' Report

Cascavel Extensional Exploration

Orinoco plans to commence exploration drilling both in and around the Cascavel Gold Mine. Drilling is planned to further test the zones in the mine where stacked veins have been mapped in development. This will include extensions of the gold lode currently being mined both along strike and down-dip. Further strike extensions are particularly valuable to Orinoco as the only capital costs of mining strike extensions are the incremental costs of the additional level development. All drilling is designed to test for the continuation of the gold-bearing structure and not for grade.

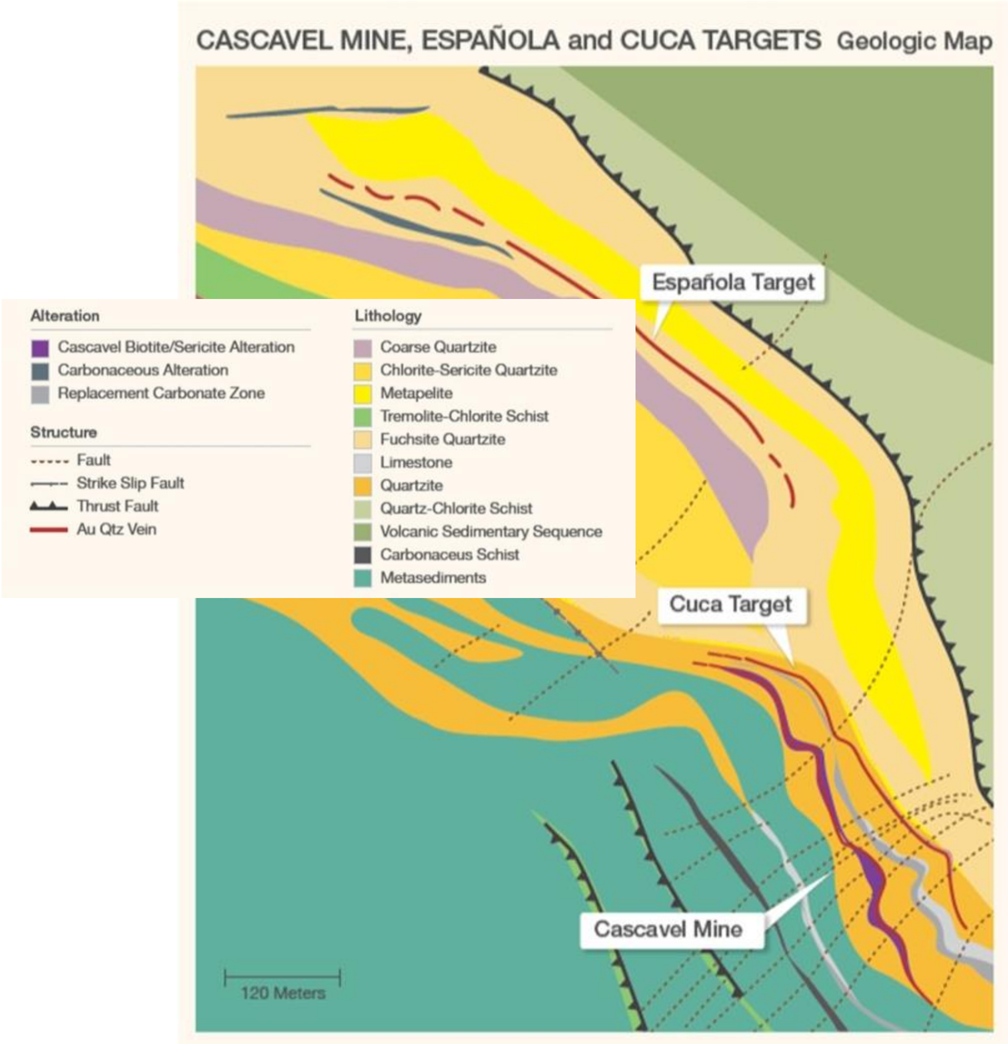

Figure 4. Near-mine exploration targets

Directors' Report

<u>Other Targets</u>

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

Figure 5. Timeline to first production

Directors' Report

Corporate

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

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

In addition to the entitlements issue and placement, 12,919,017 listed options were exercised to raise $1.4 million.

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

The Group held $3.3 million in cash at the end of the period.

AUDITOR

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

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

John Hannaford
Non-Executive Chairman

Perth
9 September 2016

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

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

1. *14 May 2014 - Outstanding Gold Grade from Latest Cascavel Bulk Sample*
2. *7 October 2014 – Orinoco Expands Cascavel Gold Project*
3. *10 May 2016 – Cascavel Gold Mine Update*

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

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Orinoco Gold Limited for the half-year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Perth, Western Australia	**M R W Ohm**
9 September 2016	**Partner**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 June 2016

	Note	Consolidated Half-year to 30 June 2016 $	Consolidated Half-year to 30 June 2015 $
Revenue			
Finance income		17,423	11,744
Total Revenue		17,423	11,744
Project expenses	2	(4,037,550)	-
Exploration expenditure	2	(602,252)	(897,859)
Write off of capitalised exploration expenditure		(538,118)	-
Administrative, insurance and compliance		(2,448,373)	(1,239,283)
Depreciation		(79,117)	(24,702)
Share based payments		(20,880)	(355,550)
Finance costs		(5,385)	-
Other expenses		(93,723)	(392,407)
Total Expenses		(7,825,398)	(2,909,801)
Loss before income tax		(7,807,975)	(2,898,057)
Income tax benefit / (expense)		-	-
Net loss for the period		(7,807,975)	(2,898,057)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		800,100	(34,500)
Total comprehensive loss for the period		**(7,007,875)**	**(2,932,557)**
Loss attributable to:			
Owners of the parent entity		(6,025,973)	(2,681,533)
Non-controlling interest		(1,782,002)	(216,524)
		(7,807,975)	(2,898,057)
Total Comprehensive Loss attributable to:			
Owners of the parent entity		(5,098,959)	(2,716,033)
Non-controlling interest		(1,908,916)	(216,524)
		(7,007,875)	(2,932,557)
Loss per share – basic and diluted – cents per share		(3.20)	(1.73)

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

ORINOCO GOLD LIMITED
ACN: 149 219 974

Condensed Consolidated Statement of Financial Position

As at 30 June 2016

	Note	Consolidated 30 June 2016 $	Consolidated (Restated) 31 December 2015 $
ASSETS			
Current Assets			
Cash and cash equivalents		3,332,156	3,715,544
Other receivables		497,454	417,252
Inventory		144,257	-
Other assets		14,548	54,262
Total Current Assets		3,988,415	4,187,058
Non-Current Assets			
Property, plant and equipment	3	7,125,987	4,536,594
Exploration and evaluation expenditure	4	1,220,362	1,758,480
Mine properties and development	5	17,372,158	16,390,945
Other non-current assets		910,126	105,145
Total Non-Current Assets		26,628,633	22,791,164
TOTAL ASSETS		**30,617,048**	**26,978,222**
LIABILITIES			
Current Liabilities			
Trade and other payables		2,311,813	1,051,920
Other current liabilities		194,377	251,603
Provisions		414,019	177,922
Deferred revenue	6	2,375,007	1,459,613
Total Current Liabilities		5,295,216	2,941,058
Non-Current Liabilities			
Trade and other payables		33,739	-
Provisions		399,613	208,212
Deferred revenue	6	8,513,277	9,428,671
Total Non-Current Liabilities		8,946,629	9,636,883
TOTAL LIABILITIES		**14,241,845**	**12,577,941**
NET ASSETS		**16,375,203**	**14,400,281**
EQUITY			
Issued capital	7	36,688,879	27,726,962
Reserves	7	4,490,407	3,542,513
Accumulated losses		(25,052,938)	(19,026,965)
Parent interest		16,126,348	12,242,510
Non-controlling interest		248,855	2,157,771
TOTAL EQUITY		**16,375,203**	**14,400,281**

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

Condensed Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2016

Consolidated 30 June 2016	**Note**	**Issued Capital**	**Option Reserve**	**Foreign Exchange Reserve**	**Accumulated Losses**	**Non-Controlling Interest**	**Total Equity**
		$	**$**	**$**	**$**	**$**	**$**
Total equity at 1 January 2016		27,726,962	3,802,382	(259,869)	(19,026,965)	2,157,771	14,400,281
Total comprehensive loss for the year							
Loss for the period		-	-	-	(6,025,973)	(1,782,002)	(7,807,975)
Exchange differences on translation of foreign operations	7	-	-	927,014	-	(126,914)	800,100
Total comprehensive loss for the period		-	-	927,014	(6,025,973)	(1,908,916)	(7,007,875)
Transactions with equity holders:							
Shares issued during the half year	7	9,223,072	-	-	-	-	9,223,072
Capital raising costs settled in cash	7	(261,155)	-	-	-	-	(261,155)
Share based payments – Options	8	-	20,880	-	-	-	20,880
Balance at 30 June 2016		36,688,879	3,823,262	667,145	(25,052,938)	248,855	16,375,203

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

Condensed Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2016

Consolidated 30 June 2015	**Issued Capital $**	**Option Reserve $**	**Foreign Exchange Reserve $**	**Accumulated Losses $**	**Non-Controlling Interest $**	**Total Equity $**
Total equity at 1 January 2015	20,665,007	2,791,532	(72,471)	(10,322,155)	2,077,093	15,139,006
Total comprehensive loss for the period						
Loss for the period	-	-	-	(2,681,533)	(216,524)	(2,898,057)
Exchange differences on translation of foreign operations	-	-	(34,500)	-	-	(34,500)
Total comprehensive loss for the period	-	-	(34,500)	(2,681,533)	(216,524)	(2,932,557)
Transactions with equity holders:						
Shares issued during the half year	4,515,243	-	-	-	-	4,515,243
Capital raising costs settled in cash	(228,562)	-	-	-	-	(228,562)
Capital raising costs settled share based payment	(118,300)	118,300	-	-	-	-
Share based payments – Options	-	355,550	-	-	-	355,550
Expiry of options	-	(143,300)	-	143,300	-	-
Non-controlling share of exploration and evaluation expenditure acquired	-	-	-	-	266,115	266,115
Total Equity as at 30 June 2015	24,833,388	3,122,082	(106,971)	(12,860,388)	2,126,684	17,114,795

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

Condensed Consolidated Statement of Cash Flows

For the half-year ended 30 June 2016

	Consolidated Half-year to 30 June 2016 $	Consolidated Half-year to 30 June 2015 $
Cash flows from operating activities		
Interest received	17,423	11,545
Payments to suppliers and employees	(6,381,513)	(2,157,172)
Payments associated with Gold Stream arrangement	-	(233,072)
Finance costs	(5,385)	-
Deposits Paid	(207,873)	-
Net cash used in operating activities	(6,577,348)	(2,378,699)
Cash flows from investing activities		
Payments for plant and equipment	(2,403,362)	(43,387)
Payments for mining asset	-	(910,516)
Payments for mine development	(439,628)	(169,254)
Payments relating to acquisition costs	-	(308,370)
Net cash used in investing activities	(2,842,990)	(1,431,527)
Cash flows from financing activities		
Proceeds from Gold Stream Facility	-	2,397,121
Proceeds from the issue of shares and options	9,228,619	4,232,824
Payments for capital raising costs	(242,933)	(493,594)
Net cash provided by financing activities	8,985,686	6,136,351
Net increase in cash and cash equivalents	(434,652)	2,326,125
Cash and cash equivalents at the beginning of the period	3,715,544	1,219,722
Effects of exchange rate fluctuations on cash held	51,264	25,368
Cash and cash equivalents at the end of the period	3,332,156	3,571,215

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

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2016

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Orinoco Gold Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the half year ended 30 June 2016 comprises the Company and its subsidiaries (collectively referred to as the "Group").

STATEMENT OF COMPLIANCE

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

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

It is recommended that this financial report be read in conjunction with the annual financial report for the period ended 31 December 2015 and any public announcements made by Orinoco Gold Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

This consolidated interim financial report was approved by the Board of Directors on 9 September 2016.

BASIS OF PREPARATION

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

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

SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY ESTIMATES

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

In preparing this half-year report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the period ended 31 December 2015.

In the current half-year, the Group has changed its accounting policy with respect to the accounting for Capitalised Mine Development (Note 5). The impact of the change in accounting policy has been disclosed in Note 11.

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2016

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the period ended 31 December 2015.

In the half-year ended 30 June 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2016.

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

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 30 June 2016. The Directors have decided against early adoption of any new Standards and Interpretations. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

GOING CONCERN

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

The Group generated a comprehensive loss after tax for the half year ended 30 June 2016 of $7,007,875 (2015: $2,932,557), had a net working capital deficit of $1,306,801 at 30 June 2016 (31 December 2015 surplus of $1,246,000) and experienced net cash outflows from operating activities of $6,577,348 (2015: $2,378,699) and net cash outflows from investing activities of $2,842,990 (2015: $1,431,527) for 6 months to 30 June 2016. The Group had a cash balance of $3,332,156 at 30 June 2016 (31 December 2015: $3,715,544).

Subsequent to the financial period end, the Company completed a placement, raising gross proceeds of $4,500,050. The Directors believe that its existing cash reserves, future production cash flows and the capital raisings referred to above will be sufficient to meet the Group's requirements for a period of at least 12 months from the date of approval of this financial report. Accordingly, the Directors consider the going concern basis of preparation to be appropriate.

However, should there be material delays in the commencement of gold production at the Cascavel Gold Project or should the quantity of gold produced during the next 12 months be materially less than expected, there is a material uncertainty which may cause significant doubt as to the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business.

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2016

NOTE 2 – LOSS BEFORE INCOME TAX

	Consolidated Half-year ended 30 June 2016 $	Consolidated Half-year ended 30 June 2015 $
The following expense items are relevant in explaining the financial performance for the period:		
Project expenses	4,037,550	-
Exploration expenditure written off as incurred [(a)]	602,252	897,859

(a) Exploration and evaluation expenditure is written off as incurred in accordance with the Group's accounting policy. Costs of acquisition of prospects are capitalised and are only carried forward to the extent that right of tenure is current and those costs are expected to be recouped through the successful development and exploration of the area of interest, or alternatively, by its sale; or exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

NOTE 3 –PROPERTY PLANT AND EQUIPMENT

	Consolidated Half-year ended 30 June 2016 $	Consolidated Full year ended 31 December 2015 $
Property Plant and Equipment		
Net book value	7,125,987	4,536,594
Reconciliation:		
A reconciliation of the carrying amounts of Property Plant and Equipment is set out below:		
Carrying amount at beginning of period	4,536,594	172,027
Additions	795,059	549,660
Foreign currency translation	303,718	104,996
Work in progress – Mine plant[1]	1,569,733	3,772,888
Depreciation expense	(79,117)	(62,977)
Carrying amount at end of period	**7,125,987**	**4,536,594**

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

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2016

NOTE 4 – EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated Half-year ended 30 June 2016 $	Consolidated Full year ended 31 December 2015 $
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation		
Prospect acquisition costs	1,220,362	1,758,480
Reconciliation:		
A reconciliation of the carrying amounts of exploration and evaluation expenditure is set out below:		
Carrying amount at beginning of period	1,758,480	14,768,153
Recognised on acquisition of interest in mining tenements		
Acquisition costs incurred during the period	-	579,041 (1)
Transfer to mine development (Note 5)	-	(13,588,714)
Capitalised expenditure written off	(538,118) (1)	-
Carrying amount at end of period	**1,220,362**	**1,758,480**

(1) The acquisition costs incurred during the prior period relate to:

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

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.

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2016

NOTE 5 –MINE PROPERTIES & DEVELOPMENT

	Consolidated Half-year ended 30 June 2016 $	Consolidated Restated Full year ended 31 December 2015 $
Mine properties at cost	17,180,757	16,390,945
Reconciliation: A reconciliation of the carrying amounts of mine development expenditure is set out below:		
Balance at beginning of period	16,390,945	-
Transferred from exploration and evaluation (Note 4)	-	13,588,714
Capitalised mine development costs	439,627	827,134
Mine Rehabilitation	399,613	-
Acquisition costs associated with the conversion of Class A Performance Shares into Ordinary Shares	-	1,425,000
Minority interest on acquisition costs associated with the conversion of Class A Performance Shares into Ordinary Shares	-	610,714
Minority interest on retention payment	-	131,892
Mine development costs expensed	-	(93,715)
Foreign exchange movements	141,973	(98,794)
Total Mine Properties	**17,372,158**	**16,390,945**

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

During the current period, the Group performed a review of capitalised mine development costs and subsequently implemented a change in accounting policy. Refer note 11 for details.

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2016

NOTE 6 – OTHER LIABILITIES

Deferred revenue:	**Consolidated 30 June 2016 $**	**Consolidated 31 December 2015 $**
Gold Stream agreement		
Balance at beginning of period	10,888,284	-
Funding received	-	10,888,284
Total deferred revenue as at 30 June 2016	10,888,284	10,888,284

Deferred revenue classification:		
Current deferred revenue	2,375,007	1,459,613
Non-current deferred revenue	8,513,277	9,428,671
Total deferred revenue as at 30 June 2016	10,888,284	10,888,284

Terms of the Gold Stream agreement:

- Cartesian Royalty Holdings (Cartesian) has provided US$8 million which was used by Orinoco to develop the Cascavel Gold Mine.

- In return, Cartesian is entitled to receive 20% of the gold produced during the first three years of commercial production from Cascavel. This is subject to a minimum quantity of 16,000 ounces of gold (the Gold Stream continues until 16,000 ounces of gold has been delivered) and a maximum quantity of 24,000 ounces of gold, at which point the agreement will cease, whether or not three years of production has been completed.

- An establishment fee of 1.5% was paid by Orinoco, together with the issue of 2,000,000 shares and 2,000,000 options (exercisable at 11 cents per security and expiring 18 months from issue).

- The Company has provided security in the form of pledges over the shares/quotas held in Orinoco Resources Pty Ltd, Orinoco Basil Mineracão Ltda and 70% of the quotas in Mineracão Curral de Pedra Ltda, owner of the Cascavel Gold Mine.

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2016

NOTE 7 – SHARE CAPITAL AND RESERVES

	Consolidated 30 June 2016	
	#	**$**
(a) Share Capital		
Balance as at 1 January 2016	**217,569,588**	**27,726,962**
Issue of shares @ $0.11 via Exercise of options	12,918,457	1,421,030
Issue of shares @ $0.17 Rights Issue/Shortfall issue	31,528,822	5,359,900
Issue of shares @ $0.17 Placement	14,364,719	2,442,002
Issue of shares @ $0.25 via Exercise of options	560	140
Capital raising costs	-	(261,155)
Balance at 30 June 2016	**276,382,146**	**36,688,879**
(b) Options Reserve		
Share based payments reserve:		
Balance as at 1 January 2016	**44,800,000**	**3,736,682**
Unlisted options issued to employees under ESOP for services rendered and future incentive	300,000	20,880
Balance at 30 June 2016	**45,100,000**	**3,757,562**
Options proceeds reserve:		
Balance at 1 January 2016	**79,950,867**	**65,700**
Free attaching listed options relating to capital raising	15,298,023	-
Exercise of options	(12,919,017)	-
Expiry of options	(8,000,000)	-
Balance at 30 June 2016	**74,329,873**	**65,700**
Total Options Reserve	**119,429,873**	**3,823,262**

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2016

NOTE 7 – SHARE CAPITAL AND RESERVES (CONTINUED)

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

Foreign Exchange Reserve	**Consolidated Half-year ended 30 June 2016 $**	**Consolidated Half-year ended 31 December 2015 $**
Balance as at beginning of period	(259,869)	(72,471)
Currency translation movement during the half-year	927,014	(187,398)
Balance at end of period	**667,145**	**(259,869)**

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2016

NOTE 8 – CONTINGENCIES

A Group company is involved in a dispute with a Brazilian based service provider in regards to the recovery of fees paid by the Company totalling approximately R$1.1 million (A$460,000) and the cancellation of unpaid invoices totalling approximately R$300,000 (A$125,000) due to the unsatisfactory quality of work, in the Company's opinion. The matter is currently awaiting arbitration.

A Group company 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. The company's advisors believe the company has correctly complied with the tax regulations and expects the matters to be resolved in the company's favour however it is uncertain when this will be. The disputes in which the Group company may be exposed to an obligation to make payments total approximately R$4.5 million (A$1.9 million) plus an as yet unquantifiable interest and penalties, while disputes where the Group is seeking compensation totalling approximately R$3.8 million (A$1.6 million) plus an as yet unquantifiable interest amount.

A Group company received a claim for payment from the DNPM (Brazil Dept of Mines) for approximately R$500,000 (A$210,000) for unpaid taxes relating to exploration permits held briefly in the State of Pernambuco. The claim is being contested by the Group company via a court proceeding.

The Directors are not aware of any other contingent liabilities that may arise from the Company's operations as at 30 June 2016.

NOTE 9 – COMMITMENTS

Material expenditure commitments of the Group at 30 June 2016 are as follows:

1. In accordance with the Group's agreement with Gekko Systems Pty Ltd, approximately $192,000 will be payable by the Group after 30 June 2016 in relation to the installation supervision and commissioning of the Cascavel Project Gravity Plant.
2. Commitments to complete construction of the process plant and civil works at the Cascavel Gold Mine of approximately $750,000.

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2016

NOTE 10 – SEGMENT REPORTING

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

Segment Reporting

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

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

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2016

NOTE 10 – SEGMENT REPORTING (CONTINUED)

CONSOLIDATED	Gold $	All Other Segments $	Total $
30 June 2015			
Segment revenue	-	11,744	11,744
Segment loss after tax	(902,138)	(1,995,919)	(2,898,057)
Interest revenue	-	11,744	11,744
Depreciation	(4,280)	(20,422)	(24,702)
Other non-cash expenses	-	(355,550)	(355,550)
Segment assets	17,335,660	3,260,458	20,596,118
Additions to non-current asset	2,077,755	27,997	2,105,752
Segment liabilities	(3,127,888)	(353,435)	(3,481,323)
Cash Flow Information			
Net cash flow from operating activities	(1,742,416)	(636,283)	(2,378,699)
Net cash flow from investing activities	(1,388,140)	(43,387)	(1,431,527)
Net cash flow from financing activities	2,397,121	3,739,230	6,136,351

Geographical information

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

	Brazil $	Australia $	Total $
CONSOLIDATED			
30 June 2016			
Revenue from external customers	-	-	-
Non-current assets	26,562,799	65,834	26,628,633
CONSOLIDATED			
30 June 2015			
Revenue from external customers	-	-	-
Non-current assets	15,401,681	1,092,874	16,494,555

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2016

NOTE 11 – CHANGE OF ACCOUNTING POLICY

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

The aggregate effect of the change in accounting policy on the half year financial statements for the period ended 30 June 2015 is as follows (no taxation effect result from these changes):

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

The Group commenced underground development during May 2015. All mine development completed to 30 June 2015 was considered primary development and was therefore capitalised under the new accounting policy. As a result, there was no impact on the comparative Statement of Profit or Loss or the Statement of Cash Flows.

NOTE 12 – SUBSEQUENT EVENTS

A placement, comprising 19,565,435 shares and one free attaching OGXOC option for every 3 shares subscribed for was completed during July 2016. The shares were issued at a price of $0.23 per share to raise $4,500,050 (gross proceeds).

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

Directors' Declaration

For the half-year ended 30 June 2016

In the Directors' opinion:

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

i. giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the six months ended on that date; and

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

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

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

This declaration is made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the six months ended 30 June 2016.

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

On behalf of the Board

John Hannaford
Non-Executive Chairman

Perth
9 September 2016

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Orinoco Gold Limited

Report on the Condensed Interim Financial Report

We have reviewed the accompanying interim financial report of Orinoco Gold Limited ("the company") which comprises the condensed consolidated statement of financial position as at 30 June 2016, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Conclusion

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

a) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the interim financial report which indicates that the Group generated a comprehensive loss of $7,007,875 for the period ended 30 June 2016, had a working capital deficit of $1,306,801 and experienced net cash outflows from operating activities of $6,577,348 and net cash outflows from investing activities of $2,842,990. As disclosed in Note 1, should there be material delays in the commencement of gold production at the Cascavel Gold Project or should the quantity of gold produced during the next 12 months be materially less than expected, there is a material uncertainty which may cause significant doubt as to the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

M R W Ohm
Partner

Perth, Western Australia
9 September 2016