



VERDANT MINERALS LTD

ABN 33 122 131 622

**INTERIM FINANCIAL REPORT FOR THE HALF YEAR
ENDED 31 DECEMBER 2017**

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Company Strategy

Verdant Minerals Ltd's strategic intent is to create shareholder value through discovery, development and operate fertiliser and industrial minerals projects, located in close proximity to existing transport infrastructure, with a primary focus on the Northern Territory of Australia.

Verdant Minerals Ltd has significant resources of both phosphate and potash.

Directors' Report

The Directors present their report together with the consolidated financial statements of Verdant Minerals Ltd, for the half-year ended 31 December 2017 and the independent audit review report thereon.

Directors

The Directors of the Company at any time during or since the end of the interim period are:

Name:	Status	Period of Directorship
James D Whiteside	Non-Executive Chairman	Since 6 October 2016
Jason A Conroy	Non-Executive Director	Since 7 August 2017
Robert J Cooper	Non-Executive Director	Since 1 July 2016
Christopher N Tziolis	Managing Director	Since 6 June 2013
Jeffrey D Landels	Non-Executive Director	Retired 15 September 2017

Review of Operations

Overview

The Company's focus remained on evaluation of its key projects with the primary objective of completing the bankable feasibility study (BFS), environmental approvals and subsequent development of the global scale Ammaroo phosphate project. The Company is maintaining the tenements of the portfolio of sulphate of potash projects and participating in development of a processing Joint Venture.

Furthermore, the Company has been assessing laboratory based evaluation and metallurgical test work on samples from its silica deposits to identify the potential for the production of highly valuable high purity quartz.

Health, Safety, Environment and Community

During the six months ended 31 December 2017 352 hours of field work was conducted and there were no LTI's recorded. There were no reportable environmental or safety incidents during the half year.

Operating Result

The Group's loss after tax for the half year ended 31 December 2017 was \$1,457,903 after impairment and write down of \$455,750 in exploration costs (2016 loss \$2,031,853). Corporate costs of \$1,472,974 (2016 \$1,066,467) increased marginally compared to the prior comparative half year. Exploration and evaluation (including studies) expenditure for the half year was \$2,801,600 (2016 \$1,528,649).

Phosphate

- The BFS and the Environmental Approvals Process progressed on schedule for the Ammaroo Phosphate Project.
- A bulk sample has been analysed for product characterisation and specification bench and pilot scale test work at Corem to produce high-quality rock concentrate containing 33.2% P₂O₅ product for testing.
- Analysis of the Rockhole Phosphate Project was completed from 1,457 metres of drilling. Rockhole is a satellite exploration target to the Ammaroo Phosphate Project.

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- The Draft Environmental Impact Statement (EIS) was submitted to the Northern Territory Environmental Protection Authority (NTEPA).
- Detailed engineering design of the process plant and associated infrastructure is 30% complete, and the rail spur preliminary design has been completed.
- Key milestones in the environmental approvals process were reached; with ecological and archaeological surveys completed for the mine site, bore field and the proposed transport corridor.

Potash

- Aqua Guardian Group Limited (AGG) entered into a A\$3 million earn-in agreement with Verdant Minerals Ltd (Verdant) to earn up to 40% of the Karinga Lakes Sulphate of Potash Project.
- The agreement is based on the staged commercialisation of aMES™ - a novel mineral processing technology developed for production of valuable minerals from salt lake brines.

Silica (High Purity Quartz (HPQ))

- Samples of quartz were undergoing proprietary test work at an Australian university to establish its suitability for conversion to a valuable high purity quartz product.

Corporate

- Jason Conroy joined the Board as a non-executive director on 7 August 2017.
- Jeffery Landels retired from the Board on 15 September 2017.

Other

The Quarterly Activities Report for the period ended 31 December 2017 was released to the ASX on the 31st January 2018 and can be referred for further information and discussion on the Group's projects.

Auditor's Independence Declaration

The auditor's independence declaration in relation to the review of the half-year financial report is set out on page 5 and forms part of this Directors' Report for the six months ended 31 December 2017.

Rounding Off

The Group is of a kind referred to in ASIC Corporations (Rounding in Financials/Director's Reports) Instrument 2016/191 and in accordance with the legislative instrument, amounts in the consolidated interim financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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



James Whiteside BAgSc, Grad Dip Bus Admin, GAICD
Chairman

Dated: Darwin 14th March 2018



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Verdant Minerals Ltd

I declare that, to the best of my knowledge and belief, in relation to the review of Verdant Minerals Ltd for the half-year ended 31 December 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

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KPMG

A handwritten signature in black ink, appearing to read 'Jeff Frazer'.

Jeff Frazer
Partner

Brisbane

14 March 2018

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	Half-Year Ended 31 Dec 2017 \$'000	Half-Year Ended 31 Dec 2016 \$'000
Continuing operations			
Other Income		61	126
Depreciation		(5)	(5)
Employee benefits expense		(499)	(613)
Exploration and evaluation assets impairment		(456)	(304)
Listing & Registry costs		(56)	(64)
Other expenses	4.	(503)	(1,172)
Loss before income tax expense		(1,458)	(2,032)
Income tax benefit		-	-
Net loss for the half year		(1,458)	(2,032)
Other comprehensive income for the half year		-	-
Total comprehensive income (loss) for the period attributable to owners of Verdant Minerals Ltd		(1,458)	(2,032)
Earnings per share:			
		<i>Cents</i>	<i>Cents</i>
Basic earnings per share		(0.15)	(0.21)
Diluted earnings per share		(0.15)	(0.21)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the consolidated interim financial statements.

VERDANT MINERALS LTD – Interim Financial Report 31 December 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	31 Dec 2017 \$'000	30 Jun 2017 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5.	3,496	6,540
Trade and other receivables		123	100
Other		339	396
Total Current Assets		3,958	7,036
Non-Current Assets			
Exploration and evaluation assets	6.	45,779	43,333
Property, plant and equipment		592	632
Total Non-Current Assets		46,371	43,965
TOTAL ASSETS		50,329	51,001
LIABILITIES			
Current Liabilities			
Trade and other payables		860	326
Short-term provisions	7.	188	754
Total Current Liabilities		1,048	1,080
TOTAL LIABILITIES		1,048	1,080
NET ASSETS		49,281	49,921
EQUITY			
Contributed equity		84,776	83,976
Share-based payments reserve		1,730	1,712
Accumulated losses		(37,225)	(35,767)
TOTAL EQUITY		49,281	49,921

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated interim financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Issued Capital	Share-based Payments Reserve	Accumulated Losses	Total Equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July, 2016	83,976	1,448	(32,681)	52,743
Loss for the half year	-	-	(2,032)	(2,032)
Total comprehensive Loss for the period	-	-	(2,032)	(2,032)
Transactions with owners of the Company, recognised directly in equity				
Issue of employee share options	-	193	-	193
Balance at 31 December 2016	83,976	1,641	(34,713)	50,904
Balance at 1 July, 2017	83,976	1,712	(35,767)	49,921
Loss for the half year	-	-	(1,458)	(1,458)
Total comprehensive Loss for the period	-	-	(1,458)	(1,458)
Transactions with owners of the Company, recognised directly in equity				
Issue of ordinary shares	800	-	-	800
Issue of employee share options	-	18	-	18
Balance at 31 December 2017	84,776	1,730	(37,225)	49,281

The statement of changes in equity is to be read in conjunction with the notes to the consolidated interim financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	Half-Year Ended 31 Dec 2017 \$'000	Half-Year Ended 31 Dec 2016 \$'000
Cash flow from operating activities			
Interest received		61	126
Payments to suppliers, employees and others		(1,104)	(879)
Net cash flows from operating activities		(1,043)	(754)
Cash flows from investing activities			
Purchase of non-current assets		(2)	(11)
Proceeds from sale of non-current assets		711	100
Payments for exploration and evaluation assets		(2,765)	(1,482)
Recovery (Payment) from / to secured term deposits		55	(40)
Net cash flows from investing activities		(2,001)	(1,433)
Cash flows from financing activities			
Proceeds from share issues net of issue costs		-	-
Payments for capital raising		-	(891)
Net cash flows from financing activities		-	(891)
Net (decrease) in cash and cash equivalents		(3,044)	(3,078)
Cash and cash equivalents at the beginning of the half year		6,540	12,176
Cash and cash equivalents at end of the half year		3,496	9,098

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated interim financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 1: Reporting entity

Verdant Minerals Ltd (“the Company”) is a company domiciled in Australia. The Group comprises the Company and its subsidiaries together referred to as the “Group”. The Group is entirely involved in the exploration for and development of mineral resources in Australia.

NOTE 2: Basis of preparation

(a) Statement of compliance

These consolidated interim financial statements for the six months period ended 31 December, 2017 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting, the equivalent of the International Accounting Standard IAS34: Interim Financial Reporting.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2017. The consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 30 June 2017.

These consolidated interim financial statements were approved by the Board of Directors on 14 March 2018.

The company is of a kind referred to in ASIC Corporations (Rounding in Financials/Director’s Reports) Instrument 2016/191 and in accordance with the legislative instrument, amounts in the consolidated interim financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(b) Going Concern

Notwithstanding the loss for the half year of \$1,457,903 the financial statements have been prepared on a going concern basis, which contemplates continuity of normal activities and realisation of assets and settlement of liabilities in the normal course of business. As is generally the case for explorers, the ability of the Company to continue its exploration and evaluation activities as a going concern including meeting its obligations is dependent upon accessing funds from investors in the capital markets and meeting minimum exploration expenditure requirements in order to maintain tenement licences.

The Board anticipates the Group will be able to raise additional equity for working capital and planned expenditure and has a history of securing such funding as required in the past to support their confidence. While the Board is confident in the ability to continue as a going concern, if cash flow forecasts are adversely impacted by not being able to raise finance there would be material uncertainty as to whether the Group would be able to continue as a going concern.

Consequently, material uncertainty exists as to whether the Group will continue as a going concern and it may therefore be required to realise assets at amounts different to their carrying amounts in the statement of financial position and settle liabilities (and contingent liabilities) other than in the ordinary course of business.

(c) Judgements and estimates

In preparing these interim financial statements, Management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2017.

NOTE 3: Significant accounting policies

The accounting policies applied by the Group in the consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2017.

In the half year ended 31 December 2017, the Group has reviewed the revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2017. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business with no impact on disclosure.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half year ended 31 December 2017. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is anticipated to the Group's accounting policies in subsequent periods.

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NOTE 4: OTHER EXPENSES

R & D grant expense

Interest

Other office costs

Half-Year Ended 31 Dec 2017 \$'000	Half-Year Ended 31 Dec 2016 \$'000
-	787
104	-
399	385
503	1,172

NOTE 5: CASH AND CASH EQUIVALENTS

Cash at bank and on hand

Term deposits

Total cash and cash equivalents

31 Dec 2017 \$'000	30 June 2017 \$'000
731	590
2,765	5,950
3,496	6,540

NOTE 6: DEFERRED EXPLORATION EXPENDITURE

Costs carried forward in respect of areas of interest in the following phases:

Exploration and evaluation assets – at cost

Balance at beginning of period

Expenditure cost incurred

Share Issue for Royalty Option

Net Tenements reserved (sold)

Impairment of exploration and evaluation assets

Total deferred exploration expenditure

43,333	40,667
2,802	3,377
800	-
(700)	(100)
46,235	44,211
(456)	(611)
45,779	43,333

The ultimate recoupment of the carrying value of Exploration and Evaluation assets is dependent upon the successful development and commercial exploitation or sale of the respective area of interest.

The impairment of exploration and evaluation assets reflect the Group's decision to focus on the Potash and Phosphate projects and represents the write off of previously capitalised exploration expenditure on a number of tenements not related to projects for which it is expected there will be future benefits.

NOTE 7: SHORT-TERM PROVISIONS

Provision for R&D grant review

Employee benefits

Total short term provisions

-	787
188	117
188	904

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Half-Year Ended 31 December 2017

NOTE 8: ISSUED CAPITAL

Fully Paid Ordinary Shares

Balance at 1 July 2017

Shares issued during the period

Balance as 31 December 2017

No.	\$
963,761,492	83,976,565
40,000,000	800,000
1,003,761,492	84,776,565

Share options

At 31 December 2017, the following options for ordinary shares in Verdant Minerals Ltd were on issue:

	December 2017 Number	June 2017 Number
Employee options	8,100,000	8,100,000
Directors options	29,500,000	27,000,000
Options issued and exercisable at end of period	37,600,000	35,100,000

NOTE 9: SEGMENT INFORMATION

Business segments

The Group operates in one geographic segment for management reporting, being Australia, and in one business segment, being mineral exploration and evaluation of minerals.

NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the period between the end of the half-year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future years.

NOTE 11: COMMITMENTS

There are no known commitments that have not been brought to account as at the date of this financial report.

DIRECTORS' DECLARATION

For the half-year ended 31 December 2017

In the opinion of the directors:

- (a) The consolidated financial statements and notes set out on pages 6 to 12 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Group as at 31 December 2017 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (ii) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001 and other mandatory professional reporting requirements.
- (b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



James Whiteside, BAgSc, Grad Dip Bus Admin, GAICD
Chairman

Dated: 14th March 2018.



Independent Auditor's Review Report

To the shareholders of Verdant Minerals Ltd

Report on the Interim Financial Report for the Half Year 31 December 2017

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Verdant Minerals Ltd.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Verdant Minerals Ltd is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2017 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2017
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Verdant Minerals Ltd (the Company) and the entities it controlled at the Half year's end.

The **Interim Period** is the six months ended on 31 December 2017.

Material uncertainty related to going concern – emphasis of matter

We draw attention to Note 1(b), "Going Concern" in the Interim Financial Report. The conditions disclosed in Note 1(b), indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Interim Financial Report. Our conclusion is not modified in respect of this matter.



Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- for such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Verdant Minerals Ltd, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

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KPMG

A handwritten signature in blue ink, appearing to be 'J Frazer'.

Jeff Frazer
Partner

Brisbane

14 March 2018