

# **ORO VERDE LIMITED**

**ABN 84 083 646 477**

## **HALF YEAR FINANCIAL REPORT**

**31 December 2016**

# ORO VERDE LIMITED

## HALF YEAR FINANCIAL REPORT 31 December 2016

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# **ORO VERDE LIMITED**

## **HALF YEAR FINANCIAL REPORT 31 DECEMBER 2016**

### **Corporate Directory**

**ABN: 84 083 646 477**

#### **Directors**

W G Martinick	Non-Executive Chairman
T I Woolfe	Managing Director
B D Dickson	Executive Finance Director
B L Farrell	Non-Executive Director
A P Rovira	Non-Executive Director

#### **Managing Director**

T I Woolfe

#### **Company Secretary**

B D Dickson

#### **Registered Office and Principal Place of Business**

Level 1  
34 Colin Street  
West Perth WA 6005  
Telephone: 08 9481 2555  
Fax: 08 9485 1290

#### **Share Registry**

Security Transfer Australia Pty Ltd  
770 Canning Highway  
Applecross WA 6153

#### **Auditors**

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco WA 6008

#### **Bank**

National Australia Bank  
96 High Street  
Fremantle WA 6160

# ORO VERDE LIMITED

## HALF YEAR FINANCIAL REPORT 31 DECEMBER 2016

### Directors' Report

The Directors present their report together with the consolidated financial report for the six months ended 31 December 2016 and the independent review report thereon.

#### DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

W G Martinick  
T I Woolfe  
B D Dickson  
B L Farrell  
A P Rovira

#### REVIEW OF OPERATIONS

##### TOPACIO (Oro Verde option to acquire 100%, Newcrest earning up to 75%)

During the period Newcrest Limited (**Newcrest**) completed its US\$500,000 minimum commitment phase of exploration at Topacio. This minimum commitment, and the first year's exploration program focussed on defining a mineralised system with the potential to host a gold deposit containing at least two million ounces of gold and generating drill targets to verify the system's gold potential.

This program was successful culminating in a decision by Newcrest to fund drilling to test the highest priority target – the Rebeca Vein. This drilling commenced on 8 March 2017.

To earn the right to an initial 51% equity in the Project, Newcrest must first spend an additional US\$2.2 million on exploration before 25 August 2017. Consequently, 2017 will be an active year on the Topacio Project, with drilling the main focus.

Oro Verde is managing the project and exploration activities (until Newcrest satisfies all conditions required to earn its 51% interest in the project), taking advantage of Oro Verde's existing team, contacts, local knowledge and infrastructure that have been established in Nicaragua. In addition to funding, Newcrest is providing technical assistance to the Oro Verde team during this phase.

#### Project Background

On 27 February 2015<sup>1</sup>, Oro Verde announced the positive completion of due diligence and acceptance of an Option to Purchase Agreement ("the Option") over the high grade Topacio Gold Project, located in southeastern Nicaragua. The project boasts a historical NI 43-101 (Canadian standard, similar to JORC) compliant Inferred Resource of:

**2,716,176 tonnes at 3.9 g/t gold, containing 340,345 ounces of gold, at a 1.5 g/t gold cut-off<sup>2</sup>**

National Instrument 43-101 ("NI 43-101") is a national instrument for the Standards of Disclosure for Mineral Projects within Canada and as such this estimate is a foreign estimate and is not reported in accordance with the JORC Code. A competent person has not done sufficient work to classify the foreign estimate as mineral resources in accordance with the JORC code and it is uncertain that following evaluation and/or further exploration work that the foreign estimate will be able to be reported as mineral resources in accordance with the JORC code.

Details of the subsequent Farm-in Agreement signed late November 2015 between Newcrest and Oro Verde can be found in the ASX announcement dated 30 November 2015<sup>3</sup>.

<sup>1</sup> Refer to ASX announcement dated 27 February 2015 "Oro Verde Proceeds to Acquire Topacio Gold Project"

<sup>2</sup> Refer to ASX announcement dated 11 November 2014 "Acquisition of High Grade Gold Project"

<sup>3</sup> Refer to ASX announcement dated 30 November 2015 "Newcrest Signs A\$11 Million Farm-in Agreement with OVL"

# **ORO VERDE LIMITED**

## **HALF YEAR FINANCIAL REPORT 31 DECEMBER 2016**

### **SAN ISIDRO (Oro Verde 100%)**

The San Isidro Gold Project, located in northwestern Nicaragua consists of a 25km<sup>2</sup> mining concession held by Minera San Cristóbal S.A. (MSC), a 100% owned Nicaraguan subsidiary of Oro Verde.

San Isidro is located adjacent to the La India Gold Project which contains a 2.3 million ounce gold resource and is held by UK company Condor Gold plc, which released a positive PFS study in December 2014 with the potential for both open pit and underground mine development. Oro Verde's San Isidro Gold Project has the potential to contain La India-style vein-hosted epithermal gold mineralisation.

No field work was carried out on the San Isidro Gold Project during the period.

### **CORPORATE**

Oro Verde continues to review gold-silver-copper opportunities in search of quality projects to enhance the existing portfolio. Discussions and reviews are ongoing as the Company aims to add shareholder value through the quality team and connections that it has assembled within Nicaragua and the region.

During the period, the Company raised approximately \$885,433 (after expenses) through a private placement and the exercise of unlisted options.

### **AUDITOR'S INDEPENDENCE DECLARATION**

Section 307C of the Corporations Act 2001 requires the Company's auditors, BDO Audit (WA) Pty Limited to provide the Directors with a written independence declaration in relation to their review of the financial report for the half year ended 31 December 2016. The written auditor's independence declaration is attached at page 16 and forms part of this Directors' report.

Signed in accordance with a resolution of directors.



W G Martinick  
Chairman  
Perth 15 March 2017

# ORO VERDE LIMITED

## HALF YEAR FINANCIAL REPORT 31 DECEMBER 2016

### Schedule of Mining Tenements Owned

Common name	Location	Nature of Interest	Interest at beginning of quarter	Interest at end of quarter
<i>HEMCO-SID (San Isidro) – 1351</i>	<i>Nicaragua</i>	<i>Owned</i>	<i>100%</i>	<i>100%</i>
<i>Presillitas (Topacio) – 39</i>	<i>Nicaragua</i>	<i>Option</i>	<i>0%</i>	<i>0%</i>
<i>Iguanas</i>	<i>Nicaragua</i>	<i>Application</i>	<i>0%</i>	<i>0%</i>
<i>Galeano</i>	<i>Nicaragua</i>	<i>Application</i>	<i>0%</i>	<i>0%</i>

### COMPETENT PERSON STATEMENT

The information in this document that relates to earlier Exploration Results referred to throughout the text is extracted from reports completed under Mr Trevor Woolfe as Competent Person and available to view on [www.asx.com](http://www.asx.com). 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 estimates in the relevant market announcements 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 announcements.

The information in this document that relates to Historical Mineral Resources is extracted from the report entitled "Acquisition of High Grade Gold Project" created on 11 November 2014 and available to view on [www.asx.com](http://www.asx.com). The Company confirms that it is not in possession of any new information or data that materially impacts on the reliability of the estimates in the original market announcement and that all material assumptions and technical parameters underpinning the estimates 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.

**ORO VERDE LIMITED**  
**HALF YEAR FINANCIAL REPORT 31 DECEMBER 2016**

**Consolidated Statement of Profit or Loss and Other  
Comprehensive Income**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Note	CONSOLIDATED	
		31 December 2016 \$	31 December 2015 \$
<b>Continuing operations</b>			
Interest income		2,041	1,806
Depreciation		(4,334)	(454)
Salaries and wages		(254,057)	(201,845)
Directors' fees		(64,999)	(64,998)
Travel and accommodation		(25,175)	(32,137)
Promotion		(6,933)	(11,698)
Consultants		(3,000)	(70,000)
Insurance		(6,915)	(6,877)
Legal fees		(10,784)	(12,145)
Administration expenses		(125,978)	(83,592)
Exploration expenses		(603,715)	(240,848)
Exploration expense reimbursement		565,518	-
Interest expense		(3,417)	-
<b>Profit /(Loss) from continuing operations before Income tax</b>		<b>(541,748)</b>	<b>(722,788)</b>
Income tax credit/(expense)		-	-
<b>Profit /(Loss) from continuing operations after income tax</b>		<b>(541,748)</b>	<b>(722,788)</b>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss			
Exchange differences in translating foreign controlled entities		49,795	1,566
<b>Other comprehensive income net of tax</b>		<b>49,795</b>	<b>1,566</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(491,953)</b>	<b>(721,222)</b>
<i>Earnings per share for loss attributable to the ordinary equity holder of the parent:</i>			
Basic earnings per share (cents per share)		(0.08)	(0.16)
Diluted earnings per share (cents per share)		(0.08)	(0.16)

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

**ORO VERDE LIMITED**  
**HALF YEAR FINANCIAL REPORT 31 DECEMBER 2016**

**Consolidated Statement of Financial Position**

AS AT 31 DECEMBER 2016

	Note	CONSOLIDATED	
		31 December 2016	30 June 2016
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	676,996	542,591
Receivables		41,107	33,200
Other		11,579	4,601
<b>Total Current Assets</b>		<u>729,682</u>	<u>580,392</u>
<b>Non-current Assets</b>			
Plant and equipment		31,116	34,307
Exploration & Evaluation expenditure		51,577	51,748
<b>Total Non-current Assets</b>		<u>82,693</u>	<u>86,055</u>
<b>TOTAL ASSETS</b>		<u>812,375</u>	<u>666,447</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables		194,209	647,594
<b>Total Current Liabilities</b>		<u>194,209</u>	<u>647,594</u>
<b>TOTAL LIABILITIES</b>		<u>194,209</u>	<u>647,594</u>
<b>NET ASSETS</b>		<u>618,166</u>	<u>18,853</u>
<b>EQUITY</b>			
Issued Capital	4	21,353,651	20,262,385
Reserves		4,979,402	4,929,607
Accumulated losses		(25,714,887)	(25,173,139)
<b>TOTAL EQUITY</b>		<u>618,166</u>	<u>18,853</u>

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



**ORO VERDE LIMITED**  
**HALF YEAR FINANCIAL REPORT 31 DECEMBER 2016**

**Consolidated Statement of Changes in Equity**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

	Ordinary shares	Convertible notes Reserve	Share option Reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$	\$
<b>At 1 July 2016</b>	20,262,385	136,403	4,810,101	(16,897)	(25,173,139)	18,853
Loss for the period	-	-	-	-	(541,748)	(541,748)
Other comprehensive loss	-	-	-	49,795	-	49,795
Total comprehensive loss for the period	-	-	-	49,795	(541,748)	(491,953)
Transactions with owners in their capacity as owners						
Shares issued during the period	1,139,166	-	-	-	-	1,139,166
Transaction Costs	(47,900)	-	-	-	-	(47,900)
Share based payments	-	-	-	-	-	-
<b>At 31 December 2016</b>	21,353,651	136,403	4,810,101	32,898	(25,714,887)	618,166

	Ordinary shares	Convertible notes Reserve	Share option Reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$	\$
<b>At 1 July 2015</b>	19,487,646	136,403	4,810,101	(562)	(23,836,593)	596,995
Loss for the period	-	-	-	-	(722,788)	(722,788)
Other comprehensive loss	-	-	-	1,566	-	1,566
Total comprehensive loss for the period	-	-	-	1,566	(722,788)	(721,222)
Transactions with owners in their capacity as owners						
Shares issued during the period	730,342	-	-	-	-	730,342
Transaction Costs	(25,603)	-	-	-	-	(25,603)
Share based payments	-	-	-	-	-	-
<b>At 31 December 2015</b>	20,192,385	136,403	4,810,101	1,004	(24,559,381)	580,512

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

**ORO VERDE LIMITED**  
**HALF YEAR FINANCIAL REPORT 31 DECEMBER 2016**

**Consolidated Statement of Cash Flows**

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Note	31 December 2016 \$	31 December 2015 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(491,181)	(250,417)
Exploration expenditure		(603,715)	(240,848)
Interest expense		(3,418)	-
Reimbursement of exploration expense		272,509	-
Interest received		2,041	1,806
<b>Net cash flows used in operating activities</b>		<b>(823,764)</b>	<b>(489,459)</b>
<b>Cash flows from investing activities</b>			
Purchase of mineral project		-	(55,184)
Purchase of plant and equipment		(1,343)	(110)
<b>Net cash flows from investing activities</b>		<b>(1,343)</b>	<b>(55,294)</b>
<b>Cash flows from financing activities</b>			
Proceeds from application for shares, net of transaction costs		885,433	634,739
Borrowing proceeds		100,000	-
Borrowing repayments		(100,000)	-
<b>Net cash flows from financing activities</b>		<b>885,433</b>	<b>634,739</b>
Net increase/(decrease) in cash and cash equivalents		60,326	89,986
Cash and cash equivalents at beginning of period		542,591	534,674
Effect of exchange rate changes on cash and cash equivalents		74,079	1,556
<b>Cash and cash equivalents at end of period</b>	<b>3</b>	<b>676,996</b>	<b>626,216</b>

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

# ORO VERDE LIMITED

## HALF YEAR FINANCIAL REPORT 31 DECEMBER 2016

### Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 December 2016

#### 1 BASIS OF PREPARATION

These general purpose financial statements for the interim half year reporting period ended 31 December 2016 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134 *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Oro Verde Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2016 together with any public announcements made during the half year.

##### (a) Going Concern

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

The Group has incurred a net loss after tax for the half year ended 31 December 2016 of \$541,748 (2015: \$722,788) and experienced net cash outflows from operating activities of \$823,764 (2015: \$489,459). At 31 December 2016, the Group had net current assets of \$535,473 (30 June 2016: net current liabilities \$67,201).

The ability of Group to continue as a going concern is dependent upon securing additional funding through the issue of further shares, convertible notes or combinations of both and Newcrest continuing to fund the Topacio project in order to continue to actively explore its mineral properties.

These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities as and when they fall due.

The directors believe there are sufficient funds to meet the Group's working capital requirements and as at the date of this report the directors believe the Group can meet all liabilities as and when they fall due. The Directors have reviewed the business outlook and the assets and liabilities of the Group and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Company will continue to be successful in securing additional funds through debt or equity issues or partial sale of its mineral properties, when and if required.

The financial report does not include any adjustments that may be necessary if the Group is unable to continue as a going concern.

##### (b) Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2016, except for the adoption of new standards and interpretations as of 1 July 2016, noted below:

# ORO VERDE LIMITED

## HALF YEAR FINANCIAL REPORT 31 DECEMBER 2016

### Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 December 2016

#### 1 BASIS OF PREPARATION (Cont'd)

##### (b) Accounting Policies (Cont'd)

##### i. New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period, however, the group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There will be some changes to the disclosures in the 30 June 2016 annual report as a consequence of these amendments.

#### 2 OPERATING SEGMENT

The Group has based its operating segment on the internal reports that are reviewed and used by the Board of Directors ("Board") (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group does not have production and is only currently involved in exploration activities. As a consequence, activities in the operating segment are identified by the Board based on the manner in which resources are allocated and the nature of the resources provided.

Based on this criterion, the Board has determined that the Group has one operating segment, being exploration, and the segment operations and results are the same as the Groups results.

During the period the Company conducted its activities across two geographic locations, being Australia and Nicaragua.

<b>31 Dec 2016</b>	<b>Australia</b>	<b>Nicaragua</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Other income	2,041	-	2,041
Profit/(Loss)	(454,268)	(87,480)	(541,748)
Non-current assets	-	82,693	82,693
Total assets	569,734	242,641	812,375
Total liabilities	(78,656)	(115,553)	(194,209)
<b>31 Dec 2015</b>			
Other income	1,806	-	1,806
Profit/(Loss)	(477,940)	(244,848)	(722,788)
Non-current assets	-	243,630	243,630
Total assets	580,075	328,231	908,306
Total liabilities	(280,013)	(47,781)	(327,794)

# ORO VERDE LIMITED

## HALF YEAR FINANCIAL REPORT 31 DECEMBER 2016

### Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 December 2016

#### 3 CASH AND CASH EQUIVALENTS

For the purpose of the half-year condensed statement of cash flows, cash and cash equivalents are comprised of the following:

	31 December 2016	30 June 2016
Cash at bank and in hand	643,495	509,090
Short-term deposits	33,501	33,501
	<u>676,996</u>	<u>542,591</u>

#### 4 SHARE CAPITAL

	Shares	\$
<b>Balance at 1 July 2016</b>	578,784,865	20,262,385
Issued in lieu of directors fees (a)	24,855,650	205,833
Options exercise	9,333,334	93,333
Share placement at \$0.012	70,000,000	840,000
Share issue expenses	-	(47,900)
<b>Balance as at 31 December 2016</b>	<u>682,973,849</u>	<u>21,353,651</u>
<b>Balance at 1 July 2015</b>	448,948,408	19,487,646
Issued for advisory services	10,000,000	70,000
Share placement at \$0.006	110,057,000	660,342
Share issue expenses	-	(25,603)
<b>Balance as at 31 December 2015</b>	<u>569,005,408</u>	<u>20,192,385</u>

- (a) During the period 22,849,477 shares were issued at an deemed price of 0.76 cents each and 2,006,173 shares were issued at a deemed price of 1.62 cents each in lieu of directors fees for the period 1 July 2015 to 30 September 2017.

#### Movements in unlisted options on issue

	Exercised	Lapsed	Total number of options
Balance at the beginning of the year			146,000,000
Movement	(9,333,334)	-	(9,333,334)
<b>Total Number of options outstanding as at 31 December 2016</b>			<u>136,666,666</u>

#### 5 EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has 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 future financial years.

#### 6 COMMITMENTS AND CONTINGENT LIABILITIES

There have been no changes in Commitments and Contingent Liabilities since the end of the last annual reporting period.

# ORO VERDE LIMITED

## HALF YEAR FINANCIAL REPORT 31 DECEMBER 2016

### Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 December 2016

#### 7. INTERESTS IN SUBSIDIARIES

The consolidated financial statements include the financial statement of Oro Verde Limited and the subsidiaries listed in the following table

Name	Country of incorporation	Equity interest	
		2016	2015
		%	%
E-Resources Pty Ltd	Australia	-	100
Ghazal Minerals Limited	Australia	-	100
Goldcap Resources Limited	Australia	100	100
Minera San Cristobal SA	Nicaragua	100	100

#### 8. FAIR VALUE MEASUREMENT

The Group does not measure and recognise any assets and liabilities at fair value, though current receivables and payables approximate fair value.

#### 9. RELATED PARTY TRANSACTIONS

During the period the Company entered into a bridging loan facility ("Facility") with Inkjar Pty Ltd an entity associated with Dr Bradford Farrell, a director of the Company. Principal terms of the Facility were:

Amount: Up to \$500,000

Term: To 30 September 2016 or 3 business days after clearance of funds raised by the issue of securities and listing of those securities on ASX, whichever is the earlier.

Interest: 10.87% pa calculated daily

Facility Fee: 1.45% pa of any undrawn amount

On 13 July the Company drew down \$100,000 of the facility and subsequently repaid it in full on 7 September 2016, including accumulated interest of \$3,417.50.

# ORO VERDE LIMITED HALF YEAR FINANCIAL REPORT 31 DECEMBER 2016

## Directors' Declaration

The directors of the company declare that:

- a) the financial statements and notes of the consolidated entity as set out in the accompanying pages are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
  - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*
- b) Subject to achievement of the matters described in note 1, in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This decision is made in accordance with a resolution of the board of directors.



W G Martinick  
Chairman  
Perth, 15 March 2017

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF ORO VERDE LIMITED

As lead auditor for the review of Oro Verde Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Oro Verde Limited and the entities it controlled during the period.



Dean Just  
Director

BDO Audit (WA) Pty Ltd  
Perth, 15 March 2017



## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Oro Verde Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Oro Verde Limited, which comprises the consolidated statement of financial position as at 31 December 2016, 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### Directors' Responsibility for the Half-Year Financial Report

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

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Oro Verde Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Oro Verde Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



## Conclusion

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

- (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

## Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1a in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Dean Just', written over a faint, light blue BDO logo.

Dean Just

Director

Perth, 15 March 2017