VENTNOR RESOURCES LIMITED

ABN 59 142 014 873

INTERIM FINANCIAL REPORT

FOR HALF-YEAR ENDED

31 DECEMBER 2017

CORPORATE DIRECTORY

DIRECTORS

Paul Boyatzis (Non-Executive Chairman)
Bruce Maluish (Managing Director)
Peter Pawlowitsch (Non-Executive Director)

SECRETARY

John Geary

REGISTERED AND PRINCIPAL OFFICE

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AUSTRALIAN SECURITIES EXCHANGE

Ventnor Resources Limited shares (VRX) are listed
on the Australian Securities Exchange

Your directors submit the financial report of the consolidated entity for the half-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 of the Directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated:

Paul Boyatzis (Non-Executive Chairman)
Bruce Maluish (Managing Director)
Peter Pawlowitsch (Non-Executive Director)

PRINCIPAL ACTIVITIES

The principal continuing activities during the half-year of entities within the consolidated entity was mineral exploration.

REVIEW OF OPERATIONS

The net loss for the half-year attributable to members of Ventnor Resources Limited was $919,872 (2016: loss of $559,353).

During the half-year ended 31 December 2017, Ventnor Resources Limited (Ventnor or the Company) conducted the following activities, which are summarised here:

Exploration

In October, Ventnor announced a new silica sand project at Arrowsmith which is situated 270km north of Perth, WA. Silica sand is used in glass manufacturing, concrete construction and as a tech metal. Ventnor advised that Arrowsmith has the potential for a significant silica sand resource that could supply what is a dwindling sand supply in the Asia-Pacific region

Recently Asian regional governments have declared sand as a strategic resource due to the supply deficits. Social pressure has been mounting on the environmental damage caused by (often) illegal mining activities such as river dredging. The increase in coastal developments has also reduced access to resources.

This market has been investigated in previous years but it is the looming shortage of product which has caused increasing prices, making Australian prospects more competitive - despite **the additional distance and shipping costs.**

With this change in the market dynamics the Company investigated prospective sites which had some prior exploration indicating suitable sand - along with an important logistics solution - proximity to either a port or connecting rail. Certain areas along the under-utilised Eneabba-Geraldton rail line were more closely examined and EL applications were made for ground intersected by the rail line providing direct access to the ship-loading facilities at the Geraldton Port - facilitating a unique logistics solution.

The combined EL applications in the Arrowsmith project area predominantly cover Vacant Crown Land with little freehold land, and are extensively covered by cleared tracks from historic oil exploration seismic surveys and exploration for heavy mineral sand – with the latter indicating potential for significant sand resources. The area is easily accessed by the adjacent Brand Highway.

Investigations in to the potential market were extensive, wide ranging and time consuming, resulting in a comprehensive collation of market data. Demand for sand in current burgeoning infrastructure-construction programs utilising concrete in Asia - particularly China, India and Vietnam - has put pressure on suppliers and consequently, on prices. Contact has been established with the two largest importers of construction sand in to Singapore and samples forwarded for their test work.

Asian demand is increasing for energy-saving double glazing and for applications within the expanding automobile industry in China and India. Demand is also increasing for high purity silica sand in the production of Photo Voltaic panels and Silicon-Metal composite material for high capacity Lithium-ion rechargeable batteries.

Preliminary reconnaissance work on the Arrowsmith Project indicates substantial potential for sand resources suitable for both glass making and construction which could address the requirements of the Asia-Pacific region.

The area potentially has low environmental impact mining propositions and the rehabilitation techniques are well established in the industry.

Preliminary assays and testwork indicate that processing to upgrade the silica to glass- making quality will have a low capital intensity, low technical risk and requiring no chemicals.

SILICA SAND

MARKET DYNAMICS

1. Globally, silica sand is a strong growth mineral due to the demand by the construction sector, wherein its use in the manufacture of flat glass for windows is constant. Greater growth is being felt in the Asian market, particularly China where there is a massive glass manufacturing expansion.
2. There's increased demand for specialised plate glass required in double glazing created by Asian/Pacific governments in efforts to reduce energy demands.
3. Developing Asian markets have increasing demand for glass in their developing automobile industry.
4. New markets address increasing demand for silica sand as a "tech metal" for use in production of Photo Voltaic panels and Silicon-Metal composite material for high capacity Lithium-ion rechargeable batteries.
5. Rationalisation of major producers of silica sand has resulted in a relatively small number of sand-producing corporations.
6. The market for silica sand in the Asia/Pacific region is forecast to advance 6.1% per year to 138 million metric tons in 2018.
7. Silica sand demand by region is shown in table below:

Region	**% of Global demand**
Asia-Pacific	47%
North America	20%
Western Europe	16%
Eastern Europe	8%
Africa/Middle East	5%
Central and South America	4%

SILICA SAND USES

Introduction
Quartz is the most common silica crystal and the second most common mineral on the earth's surface. It is found in almost every type of rock: igneous, metamorphic, and sedimentary. While quartz deposits are abundant, and quartz is present in some form in nearly all mining operations, high purity and commercially viable deposits occur less frequently. Silica sand deposits are most commonly surface-mined in open pit operations, but dredging and underground mining methods are also employed.

Silica sand has supported human progress throughout history, being a key raw material in the industrial development of the world, especially in the glass, metal casting, and ceramics industries. Silica contributes to today's information technology revolution, being used in computer components, providing raw materials for silicon chips and as quartz for PV panels.

Glassmaking
Silica sand is the primary component of all types of standard and specialty glass. It provides the essential SiO_2 component of glass formulation; its chemical purity is the primary determinant of colour, clarity and strength in glass. Industrial sand is used to produce flat glass for building and automotive use, container glass for foods and beverages, and tableware.

Metal Casting
Industrial sand is an essential part of both the ferrous and non-ferrous foundry industries. Metal parts ranging from engine blocks to sink faucets are cast in a sand-and-clay mould to produce their external shape, using a resin-bonded core to create the desired internal shape. Silica's high fusion point (1,760°C) and low rate of thermal expansion produce stable cores and moulds compatible with all pouring temperatures.

Metallurgical Uses
In metal production, silica sand operates as a flux to lower the melting point and viscosity of slag to make it more reactive and efficient. Lump silica is used either alone or in conjunction with lime to achieve the desired base/acid ratio required for final purification of metals.

Chemical Production
Silicon-based chemicals are found in thousands of everyday applications ranging from food processing to soap and dye production. These chemicals are used in products such as household and industrial cleaners, in the manufacture of fibre optics, and to remove impurities from cooking oil and brewed beverages.

Paint and Coatings
Paint formulators select micron-sized industrial sands to improve the appearance and durability of architectural and industrial paints and coatings. High purity silica produces critical performance properties such as brightness reflectance and colour consistency.

Ceramics
Ground silica is an essential component of the glaze and body formulations of all types of ceramic products, including tableware, sanitary ware and floor and wall tile. In the ceramic body, silica is the skeletal structure onto which clays and flux components attach. Silica products are also used as the primary aggregate to provide high-temperature resistance to acidic attack in industrial furnaces.

Filtration and Water Production
Industrial sand is used to filter water to become drinkable. Uniform grain shapes and grain size distributions produce efficient filtration bed operations for the removal of contaminants from wastewater to provide potable water. As silica is chemically inert, it will not degrade or react when it comes in contact with acids, contaminants, volatile organics, or solvents.

Oil and Gas Recovery
Known commonly as proppant, or "frac sand," industrial sand is pumped down holes in deep well applications to prop open rock fissures to increase the flow rate of natural gas or oil. In this specialised application, round whole-grain sand is used to maximise permeability and to prevent formation cuttings from entering the well bore.

CONSTRUCTION SAND

Construction sand is the primary structural component in a wide variety of building and construction products. Whole-grain silica is used in flooring compounds, mortars, specialty cements, stucco, roofing shingles, skid-resistant surfaces, and asphalt mixtures to provide packing density and flexural strength without adversely affecting the chemical properties of the binding system. Ground silica performs as a functional extender to add durability, anti-corrosion and weathering properties in epoxy-based compounds, sealants and caulks.

ASIAN MARKETS

SINGAPORE
Singapore building construction uses one million tonnes of concrete a month, which includes 300,000 tonnes of construction sand. Current sources are Malaysia, Cambodia, Myanmar and occasionally Philippines. Other regional sources have placed restrictions on or have totally banned exports of their local sand. Sources are generally dredged from rivers with consequential unacceptable environmental impacts. The Singapore Building and Construction Authority (BCA) has placed a requirement that 5% of construction sand be imported from "non-traditional" sources which includes Australia. Singapore is concerned that current sources may become unreliable or intermittent and is actively encouraging a greater spread of sources. Importers are concerned that the BCA will raise that requirement to 10% from non-traditional sources, as originally intended. If Singapore continues at its current rate of growth, this could be a significant market for Australian suppliers.

INDIA
The building expansion program underway has put incredible pressure on sand suppliers for concrete, so much so that illegal dredging of rivers has resulted in recent public scrutiny of the environmental long-term impacts. This is also potentially a significant market for construction sand.

VIETNAM
Vietnam has gone from an exporter of industrial sand, to an importer, with increased use in concrete with a significant building boom underway.

Ventnor management believes that the Arrowsmith Project has the potential for significant silica sand resources to supply increasing markets in the Asia-Pacific region for both glass making and construction and increasingly the Tech metal market.

Arrowsmith Project Details

Ventnor Resources has applied for three exploration licenses north of Eneabba, Western Australia, to explore for construction sand and high-quality silica sand. The details of these tenements, known collectively as the Arrowsmith Project, are shown below in Table 1, with the location in Figure 1.

Tenement	Holders	Application Date	Expected Grant Date	Area (Km^2)
ELA70/4986	Ventnor Mining Pty Ltd	25/05/2017	Late Q2 2018	93
ELA70/4987	Ventnor Mining Pty Ltd	25/05/2017	Late Q2 2018	86
ELA70/5027	Ventnor Mining Pty Ltd	29/08/2017	Late Q2 2018	179

Table 1 – Arrowsmith Tenement Details

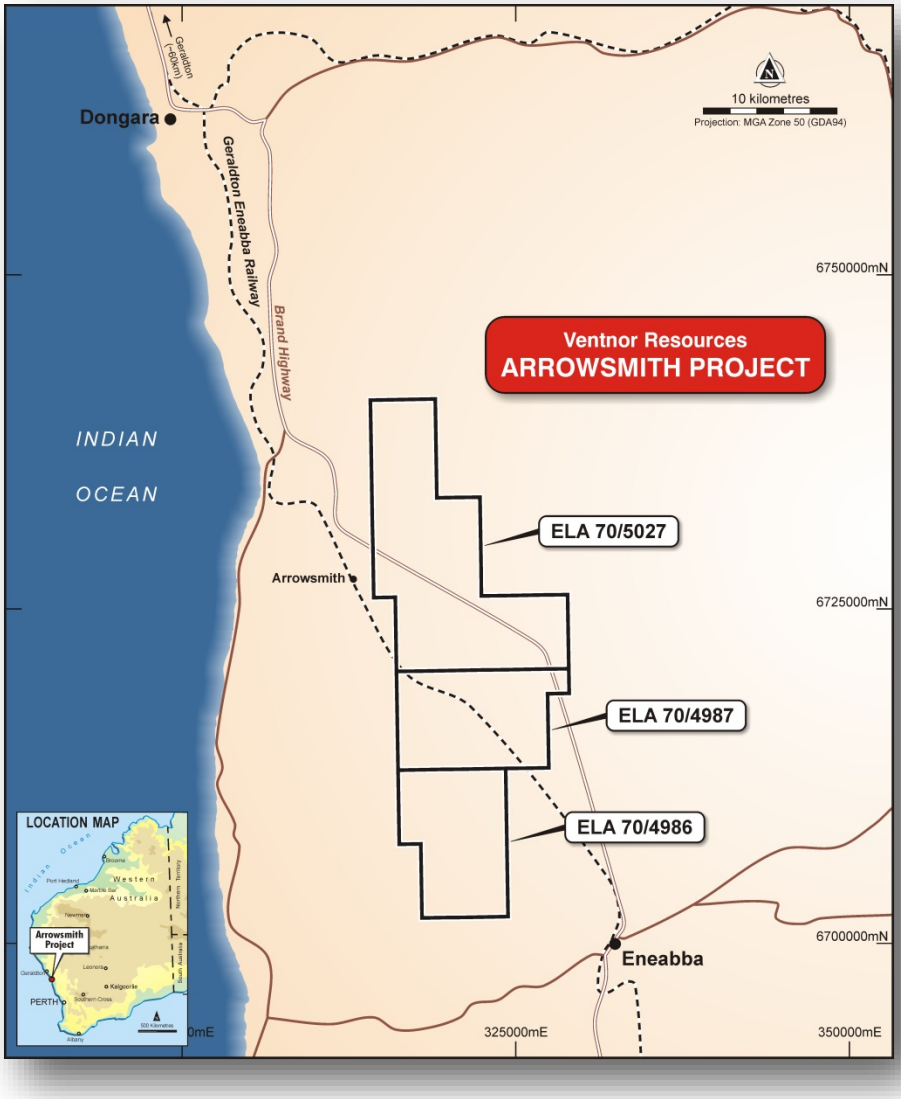


Figure 1 – Arrowsmith Project Location

The targeted silica sand deposits are the aeolian sand dunes that overlie the Pleistocene limestones and paleo-coastline which host the Eneabba heavy mineral deposits.

The Exploration Targets for the Arrowsmith Project are:
Arrowsmith North – 100 Million to 140 Million tonnes high-quality silica sand;
Arrowsmith South – 40 Million to 80 Million tonnes high-quality silica sand.

The potential quality and grade of these Exploration Targets are conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource; it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The image (Figure 2) below is a topographic map of the area generated by Shuttle Radar Topography Mission data (**SRTM**). This map was used to identify potential dune structures as topographic highs, which have been followed by ground field investigation and sampling using a hand-held auger.

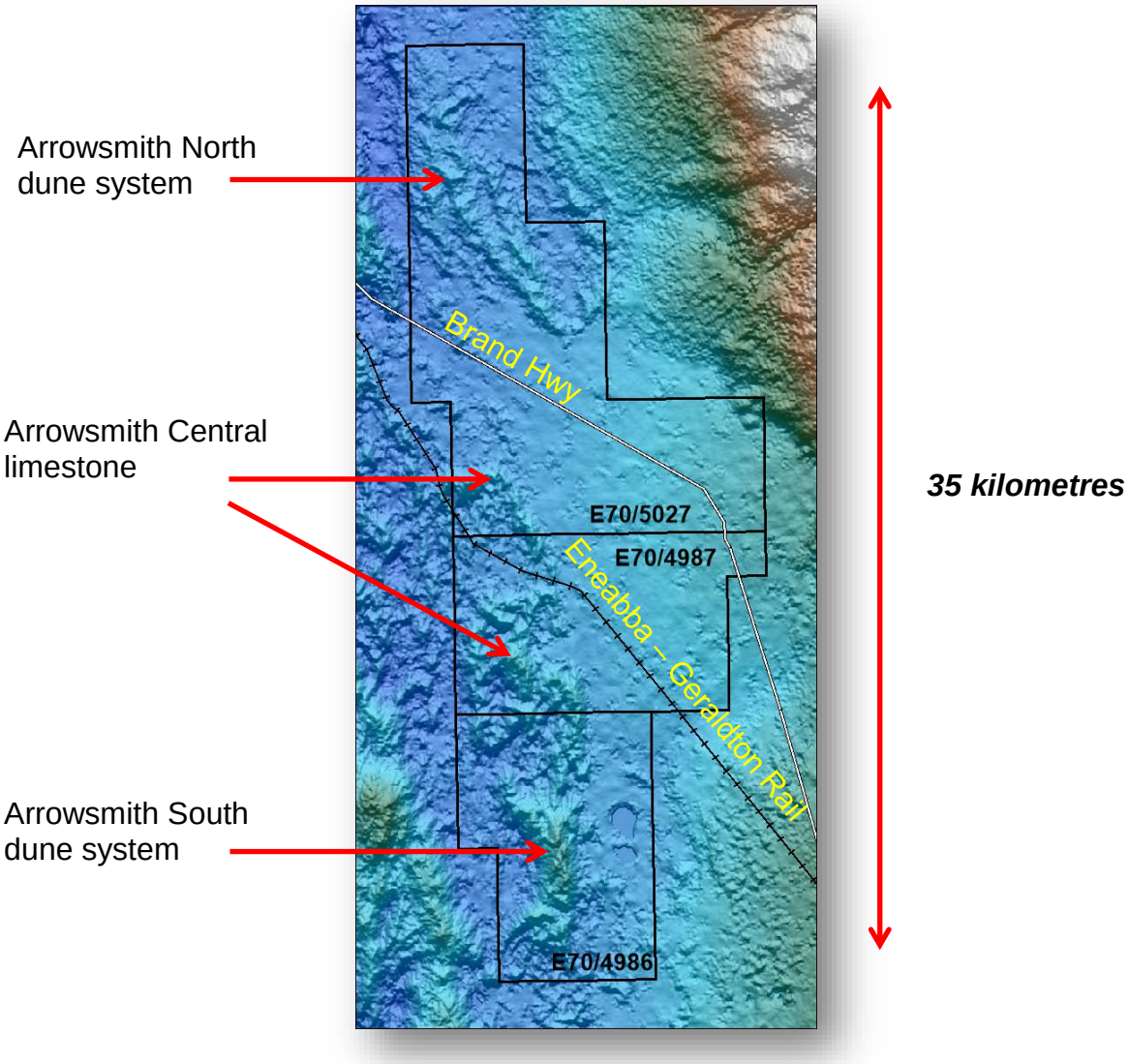


Figure 2 Arrowsmith Project SRTM topography

The image (Figure 3) below is a schematic section showing the silica sand dune that is targeted for exploration. The targeted dune is the area above the surrounding natural surface and well above the standing water table.

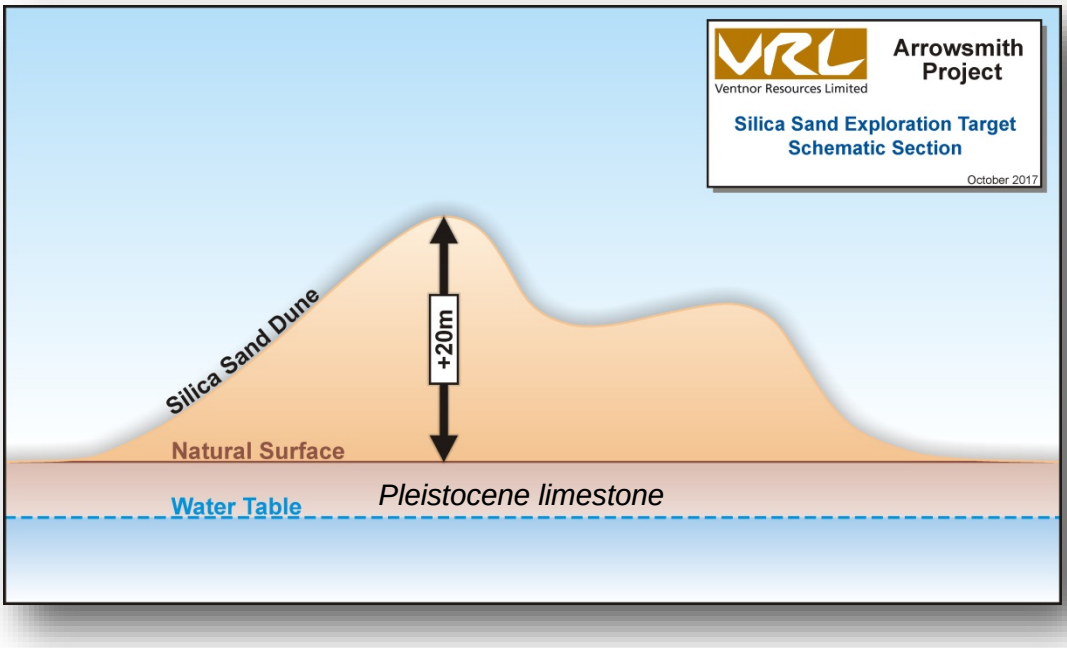


Figure 3 Schematic section of Silica Sand Dune Exploration Target

Three areas were investigated: Arrowsmith North for construction sand which may also be upgraded to glass quality; Arrowsmith Central, which is prospective for silica sand and also limestone; and Arrowsmith South, prospective for high quality silica sand.

Initial samples were taken by hand auger and selected from below the humus layer, typically the first 30cm. Samples were sent to Intertek Laboratory in Perth for silica sand analysis via a Four-Acid digest and ICP finish. The table below shows the major constituents of the sand, with full analytical results available in the Appendix.

MGA_East Zone50	MGA_North Zone50	Location	SiO2 %	Al2O3 ppm	Fe2O3 %	K2O ppm	TiO2 ppm	LOI-1000C %
317330	6729258	Arrowsmith North	**98.40**	6,979	0.19	1,885	1,621	0.33
317160	6730256	Arrowsmith North	**97.80**	10,547	0.36	993	1,155	0.53
316989	6731249	Arrowsmith North	**98.00**	9,448	0.30	800	1,243	0.48
316818	6732242	Arrowsmith North	**96.80**	15,988	0.55	1,629	1,636	0.69
316642	6733263	Arrowsmith North	**97.30**	12,801	0.48	983	1,397	0.63
316319	6735123	Arrowsmith North	**97.90**	9,826	0.36	881	1,513	0.52
316115	6736295	Arrowsmith North	**98.40**	7,389	0.26	588	1,102	0.40
316109	6737182	Arrowsmith North	**98.20**	8,611	0.29	891	1,320	0.40
316584	6737185	Arrowsmith North	**96.10**	7,538	0.19	3,997	1,264	1.13
316974	6737193	Arrowsmith North	**99.10**	3,733	0.10	891	874	0.23
317964	6737207	Arrowsmith North	**99.00**	3,684	0.14	411	1,277	0.31
321170	6731628	Arrowsmith North	**99.30**	2,653	0.12	213	1,044	0.21
319751	6731161	Arrowsmith North	**98.50**	6,527	0.24	269	1,092	0.40
318790	6721353	Arrowsmith Central	**95.00**	25,477	0.58	5,847	1,737	0.98
318383	6721357	Arrowsmith Central	**94.90**	25,529	0.59	6,663	2,376	0.92
317956	6722076	Arrowsmith Central	**95.70**	21,472	0.44	7,531	2,079	0.66
316750	6722030	Arrowsmith Central	**95.50**	21,314	0.42	7,649	1,988	0.83
315686	6725167	Arrowsmith Central	**97.30**	13,323	0.26	2,121	1,360	0.63
323890	6718805	Arrowsmith Central	**99.30**	2,898	0.09	677	1,246	0.15
322516	6718792	Arrowsmith Central	**98.30**	7,907	0.17	2,326	1,268	0.28
321399	6712070	Arrowsmith South	**94.90**	26,338	0.55	7,923	1,880	0.83
321141	6711127	Arrowsmith South	**96.10**	18,871	0.43	5,220	1,688	0.82
321295	6710201	Arrowsmith South	**97.70**	10,848	0.12	5,318	1,611	0.30
321715	6707710	Arrowsmith South	**98.30**	8,371	0.08	4,554	1,562	0.18
322815	6705357	Arrowsmith South	**97.40**	11,735	0.34	2,464	2,693	0.52
323118	6704616	Arrowsmith South	**97.10**	13,528	0.40	2,521	3,146	0.49
323047	6702748	Arrowsmith South	**96.60**	17,069	0.31	2,934	3,257	0.69
318284	6705732	Arrowsmith South	**93.30**	35,969	0.61	10,230	2,329	1.04
319519	6705047	Arrowsmith South	**95.90**	20,165	0.40	7,256	1,784	0.61
318284	6705732	Arrowsmith South	**97.60**	11,079	0.16	6,018	2,241	0.21
319519	6705047	Arrowsmith South	**98.30**	6,955	0.14	2,338	2,313	0.39

High grade silica sand is sand which has purity greater than 99.5% SiO_2. It typically will require processing to remove the various deleterious minerals to achieve the highest possible silica grade. Auger samples were composited into two samples representing "Cream" and "Yellow" sand and supplied to Nagrom Laboratory in Perth to determine the Size by Analysis.

This technique analyses the elemental chemistry of a suite of particle sizes to determine where the deleterious minerals report to; below is a summary of the results. The results indicate that +90% of the dune sand is sized between +0.212mm and -1mm, preferentially retains the silica sand grains while eliminating many of the impurities.

Preliminary indications are encouraging in that the dune sand located on the Arrowsmith tenements can be upgraded by conventional techniques, to provide a high-grade purity of 99.5% SiO_2 with only nominal amounts of benign deleterious minerals.

Size by Analysis

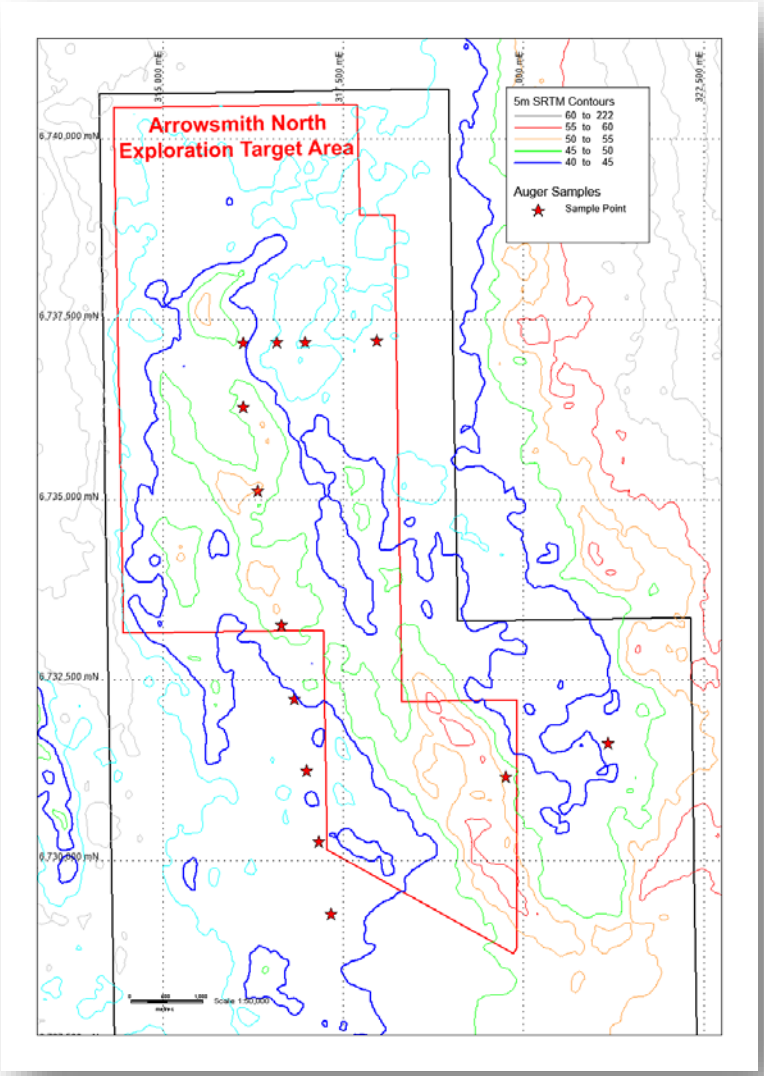
SAMPLE	Mass	SiO_2	LOI_{1000}	Fe_2O_3	Al_2O_3	TiO_2	CeO_2
	%	%	%	%	%	%	ppm
Arrowsmith North Cream Sand							
Assay Head		98.757	0.22	0.145	0.334	0.104	3.0
Arrowsmith North Cream Sand Size by Analysis							
Size (mm)							
+1	0.16%	96.054	0.57	2.761	0.335	0.043	<1
+0.5	41.86%	99.319	0.06	0.348	0.181	0.041	<1
+0.355	24.88%	98.918	0.01	0.625	0.220	0.048	<1
+0.212	26.20%	99.047	0.06	0.486	0.272	0.060	<1
+0.106	5.36%	96.879	0.02	1.717	0.566	0.527	3
+0.075	0.43%	91.143	0.16	3.829	1.481	2.057	65
+0.045	0.45%	90.356	0.31	4.127	2.102	1.225	58
+0.038	0.10%	89.604	0.68	4.198	2.557	1.015	50
-0.038	0.55%	81.893	5.03	3.484	5.676	1.303	68
+0.212 - 1mm	**92.94%**	**99.135**	**0.05**	**0.461**	**0.217**	**0.048**	**<1**
Arrowsmith North Yellow Sand							
Assay Head		97.780	0.44	0.328	0.870	0.134	8.0
Arrowsmith North Yellow Sand Size by Analysis							
Size (mm)							
+1	0.67%	96.971	0.09	2.459	0.479	0.063	4
+0.5	60.51%	98.995	0.11	0.425	0.369	0.050	2
+0.355	20.62%	98.709	0.10	0.519	0.404	0.064	2
+0.212	10.98%	98.378	0.09	0.758	0.526	0.087	2
+0.106	3.57%	95.624	0.19	1.511	1.225	0.774	12
+0.075	0.78%	88.111	0.10	4.241	3.257	1.957	96
+0.045	0.34%	89.209	0.57	3.408	3.031	1.341	103
+0.038	0.29%	89.694	0.60	3.088	3.303	1.014	67
-0.038	2.23%	58.879	9.97	7.225	20.339	1.575	197
+0.212 - 1mm	**92.11%**	**98.857**	**0.11**	**0.486**	**0.396**	**0.058**	**2**

Size by Analysis for composited auger samples

EXPLORATION TARGETS

Exploration Targets for potential high-grade silica sand have been generated for two areas within the Arrowsmith Project: Arrowsmith North and Arrowsmith South, see below:

Arrowsmith North

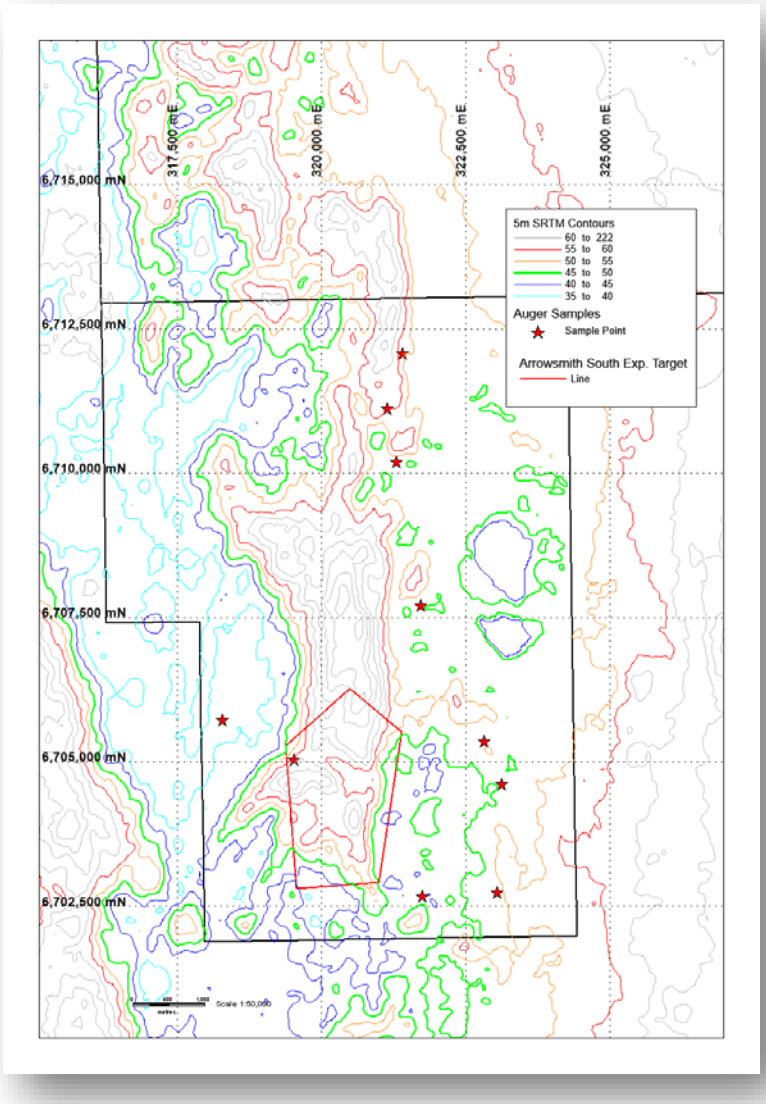


Arrowsmith North Exploration Target

The Arrowsmith North Exploration Target area focuses on a prominent broad dune structure, (see above), and avoids existing infrastructure and potential conservation areas. The potential volume is estimated from the 40mRL (surrounding RL) to the top of the dune and assumes that between 70% and 100% of the dune is silica sand suitable for processing. The estimate uses an in-situ bulk density of 1.5t/m^3 to calculate the tonnage. The area has the potential to be a significant tonnage of construction sand adjacent to the Eneabba-Geraldton rail line with direct access to the Geraldton Port. The target grade of +95% SiO_2 is considered conservative as all samples, except two, taken from the area exceed this value; processing is expected to increase this grade.

Arrowsmith South

The Arrowsmith South Exploration Target focuses on the southern end of a topographical high that is noted as containing an intercalation of limestone and dune sands (see below), and avoids existing infrastructure and potential conservation areas. The potential volume is estimated from the 45mRL to the top of the dune and assumes that between 50% and 100% of the dune is silica sand for processing. The estimate uses an in-situ bulk density of 1.5t/m^3 to calculate the tonnage. The target grade of +95% SiO_2 is considered conservative as assays from all samples taken from the area exceed this value; processing is expected to increase this grade.



Arrowsmith South Exploration Target

The initial metallurgical testwork indicates that the in-situ sand can be beneficiated to produce a high SiO_2 silica sand product, suitable for commercial sale.

Future Work

Mineralogical analysis is currently underway to determine the deleterious minerals that remain in the +0.212mm and -1mm size fraction. Dependent on this determination, testwork will determine the best methodology to remove these minerals from the silica sand grains.

A deeper hand-auger program will be undertaken in the next few months to better determine the variability of the sand quality through the dune system.

An aircore drilling program is proposed to determine the extent of the dune system and the variability of the grade, to be undertaken after the granting of the tenements.

Bulk samples will be collected to undertake further metallurgical testwork and determine the most suitable processing circuit.

Exploration Events Subsequent to the Half-Year

On 2 January 2018 Ventnor made application for a further tenement, ELA70/5109 in the Arrowsmith area. This tenement application is congruent with existing tenement applications in the Arrowsmith project area and will further enhance the project' access to the existing Eneabba-Geraldton rail to the Geraldton port.

On 30 January 2018 Ventnor announced some results on the Arrowsmith samples collected during December 2017 when the Company conducted a mapping and shallow hand auger program to collect composite representative samples from the Arrowsmith North prospect.

Samples were submitted to Nagrom Laboratories for an initial testwork program, which would emulate conventional sand processing techniques.

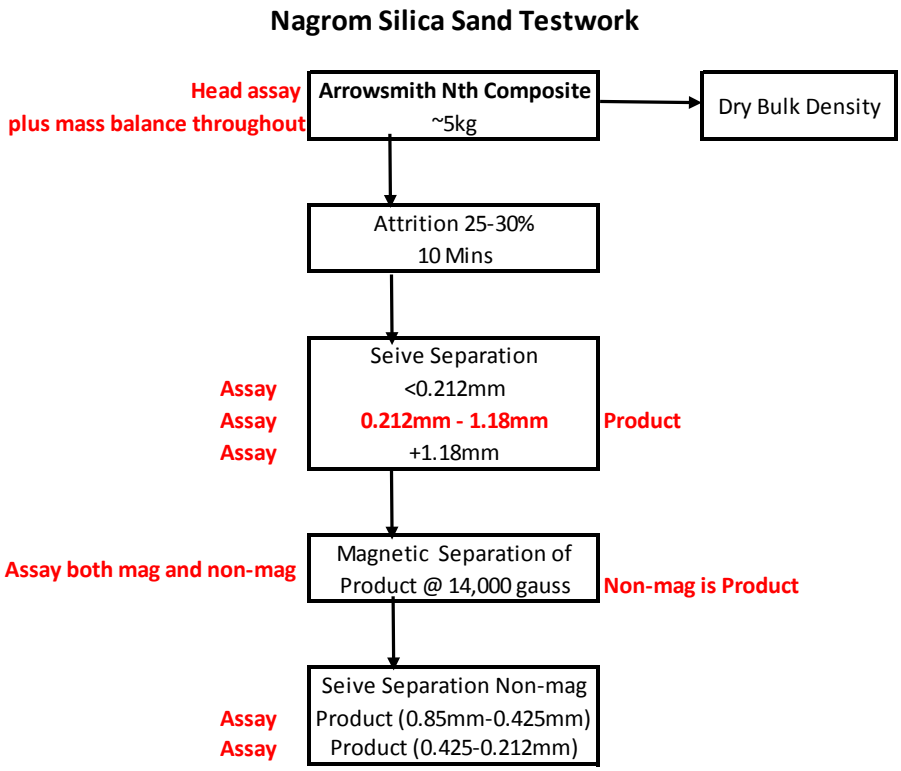
This testwork confirms that processing to upgrade the sand to glass-making quality will have a low-capital intensity, low technical risk and requires no processing chemicals.
Further testwork programs will be undertaken to investigate processing options to higher quality and higher value products.

Also announced were preliminary testwork results, which indicated the bulk sand could be upgraded using simple sizing techniques, with further testwork to be carried out to determine if the sand could be further upgraded. In addition to this, samples were to be prepared and sent for proppant testing to API RP-19C standards.

At the time of this announcement not all of the results of the auger sampling completed in December were available because of Laboratory delays. These results and the proppant testing results were still outstanding at the time of this report.

However, the results of silica sand testwork that have been received are summarised below.

A 5kg composite from Arrowsmith North was tested at the Nagrom Laboratory in Kelmscott, in Perth, using the following flowchart:



On the page following is a table detailing the testwork results. The feed stock in the test had a head assay of 97.7% SiO_2 +LOI_{1000C}, after attritioning, magnetic separation and sizing, the 0.425mm - 0.85mm product achieved a grade of 99.5% SiO_2 +LOI_{1000C}. The remainder of the product, 0.212mm - 0.425mm, returned an assay of 99.3% SiO_2 +LOI_{1000C}. It is believed that additional testwork will improve both of these product grades.

Of significance is the mass balance achieved during testing, as this is an indication of the potential recovery from the in-situ resources. From the feed stock, 93.6% is recovered in the initial 0.12mm – 1.18mm sizing and passed on for attritioning and magnetic separation. With negligible mass loss in the magnetic separation and final sizing step, the potential product recovery is +93%. The higher grade 0.425mm - 0.85mm sizing constitutes 70% of the final product with the finer 0.212mm - 0.425mm, sizing making up the balance.

Attritioning Testwork

SAMPLE	Mass	Mass	Al_2O_3	CaO	Cr_2O_3	Fe_2O_3	K_2O	Li_2O	MgO	MnO	Na_2O	TiO_2	V_2O_5	LOI_{1000}	SiO2 (calc.)	SiO2 (calc.) +LOI1000C
	kg	%	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	%	%
Arrowsmith North																
Assay Head(XR	5.108	100%	11,470	110	15	4,180	1,300	52	100	25	100	1,670	-	0.57	97.1	97.7
Arrowsmith North Attrition																
Calc. Head	5.108		9,113	41	-	3,119	782	12	149	10	122	1,097	-	0.43	98.1	98.6
Size (mm)																
+1.18mm	0.001	0.02%	40,740	295	65	40,405	1,000	41	285	20	-	1,320	70	4.27	82.3	86.5
-1.18+0.212mm	4.782	93.6%	4,024	-	-	1,200	293	9	100	4	83	553	4	0.21	99.2	99.4
-0.212mm	0.325	6.4%	83,808	648	85	31,200	7,970	57	866	105	691	9,088	91	3.72	82.3	86.5

Feed Stock @ 97.7% SiO_2
Attritioned at 30% solids
for 10mins then sized

Magnetic Characterisation

SAMPLE	Mass	Mass	Al_2O_3	CaO	Cr_2O_3	Fe_2O_3	K_2O	Li_2O	MgO	MnO	Na_2O	TiO_2	V_2O_5	LOI_{1000}	SiO2 (calc.)	SiO2 (calc.) +LOI1000C
	kg	%	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	%	%
Arrowsmith North -1.18+0.212mm Attrition																
Assay Head			4,024	-	-	1,200	293	9	100	4	83	553	4	0	99.2	99.4
Arrowsmith North -1.18+0.212mm Attrition Magnetic Characterisation																
Calc. Head	4.576		3,845	1	-	1,251	252	9	84	-	-	532	-	0.22	99.2	99.4
Magnetics																
14000G Magnetic	0.006	0.12%	30,360	655	105	42,420	2,100	39	2,770	1,110	800	61,530	200	0.79	79.9	80.7
Non-Magnetic	4.570	99.9%	3,812	-	-	1,200	250	9	81	3	68	456	4	0.22	99.2	99.4

93.6% of mass reports
to 0.22 – 1.18mm size
@ 99.4% SiO_2

Magnetic Separation
@ 14,000 gauss

Size By Analysis

SAMPLE	Mass	Mass	Al_2O_3	CaO	Cr_2O_3	Fe_2O_3	K_2O	Li_2O	MgO	MnO	Na_2O	TiO_2	V_2O_5	LOI_{1000}	SiO2 (calc.)	SiO2 (calc.) +LOI1000C
	kg	%	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	%	%
Arrowsmith North -1.18+0.212mm Attritioning Non Mag																
Assay Head			3,812	-	-	1,200	250	9	81	3	68	456	4	0.22	99.2	99.4
Arrowsmith North -1.18+0.212mm Attritioning Non Mag Size by Analysis																
Calc. Head	4.267		3,842	0	-	1,154	280	9	86	3	-	460	-	0.18	99.2	99.4
Size (mm)																
+0.85mm	0.024	0.49%	2,960	70	-	1,255	200	17	45	5	-	300	-	0.16	99.2	99.3
-0.85+0.425mm	2.938	61.4%	3,473	-	-	1,000	162	9	86	2	68	432	3	0.18	99.3	99.5
-0.425+0.212mm	1.305	27.3%	4,688	-	-	1,500	548	9	88	4	77	526	4	0.19	99.1	99.3

Non magnetics sent for
product re-sizing

93% of feed mass reports
to the final product.
70% is above **<u>99.5% SiO_2</u>**
The balance at 99.3% SiO_2

In addition to the testwork completed by Nagrom, Scanning Electron Microscopy (SEM) and Qualitative X-ray Diffraction (XRD) work has been completed by Microanalysis in East Perth to better understand the mineral forms of the deleterious elements. An understanding of the minerals that are present in the bulk sand mass will aid in further upgrading of the final product.

This work has resulted in the following findings:

- The Loss on Ignition (LOI_{1000C}) is largely because the presence of salts such as Halite and Sylvite;
- The Fe and Ti minerals are present as Iron oxides, Ilmenite and Rutile;
- Aluminium, a major contaminant, is present as $Al(OH)_3$, being a form of bauxite such as Gibbsite; and
- Mineral grains are largely liberated, with 60-78% for the Fe and Ti minerals, and 99.8% for the Gibbsite.

Future Testwork

The next phase of planned testwork focused on the removal of the dense Fe/Ti minerals, >4g/cc, and the lighter Gibbsite, <2.4g/cc, in comparison with the quartz sand grains, 2.62g/cc. Initial testing using Heavy Liquid Separation (HLS) will be followed with a bulk sample, ~200kg, to be tested over a wet table to determine if conventional gravity separation equipment such as spirals will assist with the final product upgrade. Testwork to date shows that ~5,000ppm, or 0.5% of the current product, is reporting to these minerals. Successful gravity separation could upgrade the final product to >99.8% SiO_2 +LOI_{1000C}.

It is anticipated the bulk sample product will be used for marketing purposes to secure offtake and pricing agreements.

Competent Person's Statement

The information in this release that relates to Exploration Results and Exploration Targets is based on, and fairly represents, information compiled by Mr David Reid who is a Member of the Australian Institute of Geoscientists (MAIG). Mr Reid is a contractor to Ventnor Resources Limited. Mr Reid has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is 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." Mr Reid consents to the inclusion in this report of the matters based on information provided by him and in the form and context in which it appears.

Corporate

Demerger of Delgare Pty Ltd

During the period Ventnor held its Annual General Meeting on 30 November 2017 at which shareholders approved the demerger of Delgare Pty Ltd with an in-specie distribution of Delgare shares to Ventnor shareholders as at the nominated record date.

Delgare Pty Ltd was a wholly owned subsidiary of Ventnor which held the Thaduna/Green Dragon Copper Project (TGD) in the Murchison district of Western Australia. The Project is located 40km east of DeGrussa and represents the largest copper resource in the Doolgunna-Bryah Basin Region outside of Sandfire's DeGrussa Doolgunna Project.

Following the successful exploration of TGD by Ventnor and the identification of a 142,000 tonne in situ copper resources there were a series of dealings with Sandfire Resources NL on the project. These were fully covered in the Notice of Meeting document and will not be repeated as the outcome is that the sole asset of Delgare is a royalty on copper production from the Project (Royalty) which can be summarised as:

"The consideration for the purchase comprised the issue of Sandfire shares to Delgare or its nominee to a value of $1,700,000, a deferred cash payment of $950,000 if Sandfire proceeds with a decision to mine from the Project (DTM Payment) and a royalty on copper production from the Project (Royalty)."

The initial share consideration has been paid and the DTM Payment and Royalty remains. A short summary of the terms and conditions of the Royalty follows:

"For each calendar quarter or part thereof in which copper (Product) is extracted from the Project and sold, removed or otherwise disposed of, Delgare (or its nominee) shall receive a 1.8% net smelter royalty (NSR) payable up to the first 90,000 tonnes of Product and an ongoing NSR of 0.9% on all further Product. The obligation to pay the Royalty continues, with respect to the Project, for the full term of the underlying tenements, including any successor tenements and throughout the period that the Product can lawfully be extracted and recovered, unless the agreement is previously determined in accordance with its terms."

The Demerger and the in-specie distribution of Delgare shares was completed by 12 December 2017 with new Delgare holding statements dispatched on that date.

Non-Renounceable Rights Issue of Shares

On 28 November 2017 Ventnor announced a 1 for 8 non-renounceable rights issue of approximately 27,924,449 fully paid ordinary shares to eligible shareholders to raise approximately $977,356 (before costs) at 3.5 cents per share (Rights Issue).

The offer, which was not underwritten, represented a discount of approximately 21% from the 10-trading day VWAP of the Company's shares on the ASX and included a top-up facility under which eligible shareholders could apply for additional shares.

The Record Date for the offer was 1 December 2017 and the Closing Date was 15 December 2017. All Entitlement Shares were issued on 22 December with the issue of Shortfall Shares completed by 5 January 2018, subsequent to the quarter.

Corporate Events Subsequent to the Half Year

The issue of all Shortfall Shares under the Non-Renounceable Rights Issue was completed by 5 January 2018.

On 31 January 2018, ASX placed the securities of the Company in trading halt session state, at the request of the Company, in order to facilitate an orderly market in the Company's securities pending a material announcement about a proposed acquisition.

On 2 February 2018, ASX suspended the Company's securities from trading at the request of the Company pending release of that announcement. The Company's securities have remained in voluntary suspension since that date as discussions with ASX continue.

CHANGES IN STATE OF AFFAIRS

During the half-year ended 31 December 2017 there was no significant change in the entity's state of affairs other than that referred to in the half-year financial statements or notes thereto.

EVENTS SUBSEQUENT TO THE PERIOD

There are no other matter or circumstances which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods, other than as disclosed in Note 9 to the financial statements.

AUDITOR'S DECLARATION OF INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the review for the half-year ended 31 December 2017 is included within this financial report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Bruce Maluish
Director

Perth, 13 March 2018

STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 31 December 2017

	Consolidated	
	31 December 2017 $	**31 December 2016 $**
Continuing operations		
Revenue	**37,938**	45,703
Exploration and evaluation expenditure	**(192,458)**	(60,758)
Depreciation	**(780)**	(10,583)
Directors fees and benefits expense	**(79,750)**	(79,750)
Share based payments	**(302,750)**	(69,500)
Loss on sale of available for sale financial assets	**-**	(100,591)
Corporate and administration expenses	**(382,072)**	(283,874)
Loss before income tax expense	**(919,872)**	(559,353)
Income tax expense	**-**	-
Net loss for the period	**(919,872)**	(559,353)
Other comprehensive income	**-**	-
Other comprehensive income for the period, net of tax	**-**	-
Total comprehensive loss attributable to members of Ventnor Resources Limited	**(919,872)**	(559,353)
Basic and diluted loss per share (cents per share)	**(0.41)**	(0.33)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Note	Consolidated 31 December 2017 $	Consolidated 30 June 2017 $
ASSETS			
Current Assets			
Cash and cash equivalents		**1,189,732**	1,227,791
Trade and other receivables		**113,873**	125,867
Total Current Assets		**1,303,605**	1,353,658
Non-Current Assets			
Trade and other receivables		**44,630**	44,630
Plant and equipment		**2,000**	2,780
Deferred exploration expenditure	3	**2,472,971**	2,374,791
Total Non-Current Assets		**2,519,601**	2,422,201
Total Assets		**3,823,206**	3,775,859
LIABILITIES			
Current Liabilities			
Trade and other payables		**304,984**	272,956
Provisions		**69,672**	61,152
Total Current Liabilities		**374,656**	334,108
Total Liabilities		**374,656**	334,108
Net Assets		**3,448,550**	3,441,751
EQUITY			
Issued capital	4	**21,195,730**	20,571,809
Reserves		**1,923,506**	1,620,756
Accumulated losses		**(19,670,686)**	(18,750,814)
Total Equity		**3,448,550**	3,441,751

The accompanying notes form part of these financial statements

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

Consolidated	**Issued Capital $**	**Reserves $**	**Accumulated Losses $**	**Total Equity $**
Balance at 1 July 2017	**20,571,809**	**1,620,756**	**(18,750,814)**	**3,441,751**
Loss for period	**-**	**-**	**(919,872)**	**(919,872)**
Total comprehensive loss for period	**-**	**-**	**(919,872)**	**(919,872)**
Securities issued during the period	**724,382**	**-**	**-**	**724,382**
Capital raising costs	**(461)**	**-**	**-**	**(461)**
Reduction of capital on demerger of subsidiary	**(100,000)**	**-**	**-**	**(100,000)**
Cost of share based payments	**-**	**302,750**	**-**	**302,750**
Balance at 31 December 2017	**21,195,730**	**1,923,506**	**(19,670,686)**	**3,448,550**
Balance at 1 July 2016	19,343,243	1,551,256	(17,739,986)	3,154,513
Loss for period	-	-	(559,353)	(559,353)
Total comprehensive loss for period	-	-	(559,353)	(559,353)
Securities issued during the period	1,286,977	-	-	1,286,977
Capital raising costs	(58,411)	-	-	(58,411)
Cost of share based payments	-	69,500	-	69,500
Balance at 31 December 2016	20,571,809	1,620,756	(18,299,339)	3,893,226

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2017

	Note	Consolidated 31 December 2017 $	Consolidated 31 December 2016 $
Cash flows from operating activities			
Payments to suppliers and employees		**(433,900)**	(418,045)
Interest received		**2,135**	4,738
Other income		**20,375**	8,700
Net cash (used in) operating activities		**(411,390)**	(404,607)
Cash flows from investing activities			
Expenditure on mining interests		**(412,568)**	(445,607)
Proceeds from sale of available for sale financial assets		**-**	1,599,409
Dividends received		**-**	14,912
Cash disposed on demerger of subsidiary	4	**(100,000)**	-
Net cash (used in)/provided by investing activities		**(512,568)**	1,168,714
Cash flows from financing activities			
Proceeds from issue of shares		**886,360**	1,286,977
Payment of capital raising costs		**(461)**	(64,926)
Proceeds from borrowings		**-**	100,000
Repayment of borrowings		**-**	(100,000)
Net cash provided by financing activities		**885,899**	1,222,051
Net (decrease)/increase in cash held		**(38,059)**	1,986,158
Cash at beginning of the half-year		**1,227,791**	84,070
Cash at end of the half-year		**1,189,732**	2,070,228

The accompanying notes form part of these financial statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report to be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by Ventnor Resources Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies have been consistently applied with those of the previous financial year and corresponding interim reporting period, except in relation to the matters disclosed below.

New and Revised Accounting Standards

The consolidated entity has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the consolidated entity's accounting policies.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the consolidated entity.

2. DEFERRED EXPLORATION EXPENDITURE

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

	31 December 2017 $	30 June 2017 $
Exploration and evaluation phase – at cost	**2,472,971**	2,374,791
Movement		
Balance at beginning of half-year	**2,374,791**	
Expenditure incurred	**290,638**	
Expenditure written off	**(192,458)**	
Total deferred exploration expenditure	**2,472,971**	

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or, alternatively, sale of the relevant areas of interest, at amounts at least equal to book value.

3. ISSUED CAPITAL

	31 December 2017 $	30 June 2017 $
Issued Capital		
Ordinary shares – fully paid	**21,195,730**	20,571,809

Movement in ordinary shares on issue	**Number**	**$**
Ordinary shares – fully paid		
Balance at beginning of half-year	223,395,589	20,571,809
Issued pursuant to entitlement offer	20,696,623	724,382
Expense of issue	-	(461)
Reduction of capital on demerger of subsidiary (Note 4)	-	(100,000)
Balance at end of half-year	244,092,212	21,195,730

4. DEMERGER OF SUBSIDIARY

On 30 November 2017, at the annual general meeting, shareholders approved the demerger of Delgare Pty Ltd ("Delgare"), a wholly owned subsidiary of the Company. The Company reduced the share capital of the Company by distributing its holding of Delgare shares in specie to shareholders on a pro rata basis based on the number of shares held by eligible shareholders on 6 December 2017. The demerger was completed on 12 December 2017.

At demerger, the net assets of Delgare was cash of $100,000, resulting in the reduction of the Company's share capital by $100,000.

5. SHARE BASED PAYMENTS

During the half-year period, the following share based payments were incurred:

	Value per Share/Option	Number	Value $
Unlisted options exercisable at $0.072 each on or before 30 November 2020, issued to the Directors and Company Secretary	$0.0203	12,000,000	243,600
Unlisted options exercisable at $0.072 each on or before 30 November 2020, agreed to be issued to consultants for past and future services	$0.0182	3,250,000	59,150
			302,750

5. SHARE BASED PAYMENTS (CONTINUED)

The unlisted options issued to the Directors and Company Secretary, were issued for nil consideration and vested immediately. The options were valued using the Black-Scholes model using an underlying share price of $0.04, volatility of 100% and an interest rate of 1.89%.

The unlisted options agreed to be issued to consultants for nil consideration and to vest immediately, were valued using the Black-Scholes model with an underlying share price of $0.037, volatility of 100% and an interest rate of 1.965%.

6. SEGMENT INFORMATION

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

The operating segments are identified by the Board based on the phase of operation within the mining industry. For management purposes, the Group has organised its operations into two reportable segments on the basis of stage of development as follows:

- Development assets
- Exploration and evaluation assets, which includes assets that are associated with the determination and assessment of the existence of commercial economic reserves.

The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

During the half-year ended 31 December 2017, the Group had no development assets. The Board considers that it has only operated in one segment, being mineral exploration within Australia.

Where applicable, corporate costs, finance costs, interest revenue and foreign currency gains and losses are not allocated to segments as they are not considered part of the core operations of the segments and are managed on a Group basis.

The consolidated entity is domiciled in Australia. All revenue from external customers is generated from Australia only. Segment revenues are allocated based on the country in which the customer is located

Revenues of approximately Nil (2016: Nil) are derived from a single external customer.

7. DIVIDENDS

There have been no dividends declared or recommended and no distributions made to shareholders or other persons during the period. (2016: Nil)

8. CONTINGENT LIABILITIES AND ASSETS

Contingent assets

On 19 August 2016, the Company and its wholly owned subsidiary Delgare Pty Ltd ("Delgare"), which owned 65% of the Thaduna/Green Dragon Copper Project, signed an agreement with Sandfire Resources NL ("Sandfire") for Sandfire to acquire 100% ownership of the project. Previously, the Company had entered into a Joint Venture with Sandfire on the project. On 4 December 2013 Sandfire had paid the Company $3 million for an initial 35% interest in the project with the ability to earn up to 80% under the terms of the joint venture agreement.

Sandfire acquired the remaining 65% of the Thaduna/Green Dragon copper project on 23 August 2016 on the following terms: An immediate transfer of Sandfire shares to Delgare to a value of $1,700,000, further payment of $950,000 if Sandfire proceeds with a decision to mine from the project with a 1.8% initial Net Smelter Royalty (NSR) payable up to 90,000 tonnes of recovered copper production and an ongoing NSR of 0.9% on further production.

As disclosed in Note 4, the demerger of Delgare was completed on 12 December 2017. The contingent assets of the decision to mine payment and royalty was retained by Delgare.

Other than the above, there has been no change in contingent liabilities and contingent assets since the last annual reporting date.

9. EVENTS SUBSEQUENT TO REPORTING DATE

There are no matters or circumstances which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods, other than as follows:

On 5 January 2018, the Company issued 7,227,656 shares at an issue price of 3.5 cents per share, being the remaining shortfall shares pursuant to the non-renounceable entitlement issue offer dated 28 November 2017.

On 9 January 2018, the Company issued 3,250,000 unlisted options exercisable at 7.2 cents each on or before 30 November 2020, to consultants for no consideration. The options were agreed to and accounted for during the half-year (Note 5).

DIRECTORS' DECLARATION

In the opinion of the directors of Ventnor Resources Limited:

1. The financial statements and notes thereto of the consolidated entity, as set out within this financial report, are in accordance with the *Corporations Act 2001* including:

    a. Complying with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

    b. Giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year then ended.

2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Bruce Maluish
Director

Perth, 13 March 2018

RSM Australia Partners

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF VENTNOR RESOURCES LIMITED

We have reviewed the accompanying half-year financial report of Ventnor Resources Limited which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant 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 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 2017 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 Ventnor Resources 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 Ventnor Resources 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 Ventnor Resources Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

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

RSM

RSM AUSTRALIA PARTNERS

A Whyte

Perth, WA
Dated: 13 March 2018

ALASDAIR WHYTE
Partner

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Ventnor Resources Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) The auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) Any applicable code of professional conduct in relation to the review.

RSM
RSM AUSTRALIA PARTNERS

A Whyte
ALASDAIR WHYTE
Partner

Perth, WA
Dated: 13 March 2018