ORINOCO GOLD

ACN 149 219 974

ANNUAL REPORT

for the year ended 31 December 2017

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 and principal place of business is:

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

ORINOCO GOLD LIMITED
ACN: 149 219 974

CORPORATE INFORMATION

Directors
Mr Joseph Pinto
Non-Executive Chairman

Mr Jeremy Gray
Managing Director

Mr Nicholas Revell
Non-Executive Director

Mr Terry Topping
Non-Executive Director

Mr Hélcio Guerra
Non-Executive Director

Mr Andrew Allan
Non-Executive Director

Company Secretary
Ms Sophie Raven

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16 Milligan Street
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Auditor
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Level 4
130 Stirling Street
PERTH WA 6000 Australia

Bankers
Westpac Banking Corporation
108 Stirling Highway
NEDLANDS WA 6009 Australia

LETTER FROM THE CHAIRMAN

Dear Shareholder,

It is with pleasure that I present to shareholders the 2017 Annual Report, a watershed year of transitional change for the company.

The 2017 year was a significant year for Orinoco Gold in a number of critical areas against the backdrop of difficult financial markets for junior mining companies, with several achievements throughout the year elevating the company from developer to producer, including:

1. ***Restarting of mining and processing operations in the second half of the year:*** by reconfiguring the operation of the mine by more use of mechanical mining methods, in addition to training the miners in more efficient use of hand held equipment.
2. ***Continuing underground development to access various ore faces to allow continuous feed to the processing plant.***
3. ***Renegotiation of the goldstream funding:*** to allow extra time to ramp up production
4. ***Negotiating the purchase of minority interests in Cascavel to achieve 100% ownership.***
5. ***By far the most important the board and managerial changes and the refreshment of the Cascavel approach to a "Back to Basics" approach***. At the end of the year a board refresh occurred to ensure that Cascavel remained viable and able to deliver into the goldstream
6. ***Funding:*** In December, on the strength of board changes raised a further $1.85m to allow the "Back to Basics" approach to be implemented.

During 2016, the commencement of production was a milestone in the company's history. The subsequent suspension of operations due to unsatisfactory outcomes was a difficult but necessary decision by the board to ensure the company could review operations in an orderly fashion and secure funding for the recommencement of mining and processing operations.

The decision to suspend underground operations whilst looking for solutions to the problem with the plant was necessary but the length of suspension and lack of any proper viable solutions and the failure to continue development underground during suspension was regrettable. There were many regrettable decisions made in the past, but we had to move forward to save the company with some really hard decisions. It is public knowledge that I was extremely critical of the old board and pressed hard for changes. At all times I had the best interests of all shareholders at the forefront of all my actions.

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

The Board is now confident that the subsequent plan to restart operations under the Back to Basics approach and the introduction of Anglo Gold to the company will put the company in good stead to grow and prosper into the future.

Since we introduced the Back to Basics approach in late 2017 the company's employees and in particular Mr Richard Crew have worked extremely hard on securing the company's assets and on executing new strategies to develop the mining and processing operations at Cascavel. We have found various sources of high grade gold which has added significant value to our share price. This is extremely satisfying for the board and shareholders, and on behalf of both the board and myself, I would like to express our gratitude to everyone that has helped us execute the back to basics plan and for the efforts of all our employees during what were trying circumstances.

The Company has been encouraged by a loyal shareholder base, particularly in the December capital raise. We look forward to your continued support as we build a successful gold mining company.

This is just the start of our journey as we build the company to hopefully become the highest grade gold producer in South America

Yours sincerely
JOSEPH PINTO

Joseph Pinto
Non-Executive Chairman

DIRECTORS' REPORT

Your Directors have pleasure in submitting their report together with the financial statements of the Group consisting of Orinoco Gold Limited and the entities it controlled during the period for the year ended 31 December 2017.

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

DIRECTORS

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

Mr Joseph Pinto – B. Com, LLB
Non-Executive Chairman (Appointed 24 October 2017)

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

Mr Jeremy Gray
Managing Director (Appointed 12 December 2017)

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 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

DIRECTORS' REPORT (CONTINUED)

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

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 Terry Topping – AIMM, AIG
Non-Executive Director (Appointed 27 April 2017)

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

Mr Hélcio Guerra
Non-Executive Director (Appointed 27 April 2017)

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

DIRECTORS' REPORT (CONTINUED)

Mr Andrew Allan – B. Sc (Geology)
Non-Executive Director (Appointed 31 August 2017)

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

Mr Brian Thomas – BSc, MBA, SAFin, MAusIMM, MAICD
Non-Executive Chairman – (Appointed 31 March 2011, resigned 12 December 2017)

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

Mr Thomas graduated from the University of Adelaide with a BSc in Geology and Economic Geology, the University of Western Australia with an MBA and the Securities Institute of Australia (now FinSIA) with a Diploma in Applied Finance and Investment. He has more than 35 years of mining and exploration industry experience in a broad range of commodities from precious and base metals, bulk and industrial minerals, diamonds plus oil and gas.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Non-Executive Director – Cougar Metals Limited

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS
Non-Executive Director - Tempo Australia Limited (resigned 24 November 2017)
Non-Executive Chairman – Go Energy Group Ltd (formerly Solco Ltd) (appointed 23 February 2015, resigned 19 February 2016)
Non-Executive Chairman – Ensurance Ltd (formerly Parker Resources NL) (appointed 10 January 2011, resigned 10 September 2015)
Non-Executive Director - Potash Minerals Limited (appointed 9 June 2010, resigned 30 June 2014)

Mr Jonathan Challis – Chartered Mining Engineer, BSc., MBA
Non-Executive Director – (Appointed 10 June 2015, resigned 12 December 2017)

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

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

DIRECTORS' REPORT (CONTINUED)

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

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

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

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

Mr John Hannaford – B.Com (UWA), CA, F.Fin.
Non-Executive Chairman – (Appointed 9 February 2011, resigned 31 May 2017)

EXPERIENCE AND EXPERTISE

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

Mr Hannaford graduated from the University of Western Australia with a Bachelor of Commerce degree in 1986 majoring in Finance and Economics. He qualified as a Chartered Accountant in 1990, gaining experience with the Arthur Andersen audit division in Perth and in Hong Kong. He completed a Diploma of Applied Finance and Investment with the Securities Institute of Australia and was admitted as an Associate of the Institute in 2003.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

None

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

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

Mr Mark Papendieck – Dip. Law, NSW, LPAB
Managing Director – (Appointed 31 October 2012, Resigned 27 April 2017)

EXPERIENCE AND EXPERTISE

Mr Papendieck has held a range of senior executive roles in Australia and overseas in both the mining and the financial services industry. He has experience with gold, copper, iron ore and manganese focused companies at both management and board level and has spent the past ten years focusing predominantly on Brazilian resources companies.

Prior to co-founding Orinoco in 2011 Mr Papendieck was the founding Chairman of Centaurus Resources Limited from 2006 and was appointed as the Managing Director in 2008 to oversee the Company's emerging operations in Brazil.

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

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

None

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

Non-Executive Director – Southern Crown Resources Ltd (appointed 30 April 2010, resigned 20 January 2016)

DIRECTORS' REPORT (CONTINUED)

Mr Ian Finch – BSc (Hons), AUSIMM
Non-Executive Director – (Appointed 31 October 2012, Resigned 7 April 2017)

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

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

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

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

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

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Non-Executive Chairman – Kairos Minerals Ltd (resigned 15 March 2017)

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS
Executive Chairman – Tyranna Resources Ltd (Appointed 19 April 2007, resigned 1 August 2016)
Managing Director – Trafford Resources Limited (delisted on 21 May 2015 following merger with IronClad Mining Limited)

COMPANY SECRETARY

Ms Sophie Raven – LLB
Appointed 23 February 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.

Mr Joel Ives – B.Com & BSc (UWA), CA
Appointed 2 December 2016, resigned 23 February 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 is also company secretary of ASX listed Latitude Consolidated Limited.

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.

DIRECTORS' REPORT (CONTINUED)

RESULTS

The net loss attributable to owners of the parent entity for the year ended 31 December 2017 is $13,079,398 (2016: $12,091,380). The net loss includes exploration expenditure written off as incurred (in accordance with the Group's accounting policy) of $1,332,156 (2016: $1,348,220).

DIVIDENDS

There were no dividends paid or declared during the period.

DIRECTORS' REPORT (CONTINUED)

OPERATING AND FINANCIAL REVIEW

Suspension of operations

Following the suspension of operations in October 2016, the 2017 year commenced as a period of review and the delivery of reports by independent consultants, Mining Plus and SRK Consulting. These reviews were commissioned to assist Orinoco with a detailed evaluation of the status of the Cascavel Project and determine the best path for restarting operations. Work included conducting a review of geology, mining methods, support systems, ore handling, plant operations, security, project management as well as presenting recommendations that would potentially lead to improved productivity. The key issues and areas for improvement identified by the reviews included:

- Definition of a new mine detailed plan;
- A focus on refining mining methods using access to existing infrastructure;
- Implementation of modified mining and blasting techniques;
- Considering new underground equipment;
- Improved management of water flows in the mine;
- Improvements to underground material handling and haulage traffic controls; and
- Potential additional grind capacity to improve gold liberation

Gekko Systems were also involved in the review process with the aim of finalising any modifications to the processing circuit.

Restructure of Cascavel Operations

Mining

A strategy for the recommencement of operations was finalised during the March 2017 quarter and development work at Cascavel recommenced during April.

The focus of initial 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.

Initially, 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

DIRECTORS' REPORT (CONTINUED)

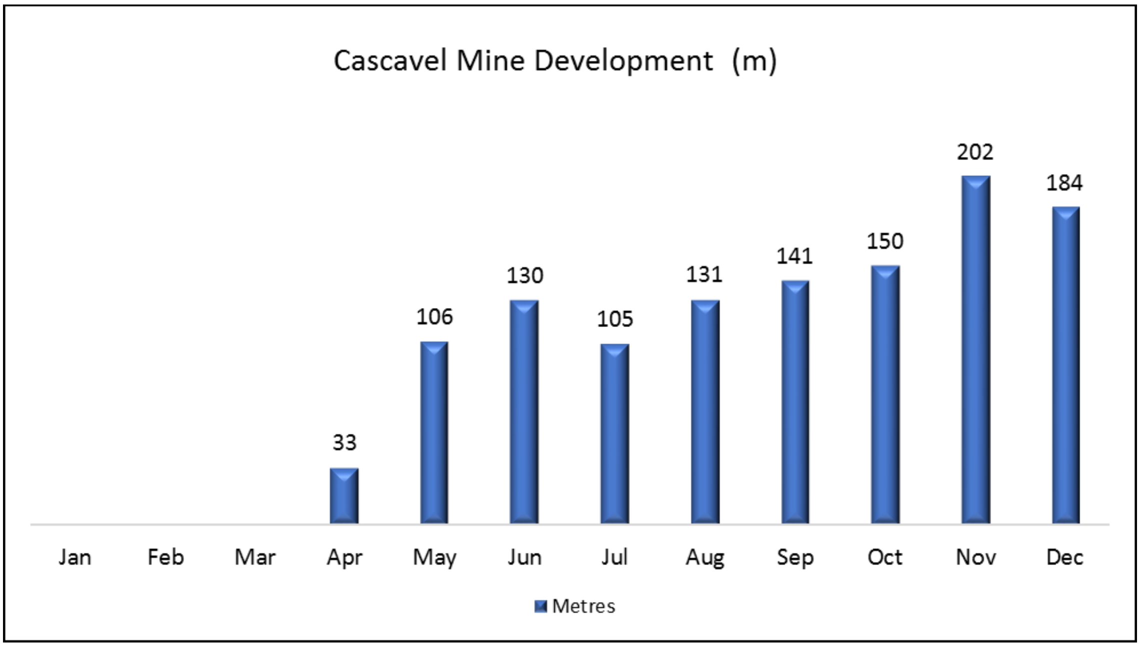
Refurbished Toro Bogger

Trials of a new "Slash" stoping method were commenced during May with the aim of reducing the amount of dilution incurred in the mining of the narrow quartz vein system. Further trials were carried out during the September quarter with a view to optimising the drill and blast parameters resulting in a stope width of approximately 0.75m being achieved. Following the completion of trial stoping, drilling and blasting parameters were optimised early in the final quarter of 2017 for the different rock types encountered throughout the mine. These changes successfully reduced explosives costs, improved rock fragmentation and further reduced dilution.

Stope trial – stope width of 0.75m achieved

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 1,182m of additional development was achieved during 2017.

DIRECTORS' REPORT (CONTINUED)



Cascavel Mine 2017 Development Summary

The utilisation of 3rd party mining contractors was ceased, with all mining operations being undertaken by Orinoco employees. The Company also employed the services of an experienced Australian airleg miner to provide training and upskill Orinoco employees, with the use of lighter Australian air legs.

In order to increase bogging capacity and reduce cycle times for cleaning of the working fronts, a second LHD was ordered from Peru and is expected to be delivered to site during April 2018.

Loading of second LHD into shipping container in Peru

DIRECTORS' REPORT (CONTINUED)

Cascavel Mineral Resource Estimate

On 23 October 2017, the Company announced a maiden Mineral Resource Estimate (**MRE**) for the developed areas of Cascavel in accordance with the JORC Code (2012). The MRE comprised of 4,500 tonnes at an average grade of 15.4g/t Au for 2,200 ounces of contained gold at a cut-off grade of 3g/t Au. The MRE covers only the portion of the mine which had been opened up at the time of calculation meaning it was limited to an area ~125m along strike and ~125m down dip.

Cascavel MRE as at 30 August 2017 at varying cut-off grades

Domain	Category	Cut-off Grade (g/t Au)	Tonnage (tonnes)	Grade (g/t Au)	Contained Gold (ounces)
Cascavel Lode	Inferred	0	7,000	10.2	2,300
	Inferred	1	5,800	12.1	2,300
	Inferred	2	4,900	14.3	2,200
	Inferred	3	4,500	15.4	2,200
	Inferred	4	4,100	16.3	2,200
	Inferred	5	3,700	17.8	2,100

Plant

Following the completion of the independent reviews at Cascavel, a number of flowsheet and operational improvements were implemented to improve gold liberation and recovery.

These improvements involved the installation of smaller aperture panels for the screen deck along with the installation of a sluice box into the processing plant tailings stream.

Sluice Box in operation

DIRECTORS' REPORT (CONTINUED)

Full time processing operations recommenced on 28 August 2017 on a single shift basis in order to meet the timelines set by the Company's Gold Stream provider. Material processed was predominantly low-grade ore sourced from the Central Decline and Mestre Decline development.

Laboratory

Plans were finalised for the construction of an Orinoco owned and managed on-site laboratory, with civil works for the new lab commenced in March quarter and construction of the laboratory building completed in July. The installation license for the laboratory was received in August and the lab was completed during September. Additional licenses for the storage and use of cyanide were received during October 2017 and February 2018 and the laboratory was fully operational in March 2018

The assay laboratory facility at the Cascavel Plant area.

Back to Basics

Following a period of underperformance at Cascavel, on 18 December 2017 the Company announced that it was changing its focus to a 'Back to Basics' approach for both mining and processing at Cascavel. Key initiatives involved:

- Reorganisation of the Board and Senior Management
- Focus on high grade gold production by mining the seams
- Cost cutting of overhead and operational costs in Australia and Brazil
- Issue of performance rights to Directors and Senior Management in lieu of director fees and salaries.

Board and Management Changes

Brian Thomas (Non-Executive Chairman) and Jonathan Challis (Non-Executive Director) both stepped down while Craig Dawson's (Chief Executive Officer) contract was terminated by the Company. Jeremy Gray was appointed as Managing Director, while Joseph Pinto was appointed Non-Executive Chairman. Richard Crew, who is based in Brazil, was appointed as Chief Operating Officer.

DIRECTORS' REPORT (CONTINUED)

The Company also announced that as a part of cost cutting measures, Non-Executive Board members would no longer be receiving cash remuneration. Remuneration for the Board and Senior Management in both Perth and Brazil would be largely linked to the issue of performance rights with 3 production milestones:

- One third vesting 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.
- One third vesting 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.
- One third vesting 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.
- A further 5,000-ounce milestone per month has been set for Mr Richard Crew (COO).

All performance rights have an escrow period from date of issue, with half of the shares issued on conversion of the rights being escrowed for 6 months and the remaining half will be subject to a 12 months' escrow period.

The Performance Rights will be issued as shares two months after each milestone is achieved. Should the recipient voluntarily leave Orinoco and pursue other opportunities, the unvested portion of those Performance Rights will be cancelled. The COO will be allocated a further incentive of an additional 10,000,000 Performance Rights if Cascavel is running at over 5,000 per month for 4 consecutive months for a combined total of 20,000 ounces over that 4-month period.

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 has been elusive. A number of different approaches by different independent experts have 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 review, the new 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 Company has returned to more traditional routes to mill its ore and testing commenced in late 2017 using a small 200kg/h Brazilian made pilot hammer mill. From eleven one tonne samples taken using the pilot mill, initial results indicated recoveries in excess of 90% and grades ranging between 30-149g/t gold (Dore). Further testing on comprising an additional 21, one tonne samples were also taken in January 2018 resulting in recovered grades of between 9.61g/t and 69.02g/t with an average grade of 45.19g/t.

Due to ongoing issues with the plant, during December 2017, the Company began testing of multiple one-tonne samples through a 200kg/h pilot hammer mill. Owing to the success of this mill, 2 additional hammer mills of 400kg/h and 25t/h were ordered, and the Company announced that it was undertaking a 'Back to Basics" approach for both the mining and processing of ore.

200kg/h Hammer Mill **400kg/h Hammer Mill** **25t/h Hammer Mill**

Due to the success of these initial tests, the Company made the decision to acquire an additional 400kg/h hammer mill along with a larger 25t/h hammer which began processing ore during February 2018.

In addition, the Company also announced the following:

- the first set of laboratory results from panel samples taken within the Mestre Zone of Cascavel which returned grades of up to 265g/t with an average grade of 47.2g/t – 17 January 2018.
- Results from a 5-tonne sample of tailings processed through the hammer mills yielding a total of 46.37 grams of gold in dore at an average grade of 9.27g/t – 31 January 2018
- the second set of laboratory results from panel samples taken within the Mestre Zone of Cascavel which returned grades of up to 185g/t with an average grade of 31.42g/t – 2 February 2018
- Further Bonanza gold grade from pilot hammer mills returned from the Mestre zone. 6 samples were processed for a total of 9.25 tonnes with an average recovered grade of 25.91 – 19 February 2018
- the first set of laboratory results from panel samples taken within the Cuca Zone of Cascavel which returned grades of up to 212g/t with an average grade of 31.7g/t – 27 February 2018.

Exploration

Sertão

During the year, the Company completed a maiden high-grade JORC 2012 compliant Mineral Resource estimate for its 100%-owned Sertão Gold Project (Sertão), located near its Cascavel Gold Mine (Cascavel) in Goiás State in central Brazil.

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

Sertão, which is located just 28km by road from Cascavel, forms part of Orinoco's broader Faina Goldfields Project (Figure 1). The Sertão deposit was previously mined (2003-2006) as a shallow open pit by Troy Resources Limited (Troy) with historical production of 256koz at an average grade of 24.95 g/t Au.

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

DIRECTORS' REPORT (CONTINUED)

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

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

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

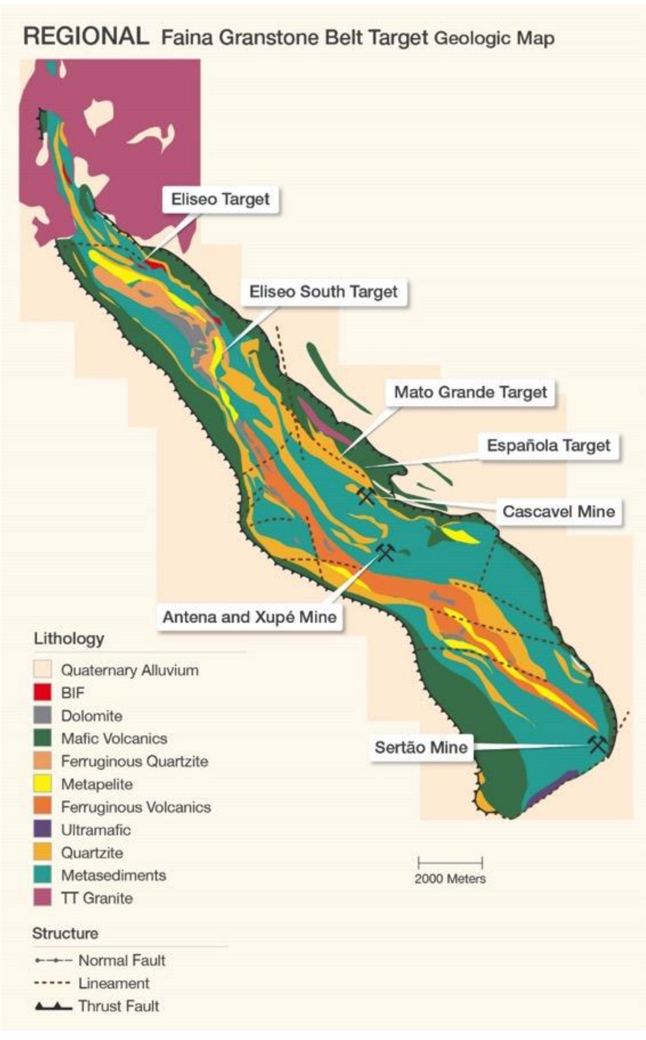


Figure 1: Faina Goldfields Project

DIRECTORS' REPORT (CONTINUED)

Antena/Xupe

An induced polarisation (IP) survey at the Antena-Xupé target area continued during the year. The first lines had been completed by year end and processed (see Figure 2). This line crossed the Antena Pit, Antena View Target and Antena South target. This programme is being conducted to provide improved information on which to base future exploration and drilling programmes.

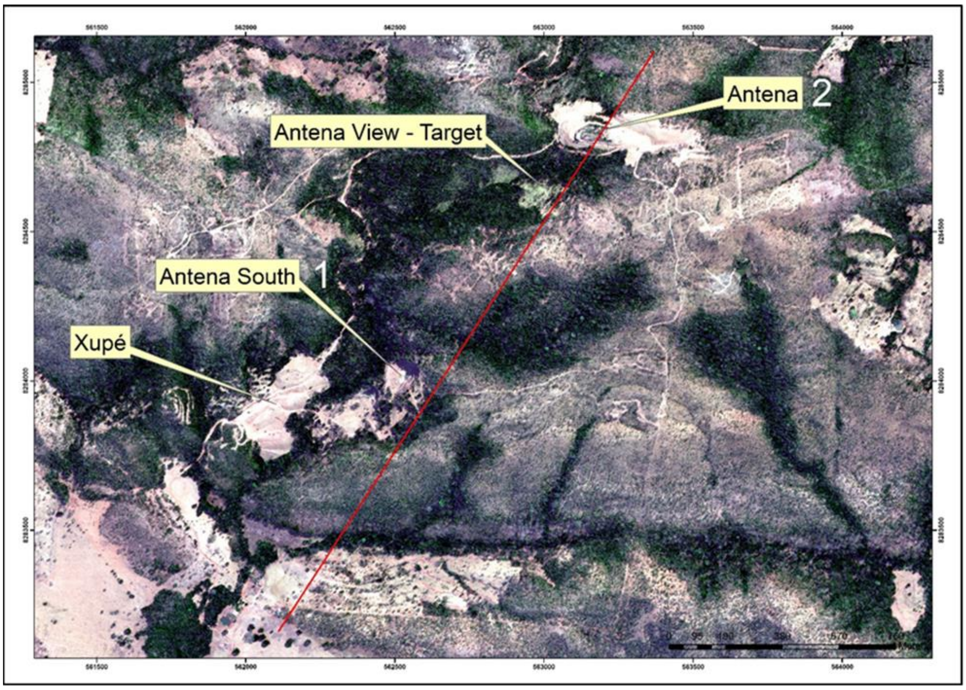


Figure 2: Antena-Xupe IP survey – location map showing first line.

DIRECTORS' REPORT (CONTINUED)

Competent Person's Statement: *The information in this report that relates to Exploration Results is based on information compiled by Dr Klaus Petersen who is a member of the Australasian Institute of Mining and Metallurgy and CREA as well as Dr. Marcelo Juliano de Carvalho, Mr Thiago Vaz Andrade and Mr Terry Topping who are members of the Australasian Institute of Mining and Metallurgy. Dr Klaus Petersen, Dr. Marcelo Juliano de Carvalho and Mr Thiago Vaz Andrade are employees of Orinoco Gold Limited while Mr Terry Topping is a Director of Orinoco Gold Limited and all 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, Dr. Marcelo Juliano de Carvalho, Mr Thiago Vaz Andrade and Mr Terry Topping 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 and Sertão. Full details of the Results were included in the following ASX Release and is available to view on the Company's website www.orinocogold.com:*

1. *13 June 2017 – Orinoco Announces Maiden High Grade JORC Mineral Resource for Sertão Gold Deposit, Brazil*
2. *23 October 2017 – Maiden High-Grade JORC 2012Mineral Resource and Exploration Target Completed for Cascavel Gold Project*
3. *18 December 2017 – Corporate and Operations Update – Focus on reducing costs and High-Grade Production*
4. *12 January 2018 – Further Spectacular Grades Continue from Pilot Hammer Mill*
5. *17 January 2018 – Mestre Assays Show Bonanza Grades up to 265g/t*
6. *31 January 2018 – Orinoco Confirms Outstanding Grades of Gold in Tailings*
7. *2 February 2018 – Mestre Assays Show Further Bonanza Grades up to 185g/t*
8. *19 February 2018 – Cascavel Operations Update – Bonanza Gold Grades Continue at Cascavel*
9. *27 February 2018 – Cuca Assays Show Bonanza Grades up to 212g/t Au*

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

Forward-Looking Statements:
This Report includes "forward-looking statements" as that term within the meaning of securities laws of applicable jurisdictions. Forward-looking statements involve known and unknown risks, uncertainties and other factors that are in some cases beyond Orinoco Gold Limited's control. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this presentation, including, without limitation, those regarding Orinoco Gold Limited's future expectations. Readers can identify forward-looking statements by terminology such as "aim," "anticipate," "assume," "believe," "continue," "could," "estimate," "expect," "forecast," "intend," "may," "plan," "potential," "predict," "project," "risk," "should," "will" or "would" and other similar expressions. Risks, uncertainties and other factors may cause Orinoco Gold Limited's actual results, performance, production or achievements to differ materially from those expressed or implied by the forward-looking statements (and from past results, performance or achievements). These factors include, but are not limited to, the failure to complete and commission the mine facilities, processing plant and related infrastructure in the time frame and within estimated costs currently planned; variations in global demand and price for coal and base metal materials; fluctuations in exchange rates between the U.S. Dollar, the Brazilian Real and the Australian dollar; the failure of Orinoco Gold Limited's suppliers, service providers and partners to fulfil their obligations under construction, supply and other agreements; unforeseen geological, physical or meteorological conditions, natural disasters or cyclones; changes in the regulatory environment, industrial disputes, labour shortages, political and other factors; the inability to obtain additional financing, if required, on commercially suitable terms; and global and regional economic conditions. Readers are cautioned not to place undue reliance on forward-looking statements. The information concerning possible production in this announcement is not intended to be a forecast. They are internally generated goals set by the board of directors of Orinoco Gold Limited. The ability of the company to achieve any targets will be largely determined by the company's ability to secure adequate funding, implement mining plans, resolve logistical issues associated with mining and enter into any necessary off take arrangements with reputable third parties. Although Orinoco Gold Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. Any information relating to the exploration target should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

DIRECTORS' REPORT (CONTINUED)

CORPORATE ACTIVITIES

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

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

On 10 February 2017, the Company settled its Convertible Loans via the issue of 29,177,519 fully paid ordinary shares and 29,177,519 options with an exercise price of $0.11 and an expiry date of 31 January 2020.

During April, the Company announced that it had entered into a binding agreement with its minority partners in Cascavel to acquire their combined 30% interest for a combination of cash, shares and a production royalty. Key terms as follows:

- US$300,000 cash plus US$300,000 in shares paid as a deposit on signing the agreement
- US$1.5m cash and US$1.35m shares paid on 1 September 2017
- US$1.5m cash and US$1.35m shares payable on 1 September 2018
- A royalty of 1.5% on production from Cascavel (net of gold delivered to the Company's existing finance partner) commenced on 1 September 2017

Further to this, on or before 1 March 2019, Orinoco must either purchase the royalty for US$6.0m, pay an increased royalty of 3% or pay US$3.0m to keep the 1.5% royalty.

On 6 September 2017, the Company announced a funding package of $7.98m comprised of a 1-for-2 non-renounceable rights issue @ $0.02 to raise $4.98m along with a $3.0m prepayment which Anglo Gold made against its US$9.5m exploration earn-in commitment on the Faina Goldfields Project. The rights issue was fully underwritten ($1.0m by Anglo Gold) and competed on 19 October 2017.

During December 2017, a private placement of 92,500,000 shares at a price of $0.02 per share was completed to raise $1.85m. For each share applied for under the placement, a free attaching option with an exercise price of $0.03 and an expiry date of 2 January 2020 was also issued. These shares and options were issued on 2 January 2018.

On 3 January 2018, the Company announced that it had made its first repayment to its gold streaming partner totalling the cash equivalent of 380 ounces of gold, paid in December 2017.

The Group's cash balance at 31 December 2017 was $3,478,808.

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.

DIRECTORS' REPORT (CONTINUED)

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

During December 2017, the Group ordered and paid a deposit on a new 25t/h hammer mill a part of its "Back to Basics" approach. The hammer mill was delivered to site during January 2018.

On 2 January 2018, the Company announced that it had completed a placement of 92,500,000 shares at a price of $0.02 to raise $1.85m before costs. Placement participants were also issued one new option for every share subscribed for, these options had an exercise price of $0.03 and an expiry date of 2 January 2020.

On 31 January 2018 30,655,369 listed OGXOD options expired.

On 23 February 2018 Sophie Raven replaced Joel Ives as Company Secretary.

The Company issued 59,500,000 shares on the exercise of 59,500,000 unlisted $0.03 options raising $1,785,000 before costs.

On 23 March 2018, the Company announced a capital raise as follows:

- A placement of 70.8m shares at a price of $0.12 per share and 23.6m options with an exercise price of $0.11 and expiry date of 31 March 2020 to sophisticated investors to raise up to $8.5m before costs
- Settlement of the groups liability to the former minority holders of Cascavel through the issue of 45.1m shares and 5.4m options with an exercise price of $0.11 and expiry date of 31 March 2020. The payment is in lieu of the payment due on 1 September 2018 for $US1.5m cash and $US1.35m shares. The shares will be subject to escrow until 1 September 2018.

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

ENVIRONMENTAL REGULATION

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

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

DIRECTORS' REPORT (CONTINUED)

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

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

DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

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

	Shares		**Options**	
Director	*Held Directly*	*Held Indirectly*	*Held Directly*	*Held Indirectly*
J. Pinto	-	98,339,762	-	-
J. Gray	-	1,745,931	-	-
N. Revell	130,000	-	10,000	-
T. Topping	-	-	-	-
H. Guerra	-	-	-	-
A. Allan	-	-	-	-
TOTAL	**130,000**	**104,772,043**	**10,000**	**-**

MEETINGS OF DIRECTORS

During the financial period, there were 9 meetings of Directors, held with the following attendances:

	Directors Meetings		**Audit Committee**		**Remuneration Committee**	
Directors	**Meetings Attended**	**Meetings Eligible to Attend**	**Meetings Attended**	**Meetings Eligible to Attend**	**Meetings Attended**	**Meetings Eligible to Attend**
J. Pinto	3	3	-	-	-	-
J. Gray	1	1	-	-	-	-
N. Revell	6	9	-	-	-	-
T. Topping	5	6	-	1	-	-
H. Guerra	4	6	-	-	-	-
A. Allan	4	4	-	-	-	-
B. Thomas	8	8	2	2	-	-
J. Challis	8	8	1	1	-	-
J. Hannaford	4	4	1	1	-	-
M. Papendieck	3	3	-	-	-	-
I. Finch	2	2	1	1	-	-

Two meetings were held by the Audit Committee and one meeting was held by the Remuneration Committee during the year ended 31 December 2017.

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 2017. The information contained in this report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

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

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 Joseph Pinto - (Non-Executive Director) – Appointed 24 October 2017
Mr Jeremy Gray – (Managing Director) – Appointed 12 December 2017
Mr Nicholas Revell (Non-Executive Director)
Mr Terry Topping (Non-Executive Director) – Appointed 27 April 2017
Mr Hélcio Guerra (Non-Executive Director) – Appointed 27 April 2017
Mr Andrew Allan (Non-Executive Director) – Appointed 31 August 2017
Mr Brian Thomas (Non-Executive Director) – Resigned 12 December 2017
Mr Jonathan Challis (Non-Executive Director) - Resigned 12 December 2017
Mr John Hannaford (Non-Executive Chairman) – Resigned 31 May 2017
Mr Mark Papendieck (Managing Director) – Resigned 27 April 2017
Mr Ian Finch (Non-Executive Director) – Resigned 7 April 2017

Executives:
Mr Albert Longo (Chief Financial Officer) – Appointed 24 January 2017
Dr Klaus Petersen (President – Brazil Operations)
Mr Marcelo de Carvalho (VP Brazil & Chief Geologist)
Mr Richard Crew (Chief Operating Officer) – Appointed 15 May 2017
Mr Craig Dawson (Chief Executive Officer) – Appointed 23 March 2017, Terminated 12 December 2017
Mr Timothy Spencer (Chief Financial Officer) – Resigned 31 January 2017

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

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

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

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

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

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

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

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

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

Service Contracts

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

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.

Dr Klaus Petersen – President, Orinoco Brazil

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

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Mr Marcelo Carvalho – Chief Geologist

- Term of Agreement – ongoing subject to annual review.
- Fixed Remuneration – $219,000 per annum (Brazilian Real $536,000 per annum).
- Variable Remuneration – The Officer is eligible for participation in the Company's Employee Incentive Schemes including the Short-Term Incentive Plan (STIP) and Long-Term Incentive Plan (LTIP). Any participation level is subject to the discretion of the Remuneration Committee.
- Termination Provisions – The Executive or the Company may terminate the agreement without cause by giving 1 months written notice, or a lesser period may be mutually agreed by the Parties.

Mr Richard Crew – Chief Operations Officer

- Term of Agreement – ongoing subject to review.
- Fixed Remuneration – $125,000 per annum (Brazilian Real $312,000 per annum).
- Variable Remuneration – The Officer is eligible for participation in the Company's Employee Incentive Schemes including the Short-Term Incentive Plan (STIP) and Long-Term Incentive Plan (LTIP). Any participation level is subject to the discretion of the Remuneration Committee.
- Termination Provisions – The Executive or the Company may terminate the agreement without cause by giving 10 days written notice, or a lesser period may be mutually agreed by the Parties.

Non-Executive Directors

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

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

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

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 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**	**-**

* Resigned as Managing Director on 27 April 2017 and was appointed as Chief Executive Officer until resignation on 27 July 2017

DIRECTORS' REPORT (CONTINUED)

Remuneration for the year ended 31 December 2016

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

Share-based compensation

Details of share-based payments granted as compensation to key management personnel during the year are as follows (year ended 31 December 2016: nil):

		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 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 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**

***********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 2017 has been received and can be found on page 33.

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 2017.

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 256,386,307 unissued shares under option outstanding.

Expiry Date	Exercise Price	Number of shares under option
30 April 2018	$0.15	10,500,000
14 July 2019	$0.25	300,000
30 April 2018	$0.07	500,000
30 June 2018	$0.07	250,000
31 January 2020*	$0.11	202,458,461
29 May 2020	$0.075	750,000
29 May 2020	$0.0875	750,000
29 May 2020	$0.0915	1,500,000
29 May 2020	$0.106746	1,500,000
30 November 2020	$0.02	2,678,571
31 January 2021	$0.02	1,449,275
30 April 2020	$0.02	500,000
30 June 2021	$0.02	250,000
2 January 2020	$0.03	33,000,000
Total		**256,386,307**

* Listed options

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

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

JOSEPH PINTO

Mr Joseph Pinto
Non-Executive Chairman

Perth
28 March 2018

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

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Orinoco Gold Limited for the year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of

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

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

Perth, Western Australia
28 March 2018

M R Ohm
Partner

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

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2017

	Note	Consolidated 2017 $	Consolidated 2016 $
Revenue			
Finance income	4	45,029	26,143
Total Revenue		45,029	26,143
Project expenses		(3,442,109)	(8,034,613)
Financial administration, insurance and compliance costs		(4,669,633)	(4,639,076)
Exploration expenditure written off as incurred	5	(1,332,156)	(1,348,220)
Fair value adjustment	20	(96,302)	-
Write off of capitalised exploration expenditure	13	-	(538,118)
Share based payments	24	(99,075)	(20,880)
Depreciation	15	(232,220)	(189,406)
Finance costs	6	(3,706,795)	(345,969)
Foreign exchange gain/(loss)		772,988	29,369
Other expenses		(319,125)	(118,858)
Total Expenses		(13,124,427)	(15,205,771)
Loss before income tax expense		(13,079,398)	(15,179,628)
Income tax (expense) / benefit	8	-	-
Loss after income tax		(13,079,398)	(15,179,628)
Other Comprehensive Income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(458,403)	633,735
Total Other Comprehensive income/(loss), net of tax		(458,403)	633,735
Total Comprehensive Loss for the year		**(13,537,801)**	**(14,545,893)**
Loss attributable to:			
Owners of the parent entity		(13,079,398)	(12,091,380)
Non-controlling interest		-	(3,088,248)
		(13,079,398)	(15,179,628)
Total Comprehensive Loss attributable to:			
Owners of the parent entity		(13,537,801)	(11,338,181)
Non-controlling interest		-	(3,207,712)
		(13,537,801)	(14,545,893)
Basic and Diluted Loss per share – cents per share	7	(2.31)	(4.43)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	Consolidated 2017 $	Consolidated 2016 $
ASSETS			
Current Assets			
Cash and cash equivalents	9	3,478,808	1,751,800
Other receivables	10	483,457	517,303
Inventory	11	676,219	683,998
Other current assets	12	173,854	52,991
Total Current Assets		4,812,338	3,006,092
Non-Current Assets			
Property, plant and equipment	15	8,616,729	8,733,581
Exploration and evaluation expenditure	13	1,220,362	1,220,362
Mine properties and development	14	21,032,455	18,790,502
Other non-current assets	12	87,562	147,833
Total Non-Current Assets		30,957,108	28,892,278
TOTAL ASSETS		**35,769,446**	**31,898,370**
LIABILITIES			
Current Liabilities			
Trade and other payables	16	10,797,129	3,952,669
Borrowings	17	-	1,968,897
Other current liabilities	18	283,115	181,925
Provisions	19	428,240	353,385
Financial liabilities	20	10,976,566	10,228,136
Total Current Liabilities		22,485,050	16,685,012
Non-Current Liabilities			
Trade and other payables	16	1,097,456	26,516
Provisions	19	480,102	480,102
Financial Liabilities	20	-	413,661
Total Non-Current Liabilities		1,577,558	920,279
TOTAL LIABILITIES		**24,062,608**	**17,605,291**
NET ASSETS		**11,706,838**	**14,293,079**
EQUITY			
Issued capital	21	60,995,126	42,078,055
Reserves	21	(5,243,205)	4,230,650
Accumulated losses		(44,045,083)	(30,965,685)
Parent interest		11,706,838	15,343,020
Non-controlling interest	34	-	(1,049,941)
TOTAL EQUITY		**11,706,838**	**14,293,079**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2017

Consolidated year ended 31 December 2017	Note	Issued Capital $	Options Reserve $	Foreign Exchange Reserve $	Non-Controlling Interest Reserve $	Accumulated Losses $	Non-Controlling Interest $	Total Equity $
Total equity at 1 January 2017		42,078,055	3,737,320	493,330	-	(30,965,685)	(1,049,941)	14,293,079
Total comprehensive loss for the year								
Loss for the 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	21	19,707,749	-	-	-	-	-	19,707,749
Capital raising costs settled in cash	21	(790,678)	-	-	-	-	-	(790,678)
Share based payments – options	21	-	355,292	-	-	-	-	355,292
Issue of options	21	-	29,904	-	-	-	-	29,904
Transactions with non-controlling interests	33	-	-	-	(9,400,648)	-	1,049,941	(8,350,707)
Total equity at 31 December 2017		**60,995,126**	**4,122,516**	**34,927**	**(9,400,648)**	**(44,045,083)**	**-**	**11,706,838**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2016

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

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 2017

	Note	Consolidated 2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		45,030	26,144
Payments to suppliers and employees		(9,177,877)	(13,095,717)
Deposits (paid)/returned		53,605	(285,674)
Finance costs		(147,500)	(13,864)
Payments associated with gold stream arrangement		(1,298,397)	-
Exploration joint venture prepayment		3,000,000	-
Net cash used in operating activities	22	**(7,525,139)**	**(13,369,111)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(1,193,949)	(3,090,700)
Payments for mine development, net of pre-production revenue		(2,622,878)	(1,608,517)
Payments for the acquisition of the non-controlling interest in MCP		(2,405,176)	-
Net cash used in investing activities		**(6,222,003)**	**(4,699,217)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares and options	21	16,819,009	14,822,042
Capital raising costs	21	(790,678)	(577,705)
Proceeds from gold stream facility	20	-	1,288,474
Repayment of gold stream facility	20	(627,400)	(1,429,124)
Proceeds from convertible loans		90,000	1,950,000
Net cash provided by financing activities		**15,490,931**	**16,053,687**
Net increase / (decrease) in cash and cash equivalents		1,743,789	(2,014,641)
Cash and cash equivalents at the beginning of the period		1,751,800	3,715,544
Effects of foreign exchange		(16,781)	50,897
Cash and cash equivalents at the end of the period	9	**3,478,808**	**1,751,800**

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 2017

NOTE 1: REPORTING ENTITY

Orinoco Gold Limited (the "Company") is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 31 December 2017 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 28 March 2018.

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 year ended 31 December 2017 of $13,537,801 (2016: $14,545,893), had a net working capital defecit of $17,672,712 at 31 December 2017 (31 December 2016: $13,678,920) and experienced net cash outflows from operating activities of $7,525,139 (2016: $13,369,111) and net cash outflows from investing activities of $6,222,003 (2016: $4,699,217) for the year ended 31 December 2017. The Group had a cash balance of $3,478,808 at 31 December 2017 (31 December 2016: $1,751,800).

On 23 March 2018, the Company completed a placement to raise $8.5m through the issue of 70.8m ordinary shares and 23.6m free attaching options with an exercise price of $0.11 and an expiry date of 31 March 2020. Along side the placement, the Company also settled the final payment due to the former minority holders of Cascavel via the issue of 45.1m shares and 5.4m options with an exercise price of $0.11 and an expiry date of 31 January 2021 with the shares being subject to escrow until 1 September 2018. The liability was originally due to be settled through the issue of US$1.35m in shares and US$1.5m cash on 1 September 2018.

The Directors believe that its existing cash reserves, future production cash flows subsequent to recommencing production and the capital raisings referred to above will be sufficient to meet the Group's requirements for a period of at least 12 months from the date of approval of this financial report. Accordingly, the Directors consider the going concern basis of preparation to be appropriate.

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

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

Historical Cost Convention

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

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

A. Basis of Consolidation

The Consolidated Financial Statements incorporate the assets and liabilities of all subsidiaries of Orinoco Gold Limited ("Company") as at 31 December 2017 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.

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

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

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

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Consolidation (continued)

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

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

B. Segment Reporting

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

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

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

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

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

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

C. Foreign Currency Translation

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

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

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

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Foreign Currency Translation (continued)

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 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.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Trade and Other Receivables

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

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

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

G. Exploration, Evaluation and Development Expenditure

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

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

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

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

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

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

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

G. Exploration, Evaluation and Development Expenditure (continued)

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.

ii) Recoverability of potential deferred tax assets

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

iii) Share-based payment transactions

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

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.

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.

Q. Parent Entity Financial Information

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

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

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.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Provision for restoration and rehabilitation (continued)

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.

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.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Revenue Recognition

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

Sale of goods
Revenue is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:
- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

V. Leases

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

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. New Accounting Standards for Application in Future Years

In the year ended 31 December 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 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 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 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The new standard results in changes to accounting policies for financial assets and liabilities covering classification and measurement, hedge accounting and impairment. The Group has assessed these changes and determined that based on the current financial assets and liabilities held at reporting date, the Group will need to reconsider its accounting policies surrounding impairment recognition. The new impairment requirements for financial assets are based on a forward looking 'expected loss model' (rather than the current 'incurred loss model').

The Group is in the process of evaluating the impact of the new financial instrument standard. The changes in the Group's accounting policies from the adoption of AASB 9 will be applied from 1 January 2018 onwards.

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 replaces existing revenue recognition guidance, AASB 111 *Construction Contracts,* AASB 118 *Revenue* and AASB 1004 *Contributions.* AASB 15 is effective from annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

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.

The Group has commenced the process of evaluating the impact of the new standard on existing revenue streams and will first apply AASB 15 in the financial year beginning 1 January 2018.

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.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. New Accounting Standards for Application in Future Years (Continued)

AASB 16 is effective from annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that also adopt AASB 15.

This standard will primarily affect the accounting for the Group's operating lease. As at 31 December 2017, the Group has $28,669 of non-cancellable operating lease commitments, predominantly relating to a property lease. The Group is considering the available options to account for this transition but the Group expects a change in reported earnings before interest, tax, depreciation and amortisation (EBITDA) and increase in lease assets and liabilities recognition. This will however be dependent on the lease arrangements in place when the new standard is effective. The Group has commenced the process of evaluating the impact of the new lease standard.

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

NOTE 4: FINANCE REVENUE

	Consolidated 2017 $	Consolidated 2016 $
Finance Revenue		
Interest revenue	45,029	26,143
Total Finance Revenue	**45,029**	**26,143**

NOTE 5: LOSS

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

	Consolidated 2017 $	Consolidated 2016 $
Exploration expenditure written off as incurred	1,332,156	1,348,220
Equity settled share-based payments	99,075	20,880
Equity settled finance costs	855,537	-

NOTE 6: FINANCE COSTS

	Consolidated 2017 $	Consolidated 2016 $
Interest paid	357,979	32,761
Fees relating to gold stream agreement	1,980,052	313,208
Effective interest related to gold stream agreement	1,368,764	-
Total Finance Costs	**3,706,795**	**345,969**

NOTE 7: LOSS PER SHARE

	Consolidated 2017 $	Consolidated 2016 $
Basic and diluted loss per share – cents	(2.31)	(4.43)
Loss used in the calculation of basic and diluted loss per share	**(13,079,398)**	**(12,091,380)**
Weighted average number of ordinary shares outstanding during the period used in calculation of basic loss per share	566,618,360	272,646,565

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	
	2017 $	2016 $
(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	
	2017 $	2016 $
Accounting loss before income tax	(13,079,398)	(15,179,628)
Income tax / (benefit) at the statutory income tax rate of 30% (2016: 30%)	(3,923,819)	(4,553,888)
Tax effect of expenditure not allowable for tax purposes		
Entertainment	516	1,601
Share based payments	29,723	6,264
Foreign income expenditure	3,168,336	3,862,429
Other non-deductible expenditure	-	94,410
Capital raising expenditure	(101,655)	(76,723)
Over-provision in prior year	-	180,895
Income tax benefit not brought to account	826,899	485,012
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% (2016: 30%) are made up as follows:

	Consolidated	
	2017 $	2016 $
Australian tax losses	3,746,862	2,949,032
Australian deductible temporary differences	27,366	41,930
Australian taxable temporary differences	(16,641)	(60,013)
Unrecognised net deferred tax assets	**3,757,587**	**2,930,949**

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	
	2017 $	2016 $
Reconciliation to Statement of Financial Position		
Cash at bank	3,478,808	1,751,800
Total Cash and Cash Equivalents (1)	**3,478,808**	**1,751,800**

(1) Cash at bank is subject to floating interest rates at an effective interest rate of 0.75% (31 December 2016: 0.91%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2017

NOTE 10: OTHER RECEIVABLES

	Consolidated 2017 $	Consolidated 2016 $
Current:		
Trade Debtors	7,362	-
Advances/Deposits	40,818	71,408
Advances – Royalties	315,620	269,884
Other receivables – Taxes (Australia)	52,106	(30,805)
Other receivables – Taxes (Brazil)	57,650	64,590
Other	9,901	142,226
Total Other Receivables	**483,457**	**517,303**

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

NOTE 11: INVENTORY

Stores and spares	676,219	683,998
Total Inventory	**676,219**	**683,998**

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

NOTE 12: OTHER ASSETS

	Consolidated 2017 $	Consolidated 2016 $
Current:		
Prepaid expenses	173,854	52,991
Total Other Current Assets	**173,854**	**52,991**
Non-Current:		
Prepayments	87,562	20,499
Advances to non-controlling interests	-	127,334
Total Other Non-Current Assets	**87,562**	**147,833**

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

NOTE 13: EXPLORATION & EVALUATION EXPENDITURE

	Consolidated 2017 $	Consolidated 2016 $
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	
	2017 **$**	**2016** **$**
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	1,758,480
Capitalised expenditure written off	-	(538,118)[(1)]
Total Deferred Exploration 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) **Expenditure written off**

The costs expensed during the prior period relate to:

- These costs relate to the Edem acquisition and were written off as the Group has constructively not met its obligations under the Joint Venture, notwithstanding that there has been no formal notification from either party that the Joint Venture has ceased and the parties continue to work together to amend the original agreement.

NOTE 14: MINE PROPERTIES AND DEVELOPMENT

	Consolidated	
	2017 **$**	**2016** **$**
Mine properties at cost	21,032,455	18,790,502

Reconciliation:

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

	2017 $	2016 $
Balance at beginning of the year	18,790,502	16,390,945
Capitalised mine development costs	1,871,855	676,198
Pre-production costs net of pre-production revenue capitalised	604,196	1,090,439
Mine rehabilitation	-	480,102
Foreign exchange movements	(234,098)	152,818
Total Mine Properties	**21,032,455**	**18,790,502**

NOTE 14: MINE PROPERTIES AND DEVELOPMENT (CONTINUED)

During a 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.

Impairment

Following the temporary suspension of operations in October 2016 the implementation of a remedial action plan and subsequent changes to the mining and processing methodologies in December 2017, the recoverable amount of mine properties and development was reviewed for impairment. Following the review, the Directors have determined that the recoverable amount exceeds the carrying value and that no impairment exists. The recoverable amount estimation was based on the estimated value in use and was determined at the cash-generating unit level. The cash-generating unit consists of the operating assets associated with the Cascavel gold project in Brazil, which is comprised of mine properties and development ($21.0m), mining equipment ($0.77m), the process plant ($6.88m) and other property, plant and equipment associated with the project ($0.95m).

The recoverable amount of the project has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a 34 month period. The discount rate applied to cash flow projections is 10%.

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2017	**2016**
	$	**$**
Property Plant and Equipment		
Net book value	8,616,729	8,733,581

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

	Mining Equipment $	**Process Plant $**	**Leasehold Improvements $**	**Office Furniture and Equipment $**	**Total $**
Balance at 1 January 2017	724,538	7,083,971	483,265	441,807	8,733,581
Additions	187,025	148,037	223,216	46,018	604,296
Disposals	-	-	-	(2,065)	(2,065)
Depreciation	(81,653)	- [1]	(35,863)	(114,704)	(232,220)
Foreign Exchange	(59,818)	(355,851)	(40,887)	(30,307)	(486,863)
Balance at 31 December 2017	770,092	6,876,157	629,731	340,749	8,616,729

[1] Construction of the Gekko process plant was completed during 2016 and commissioning was being carried out until the suspension of operations in October 2016. Following the suspension of operations, improvements to the plant were carried out and a resumption of processing was announced on 5 September 2017. During December 2017, a change to mining operations and introduction of a new low dilution mining method involved the introduction of a small scale hammer mill to deal with high grade ore. The Gekko plant is being utilised to process low grade material and is currently not being operated as intended by management, accordingly it is not considered available for use as at balance date, and no depreciation was charged against the process plant during the period.

Refer to note 14 for impairment consideration.

NOTE 16: TRADE AND OTHER PAYABLES

	Consolidated 2017 $	Consolidated 2016 $
Current:		
Trade payables [(1)]	696,833	2,046,845
Accruals	292,052	482,306
Deferred consideration for non-controlling interest acquisition [(2)]	3,647,300	-
Other payables [(3)]	1,072,026	1,423,518
Brazilian taxes and social security payables [(4)]	263,949	-
Unissued shares [(5)]	1,824,969	-
Advance of Joint Venture funding [(6)]	3,000,000	-
Total Trade and Other Payables	**10,797,129**	**3,952,669**
Non-Current:		
Brazilian taxes and social security payables [(4)]	1,097,456	26,516
Total Trade and Other Payables	**1,097,456**	**26,516**

[(1)] Trade payables are non-interest bearing and are normally settled on 30-day terms.
[(2)] The Group has 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. The shares will be subject to escrow until 1 September 2018.
[(3)] Other payables are non-trade payables, are non-interest bearing and have an average term of 3 months.
[(4)] During the year, the group negotiated the payment terms of certain tax and social security obligations. These payments are interest bearing and are payable via instalment between 5 and 145 months
[(5)] The Group issued 92,500,000 shares at $0.02 per share and free attaching options on 2 January 2018. The Group had received $1,824,969 in advance of the share issue as at 31 December 2017.
[(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: BORROWINGS

	Consolidated 2017 $	2016 $
Current:		
Convertible Loans	-	1,968,897
Total Borrowings	**-**	**1,968,897**

The loans had a term of 6 months from draw down or conversion into shares as a part of the capital raise announced on 16 December 2016. The loans were repayable in cash or shares at the Company's election and had an interest rate of 10% per annum.
Settlement occurred during February 2017 through the issue of 29,904,264 shares and 29,904,264 options.

NOTE 18: OTHER LIABILITIES

	Consolidated 2017 $	2016 $
Current:		
Acquisition payments(1)	173,879	173,879
Lease payments	-	2,813
Premium funding	104,466	-
Other current liability	4,770	5,233
Total Other Current Liabilities	**283,115**	**181,925**

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

NOTE 19: PROVISIONS

		Consolidated	
	Rehabilitation (1) $	Employee benefits (2) $	Total $
Balance at beginning of year	480,102	353,385	833,487
Arising during the year	-	431,186	431,186
Utilised	-	(334,461)	(334,461)
Foreign Exchange	-	(21,870)	(21,870)
Balance at the end of year	480,102	428,240	908,342
Current	-	428,240	428,240
Non-current	480,102	-	480,102

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

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

NOTE 20: FINANCIAL LIABILITIES AND DEFERRED REVENUE

	Consolidated 2017 $	Consolidated 2016 $
Financial liabilities at amortised cost		
Gold Stream facility [1]	2,123,043	1,288,474
Capitalised transaction costs	(104,757)	(329,897)
Funds payable under the Gold Stream variation [2,3]	8,958,280	9,683,220
Total financial liabilities at amortised cost	**10,976,566**	**10,641,797**
Financial liabilities classification:		
Current financial liabilities		
Financial liabilities at amortised cost	10,976,566	10,228,136
Total current financial liabilities	10,976,566	10,228,136
Non-current financial liabilities		
Financial liabilities at amortised cost	-	413,661
Total non-current financial liabilities	-	413,661
Total financial liabilities	10,976,566	**10,641,797**

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

	Consolidated 31 December 2017 $
Balance at beginning of period	10,641,797
(Capitalisation)/Amortisation of transaction costs	225,141
Recognition of effective interest	1,368,764
Repayments made	(630,497)
Fair value adjustment	96,302
Foreign exchange movements	(724,941)
Total Financial Liabilities	**10,976,566**

[1] The fair value of funds payable under the Gold Stream facility are calculated with reference to scheduled gold deliveries, gold price and prevailing exchange rates. Management has estimated the maturity amount of the gold stream facility at 31 December 2017 at $2.12m. The implied interest rate is 183% and the liability will be settled via delivery of gold over the life of the contract.

NOTE 20: FINANCIAL LIABILITIES AND DEFERRED REVENUE (CONTINUED)

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

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

Terms of the Gold Stream agreement:

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

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

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

b) Standstill Payments and other compensation:
   - i) US$100,000 per month (cash or shares at Orinoco's election) while operations are suspended.
   - ii) A 'signing fee' of 2 million ordinary shares in the Company.
   - iii) 3.4 million options were issued on the following terms:
     - a. 2,678,571 Options exercisable at $0.07 on or before 30 November 2017;
     - b. 500,000 Options exercisable at $0.07 on or before 30 April 2018; and
     - c. 250,000 Options exercisable at $0.07 on or before 30 June 2018.
   - iv) Increase in the minimum and maximum gold stream quantities by 10%. This increases the minimum number of ounces from 16,000oz to 17,600oz and the maximum number of ounces from 24,000oz to 26,400oz.

NOTE 20: FINANCIAL LIABILITIES AND DEFERRED REVENUE (CONTINUED)

c) Royalty

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

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

d) Other conditions:

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

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

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

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

As at 31 December 2017 the Group had completed a Remedial Action plan, a budget and recommenced operations as required under the terms of the Gold Stream. All standstill payments were made along with the issue of compensation shares and options. The cash equivalent of 380oz was repaid to CRH during December 2017.

NOTE 21 ISSUED CAPITAL & RESERVES

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 Options Reserves (refer (c) below)		**4,122,516**
Foreign Exchange Reserve (refer (d) below)		**34,927**
Non-Controlling Interests Reserve (refer (e) below)		**(9,400,648)**
Total Reserves		**(5,243,205)**

(c) Options Reserves

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**
Options 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**
Total	**254,041,676**	**4,122,516**

NOTE 21: ISSUED CAPITAL & RESERVES (CONTINUED)

	$
(d) 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**

(e) 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)**	**-**

NOTE 21: ISSUED CAPITAL & RESERVES (CONTINUED)

Consolidated as at and for the year ended 31 December 2016	# Ordinary	$
(a) Issued and Paid Up Capital		
Fully paid ordinary shares	307,349,089	42,078,055
(b) Movements in fully paid shares on issue		
Balance at 1 January 2016	217,569,588	27,726,962
Issue of shares @ $0.11 via exercise of options	22,314,625	2,454,609
Issue of shares @ $0.17 rights issue/shortfall issue	31,528,822	5,359,900
Issue of shares @ $0.17 placement	14,364,719	2,442,002
Issue of shares @ $0.25 via exercise of options	5,866	1,467
Issue of shares @ $0.23 placement	19,565,435	4,500,050
Shares issued in lieu of cancellation of Class B Performance Shares	34	-
Issued to CRH - signing fee	2,000,000	140,000
Capital raising costs	-	(546,935)
Balance at 31 December 2016	**307,349,089**	**42,078,055**
Total Options Reserves (refer (c) below)		**3,737,320**
Foreign Exchange Reserve (refer (d) below)		**493,330**
Total Reserves		**4,230,650**

(c) Options Reserves

Share Based Payments Reserve:	#	$
Balance as at 1 January 2016	44,800,000	3,736,682
Unlisted options issued to employees under ESOP for services rendered and future incentive[1]	300,000	20,880
Expiry of options	(1,700,000)	(152,660)
Balance at 31 December 2016	**43,400,000**	**3,604,902**
Options Proceeds Reserve:		
Balance as at 1 January 2016	79,950,867	65,700
Free attaching listed options relating to capital raise	21,819,835	-
Listed options relating to placement	6,671,816	66,718
Exercise of options	(22,320,491)	-
Expiry of options	(66,807,516)	-
Balance at 31 December 2016	**19,314,511**	**132,418**
Total	**62,714,511**	**3,737,320**

NOTE 21: ISSUED CAPITAL & RESERVES (CONTINUED)

	$
(d) Foreign Exchange Reserve	
Balance as at 1 January 2016	**(259,869)**
Currency translation differences arising during the year	(187,398)
Balance at 31 December 2016	**493,330**

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

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

As at the period end the Company had a total of 254,041,676 (31 December 2016: 62,714,511) unissued ordinary shares on which options are outstanding with a weighted average exercise price of 13 cents (31 December 2016: 23 cents). The weighted average remaining contractual life of all share options outstanding at the end of the financial period is 1.79 years (31 December 2016: 1.00 years).

NOTE 21: ISSUED CAPITAL & RESERVES (CONTINUED)

Nature and Purpose of Reserves

1) *Share Based Payments Reserve*

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

2) *Option Proceeds Reserve*

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

3) *Foreign Exchange Reserve*

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

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 22: OPERATING CASH FLOW INFORMATION

	Consolidated	
	2017 **$**	**2016** **$**
Reconciliation of cash flow from operating activities with loss after income tax		
Loss for the year	(13,079,398)	(15,179,628)
Less – Non-cash items:		
Share based payments	99,075	20,880
Depreciation	232,220	189,406
Inventory write down	90,524	-
Write off of capitalised exploration expenditure	-	538,118
Foreign exchange loss (gain)	(465,903)	(253,185)
Non-cash finance costs	2,449,441	18,897
Disposal of property, plant & equipment	(662)	-
Fair value adjustments	96,302	-
Changes in Assets and Liabilities		
Movement in trade and other receivables	(112,109)	(443,323)
Movement in other assets	(159,205)	(244,570)
Movement in inventory	(77,931)	(683,998)
Movement in provisions	74,855	1,420
Movement in trade and other payables	3,327,652	2,666,872
Net cash flows used in operating activities	**(7,525,139)**	**(13,369,111)**

NOTE 23: RELATED PARTY TRANSACTIONS

a) Related Party Compensation

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

	Consolidated	
	2017	**2016**
	$	**$**
Total remuneration paid to key management personnel during the period is as follows:		
Short-term employee benefits	1,869,234	1,288,218
Post-employment benefits	159,484	145,144
Share based payments	99,075	-
Non monetary	120,565	79,611
Total	**2,248,358**	**1,512,973**

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	
	2017	**2016**
	$	**$**
Serviced office, company secretarial & CFO services, bookkeeping services, IT support, general administration and registered office	-	65,000
Financial accounting and corporate advisory services including executive time charged by Mr Hannaford	-	5,863
Total	**-**	**70,863**

NOTE 24: SHARE-BASED PAYMENTS

Share-based Payment Transactions

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

	Consolidated 2017 $	2016 $
Share based payments in profit or loss in Share Based Payment Expense [1]:		
4,500,000 (2016: 300,000) Options issued to employees under ESOP for services rendered and future incentive	99,075	20,880
Total share based payments in profit or loss in Share Based Payment Expense:	**99,075**	**20,880**
Share based payments in profit or loss in Finance Costs [2]:		
8,306,417 (2016: Nil) Options issued in relation to Gold Stream	256,217	-
14,269,518 (2016: Nil) Shares issued in settlement of Gold Stream standstill payments	599,320	-
Total share based payments in profit or loss in Finance Costs:	**855,537**	**-**
Total share based payments in profit or loss	**954,612**	**20,880**
Share based payments in capital accounts [3]:		
2,000,000 Shares issued in relation to Gold Stream	-	140,000
40,235,443 Shares issued as consideration for purchase of Minority Interest in Mineração Curral de Pedra Ltda	2,086,880	-
Total share based payments in capital accounts	**2,086,880**	**140,000**
Total share based payments	**3,041,492**	**160,880**

[1] 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
13 July 2016	300,000	14 July 2019	$0.25	Unlisted	$0.0696
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.

NOTE 24: SHARE BASED PAYMENTS (CONTINUED)

(2) 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
7 December 2016	2,678,571	30/11/2017	$0.07	Unlisted	$0.0523
7 December 2016	500,000	30/04/2018	$0.07	Unlisted	$0.0556
7 December 2016	250,000	30/06/2018	$0.07	Unlisted	$0.0569
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) Share based payments in capital accounts

During the year, the Company issued a total of 40,235,443 shares to the Minority holders of Mineração Curral de Pedra Ltda as part of the terms of the acquisition:

Date of issue	Number of Ordinary Shares	Market price of shares at date of issue
3 May 2017	8,180,126	$0.049
21 September 2017	32,115,317	$0.0525

During the year ended 31 December 2016, 2,000,000 Ordinary Shares were issued to the Company's funding partner. The shares were issued to satisfy the signing fee for variation of the gold stream funding agreement as follows:

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

NOTE 24: SHARE BASED PAYMENTS (CONTINUED)

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

2017								
Granted	Terms & Conditions						Vested	
#	Grant Date	Fair Value at Grant Date	Exercise Price per Option	Expiry Date	First Exercise Date	Last Exercise Date	Yes	%
2,678,571	7/12/2016	$0.0523	$0.07	30/11/2017	7/12/2016	30/11/2017	2,678,571	100%
500,000	7/12/2016	$0.0556	$0.07	30/04/2018	7/12/2016	30/04/2018	500,000	100%
250,000	7/12/2016	$0.0569	$0.07	30/06/2018	7/12/2016	30/06/2018	250,000	100%
1,500,000	23/03/2017	$0.0247	$0.0915	29/05/2020	23/03/2017	29/05/2020	1,500,000	100%
1,500,000	23/03/2017	$0.0224	$0.1067	29/05/2020	23/03/2017	29/05/2020	1,500,000	100%
750,000	29/05/2017	$0.0199	$0.075	29/05/2020	29/05/2017	29/05/2020	750,000	100%
750,000	29/05/2017	$0.018	$0.0875	29/05/2020	29/05/2017	29/05/2020	750,000	100%
2,678,571	19/09/2017	$0.015	$0.02	30/11/2020	19/09/2017	30/11/2020	2,678,571	100%
1,449,275	19/09/2017	$0.0153	$0.02	31/01/2021	19/09/2017	31/01/2021	1,449,275	100%
500,000	19/09/2017	$0.0156	$0.02	30/04/2021	19/09/2017	30/04/2021	500,000	100%
250,000	19/09/2017	$0.0158	$0.02	30/06/2021	19/09/2017	30/06/2021	250,000	100%

Fair value of unlisted options granted

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

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

Model Inputs	Unlisted CRH Options	Unlisted CRH Options	Unlisted CRH Options	Unlisted ESOP Options	Unlisted ESOP Options
1. Options granted for consideration of services:	2,678,571	500,000	250,000	1,500,000	1,500,000
2. Exercise price (cents):	7	7	7	9.15	10.67
3. Valuation date:	7/12/2016	7/12/2016	7/12/2016	23/3/2017	23/3/2017
4. Expiry date:	30/11/2017	30/4/2018	30/6/2018	29/5/2020	29/5/2020
5. Underlying security spot price at grant date (cents):	11.5	11.5	11.5	6.1	6.1
6. Expected price volatility of the Company's shares:	63%	63%	63%	74%	74%
7. Expected dividend yield:	0%	0%	0%	0%	0%
8. Risk-free interest rate:	1.80%	1.80%	1.80%	1.81%	1.81%
9. Discount:	-	-	-	-	-

NOTE 24: SHARE BASED PAYMENTS (CONTINUED)

Model Inputs	Unlisted ESOP Options	Unlisted ESOP Options	Unlisted CRH Options	Unlisted CRH Options	Unlisted CRH Options	Unlisted CRH Options
1. Options granted for consideration of services	750,000	750,000	2,678,571	1,449,275	500,000	250,000
2. Exercise price (cents):	7.5	8.75	$0.02	$0.02	$0.02	$0.02
3. Valuation date:	24/4/2017	24/4/2017	19/09/2017	19/09/2017	19/09/2017	19/09/2017
4. Expiry date:	29/5/2020	29/5/2020	30/11/2020	31/01/2021	30/04/2021	30/06/2021
5. Underlying security spot price at grant date (cents):	5.0	5.0	2.8	2.8	2.8	2.8
6. Expected price volatility of the Company's shares:	74%	74%	62.53%	62.53%	62.53%	62.53%
7. Expected dividend yield:	0%	0%	0%	0%	0%	0%
8. Risk-free interest rate:	1.81%	1.81%	1.80%	1.80%	1.80%	1.80%
9. Discount:	-	-	-	-	-	-

NOTE 25: AUDITOR'S REMUNERATION

The auditor of Orinoco Gold Limited is HLB Mann Judd.

	Consolidated 2017 $	Consolidated 2016 $
Amounts received or due and receivable by HLB Mann Judd for:		
An audit or review of the financial report of the Company	96,000	52,500
Other services in relation to the Company	-	-
	96,000	**52,500**
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	63,877	27,975
	63,877	**27,975**
Total	**159,877**	**80,475**

NOTE 26: FINANCIAL RISK MANAGEMENT

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

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

a) Market Risk

Market risk is the risk that changes in market prices, such as the gold price, foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of

NOTE 26: FINANCIAL RISK MANAGEMENT (CONTINUED)

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 impact of gold price sensitivity was reviewed and is not considered material for the current reporting period.

Interest Rate Risk

The Group is exposed to interest rate risk on cash balances held in interest bearing accounts. The Board regularly monitors its interest rate exposure and attempts to maximise interest income by using a mixture of fixed and variable interest rates, whilst ensuring sufficient funds are available for the Group's operating activities. The Group's net exposure to interest rate risk at 31 December 2017 approximates the value of cash and cash equivalents.

Foreign Currency Risk

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

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

	Assets		**Liabilities**	
	2017	**2016**	**2017**	**2016**
	AUD$	**AUD$**	**AUD$**	**AUD$**
Brazilian Real	1,122,166	916,366	3,454,380	2,738,180
US Dollar	1,280	1,385	12,896,197	10,971,694
Total	**1,123,446**	**917,751**	**16,350,577**	**13,709,874**

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 2017 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 26: 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 2017 $	Effect On: Equity 2017 $	Effect On: Results 2016 $	Effect On: Equity 2016 $
BRL Balances	+ 5%	(116,611)	(116,611)	(91,091)	(91,091)
	- 5%	116,611	116,611	91,091	91,091
USD Balances	+ 5%	(644,746)	(644,746)	(548,515)	(548,515)
	- 5%	644,746	644,746	548,515	548,515

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

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

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

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

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 2017 $	Effect On: Equity 2017 $	Effect On: Results 2016 $	Effect On: Equity 2016 $
Interest Rate	+ 1.00%	34,788	34,788	17,518	37,155
	- 1.00%	(34,788)	(34,788)	(17,518)	(37,155)

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

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

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

Capital Management

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

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

The Group is not subject to externally imposed capital requirements.

NOTE 27: SEGMENT REPORTING

Identification of Reportable Segments

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

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

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

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

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2017

NOTE 27: SEGMENT REPORTING (CONTINUED)
Information about Reportable Segments

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

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

NOTE 27: SEGMENT REPORTING (CONTINUED)

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 2017			
Revenue from external customers	-	-	-
Non-current assets	30,934,053	23,055	30,957,108
CONSOLIDATED			
31 December 2016			
Revenue from external customers	-	-	-
Non-current assets	28,837,277	55,001	28,892,278

NOTE 28: COMMITMENTS FOR EXPENDITURE

Expenditure Commitments

Operating Lease Commitments
Commitments for minimum lease payments are:

	Consolidated	
	2017	**2016**
	$	**$**
Within one year	28,669	37,953
Later than one year but less than five years	-	28,669
Later than five years	-	-
	28,669	**66,622**

The Group had no other material commitments at 31 December 2017.

NOTE 29: PARENT ENTITY DISCLOSURES

Financial Position

	2017	**2016**
	$	**$**
Assets		
Current Assets	3,227,587	1,539,436
Non-Current Assets	19,795,849	13,513,199
Total Assets	23,023,436	15,052,635
Liabilities		
Current Liabilities	11,316,598	13,154,979
Non-Current Liabilities	-	-
Total Liabilities	11,316,598	13,154,979
Equity		
Issued Capital	60,995,126	42,078,055
Options Reserve	4,122,515	3,737,320
Accumulated Losses	(53,410,803)	(43,917,719)
Total Equity	11,706,838	1,897,656

Financial Performance

	2017	**2016**
	$	**$**
Loss for the period	(9,493,084)	(13,655,979)
Other comprehensive income	-	-
Total Comprehensive Loss	(9,493,084)	(13,655,979)

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

NOTE 30: INTERESTS IN CONTROLLED ENTITIES

The Company has the following subsidiaries:

Name of Subsidiary	Country of Incorporation	Class of Shares	Percentage Held 2017	Percentage Held 2016
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%	70%
Rio do Ouro Mineração Ltda [(2)]	Brazil	Ordinary	60%	60%
Sertão Mineração Ltda [(2)]	Brazil	Ordinary	100%	100%

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

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

NOTE 31: SUBSEQUENT EVENTS

During December 2017, the Group ordered and paid a deposit on a new 25t/h hammer mill a part of its "Back to Basics" approach. The hammer mill was delivered to site during January 2018.

On 2 January 2018, the Company announced that it had completed a placement of 92,500,000 shares at a price of $0.02 to raise $1.85m before costs. Placement participants were also issued one new option for every share subscribed for, these options had an exercise price of $0.03 and an expiry date of 2 January 2020.

On 31 January 2018 30,655,369 listed OGXOD options expired.

On 23 February 2018 Sophie Raven replaced Joel Ives as Company Secretary.

The Company issued 59,500,000 shares on the exercise of 59,500,000 unlisted $0.03 options raising $1,785,000 before costs.

On 23 March 2018, the Company announced a capital raise as follows:

- A placement of 70.8m shares at a price of $0.12 per share and 23.6m options with an exercise price of $0.11 and expiry date of 31 March 2020 to sophisticated investors to raise up to $8.5m before costs
- Settlement of the groups liability to the former minority holders of Cascavel through the issue of 45.1m shares and 5.4m options with an exercise price of $0.11 and expiry date of 31 March 2020. The payment is in lieu of the payment due on 1 September 2018 for $US1.5m cash and $US1.35m shares. The shares will be subject to escrow until 1 September 2018.

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

NOTE 32: CONTINGENT LIABILITIES

A Group company is involved in a dispute with a Brazilian based service provider in regards to the recovery of fees paid by the Company totalling approximately R$1.1 million (A$440,000) and the cancellation of unpaid invoices totalling approximately R$300,000 (A$125,000) due to the unsatisfactory quality of work, in the Company's opinion.

A Group company, Sertão Mineração Ltda, is involved in a series of disputes with the Brazilian federal tax authority which has disagreed with the company netting certain tax credits against income tax owed in the years prior to purchase by Orinoco. The credits claimed by Sertão Mineração Ltda total approximately R$3.9 million (A$1.56 million). Any future liability will depend on the extent to which the Brazilian federal tax authority allows or disallows each individual claims for credits plus interest and penalties on any claims that are disallowed.

A Group company received a claim for payment from the DNPM (Brazil Department of Mines) for approximately R$500,000 (A$200,000) for unpaid taxes relating to exploration permits held briefly in the State of Pernambuco. The claim is being contested by the Group company via a court proceeding.

The group is required to pay a net smelter royalty on gold produced from 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 Directors are not aware of any other contingent liabilities that may arise from the Company's operations as at 31 December 2017.

NOTE 33: TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

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

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

	Consolidated	
	31 December 2017	**31 December 2016**
	$	**$**
Carrying amount of non-controlling interests acquired	(1,049,941)	-
Consideration paid 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)**	**-**

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

NOTE 34: 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 2017 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 2017.

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

On behalf of the Board

JOSEPH PINTO

Mr Joseph Pinto
Non-Executive Chairman

Perth
28 March 2018

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Orinoco Gold Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Orinoco Gold Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the year then ended; and
b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

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

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

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Email: mailbox@hlbwa.com.au | Website: www.hlb.com.au

HLB Mann Judd

Key Audit Matter	How our audit addressed the key audit matter
Impairment assessment of Cascavel Gold Project Notes 14 and 15	
An impairment assessment was conducted by management during the year in relation to the assets comprising the Cascavel Gold Project due to the existence of impairment indicators following the suspension of operations. The Cascavel Gold Project assets include mine properties and development with a carrying value of $21,032,455 (refer Note 14) and the process plant with a carrying value of $6,876,157, mining equipment of $770,092 and other property, plant and equipment with a carrying value of $947,425 (refer Note 15). The impairment assessment conducted under AASB 136 *Impairment of Assets* involved a comparison of the recoverable amount of the Cascavel Gold Project assets with their carrying amounts in the financial statements. Recoverable amount is based upon the higher of fair value less costs of disposal and value-in-use. The evaluation of the recoverable amount of these assets is considered a key audit matter as it was based upon a value-in-use calculation which required significant judgement in verifying the key assumptions supporting the expected discounted future cash flows of the Cascavel Gold Project.	Our procedures included but were not limited to: - Obtaining an understanding of the key controls associated with the preparation of the model used to assess the recoverable amount of the Cascavel Gold Project; - Critically evaluating management's methodology in the value-in-use model and the basis for key assumptions; - Performing sensitivity analyses around the key inputs used in the cash flow forecasts that either individually or collectively would be required for assets to be impaired; - Reviewing the mathematical accuracy of the value-in-use model; - Comparing value-in-use to the carrying amount of assets comprising the cash-generating unit; - Considering whether the assets comprising the cash-generating unit had been correctly allocated; - Comparing forecast cash flows to the latest Board approved forecasts; - Considering the results of independent technical reports obtained subsequent to the suspension of operations at Cascavel; - Comparing key assumptions in forecast cash flows to historical results and, where this were materially different, critically reviewing the basis for differing future expectations; - Considering the appropriateness of the discount rate used; and - Assessing the appropriateness of the disclosures included in the relevant notes to the financial report.
Accounting for the Gold Stream Agreement Note 20	
The Group's gold stream agreement is a financial liability at amortised cost accounted within the scope of AASB 139. The accounting for the Gold Stream Facility is considered a key audit matter due to its complexity.	Our procedures included but were not limited to: - Considering the key terms of the various agreements comprising the gold stream facility with the counterparty; - Agreeing cash repayments by the Group to the lender; - Recalculating the carrying value of the financial liability at amortised cost as at 31

<table>
<tr><td></td><td>December 2017 in accordance with AASB 139;
- Considering whether the classification of the financial liability as current or non-current was appropriate under AASB 101 Presentation of Financial Statements; and
- Considering the adequacy of the disclosures included within the financial statements.</td></tr>
<tr><td colspan="2">Acquisition of the Non-Controlling Interest
Note 33</td></tr>
<tr><td>During the year the Group agreed to acquire the remaining 30% shareholding in Mineracao Curral de Pedra Ltda from the non-controlling interests.

Consideration for the acquisition was an upfront fee of US$300,000 in cash and US$300,000 in shares, payment of US$1,500,000 in cash and US$1,350,000 in shares which was settled on 1 September 2017, payment of US$1,500,000 in cash and US$1,350,000 in shares payable on 1 September 2018 and a royalty of 1.5% on production from the Cascavel Gold mine, net of gold deliverable to the Group's existing financier.

This is considered to be a key matter as it is a material transaction which is considered to be important to users of the financial statements. In addition, the accounting for the transaction is complex.</td><td>Our procedures included but were not limited to:
- Considering the key terms of the non-controlling interest acquisition agreement;
- Considering the fair value of the consideration and the carrying amount of the non-controlling interests acquired and the appropriate accounting treatment of any differential within equity;
- Considering the impact of the 1.5% royalty;
- Agreeing consideration paid by the Group to the former owners of the non-controlling interest; and
- Considering the adequacy of the disclosures included within the financial statements.</td></tr>
</table>

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

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2017, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

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

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

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

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

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

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

Report on the Remuneration Report

Opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 31 December 2017.

In our opinion, the remuneration report of Orinoco Gold Limited for the year ended 31 December 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

M R Ohm
Partner

Perth, Western Australia
28 March 2018

ASX ADDITIONAL INFORMATION

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

SHAREHOLDINGS

The issue capital of the Company at 16 March 2018 is 935,295,338 ordinary fully paid shares. All ordinary shares carry one vote per share.

TOP 20 SHAREHOLDERS AS AT 16 MARCH 2018

		No. of Shares Held	% Held
1	ANGLOGOLD ASHANTI HLDG PL	135,190,463	14.45%
2	ADMARK INV PL	70,836,750	7.57%
3	HSBC CUSTODY NOM AUST LTD	38,565,769	4.12%
4	ADMARK INV PL	27,503,012	2.94%
5	KHAOULE WALID	20,590,507	2.20%
6	TYRANNA RES LTD	19,133,705	2.05%
7	CORBY MICHAEL WILLIAM	16,760,000	1.79%
8	PALASOVSKI TONY	13,900,000	1.49%
9	MARSHALL TRACEY LEANNE	13,481,298	1.44%
10	FILHO DIMAS MARTINS	12,755,692	1.36%
11	CITICORP NOM PL	11,726,349	1.25%
12	FORSYTH BARR CUSTS LTD	11,172,885	1.19%
13	GREGORACH PL	10,074,386	1.08%
14	MORUE JAMIL	10,000,000	1.07%
15	ZW 2 PL	9,500,000	1.02%
16	KAS INV & DVLMT PL	9,105,672	0.97%
17	IMPULZIVE PL	8,846,432	0.95%
18	J P MORGAN NOM AUST LTD	8,807,773	0.94%
19	ONE MANAGED INV FUNDS LTD	8,000,000	0.86%
20	LESO VINCENT JOHN	7,050,000	0.75%
		463,000,693	49.49%

* Denotes merged holders

Shares Range	No. of Holders	No. of Shares
1 – 1,000	54	7,107
1,001 – 5,000	157	607,522
5,001 – 10,000	332	2,807,844
10,001 – 100,000	1,414	59,622,277
100,001 and over	794	872,250,588
	2,751	935,295,338
Number holding less than a marketable parcel at $0.125 per share (closing price on 16 March 2018)	111	148,898

ASX ADDITIONAL INFORMATION (CONTINUED)

VOTING RIGHTS

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

SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2018

		No. of Shares Held	% Held
1	ANGLOGOLD ASHANTI HLDG PL	135,190,463	14.45%
2	ADMARK INV PL	98,339,762	10.51%

* Denotes merged holders

OPTION HOLDINGS

The Company has the following classes of options on issue at 16 March 2018 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	202,458,461
A	Exercisable at 15 cents each, expiring on or before 30 April 2018	10,500,000
B	Exercisable at 25 cents each, expiring on or before 14 July 2019	300,000
C	Exercisable at 7 cents each, expiring on or before 30 April 2018	500,000
D	Exercisable at 7 cents each, expiring on or before 30 June 2018	250,000
E	Exercisable at 7.5 cents each, expiring on or before 29 May 2020	750,000
F	Exercisable at 8.75 cents each, expiring on or before 29 May 2020	750,000
G	Exercisable at 9.15 cents each, expiring on or before 29 May 2020	1,500,000
H	Exercisable at 10.6746 cents each, expiring on or before 29 May 2020	1,500,000
I	Exercisable at 2 cents each, expiring on or before 30 November 2020	2,678,571
J	Exercisable at 2 cents each, expiring on or before 31 January 2021	1,449,275
K	Exercisable at 2 cents each, expiring on or before 30 April 2021	500,000
L	Exercisable at 2 cents each, expiring on or before 30 June 2021	250,000
M	Exercisable at 3 cents each, expiring on or before 2 January 2020	33,000,000
		256,386,307

LISTED OPTIONS

As at 16 March 2018 the Company had 202,458,461 OGXOD listed options on issue. Listed Options do not carry any voting rights.

ASX ADDITIONAL INFORMATION (CONTINUED)

TOP 20 OGXOD HOLDERS AS AT 16 MARCH 2018

		No. of Options Held	% Held
1	ANGLOGOLD ASHANTI HLDG PL	85,190,463	42.08%
2	TYRANNA RES LTD	14,823,328	7.32%
3	HSBC CUSTODY NOM AUST LTD	6,022,857	2.97%
4	VUCIC TONY PETER + DIANE	5,000,000	2.47%
5	TEAGUE ADAM JOSEPH	3,930,000	1.94%
6	ZW 2 PL	3,738,291	1.85%
7	DAHM HAYDEN JOHN	3,324,389	1.64%
8	ADRISA BUILDERS PL	3,000,000	1.48%
9	MARSHALL TRACEY LEANNE	2,753,023	1.36%
10	LEES LIONEL C J + C K	2,700,000	1.33%
11	CLARK PETER WILLIAM	2,334,694	1.15%
12	IMPULZIVE PL	2,144,590	1.06%
13	ADAMIDES ALEXIS	2,000,000	0.99%
14	JOLDALE PL	1,967,725	0.97%
15	KLINGNER ANDREW MARK	1,829,600	0.90%
16	STAIB K L + HEADLEY B	1,496,500	0.74%
17	PACESKOSKI SASO	1,453,490	0.72%
18	MILOSEVSKI LJUPCE	1,428,572	0.71%
19	RIVERVIEW CORP PL	1,428,571	0.71%
20	JACKAAM PL	1,280,715	0.63%
		147,846,808	73.02%

* Denotes merged holders

Options Range	No. of Holders	No. of Options
1 – 1,000	3	790
1,001 – 5,000	46	134,810
5,001 – 10,000	51	381,256
10,001 – 100,000	255	10,867,899
100,001 and over	135	191,071,518
	490	202,456,273

ASX ADDITIONAL INFORMATION (CONTINUED)

UNLISTED OPTIONS

Options Range	Unlisted Options No. of Holders	Unlisted Options No. of Options
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	-	-
10,001 – 100,000	-	-
100,001 and over	36	53,927,846
	36	**53,927,846**

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

Holder	Unlisted Options Class A	Unlisted Options Class C	Unlisted Options Class D	Unlisted Options Class I
MS ANNETTE PAPENDIECK	2,500,000	-	-	-
CRH MEZZANINE PTE LTD	-	500,000	250,000	1,250,000
PR PORTFOLIOS LLC	-	-	-	1,428,571

Holder	Unlisted Options Class J	Unlisted Options Class K	Unlisted Options Class L	Unlisted Options Class M
CRH MEZZANINE PTE LTD	1,449,275	500,000	250,000	-
ONE MANAGED INV FUNDS LTD	-	-	-	10,000,000

Class B, E, F, G and H 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%	Joint Venture Exploration Permit
	861586/2009	Faina	100%	Exploration Permit
Faina Goldfields Project	860035/2017	Faina	85%	Joint Venture Exploration Permit
	860036/2017	Faina	85%	Joint Venture Exploration Permit
	860043/2017	Faina	85%	Joint Venture Exploration Permit
	860044/2017	Faina	85%	Joint Venture Exploration Permit
	860045/2017	Faina	85%	Joint Venture Exploration Permit
	860051/2012	Faina	70%	Joint Venture Exploration Permit
	860073/2018	Faina	100%	Application Clain
	860074/2018	Faina	100%	Application Clain
	860185/2012	Faina	85%	Joint Venture Exploration Permit
	860255/2017	Faina	85%	Joint Venture Application Clain
	860404/2013	Faina	100%	Exploration Permit
	860570/2016	Faina	85%	Joint Venture Exploration Permit
	860571/2016	Faina	85%	Joint Venture Exploration Permit
	860582/2016	Faina	85%	Joint Venture Exploration Permit
	860583/2016	Faina	85%	Joint Venture Exploration Permit
	860603/2017	Faina	85%	Joint Venture Application Clain
	860604/2017	Faina	100%	Application Clain
	860605/2017	Faina	100%	Application Clain
	860649/2017	Faina	100%	Joint Venture Application Clain
	860683/2016	Faina	80%	Joint Venture Exploration Permit
	860684/2016	Faina	80%	Joint Venture Exploration Permit
	860685/2016	Faina	80%	Joint Venture Exploration Permit
	860686/2016	Faina	80%	Joint Venture Exploration Permit
	860699/2013	Faina	85%	Joint Venture Exploration Permit
	860715/2016	Faina	85%	Joint Venture Exploration Permit
	860770/2017	Faina	100%	Application Clain
	860803/2016	Faina	85%	Joint Venture Exploration Permit
	860837/2017	Faina	70%	Joint Venture Application Clain
	860856/2012	Faina	70%	Joint Venture Exploration Permit
	860989/2016	Faina	85%	Joint Venture Exploration Permit
	860995/2016	Faina	100%	Exploration Permit
	861013/2017	Faina	85%	Joint Venture Application Clain
	861014/2017	Faina	85%	Joint Venture Application Clain
	861015/2017	Faina	85%	Joint Venture Application Clain
	861032/2017	Faina	100%	Joint Venture Application Clain
	861033/2017	Faina	100%	Joint Venture Application Clain
	861034/2017	Faina	100%	Application Clain
	861035/2017	Faina	100%	Application Clain
	861347/2012	Faina	85%	Joint Venture Exploration Permit
	861360/2015	Faina	80%	Joint Venture Exploration Permit

	861365/2015	Faina	85%	Joint Venture Exploration Permit
	861389/2016	Faina	70%	Joint Venture Exploration Permit
	861390/2016	Faina	85%	Joint Venture Exploration Permit
	861391/2016	Faina	80%	Joint Venture Exploration Permit
	861392/2016	Faina	80%	Joint Venture Exploration Permit
	861393/2016	Faina	80%	Joint Venture Exploration Permit
	861500/2016	Faina	85%	Joint Venture Exploration Permit
	861501/2016	Faina	85%	Joint Venture Exploration Permit
	861502/2016	Faina	85%	Joint Venture Exploration Permit
	861590/2009	Faina	85%	Joint Venture Application Clain
	862520/2011	Faina	85%	Joint Venture 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 Clain
	861414/2016	Sertão	80%	Joint Venture Exploration Permit