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**ORO VERDE LIMITED**  
**ABN 84 083 646 477**

**ANNUAL REPORT**

**30 JUNE 2018**

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**ORO VERDE LIMITED**  
**CORPORATE DIRECTORY**  
**ABN 84 083 646 477**

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This annual report covers the consolidated entity of Oro Verde Limited and its subsidiaries. The consolidated entity's functional and presentation currency is AUD (\$).

A description of the consolidated entity's operations and of its principal activities is included in the review of operations and activities in the directors' report.

**Directors**

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

**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  
Level 1, Gateway Building  
177-179 Davy Street  
Booragoon, WA 6154

**Solicitors**

Steinepreis Paganin  
16 Milligan Street  
Perth, WA 6000

**Stock Exchange**

Australian Securities Exchange  
Code: OVL

**Website**

[www.oro Verde.com.au](http://www.oro Verde.com.au)

<b>Contents</b>	<b>Page</b>
DIRECTORS' REPORT	3
DIRECTORS' DECLARATION	17
AUDITOR'S INDEPENDENCE DECLARATION	18
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	19
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	20
CONSOLIDATED STATEMENT OF CASH FLOWS	21
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	22
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	23
INDEPENDENT AUDIT REPORT	50
CORPORATE GOVERNANCE STATEMENT	53
ASX ADDITIONAL INFORMATION	59

The information in this report that relates to previously reported Exploration Results has been referred to throughout the report to the date that it was originally reported to ASX. 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.

## **DIRECTORS**

The names and details of the directors of Oro Verde Limited in office during the financial year and until the date of this report are as follows. Directors were in office for the whole of the financial year, unless otherwise stated.

**W G Martinick** B.Sc, Ph.D. FAusIMM. (Chairman) – Appointed 13 January 2003

Dr Wolf Martinick is an environmental scientist with over 40 years experience in mineral exploration and mining projects around the world, attending to environmental, water, land access and indigenous people issues. He has conducted due diligence on mining projects around the world on behalf of international financial institutions and resource companies for a variety of transactions including listings on international stock exchanges, mergers and debt financing. He is a Fellow of the Australian Institute of Mining and Metallurgy.

Dr Martinick is a founding director and former chairman of Weatherly International plc, an AIM listed company with copper mines in Namibia. Previously Dr Martinick was a founding director of Basin Minerals Limited, an ASX listed mineral exploration company that discovered a world-class mineral project in Victoria, Australia, that was acquired by Iluka Resources Limited in 2003. He was also Chairman of ASX listed Sun Resources Limited until early 2016 and is a director of Azure Minerals Limited.

**B D Dickson** B.Bus, FCPA, FGIA, MAICD – (Finance Director & Company Secretary) – Appointed 21 November 2014

Mr Brett Dickson has over 20 years experience in the financial management of companies, principally companies in early stage development of its resource or production, and offers broad financial management skills. He has been Company Secretary and Chief Financial Officer (CFO) for a number of successful resource companies listed on the ASX. Mr Dickson is also a director of Rox Resources Limited.

**B L Farrell** B.Sc (Hons Econ Geol), M.Sc, Ph.D, FAusIMM, MICA, CPGeol, MIMM, CEng.  
(Non-Executive Director) – Appointed 8 August 2011

Dr Brad Farrell was appointed a director on 8 August 2011. Dr Farrell has over 40 years experience in resource exploration and senior project management and evaluation. During this time he has managed numerous and extensive exploration programs within Australia and overseas for a variety of mineral commodities for both major and junior exploration companies. Some of these programs have resulted in significant discoveries, which are currently in production or will see future production. He is a Fellow of the Australian Institute of Mining and Metallurgy, a Chartered Professional Geologist of that body, Member of Mineral Industry Consultants Association, a Member of the Institution of Mining and Metallurgy and a Chartered Engineer of that body.

Dr Farrell is a non-executive director of Kalbar Resources Ltd.

**A P Rovira** BSc (Hons), MAusIMM - (Non-Executive Director) - Appointed 21 November 2014

Mr Tony Rovira has over 30 years technical and management experience in the mining industry, as an exploration and mining geologist, and as a company executive at Board level. Since graduating from Flinders University in South Australia in 1983, Tony has worked for companies both large and small, including BHP, Barrack Mines, Pegasus Gold and Jubilee Mines.

From 1997-2003 Tony was the General Manager of Exploration with Jubilee Mines, during which time he led the team that discovered and developed the world class Cosmos and Cosmos Deeps nickel sulphide deposits in Western Australia. In the year 2000, the Association of Mining and Exploration Companies awarded Mr Rovira the “Prospector of the Year Award” for these discoveries.

Mr Rovira is also a director of Azure Minerals Limited.

**T I Woolfe** B.Sc (Hons) GradCert AppFin, MAusIMM, MAIG, GAICD – resigned 31 December 2017

Mr Trevor Woolfe was appointed Managing Director on 25 February 2015 and is an experienced and highly regarded industry professional. He is a geologist with over 25 years experience in the exploration and mining industry. He was the Managing Director of ASX listed Anchor Resources Ltd until Chinese

interests acquired a majority interest in 2011 and previously held various senior roles with companies including CRA, Great Central Mines, Newcrest and Placer Dome. While living for four years in South America, Mr Woolfe led Placer Dome exploration teams in Chile and Brazil. Since 2012, he has provided consultancy services in various countries including Nicaragua. As a result, Mr Woolfe is fluent in Spanish, the official language of Nicaragua.

### **INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY**

As at the date of this report the interests of the directors in the securities of the company were:

	<b>Number of Ordinary Shares</b>	<b>Number of Options over Ordinary Shares</b>
W G Martinick	74,767,084	20,000,000
B D Dickson	23,420,330	36,000,000
B L Farrell	75,315,872	20,000,000
A P Rovira	51,602,016	42,000,000
T I Woolfe (resigned 31 December 2017)	28,296,997	5,000,000

### **INTERESTS IN CONTRACTS OR PROPOSED CONTRACTS WITH THE COMPANY**

During or since the end of the financial year, no director has had any interest in a contract or proposed contract with the company being an interest the nature of which has been declared by the director in accordance with Section 300(11)(d) of the Corporations Act 2001.

### **DIRECTORS' MEETINGS**

During the year 7 directors' meetings were held. The number of meetings attended by each director was as follows:

	<b>No. of meetings held while in office</b>	<b>Meetings attended</b>
W G Martinick	7	7
B D Dickson	7	7
A P Rovira	7	6
B L Farrell	7	7
T I Woolfe (resigned 31 December 2017)	4	3

As at the date of this report, the company did not have audit, remuneration or nomination committees, as the directors believe the size of the company does not warrant their existence.

### **DIVIDENDS PAID OR PROPOSED**

The company has not paid any dividends since the commencement of the financial year, and no dividends are proposed to be paid.

### **CORPORATE INFORMATION**

The Financial Statements of Oro Verde Limited for the year ended 30 June 2018 were authorised for issue in accordance with a resolution of the directors on 11 September 2018. The group's functional and presentation currency is AUD (\$).

Oro Verde Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

### **Principal Activities**

The principal activity during the year of the group was investment in the mining and resource sector.

The group's business is conducted from operations located in Australia and in Nicaragua through its 100% owned subsidiary Minera San Cristobal, SA.

### **Employees**

Other than the Directors the group employed four people, based in Nicaragua at 30 June 2018 (2017: 5).

## OPERATING AND FINANCIAL REVIEW

### Overview

The Company operates only in Nicaragua on the Topacio and San Isidro mineral concessions (Figure 1).



**Figure 1 Location of Nicaragua and Oro Verde's Projects**

### Topacio Gold Project (Option to earn 100%)

In September, 2017, following the August withdrawal of former JV partner Newcrest, Oro Verde commenced its Phase 3 surface trench-sampling and mapping program on the numerous high grade gold-silver quartz-vein targets close to the existing **NI 43-101 Inferred Resource** (340,000 ounces of gold) in the main **Topacio Gold Resource Area** in south-eastern Nicaragua.

Forty trenches across 15 major gold-bearing quartz veins were completed with the majority of the veins yielding significant gold (Au) results (ASX 15 and 18 January and 7 February, 2018) including:

- **1.4m at 9.15 g/t Au (Dispute Vein)**
- **1.7m at 8.09 g/t Au (Dispute Vein)**
- **0.9m at 7.47 g/t Au (Mico Central Vein)**
- **1.2m at 10.50 g/t Au (Mico Central Vein)**
- **1.0m at 16.6 g/t Au (Lone Star Vein)**
- **1.35m at 7.27 g/t Au (Lone Star Vein)**
- **1.1m at 7.18 g/t Au (Mico Central Vein)**
- **1.25m at 7.48 g/t Au (Mico Central Vein)**
- **1.0m at 9.41 g/t Au (Chicago Vein)**
- **5.25m at 11.75 g/t Au (Su Majestad Vein)**
- **4.45m at 11.6 g/t Au (Toronto Vein)**
- **2.0m at 14.15 g/t Au (Topacio East Vein)**
- **20.5m at 4.83 g/t Au (Mico Central Vein)**
- **3.6m at 7.18 g/t Au (Su Majestad Vein)**

Compilation, interpretation and geological correlations of trench sample results extended into January, enabling final selection of hole locations and establishing their set-up parameters for February commencement of the proposed Phase 3 diamond core drilling program.

Key objectives of the Phase 3 drilling program were to provide further validation of and identify any required refinements to the current trenching and drilling methods before further application of the techniques.

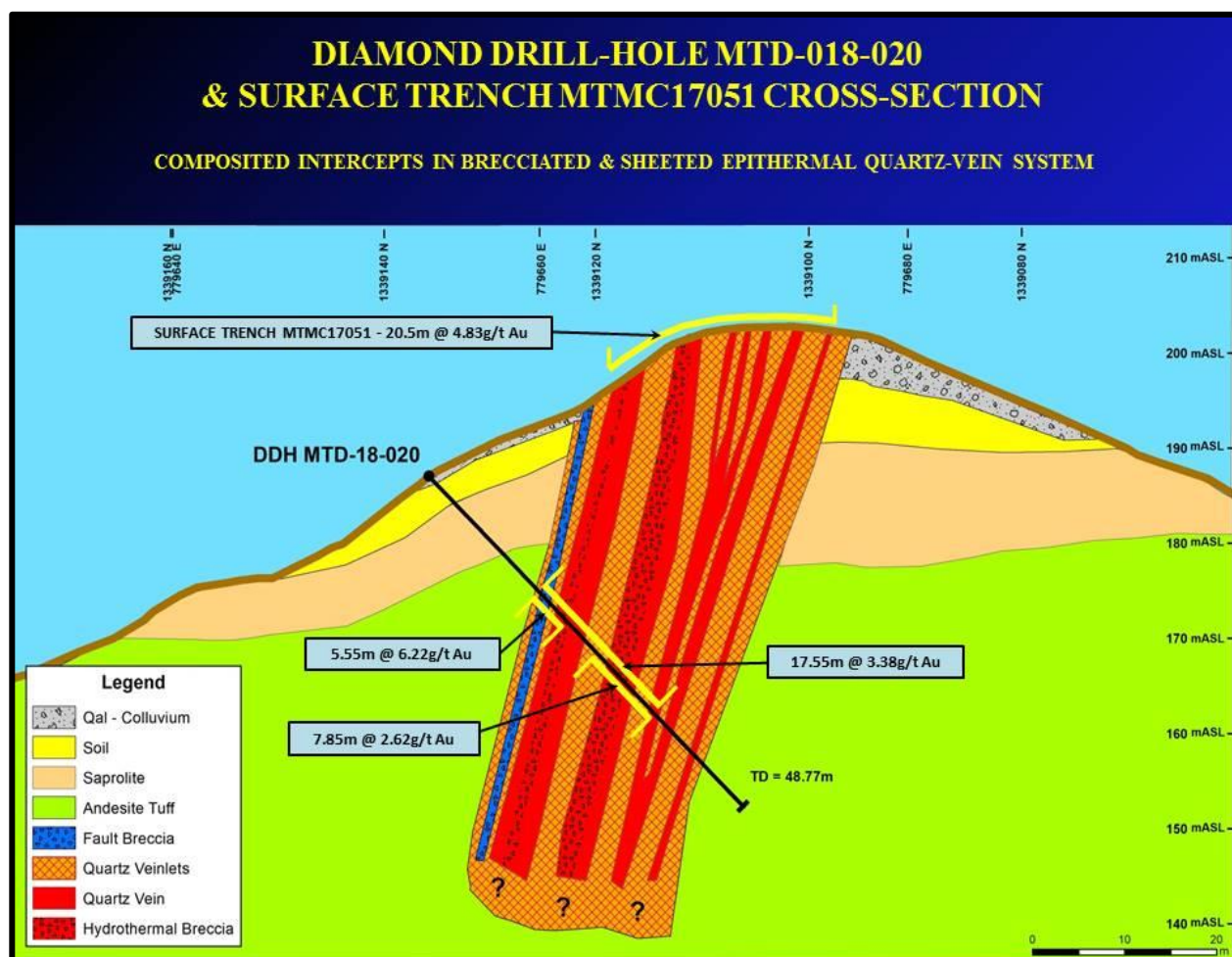
This is considered necessary before committing to deeper drilling with the objective of improving the classification of the historical Canadian **NI 43-101-compliant Inferred Resource** in the Topacio Resource Area.

Nine holes were drilled into priority target zones in the main Topacio Gold Resource area with the first collared on 29 January, 2018 (ASX 8 February).

Significant gold (Au) and silver (Ag) sample results from the drilling program were reported to ASX on 12 April, 2018 and include:

**10.4m at 3.90g/t gold & 30.99g/t silver from 35.2m (Topacio Vein)**  
**4.95m at 7.35g/t gold & 15.34g/t silver from 24.3m (Dos Amigos Vein)**  
**17.55m at 3.38g/t gold & 55.63g/t silver from 16.95m (Mico Central Vein)**

The above Mico Central intercept in drill-hole MTD-18-020 provides excellent depth-confirmation of the significant **20.50m at 4.83g/t gold and 3.90g/t silver** (ASX 7 February 2018) mineralization identified in sampling of trench MTMC-17051, nominally 30m above the drill intercept, refer following schematic section below, Figure 2.



**Figure 2 - Cross section - Diamond Drill-hole MTD-018-020 & Surface Trench MTMC17051**

### **Topacio Project Background**

On 27 February 2015<sup>1</sup>, Oro Verde announced the completion of a positive due diligence and acceptance of an Option to Purchase Agreement (“the Option”) over the high grade Topacio Gold Project in south-eastern Nicaragua (Figure 1). The project hosts 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 & 3</sup>.

Oro Verde and Newcrest entered into a farm-in Agreement in November 2015<sup>2</sup>. The Agreement was terminated and Newcrest withdrew in August 2017<sup>4</sup> and Oro Verde resumed total control of exploration of the Topacio Project during the September Quarter.

**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 in accordance with the Australian JORC code. A defined Competent Person has not yet undertaken sufficient work to classify this foreign estimate as a mineral resource in accordance with the Australian JORC code and, at this stage, it cannot be stated with certainty that, following evaluation and/or further exploration work, the foreign estimate will be able to be reported as a mineral resource in accordance with the JORC code.

### **San Isidro (OVL 100%)**

The San Isidro Gold Project constitutes a 25km<sup>2</sup> mining concession in north-western Nicaragua and lies adjacent to the La India Gold Project, held by UK company Condor Gold Plc., which contains a reported 2.3 million ounce gold resource (Figure 1). Condor 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.

During the 2017 September Quarter, a follow up Phase 2 exploration program was carried out by the Company at San Isidro, designed to investigate a number of targets generated by an initial 400m x 200m soil-sampling grid and geological mapping earlier in the year.

This program included geological mapping and a soil-sampling program over prospective areas identified by the Phase 1 program.

Results up to **0.54 g/t Au and 0.80 g/t Ag** were returned from the 32 rock-chip samples collected during the Phase II campaign (ASX 30 October 2017). Best results were obtained from narrow, massive, white, crystalline quartz veins up to 1m in width, and from stock-works hosted by laminated rhyolite flows in the south-western corner of the San Isidro concession.

### **New Concessions – Iguanas, Galeano and Tigre**

Over the past two years, three applications have been submitted by Minera San Cristóbal, S.A. (MSC, a 100% owned Nicaraguan subsidiary of Oro Verde) for ground covering the land adjacent to the Topacio Project under the **Iguanas, Galeano and Tigre** applications (Figure 5).

The Nicaraguan Ministry of Mines and Energy (MEM) has accepted these applications and, in late November, the relevant documents were prepared by MEM and delivered by MSC in mid-December to the local Municipality for approval.

Certification for the approval of the three concession applications by the MDLB Municipality was being prepared in late-March for delivery to MSC and thence to be returned by MSC to the Ministry of Mines (MEM-DGM), scheduled for late April.

Upon completion of this already well-advanced process, Oro Verde will have all three of its applications approved, and the Company’s ground position in the Topacio region will increase by approximately 240% from 93km<sup>2</sup> to 316km<sup>2</sup>.

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<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 preceding disclaimer relating to National Instrument 43-101 in “UPCOMING ACTIVITIES”, above

<sup>4</sup> Refer to ASX announcement dated 11 August 2017 “Oro Verde Resumes Exploration Control of High Grade Topacio Gold Project”



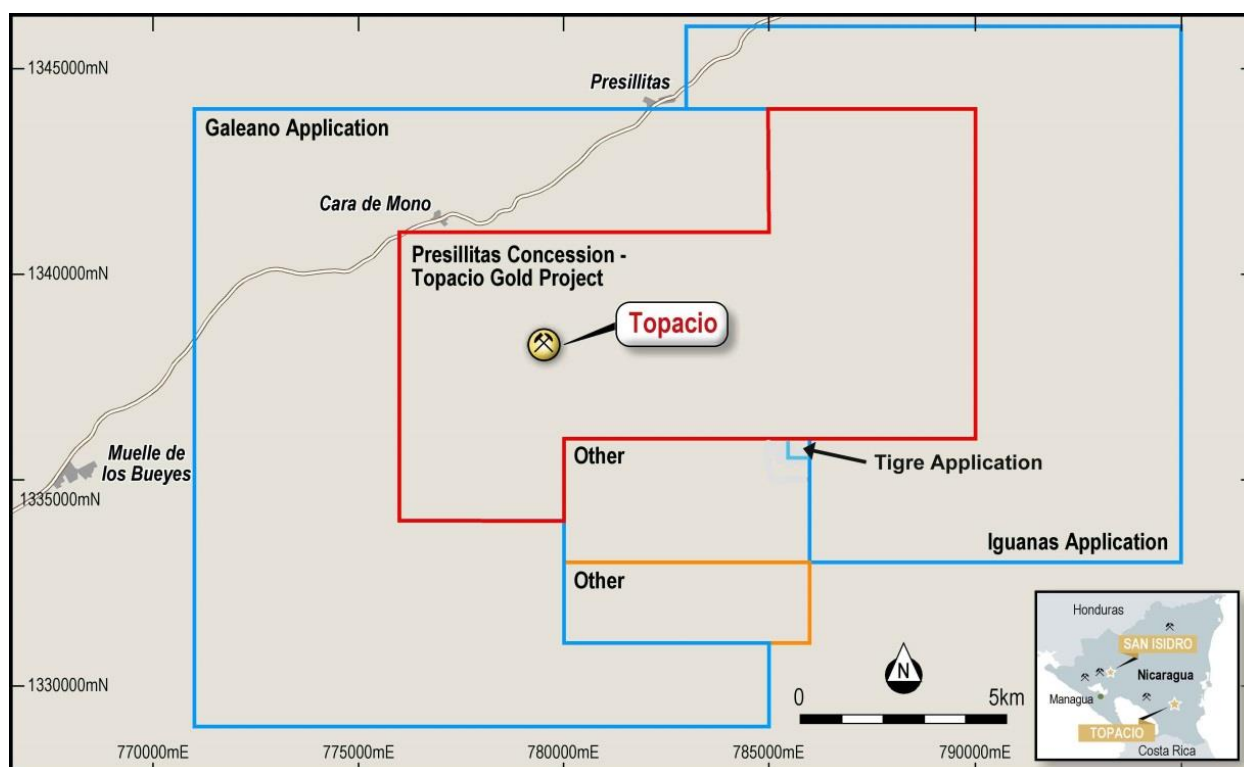


Figure 3 - Topacio Project (red) & Iguanas, Galeano and Tigre applications (blue)

### Nicaraguan Civil Unrest

On April 16, official public notification was given regarding the Nicaraguan Government's proposal to raise social security (INSS) withholdings from both employees and employers, while at the same time reducing pension amounts to retired workers, beginning in July 2018.

This created considerable civil unrest in Nicaragua, with numerous protests and riots, beginning on April 19. While the proposed changes to the social security regime have since been withdrawn by the Government, demonstrations have continued through the end of April which include demands for the removal of President Daniel Ortega and his wife, Vice President Rosario Murillo.

Security factors since that time remained an issue throughout Nicaragua, and especially in Managua, as a result of continuing marches, protests and increasing numbers of road-blocks nationwide. As a result at times it has not been possible to access the Topacio or San Isidro Projects.

The Company continues to monitor the situation and remains hopeful of a normalisation of affairs.

### Operating Results

The group's revenue was \$16,118 and the loss was \$2,004,581 for the financial year. Exploration expenses (net \$757,859) and salaries, wages and consulting fee-based payments (\$442,727) account for approximately 60% of this year's loss.

	2018	2017
	\$	\$
Operating revenue	16,118	181,746
Operating loss	(2,004,581)	(913,532)

### Year in Review

#### Review of Financial Position

During the year, the Group raised \$1,669,887 (after all expenses) through the issue of 287,510,245 fully paid shares.

As a result of that raising and the raising of \$1,425,000 (before expenses) subsequent to the end of the financial period the directors believe that at the date of this report the Group has a sound capital structure and is in a position to progress its mineral properties.

At 30 June 2018 the cash balance of the group stood at \$322,994.

#### **LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS**

Oro Verde continues to review gold-silver-copper opportunities in search of quality projects to enhance the existing portfolio. To date, suitable transactions have not been achieved on preferred projects. Discussions and reviews are ongoing as the Company aims to add shareholder value through its Corporate Advisor and the quality team and connections that it has assembled within Nicaragua and the region.

#### **INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS**

During or since the financial year, the company has paid premiums in respect of a contract insuring all the directors of Oro Verde Limited against legal costs incurred in defending proceedings for conduct involving:

- (a) a wilful breach of duty; or
- (b) a contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.

The total amount of insurance contract premiums paid was \$10,950 (2017: \$10,950).

#### **ENVIRONMENTAL REGULATION AND PERFORMANCE**

The company is subject to significant environmental regulation in respect of its exploration activities. It aims to ensure the appropriate standard of environmental care is achieved and in doing so, that it is aware of and is following all relevant environmental legislation. The directors of the company are not aware of any breach of environmental legislation for the year under review. The directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. The directors have assessed that the Company has no current reporting requirements, but may be required to report in the future.

#### **PROCEEDINGS ON BEHALF OF COMPANY**

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to or intervened in any proceedings during the year.

## **REMUNERATION REPORT (Audited)**

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report, the term 'executive' encompasses the chief executive and secretaries of the Parent and the Group.

### **Details of key management personnel**

W G Martinick	Chairman (Non-Executive)
T I Woolfe	Managing Director (Resigned 31 December 2017)
D V Bright	Chief Executive Officer (Appointed 1 January 2018)
B D Dickson	Finance Director
B L Farrell	Director (Non-Executive)
A P Rovira	Director (Non-Executive)

### **Remuneration philosophy**

The Board of Directors is responsible for determining and reviewing compensation arrangements for the directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and other non-cash payments. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

To assist in achieving these objectives, the Board links the nature and amount of executive directors' and officers' emoluments on an annual basis based on individual performance and market conditions.

In the event of serious misconduct or a material misstatement in the Group's financial statements, the Board can reduce, cancel or defer performance-based remuneration and may also claw back performance-based remuneration paid in previous financial years.

### **Remuneration structure**

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

### **Compensation of Directors and Executive Officer**

#### **(i) Compensation Policy**

The Board of Directors of Oro Verde Limited is responsible for determining and reviewing compensation arrangements for the directors and the managing director.

#### **(ii) Non-Executive Director Compensation**

##### *Objective*

The Board seeks to set aggregate compensation at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

##### *Structure*

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed and reviewed annually. The latest determination was in 2011 when shareholders approved an aggregate remuneration of \$400,000 per year. The Board may consider advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Non consultants were used during the year.

Non-executives directors have long been encouraged by the Board to hold shares in the company (purchased by the director on market). It is considered good governance for directors to have a stake in the company on which board they sit.

**REMUNERATION REPORT (Audited) (Continued)**

(iii) Executive Compensation

*Objective*

The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- align the interests of executives with those of shareholders; and
- ensure total compensation is competitive by market standards.

*Structure*

The Board periodically assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and other non-cash benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

(iv) Fixed Compensation

*Objective*

Fixed compensation is reviewed annually by the Board. The process consists of a review of individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices.

*Structure*

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and other non-cash benefits.

(v) Variable Compensation

*Objective*

The objective is to link the achievement of the company's targets with the compensation received by the executives charged with meeting those targets.

Currently, the company does not restrict executives from entering into arrangements to protect the value of unvested Long Term Incentives. However, under the Securities Dealing Policy, members of the Board are required to advise the Company Secretary of any shareholdings including any hedging arrangements.

*Share-based compensation*

Options or shares may be issued to directors and executives as part of their remuneration. The options or shares are not issued based on performance criteria, but are issued to the directors and executives of Oro Verde Limited to increase goal congruence between executives, directors and shareholders.

During the year 40,000,000 options (2017: nil) were issued to key management personnel, details of the options are set out elsewhere in this report. In addition 760,245 shares were issued (2017: 25,911,725) in lieu of cash directors' fee, details of the shares issued are set out elsewhere in this report.

*Structure*

Actual payments granted to each KMP are determined by the Board who meet periodically to assess the achievements of the company's targets. There are currently no targets established.

**Employment contracts**

Remuneration and other terms of employment for the following KMP are formalised in service agreements, the terms of which are set out below:

**Mr B V Bright, Chief Executive Officer:**

- Term of agreement – No fixed term. One months notice is required.
- Fixed retainer of \$2,000 per month and \$720 per eight hour day worked
- No termination benefit.

**REMUNERATION REPORT (Audited) (Continued)**

**Mr B D Dickson**, Finance Director and Company Secretary:

- Term of agreement – from 1 January 2018.
- Fixed consulting fee of \$7,500 per month
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, includes an amount equal to the amounts due for the balance of the term of the contract from the date of termination or the equivalent of 6 months remuneration.

**Compensation of Key Management Personnel (Consolidated and Parent)**

Compensation of each director and the executive officer of the parent and group are as follows:

	Short term		Post employment	Share based payments	Total	Total options related	Total performance related
30 June 2018	Salaries and fees	Non Monetary Benefit <sup>1</sup>	Super annuation	Options			
	\$		\$	\$	\$	\$	
<b>Directors</b>							
W G Martinick	20,000	2,281	1,900	48,511	72,692	48,511	66.7
T I Woolfe <sup>2</sup>	125,000	2,281	-	-	127,281	-	-
B D Dickson	87,500	2,281	11,425	48,511	149,717	48,511	32.4
A P Rovira	15,000	2,281	1,425	48,511	67,217	48,511	72.2
B L Farrell	5,000	2,281	11,425	48,511	67,217	48,511	72.2
D V Bright <sup>3</sup>	68,530	-	-	-	68,530	-	-
Total	321,030	11,405	26,175	194,044	552,654	194,044	35.1

	Short term		Post employment	Share based payments	Total	Total options related	Total performance related
30 June 2017	Salaries and fees	Non Monetary Benefit <sup>1</sup>	Super-annuation	Options			
	\$	\$	\$	\$	\$		
<b>Directors</b>							
W G Martinick	93,333	2,190	6,833	-	102,356	-	-
T I Woolfe	284,750	2,190	-	-	286,940	-	-
B D Dickson	92,500	2,190	35,856	-	130,546	-	-
A P Rovira	70,000	2,190	6,550	-	78,740	-	-
B L Farrell	44,000	2,190	32,650	-	78,840	-	-
Total	584,583	10,950	81,889	-	677,422	-	-

1. The Non Monetary Benefit relates to the Directors' Indemnity Insurance.
2. Resigned 31 December 2017
3. Appointed 1 January 2018

During the year directors received shares to the value of \$8,634 (2017: \$201,000) in lieu of cash fees.

**Compensation Options: Granted and Vested during the year.**

During the year 40,000,000 compensation options were granted (2017: nil).

There were no alterations to the terms and conditions of options granted as remuneration since their grant date. During the financial period 5,000,000 Compensation Options were exercised at \$0.01 each, no other Compensation Options were exercised or forfeited (2017: nil).

The Company's remuneration policy prohibits directors and executives from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

Apart from the issue of options the company currently has no performance based remuneration component built into director and executive remuneration (2017: Nil).

**REMUNERATION REPORT (Audited) (Continued) Shareholdings of Key Management Personnel**

2018	Balance 1 July 2017	Purchased	On Exercise of Options	Received in lieu of fees	Balance 30 June 18
<b>Specified Directors</b>					
W G Martinick	51,194,339	1,875,000	-	1,697,745	54,767,084
T I Woolfe – resigned 31 Dec '17	22,984,497	312,500	5,000,000	-	28,296,997
A P Rovira	29,727,016	1,875,000	-	-	31,602,016
B L Farrell	47,101,281	8,214,591	-	-	55,315,872
B D Dickson	13,545,330	1,875,000	-	-	15,420,330
D V Bright – appointed 1 Jan '18	-	-	-	-	-
<b>Total</b>	<b>164,552,463</b>	<b>15,089,591</b>	<b>5,000,000</b>	<b>760,245</b>	<b>185,402,299</b>

**Option Holdings of Key Management Personnel**

2018	Balance at beginning of year 1 July 2017	Granted as Remuneration	Options Exercised	Options Lapsed	Balance at end of year 30 June 2018	Vested at 30 June 2018	
						Vested & Exercisable	Unvested
W G Martinick	-	10,000,000	-	-	10,000,000	10,000,000	-
B L Farrell	-	10,000,000	-	-	10,000,000	10,000,000	-
T I Woolfe	10,000,000	-	5,000,000	-	5,000,000	5,000,000	-
A P Rovira	44,000,000	10,000,000	-	22,000,000	32,000,000	32,000,000	-
B D Dickson	44,000,000	10,000,000	-	22,000,000	32,000,000	32,000,000	-
D V Bright <sup>1</sup>	-	-	-	-	-	-	-
<b>Total</b>	<b>98,000,000</b>	<b>40,000,000</b>	<b>5,000,000</b>	<b>44,000,000</b>	<b>89,000,000</b>	<b>89,000,000</b>	<b>-</b>

1. Appointed 1 Jan '18

**Other Transactions**

The Company has entered into a sub-lease agreement on normal commercial terms with Azure Minerals Limited, a company of which Dr Martinick and Mr Rovira are directors. During the year, the Company paid sub-lease fees totalling \$4,800 (2017: \$4,800).

During the financial period the Company entered into two separate bridging loan facilities ("Facility") with Inkjar Pty Ltd., an entity associated with Dr Bradford Farrell, a director of the Company. Principal terms of the Facilities are:

	<b>Facility 1</b>	<b>Facility 2</b>
Amount	Up to \$500,000	\$100,000
Term	From 1 Sep '17 to 30 Nov '17	From 20 Apr '18 to 31 Aug '18
Interest	NAB Business Loan Base plus 2%, calculated daily	NAB Business Loan Base plus 3%, calculated daily
Amount drawn	\$300,000	\$100,000
Amount Outstanding at 30 Jun '18	-	\$100,000
Amount Outstanding at this date	-	\$100,000

Amounts due and unpaid at 30 June 2018 to Key Management Personnel include:

- 1 Directors fees totalling \$65,000; and
- 2 Consulting fees of \$12,003 to Geochemex Australia Pty Ltd, a related party of D Bright.

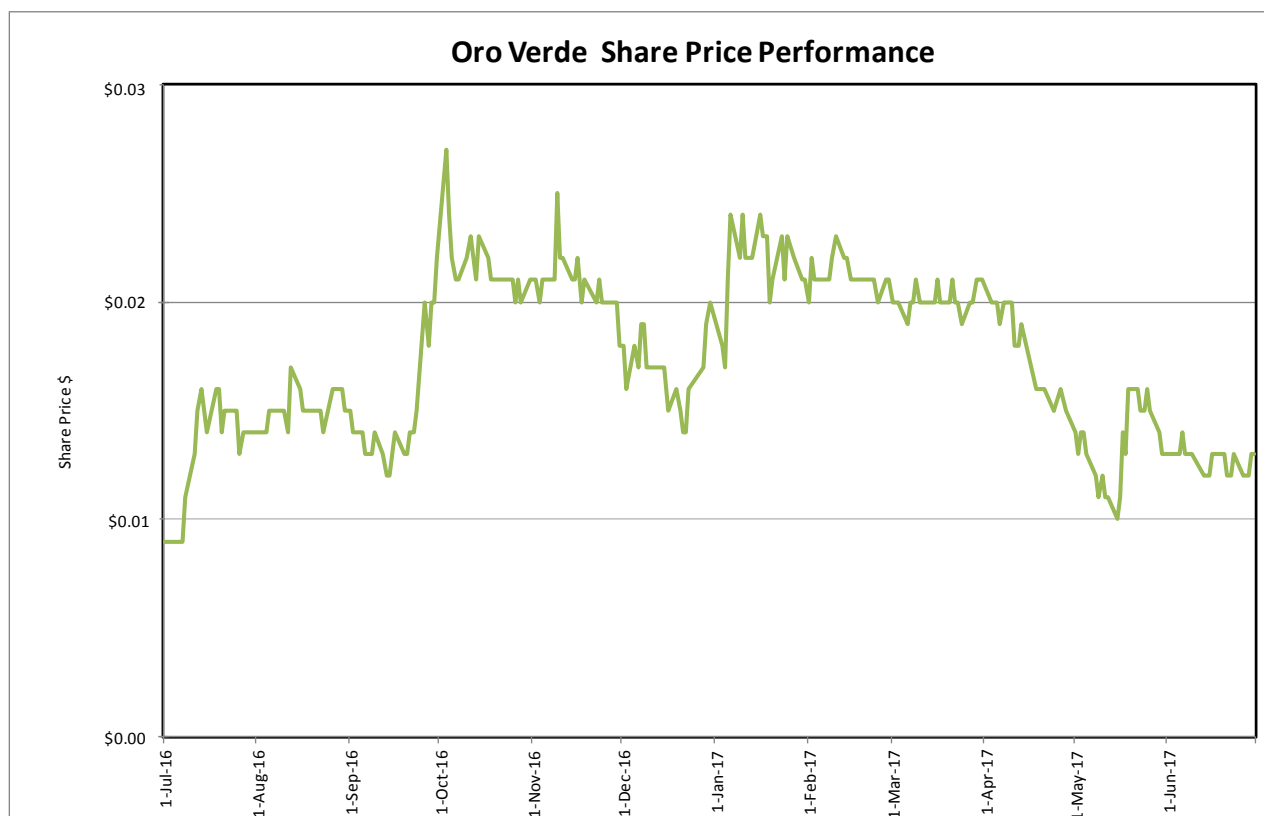
**REMUNERATION REPORT (Audited) (Continued)**

**Company's Performance**

*Company's share price performance*

The Company's share price performance shown in the below graph for the year ended 30 June 2018 and is a reflection of the Company's performance during the year.

The variable component of the executives' remuneration, which at this stage only includes share options, is indirectly linked to the Company's share price performance.



*Loss per share*

Below is information on the Company's loss per share for the previous four financial years and for the current year ended 30 June 2018.

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Basic loss per share (cents)	(0.24)	(0.14)	(0.26)	(0.4 )	(1.4)

**Voting and comments made at the company's 2017 Annual General Meeting**

Oro Verde received a unanimous "yes" vote on its remuneration report for the 2017 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

**End of Remuneration Report (Audited)**

## **CORPORATE GOVERNANCE**

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of the company support and have adhered to the principles of corporate governance. The company's corporate governance statement is contained in the additional Australian Securities Exchange information section of this annual report.

## **SHARE OPTIONS**

At the date of this report, there were 120,000,000 (2017: 125,500,000) share options outstanding.

	<b>Issued</b>	<b>Exercised</b>	<b>Lapsed</b>	<b>Total number of Options</b>
Balance at the beginning of the year				125,500,000
<i>Share option movements during the year</i>				
Exercisable at 1 cent, on or before 30 Sep '17	-	(5,000,000)	(47,500,000)	(52,500,000)
Exercisable at 1.3 cents, on or before 30 Nov '20	47,000,000			47,000,000
Total options issued and exercised in the year to 30 June 2018	47,000,000	(5,000,000)	(47,500,000)	(5,500,000)
<b>Total number of options outstanding as at 30 June 2018 and at the date of this report</b>				<b>120,000,000</b>

The balance is comprised the following:

<b>Date Granted</b>	<b>Expiry Date</b>	<b>Exercise Price (cents)</b>	<b>Number of Options</b>
7 October 2014	30 September 2019	5.0	66,000,000
27 November 2014	30 September 2019	5.0	5,000,000
31 March 2015	30 September 2019	5.0	2,000,000
15 December 2017	30 November 2020	1.3	47,000,000
<b>Total number of options outstanding at the date of this report</b>			<b>120,000,000</b>

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

No options were exercised during the financial year and since the end of the financial year no options have been exercised.

## **NON AUDIT SERVICES**

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the Group are important.

Details of the amount paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor
- None of the services underline the general principals relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.



During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-audit firms. There were no non-audit related services provided.

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>1. Audit Services</b>		
BDO Audit (WA) Pty Ltd – audit and review of financial reports	<b>40,091</b>	35,411
BDO Nicaragua, S.A. – audit and review of Nicaraguan subsidiary	<b>12,150</b>	11,710
<b>2. Non audit Services</b>		
BDO Audit (WA) Pty Ltd – Attendance at AGM	<b>383</b>	581
Total remuneration for audit services	<b>40,474</b>	35,992

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

We have obtained an independence declaration from our auditors, BDO Audit (WA) Pty Ltd, as presented on page 18 of this Annual Report.

#### **EVENTS AFTER REPORTING DATE**

On 25 July 2018 the Company completed a share placement of 570,000,000 shares at \$0.0025 each to raise \$1,425,000 (before expenses of the issue). In addition, 340,000,000 options exercisable at \$0.0075 each which expire on 31 July 2021, if not exercised earlier, were issued.

On 1 August 2018 1620 Capital Pty Ltd (“**1620**”) was appointed as Corporate Adviser to the Company. As consideration for its appointment Oro Verde will issue 50 million performance shares to 1620 as follows:

- 15 million performance shares which vest if the 10 Day volume weighted average price (“VWAP”) of the Company shares exceed \$0.01 per share;
- 15 million performance shares which vest if the 10 Day volume weighted average price (“VWAP”) of the Company shares exceed \$0.015 per share; and
- 20 million performance shares which vest if the 10 Day volume weighted average price (“VWAP”) of the Company shares exceed \$0.02 per share

On 7 August 2018 the Company repaid \$100,000 drawn on the bridging loan facility (“Facility”) with Inkjar Pty Ltd., an entity associated with Dr Bradford Farrell.

On 16 August 2018 the Company reached agreement for a six-month extension to the Option to Purchase Agreement to acquire 100% of the Topacio Gold Project in Nicaragua. The new exercise date is now 19th February, 2019.

No other 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.

Signed in accordance with a resolution of the directors,



W G Martinick  
Director  
Perth, 14 September 2018

**ORO VERDE LIMITED**  
**DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of Oro Verde Limited, I state that:

- 1) In the opinion of the directors:
  - (a) the financial statements, notes and additional disclosures included in the directors' report designated as audited, of the consolidated entity 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 30 June 2018 and of their performance for the year ended on that date; and
    - (ii) complying with Australian Accounting Standards which, as stated in accounting policy Note 2 to the Financial Statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (b) subject to achievement of the matters as set out in Note 2(a), there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- 2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2018.

On behalf of the Board



W G Martinick  
Director  
Perth, 14 September 2018



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

As lead auditor of Oro Verde Limited for the period ended 30 June 2018, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in blue ink, appearing to read 'Dean Just', is written over a faint, light blue circular stamp.

Dean Just  
Director

BDO Audit (WA) Pty Ltd  
Perth, 14 September 2018

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2018**

	Notes	CONSOLIDATED 2018 \$	2017 \$
<b>Continuing operations</b>			
<b>Revenue</b>			
Interest Received	3	2,252	3,635
Management fee and rental income	3	13,866	178,111
Depreciation	9	(8,208)	(8,410)
Consultants		(10,522)	(6,500)
Directors' fees (excluding executives)	4	(130,000)	(130,000)
Executives' salaries, wages and consulting fees	4	(442,727)	(454,369)
Interest expenses		(7,566)	(3,418)
Exploration expenses	4	(1,140,021)	(1,585,971)
Exploration expenses reimbursed	4	382,162	1,437,413
Legal fees		(8,420)	(15,669)
Travel and accommodation		(62,127)	(72,678)
Administration expenses		(232,456)	(221,017)
Insurance		(16,208)	(14,589)
Promotion		(14,360)	(20,070)
Share options issued	25	(228,000)	-
Impairment of receivables		(102,246)	-
<b>Loss from continuing operations before income tax</b>		(2,004,581)	(913,532)
Income tax credit/(expense)	5	-	-
<b>Loss for the year</b>		(2,004,581)	(913,532)
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences in translating foreign controlled entities		(165,031)	(68,427)
<b>Total other comprehensive loss net of tax</b>		(165,031)	(68,427)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		(2,169,612)	(981,959)
<i>Total Loss per share for loss attributable to the ordinary equity holders</i>			
Basic loss per share (cents)	19	(0.24)	(0.14)
Diluted loss per share (cents)	19	(0.24)	(0.14)

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

**ORO VERDE LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

20

	Notes	<b>CONSOLIDATED</b>	
		<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	322,994	541,656
Receivables	6	12,639	93,929
Other	7	4,872	4,637
<b>Total current assets</b>		<b>340,505</b>	<b>640,222</b>
<b>Non-current assets</b>			
Plant and equipment	9	19,036	26,117
Exploration & evaluation expenditure	10	-	47,827
<b>Total non-current assets</b>		<b>19,036</b>	<b>73,944</b>
<b>Total assets</b>		<b>359,541</b>	<b>714,166</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	12	268,839	451,739
Loan		100,000	
<b>Total current liabilities</b>		<b>368,839</b>	<b>451,739</b>
<b>Total liabilities</b>		<b>368,839</b>	<b>451,739</b>
<b>Net assets</b>		<b>(9,298)</b>	<b>262,427</b>
<b>EQUITY</b>			
Issued capital	14	23,157,805	21,487,918
Reserves	15	4,924,149	4,861,180
Accumulated losses		(28,091,252)	(26,086,671)
<b>Total equity</b>		<b>(9,298)</b>	<b>262,427</b>

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

**ORO VERDE LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR YEAR ENDED 30 JUNE 2018**

21

	Notes	CONSOLIDATED 2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(883,019)	(864,058)
Reimbursement of exploration expenditure		154,712	1,314,481
Payments for exploration expenditure		(1,096,244)	(1,585,972)
Other revenue		13,866	174,694
Interest received		2,252	3,635
<b>Net cash flows used in operating activities</b>	16	<u>(1,808,433)</u>	<u>(957,220)</u>
<b>Cash flows from investing activities</b>			
Payment for plant and equipment		(894)	(1,829)
<b>Net cash flows used in investing activities</b>		<u>(894)</u>	<u>(1,829)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares (net of transaction costs)		1,661,253	997,100
Proceeds from borrowings		400,000	-
Repayment of borrowings		(300,000)	-
Interest on borrowings		(5,323)	-
<b>Net cash flows from financing activities</b>		<u>1,755,930</u>	<u>997,100</u>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		(53,397)	38,051
Cash and cash equivalents at the beginning of the financial year		541,656	542,591
Effect of exchange rate changes on cash and cash equivalents		(165,265)	(38,986)
<b>Cash and cash equivalents at the end of the financial year</b>	16	<u><u>322,994</u></u>	<u><u>541,656</u></u>

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

**ORO VERDE LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR YEAR ENDED 30 JUNE 2018**

22

	Ordinary shares	Convertible notes Reserve	Share option reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$	\$
At 1 July 2017	21,487,918	136,403	4,810,101	(85,324)	(26,086,671)	262,427
Loss for the period	-	-	-	-	(2,004,581)	(2,004,581)
Other Comprehensive loss	-	-	-	(165,031)	-	(165,031)
Total comprehensive loss for the period	-	-	-	(165,031)	(2,004,581)	(2,169,612)
Transactions with owners in their capacity as owners						
Shares issued during the period	1,707,634	-	-	-	-	1,707,634
Transaction Costs	(37,747)	-	-	-	-	(37,747)
Share based payments	-	-	228,000	-	-	228,000
At 30 June 2018	23,157,805	136,403	5,038,101	(250,355)	(28,091,252)	(9,298)

	Ordinary shares	Convertible notes Reserve	Share option reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$	\$
At 1 July 2016	20,262,385	136,403	4,810,101	(16,897)	(25,173,139)	18,853
Loss for the period	-	-	-	-	(913,532)	(913,532)
Other Comprehensive loss	-	-	-	(68,427)	-	(68,427)
Total comprehensive loss for the period	-	-	-	(68,427)	(913,532)	(981,959)
Transactions with owners in their capacity as owners						
Shares issued during the period	1,273,433	-	-	-	-	1,273,433
Transaction Costs	(47,900)	-	-	-	-	(47,900)
Share based payments	-	-	-	-	-	-
At 30 June 2017	21,487,918	136,403	4,810,101	(85,324)	(26,086,671)	262,427

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

**1. CORPORATE INFORMATION**

The Consolidated Financial report of Oro Verde Limited for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the directors on 11 September 2018. The consolidated financial statements and notes represent those of Oro Verde Limited and its controlled entities (the "Group"). The consolidated entity's functional and presentation currency is AUD (\$). The separate financial statements of the parent entity, Oro Verde Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

Oro Verde Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

The Financial report is a general-purpose Financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. The Financial report has also been prepared on an accruals basis and is based on historical cost basis, except for certain available-for-sale financial assets, which have been measured at fair value. The Group is a for-profit entity for the purpose of preparing the financial statements.

Australian Accounting Standards set out accounting policies that the AASB has concluded that would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial reports and notes also comply with International Financial Reporting Standards.

***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 Consolidated Entity has incurred a net loss after tax for the year ended 30 June 2018 of \$2,004,581 (2017: \$913,532) and experienced net cash outflows from operating activities of \$1,685,915 (2017: \$957,220). At 30 June 2018, the Consolidated Entity had net current liabilities of \$28,334 (2017: net current assets \$188,483).

The ability of the Consolidated Entity to continue as a going concern is dependent on securing additional funding either through the issue of further shares, convertible notes or a combination of both in order to continue to actively explore its mineral properties. On 25 July 2018 the Company completed a share placement of 570,000,000 shares at \$0.0025 each to raise \$1,425,000 (before expenses of the issue).

These conditions indicate a material uncertainty that may cast significant doubt about the Consolidated Entity's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that on successful completion of fund raising activities referred to above there will be sufficient funds to meet the Consolidated Entity's working capital requirements and as at the date of this report the Consolidated Entity believes it can meet all liabilities as and when they fall due.

The Directors have reviewed the business outlook and the assets and liabilities of the Consolidated Entity and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Consolidated Entity will continue to be successful in securing additional funds through debt or equity issues or partial sale of its mineral properties as and when the need to raise working capital arises.

Should the Consolidated Entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differs from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded assets or liabilities that may be necessary if the Consolidated Entity is unable to continue as a going concern.



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(b) Adoption of new and amended accounting standards**

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies as a result of the adoption of the following standards:

- AASB 9 Financial Instruments; and
- AASB 15 Revenue from Contracts with Customers.
- AASB 16 Leases

The impact of the adoption of these standards and the new accounting policies are disclosed below. The impact of these standards, and the other new and amended standards adopted by the Group, has not had a material impact on the amounts presented in the Group's financial statements.

**Adoption of New and Revised Standards and Change in Accounting Standards**

**Early adoption of accounting standards**

The Group has not elected to apply any pronouncements before their operative date in the annual reporting year beginning 1 July 2017.

**New and amended standards adopted by the Group**

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2017 affected any of the amounts recognised in the current year or any prior period and are not likely to affect future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting year. The Group's assessment of the impact of these new standards and interpretations that may have an impact on the Group is set out below:

**AASB 9 Financial Instruments**

AASB 9 includes requirements for the classification and measurement of financial assets. There is no material impact for Oro Verde Limited. This standard is not applicable until the financial year commencing 1 July 2018.

**AASB 15 Revenue from Contracts with Customers**

AASB 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. This standard is not applicable until the financial year commencing 1 July 2018, and there will be no impact on Oro Verde Limited's financial statements.

**AASB 16 Leases**

AASB 16 requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months. Oro Verde Limited has not yet determined the impact on the group accounts, however it is likely that the rental of office premises will require Oro Verde Limited to recognise lease liabilities and right-of-use assets on its' statement of financial position. This standard is not applicable until the financial year commencing 1 July 2019.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(c) Basis of consolidation**

The parent entity and its subsidiaries are collectively referred to as the "Group". The parent of this Group is Oro Verde Limited. Entities (including structured entities) over which the parent (or the Group) directly or indirectly exercises control are called "subsidiaries". The consolidated financial statements incorporate the assets, liabilities and results of all subsidiaries. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the Group's subsidiaries is provided in Note 11.

The assets, liabilities and results of subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group companies are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are referred to as 'non-controlling interests'. The Group recognises any non-controlling interests in subsidiaries on a case-by-case basis either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income.

**(d) Significant accounting estimates and assumptions**

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

*Share options*

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the binominal formula. For options issued in this financial year, the assumptions detailed as per Note 25 were used.

*Exploration and evaluation costs*

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current. The future recoverability of exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation assets through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

**(e) Interests in joint ventures**

The Groups share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated statement of profit or loss and other comprehensive income and statement of financial position.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*Rendering of services*

Revenue is recognised as the services are provided.

*Interest*

Revenue is recognised as the interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Dividends*

Revenue is recognised when the entity's right to receive the payment is established.

**(g) Borrowing costs**

Borrowing costs are recognised as an expense when incurred.

**(h) Leases**

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

**(i) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at the bank and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(j) Trade and other receivables**

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An impairment provision is raised when there is objective evidence that the group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rates.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Foreign currency translation**

Both the functional and presentation currency of Oro Verde Limited and its Australian subsidiaries is Australian dollars (A\$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

All resulting exchange differences in the consolidated financial statements are taken to the statement of profit or loss and other comprehensive income.

**Group companies**

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- Assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

**(l) Income tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(l) Income tax (Continued)**

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each end of the reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

*Tax consolidation legislation*

Oro Verde Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003.

The head entity, Oro Verde Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

**(m) Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**(n) Property, plant and equipment**

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a reducing balance basis over the estimated useful life of the asset as follows:

- Office equipment and fittings - 2.5 to 5.0 years

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(o) Investments and other financial assets**

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

**(p) Impairment of non financial assets**

At each end of the reporting period, the Group assesses whether there is any indication that an asset may be impaired.

Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

At each end of the reporting period, the Group assesses whether there is any indication that an asset may be impaired.

Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount the asset or cash generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**(q) Trade and other payables**

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

**(r) Interest-bearing loans and borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(s) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**(t) Share-based payment transactions**

The Group provides benefits to directors, employees and consultants of the Group (with shareholders' approval) in the form of share-based payment transactions, whereby directors, employees and consultants render services in exchange for options over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Oro Verde Limited ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each End of the reporting period until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(u) Employee leave benefits**

*(a) Short term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits expected to be settled wholly within 12 months of the end of the reporting period are recognised in other payables in respect of employees' services up to the end of the reporting period. They are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

*(b) Long term employee benefits*

The liability for long service leave and annual leave entitlements not expected to be settled wholly within 12 months are recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

The Group's obligations for long term employee benefits are presented as non-current provisions in the statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

**(v) Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Effective 1 July 1998, the corporations legislation abolished the concepts of authorised capital and par value shares. Accordingly, the company does not have authorised capital nor par value in respect of its issued capital.

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

**(w) Earnings per share**

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares:
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

**(x) Comparative figures**

When required by accounting standards comparative figures have been adjusted to conform to changes in the presentation for the current financial year.

**(y) Exploration and development expenditure**

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(y) Exploration and development expenditure (Continued)**

Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

*Farm-In policy*

The farmee accounts for its expenditure under a farm-in arrangement in the same way as directly incurred exploration expenditure.

*Farm-out policy*

The farmor records expenditure made on behalf of the farmee but offsets any reimbursements for this expenditure. Not gain or loss on farm-out arrangement is recognised.

**(z) Fair Value Assets and Liabilities**

The Group measures some of the assets and liabilities it holds at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard (for the respective accounting policies of such assets and liabilities, refer to the latest annual financial statements). 'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly (ie. unforced) transaction between independent, knowledgeable and willing buyers and sellers operating in a market. 'Market' is taken to mean either a market with the greatest volume and level of activity for such asset or liability, or a market that maximises the receipts from the sale of an asset or minimises the payment made to transfer a liability after taking into account transaction costs and transport costs.

*Valuation techniques*

The Group selects and uses one or more valuation techniques to measure the fair values of a particular asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

*Valuation techniques*

The Group selects and uses one or more valuation techniques to measure the fair values of a particular asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- *Market approach:* valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach:* valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach:* valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered "observable", whereas inputs for which market data is not available and therefore are developed using the best information

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(z) Fair Value Assets and Liabilities (Continued)**

available about such assumptions are considered "unobservable".

*Fair value hierarchy*

The Group adopts a 'fair value hierarchy' to categorise the fair value measurements derived from the valuation techniques into three levels (as described below). The purpose of this classification is to indicate the relative subjectivity of the fair values derived. This classification is made by prioritising the inputs used in each valuation technique on the basis of the extent to which such inputs are observable.

<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Level 1 fair values are considered to be the best indication (and therefore the most reliable evidence) of fair value. Inputs used to measure Level 1 fair values are unadjusted quoted prices for identical assets/liabilities in active markets (eg Australian Securities Exchange) where transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis.	Inputs used to measure Level 2 fair values are inputs (other than quoted prices included in Level 1) that are observable either directly or indirectly. Level 2 inputs include: - quoted prices for similar assets/liabilities in active markets; - quoted prices for similar or identical assets/liabilities in non-active markets; - foreign exchange rates; - market interest rates; - yield curves observable at commonly quoted intervals; - implied volatilities; and - credit spreads.	Level 3 fair values use unobservable inputs specific to the particular asset or liability because observable inputs are not available for such asset or liability.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- (i) if a market that was previously considered active (Level 1) became inactive (Level 2 or 3) or vice versa; or
- (ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (ie transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

**2018**                      **2017**  
**\$**                                      **\$**

**3. REVENUE**

**The Group derives the following types of income**

Interest received	2,252	3,635
Management fee and rental income	13,866	178,111

**4. EXPENSES AND LOSSES**

**Profit/(loss) from continuing operations before income tax includes the following specific expenses**

Depreciation on equipment	8,208	8,410
Salaries & wages expenses	442,727	454,369
Operating lease rentals	37,615	47,203
Directors' benefit expense (excluding executive directors)	130,000	130,000
Exploration expenses	1,140,021	1,585,971
Exploration expenditure reimbursed	(382,162)	(1,437,413)
Impairment of exploration & evaluation expenditure	-	-

## 5. INCOME TAX

The major components of income tax expense are:

### Statement of profit or loss and other comprehensive income

Current income tax benefit/(expense)	-	-
Deferred income tax benefit/(expense)	-	-
Income tax benefit/(expense) reported in the statement of profit or loss and other comprehensive income	-	-

A reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the Group's applicable income tax rate is as follows:

Accounting loss before income tax	(2,004,581)	(913,532)
At the Group's statutory income tax rate	(551,260)	(251,221)
Less: Share options expenses during the year	62,700	-
Exploration expenditure	208,411	40,853
Other expenditure not allowable for income tax purposes	35,712	13,171
	(244,437)	(197,197)
Current year tax losses not brought to account	244,437	197,197
Income tax (benefit)/expense reported in the consolidated statement of profit or loss and other comprehensive income	-	-

### Deferred Income Tax

Deferred income tax at 30 June relates to the following:

#### Deferred tax liabilities

Prepayments	(1,340)	(1,275)
Total deferred tax liabilities	(1,340)	(1,275)

#### Deferred tax assets

Accrued expenses	22,000	4,125
Capital raising costs	13,324	11,248
Tax assets/losses recognised /(not brought to account)	(33,984)	(14,098)
Total deferred tax assets	1,340	1,275

Net deferred tax liabilities/(asset)	-	-
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Other than to offset deferred tax liabilities the Group has not recognised tax losses arising in Australia of \$11,811,775 (2017: \$10,996,986) that may be available for offset against future taxable profits of the companies in which the losses arose. The potential benefit of carried forward losses will only be obtained if assessable income is derived of a nature and, of an amount sufficient to enable the benefit from the deductions to be realised or the benefit can be utilised by the Company provided that :

- (i) the provisions of deductibility imposed by law are complied with;
- (ii) the group satisfies the continuity of ownership test from the period the losses were incurred to the time they are to be utilised; and
- (iii) no change in tax legislation adversely affect the realisation or the benefit from the deductions.

### Tax Consolidation

Oro Verde Limited and its 100% owned Australian subsidiaries have formed a tax consolidated group. Members of the group entered into a tax sharing arrangement in order to allocate the income tax expense to the wholly-owned subsidiaries on a pro-rata basis. The agreement provides for the allocation of income tax liabilities should the head entity default on its tax payment obligations. At the reporting date, the possibility of default is remote.

**5. INCOME TAX (Continued)**

**Tax effect accounting by members of the tax consolidated group**

The allocation of taxes under the tax sharing and funding agreement is recognised as an increase/decrease in the subsidiaries' inter-company accounts with the tax consolidated group head company, Oro Verde Limited. The group has applied the group allocation approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group.

<b>2018</b>	<b>2017</b>
<b>\$</b>	<b>\$</b>

**6. RECEIVABLES (Current)**

Trade receivables (a)	12,639	93,929
	<u>12,639</u>	<u>93,929</u>

(a) These amounts generally arise from activities outside the usual operating activities. Interest is not usually charged and collateral is not obtained. For the Group the receivable principally arises from consumption taxes paid to third party suppliers for which a refund from tax authorities is expected.

As at 30 June, the ageing analysis of trade receivables is as follows:

	<b>Total</b>	<b>0-30 days</b>	<b>31-60 days Other</b>	<b>31-60 days PDNI*</b>	<b>61-90 days PDNI*</b>	<b>91+ days PDNI*</b>	<b>91+days CI*</b>
30 June 2018 Consolidated	12,639	12,369	-	-	-	-	-
30 June 2017 Consolidated	93,929	93,929	-	-	-	-	-

\* Past due not impaired ('PDNI'), Considered impaired ('CI')

(b) Fair value and credit risk

Details regarding the fair value and credit risk of current receivables are disclosed in Note 23.

(c) Foreign exchange and interest rate risk

Details regarding foreign exchange and interest rate risk exposure are disclosed in Note 23.

**7. OTHER (Current)**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Prepayments – Insurance	<u><b>4,872</b></u>	<u><b>4,637</b></u>

**8. 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; operations in Chile ceased in June 2014.

**ORO VERDE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2018**

36

**8. OPERATING SEGMENT (Continued)**

<b>2018</b>	<b>Australia</b>	<b>Nicaragua</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenues	2,252	13,866	16,118
Loss	(1,021,332)	(983,249)	(2,004,581)
Non-current assets	-	19,036	19,036
Total assets	330,406	29,135	359,541
Total liabilities	(222,456)	(146,383)	(368,839)

<b>2017</b>	<b>Australia</b>	<b>Nicaragua</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenues	3,635	178,111	181,746
Loss	(840,686)	(72,846)	(913,532)
Non-current assets	-	73,944	73,944
Total assets	319,248	394,918	714,166
Total liabilities	(124,297)	(327,442)	(451,739)

**9. PLANT AND EQUIPMENT**

	<b>Motor Vehicles</b>	<b>Office equipment and fittings \$</b>	<b>Total \$</b>
<b>Year ended 30 June 2018</b>			
At 1 July 2017, net of accumulated depreciation and impairment	19,312	6,805	26,117
Additions	-	894	894
Depreciation expense for the year	(5,177)	(3,031)	(8,208)
Exchange differences	(12)	245	233
At 30 June 2018, net of accumulated depreciation and impairment	14,123	4,913	19,036
<b>At 30 June 2018</b>			
Cost	26,498	15,683	42,181
Accumulated depreciation and impairment	(12,375)	(10,770)	(23,145)
Net carrying amount	14,123	4,913	19,036

	<b>Motor Vehicles</b>	<b>Office equipment and fittings \$</b>	<b>Total \$</b>
<b>Year ended 30 June 2017</b>			
At 1 July 2016, net of accumulated depreciation and impairment	26,726	7,581	34,307
Additions	-	1,829	1,829
Depreciation expense for the year	(5,593)	(2,817)	(8,410)
Exchange differences	(1,821)	212	(1,609)
At 30 June 2017, net of accumulated depreciation and impairment	19,312	6,805	26,117
<b>At 30 June 2017</b>			
Cost	26,947	14,789	41,736
Accumulated depreciation and impairment	(7,635)	(7,984)	(15,619)
Net carrying amount	19,312	6,805	26,117

**ORO VERDE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2018**

37

**10. EXPLORATION AND EVALUATION EXPENDITURE**

	<b>2018</b>	2017
	<b>\$</b>	<b>\$</b>
At Cost	47,827	47,827
Impairment of exploration & evaluation expenditure	(47,827)	-
Carrying amount at the end of the financial year	<u>-</u>	<u>47,827</u>
Carrying amount at the beginning of the financial year	47,827	51,748
Additions	-	-
Exploration written off on San Isidro concession which is to be relinquished	(47,827)	(3,921)
Exchange differences	-	-
Carrying amount at the end of the financial year	<u>-</u>	<u>47,827</u>
Recovery of the capitalised amount is dependent upon:		
(i)	the continuance of the Group's right to tenure of the area of interest;	
(ii)	the results of future exploration; and	
(iii)	the successful development and commercial exploitation, or alternatively sale.	

**11. INTEREST IN SUBSIDIARIES**

The subsidiaries listed below have share capital consisting solely of ordinary shares.  
Each country of incorporation is also its principal place of business.

(Non current)	Country of	% equity held by consolidated	
Name of Subsidiary	Incorporation	entity	
		<b>2018</b>	<b>2017</b>
Goldcap Resources Pty Limited	Australia	100	100
And its subsidiary			
Minera San Cristobal, S.A.	Nicaragua	100	100

There are no significant restrictions over the Group's ability to access or use assets and settle liabilities of the group.

	<b>2018</b>	2017
	<b>\$</b>	<b>\$</b>
<b>12. PAYABLES (Current)</b>		
Trade creditors and accruals	268,839	220,238
Loan from related party (note 12(a) and 22(e))	100,000	-
Joint venture contribution received in advance	-	231,501
	<u>368,839</u>	<u>451,739</u>

(a) The loan payable is due to Inkjar Pty Ltd an entity associated with Dr Bradford Farrell, a director of the Company. Interest on the loan is calculated as NAB Business Loan Base plus 3%, calculated daily. Refer to note 22(e) for further details.

	<b>2018</b>	2017
	<b>\$</b>	<b>\$</b>
<b>13. PROVISIONS (Current)</b>		
Employee benefits	-	-
Opening balance at 1 July	-	-
Additional provision	-	-
Amount used	-	-
Balance at 30 June	<u>-</u>	<u>-</u>

Other than directors as at 30 June 2018 the Group has four employees (2017: four)

Current leave obligations are expected to be settled within 12 months.

#### **14. CONTRIBUTED EQUITY**

##### **(a) Issued and paid up capital**

Fully paid ordinary shares	24,984,798	23,277,164
Less: capital raising costs	(1,826,993)	(1,789,246)
	<u>23,157,805</u>	<u>21,487,918</u>

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

##### **(b) Movements in ordinary share capital**

		<b>2018</b>		<b>2017</b>	
		<b>Number of</b>	<b>\$</b>	<b>Number of</b>	<b>\$</b>
		<b>shares</b>		<b>shares</b>	
Beginning of the financial year		695,196,590	21,487,918	578,784,865	20,262,385
<i>Issued during the year</i>					
Issue at \$0.0120	(i)	-	-	70,000,000	840,000
Issue at \$0.0760	(ii)	-	-	22,849,477	173,333
Issue at \$0.0162	(ii)	-	-	2,006,173	32,500
Issue at \$0.0214	(ii)	-	-	1,056,075	22,600
Issue at \$0.0100	(iii)	5,000,000	50,000	20,500,000	205,000
Issue at \$0.0146	(iv)	349,315	5,100	-	-
Issue at \$0.0080	(i)	171,750,000	1,374,000	-	-
Issue at \$0.0086	(ii)	410,930	3,534	-	-
Issue at \$0.0025	(ii)	110,000,000	275,000	-	-
Cost of share issues		-	(37,747)	-	(47,900)
End of the financial year		<u>982,706,835</u>	<u>23,157,805</u>	<u>695,196,590</u>	<u>21,487,918</u>

- (i) Funds raised from the share placements during the 2018 and 2017 year were used to progress the Group's exploration activities and for general working capital.
- (ii) Issued in lieu of directors' fees and executive service fees – shares issued based on volume average weighted price for the relevant quarter.
- (iii) Issued on the exercise of options
- (iv) Issued for consulting services (refer to Note 25a).

##### **(c) Movements in unlisted options on issue**

At the date of this report, there were 120,000,000 (2017: 125,500,000) share options outstanding.

	<b>Issued</b>	<b>Exercised</b>	<b>Lapsed</b>	<b>Total number of Options</b>
Balance at the beginning of the year				125,500,000
<i>Share option movements during the year</i>				
Total options issued and lapsed in the year to 30 June 2018	47,000,000	(5,000,000)	(47,500,000)	(5,500,000)

<b>Total number of options outstanding as at 30 June 2018 and at the date of this report</b>	<u>120,000,000</u>
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The balance is comprised of the following:

**14. CONTRIBUTED EQUITY (Continued)**

**(c) Movements in unlisted options on issue (Continued)**

<b>Date Granted</b>	<b>Expiry Date</b>	<b>Exercise Price (cents)</b>	<b>Number of Options</b>
7 October 2014	30 September 2019	5.0	66,000,000
27 November 2014	30 September 2019	5.0	5,000,000
31 March 2015	30 September 2019	5.0	2,000,000
15 December 2017	30 November 2020	1.3	47,000,000
<b>Total number of options outstanding at the date of this report</b>			<b>120,000,000</b>

**(d) Director and staff shares issued**

During the year the following shares were issued in lieu of fees.

<b>Specified Directors</b>	<b>Number of Shares</b>	
	<b>2018</b>	<b>2017</b>
W G Martinick	760,245	8,194,339
T I Woolfe – resigned 31 December 2017	-	9,303,941
A P Rovira	-	5,967,016
B L Farrell	-	-
B D Dickson	-	2,446,429
<b>Total</b>	<b>760,245</b>	<b>25,911,725</b>

**(e) Capital Management**

When managing capital, management's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

The Group is not exposed to any externally imposed capital requirements.

**15. RESERVES**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Share Option Reserve</b>		
Balance at beginning of year	4,810,101	4,810,101
Movement during the year	228,000	-
Balance at the end of year	<u>5,038,101</u>	<u>4,810,101</u>
<b>Convertible Note Equity Reserve</b>		
Balance at beginning of year	136,403	136,403
Movement during the year	-	-
Balance at the end of year	<u>136,403</u>	<u>136,403</u>
<b>Foreign Currency Translation Reserve</b>		
Balance at beginning of year	(85,324)	(16,897)
Movement during the year	(165,031)	(68,427)
Balance at the end of year	<u>(250,355)</u>	<u>(85,324)</u>

**Nature and purpose of reserves**

*Share option reserve*

This reserve records the value of options issued to directors, employees and associates as part of their remuneration.

*Convertible note equity reserve*

This reserve records the equity portion attributable to the convertible notes at the time of issue.

*Foreign currency translation reserve*

This reserve is used to record exchange differences arising from the translation of foreign controlled subsidiaries.



**16. STATEMENT OF CASH FLOWS**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Reconciliation of the net profit/(loss) after tax to the net cash flows from operations		
<b>Net loss</b>	(2,004,581)	(913,532)
Depreciation of plant and equipment	8,208	8,410
Share based payments	228,000	-
Fees paid through share issue	8,634	228,433
Capitalised exploration written off	47,827	-
Interest on director loan	5,323	-
<i>Changes in assets and liabilities</i>		
Trade receivables	81,291	(60,729)
Prepayments	(235)	(36)
Trade and other creditors	(182,900)	(219,766)
<b>Net cash flows used in operating activities</b>	<b>(1,808,433)</b>	<b>(957,220)</b>

**(a) Reconciliation of cash**

Cash balance comprises:

Cash at bank	289,493	359,650
Joint venture contributions received in advance	-	148,505
Short term deposit	33,501	33,501
Closing cash balance	<b>322,994</b>	<b>541,656</b>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short term deposits are made at various periods on call, depending on the immediate cash requirements of the Group and earn interest at the respective short term deposit rates. At 30 June 2018, the Group had borrowing facilities of \$130,000 (2017: \$30,000). The short term deposit is provided as security for \$30,000 of the facilities. This facility is unutilised at 30 June 2018.

The fair value of cash and cash equivalents is \$322,994 (2017: \$541,656).

The effective interest rate on cash at bank was 1.0% (2017: 1.0%).

Refer to Note 23 for risk exposure.

**17. EXPENDITURE COMMITMENTS**

**(a) Remuneration Commitments**

Commitments for payment of salaries and other remuneration under employment contracts in existence at reporting date but not recognised as liabilities, payable:

Not later than one year	45,000	250,000
Later than one year and not later than five years	-	125,000
	<b>45,000</b>	<b>375,000</b>

**(b) Acquisition Commitments**

The Company has entered into an Option to complete a Purchase Agreement ("Agreement") to acquire 100% of the Topacio project in Nicaragua over a 3 year period with the following material terms:

- i. The Company will commit to a minimum exploration expenditure of US\$2m spend over 3 years;
- ii. There will be US\$40,000 payable to the vendor each six months during the Agreement period;
- iii. The Company may exercise its Option to Purchase by making a payment of US\$1,500,000 plus, at the Vendor's election, either a 2% NSR royalty or a payout of US\$1/oz gold in JORC or NI43-101 compliant resources (measured and indicated);
- iv. Should Oro Verde commence mining operation before exercising the Option to Purchase, the Vendor will receive a NSR of 3% until the Option is exercised;
- v. Oro Verde may withdraw from the Agreement at any time; and

**17. EXPENDITURE COMMITMENTS (Continued)**

**(b) Acquisition Commitments (Continued)**

In November 2017 the Company reached agreement for a six month extension (to 19 August 2018) and again in August 2018 the Company reached agreement for a further six month extension (to 19 February 2019) to the Option to Purchase Agreement to acquire 100% of the Topacio project.

**18. EVENTS OCCURRING AFTER THE REPORTING PERIOD**

On 25 July 2018 the Company completed a share placement of 570,000,000 shares at \$0.0025 each to raise \$1,425,000 (before expenses of the issue). In addition, 340,000,000 options exercisable at \$0.0075 each which expire on 31 July 2021, if not exercised earlier, were issued.

On 1 August 2018 1620 Capital Pty Ltd (“1620”) was appointed as Corporate Adviser to the Company. As consideration for its appointment Oro Verde will issue 50 million performance shares to 1620 as follows:

- 15 million performance shares which vest if the 10 Day volume weighted average price (“VWAP”) of the Company shares exceed \$0.01 per share;
- 15 million performance shares which vest if the 10 Day volume weighted average price (“VWAP”) of the Company shares exceed \$0.015 per share; and
- 20 million performance shares which vest if the 10 Day volume weighted average price (“VWAP”) of the Company shares exceed \$0.02 per share

On 7 August 2018 the Company repaid \$100,000 drawn on the bridging loan facility (“Facility”) with Inkjar Pty Ltd an entity associated with Dr Bradford Farrell.

On 16 August 2018 the Company reached agreement for a six-month extension to the Option to Purchase Agreement to acquire 100% of the Topacio Gold Project in Nicaragua. The new exercise date is now 19th February, 2019.

No other 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.

**19. EARNINGS PER SHARE**

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary Owners of the parent, adjusted to exclude any costs of servicing equity, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary Owners of the parent by the weighted average number of ordinary shares during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income / (loss) and share data used in the calculations of basic and diluted earnings per share:

**ORO VERDE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2018**

42

**19. EARNINGS PER SHARE (Continued)**

	<b>2018</b>	<b>2017</b>
	<b>Cents</b>	<b>Cents</b>
<b>(a) Basic and diluted earnings per share</b>		
From continuing operations attributable to the ordinary Owners of the company	(0.24)	(0.14)
	\$	\$
<b>(b) Reconciliations of earnings used in calculating earnings per share</b>		
Loss attributable to the ordinary Owners of the company used in calculating basic and diluted earnings per share		
From continuing operations	(2,004,581)	(913,532)
Weighted average number of ordinary shares on issue used in the calculation of continuing and discontinued basic and diluted earnings per share	820,186,919	669,878,484
<b>(c) Effect of dilutive securities</b>		
Options on issue at reporting date could potentially dilute basic earnings per share in the future. The effect in the current year is to decrease the loss per share hence they are considered anti-dilutive. Accordingly diluted loss per share has not been disclosed.		

**20. AUDITOR'S REMUNERATION**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<i>Amounts received or due for an audit or review of financial statements:</i>		
BDO Audit (WA) Pty Ltd	40,091	35,411
	<u>40,091</u>	<u>35,411</u>
<i>Remuneration of other auditors of subsidiaries:</i>		
- an audit or review of financial report of subsidiaries	12,150	11,710
	<u>12,150</u>	<u>11,710</u>

**21. KEY MANAGEMENT PERSONNEL**

**Compensation of key management personnel by compensation**

Short-term	332,435	595,533
Post employment	26,175	81,889
Share-based payment	194,044	-
	<u>552,654</u>	<u>677,422</u>

**ORO VERDE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2018**

43

**22. RELATED PARTY DISCLOSURE**

**(a) 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		Investment	
		2018 %	2017 %	2018 \$	2017 \$
Goldcap Resources and its 100% owned subsidiary	Australia	100	100	120,000	120,000
Minera San Cristobal, S.A.	Nicaragua	100	100		-
				<u>120,000</u>	<u>120,000</u>

**(b) Ultimate parent**

Oro Verde Limited is the ultimate parent entity.

**(c) Other**

The Company has entered into a sub-lease agreement on normal commercial terms with Azure Minerals Limited, a company of which Dr Martinick and Mr Rovira are directors. During the year the Company paid sub-lease fees totalling \$4,800 (2017: \$4,800).

**(d) Loans to/from Key Management Personnel**

There were no loans outstanding to or from key management personnel as at 30 June 2018 (2017: Nil).

**(e) Other transactions and balances with Key Management Personnel**

During the financial period the Company entered into two separate bridging loan facilities ("Facility") with Inkjar Pty Ltd an entity associated with Dr Bradford Farrell, a director of the Company. Principal terms of the Facilities are:

	<b>Facility 1</b>	<b>Facility 2</b>
Amount	Up to \$500,000	\$100,000
Term	From 1 Sep '17 to 30 Nov '17	From 20 Apr '18 to 31 Aug '18
Interest	NAB Business Loan Base plus 2%, calculated daily	NAB Business Loan Base plus 3%, calculated daily
Amount drawn	\$300,000	\$100,000
Amount Outstanding at 30 Jun '18	-	\$100,000
Amount Outstanding at this date	-	\$100,000

Amounts due and unpaid at 30 June 2018 to Key Management Personnel include:

- 1 Directors fees totalling \$65,000; and
- 2 Consulting fees to Geochemex Australia Pty Ltd, a related party of Mr Bright.

**23. FINANCIAL INSTRUMENTS**

**(a) Financial Risk Management**

The Group's financial instruments comprise receivables, payables, finance leases, available for sale investments and cash.

The Group's main risks arising from the financial instruments are:

- (i) interest rate risk,
- (ii) liquidity risk,
- (iii) credit risk
- (iv) foreign currency risk.

## **23. FINANCIAL INSTRUMENTS (Continued)**

### **Risk Exposures and Responses**

#### **(i) Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will affect the Group's income. The objective of interest rate risk management is to manage and control risk exposures within acceptable parameters, while optimising any return. As the Group has interest bearing assets, the Group's income and operating cash flows are exposed to changes in market interest rates. The assets are short term interest bearing deposits. The Group does not have any policy in place and no financial instruments are employed to mitigate interest rate risks.

At reporting date, the Group had the following financial assets exposed to Australian and Nicaraguan variable interest rate risk:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Australia</b>		
<b>Financial assets</b>		
Cash at bank	315,291	313,711
<b>Nicaragua</b>		
<b>Financial assets</b>		
Cash at bank	7,703	227,945

The Group has no interest bearing liabilities and is therefore not exposed to interest rate risks.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period. The 1% sensitivity is based on reasonable possible change over the financial year using the observed range for the historic 2 years.

*At 30 June, if interest rates had moved, as illustrated in the table below, with all variables held constant, post tax profit and equity would have been affected as follows:*

Judgements of reasonably possible movements:	<b>Post tax profit</b>		<b>Equity</b>	
	<b>Higher/(Lower)</b>		<b>Higher/(Lower)</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>CONSOLIDATED</b>				
+1% (100 basis points)	3,230	5,417	3,230	5,417
-1% (100 basis points)	(3,230)	(5,417)	(3,230)	(5,417)

The movements in profit and equity are due to higher/lower interest costs from variable rate cash balances.

#### **(ii) Liquidity Risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities. Undiscounted cash flows of financial liabilities are presented.

The Group has no derivative financial instruments.

*The remaining contractual maturities of the Group's financial liabilities are:*

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
6 months or less	368,839	451,739
6 – 12 months	-	-
1 – 5 years	-	-
	<u>368,839</u>	<u>451,739</u>

*Maturity analysis of financial assets and liability based on management's expectation*

**23. FINANCIAL INSTRUMENTS (Continued)**

**(ii) Liquidity Risk (Continued)**

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and (outflows). Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant and equipment and investments in working capital eg inventories and trade receivables. These assets are considered in the Group's overall liquidity risk.

	<6 months	6 – 12 months	1 – 5 years	> 5 years	Total
	\$	\$	\$	\$	\$
<b>CONSOLIDATED</b>					
<i>Year ended 30 June 2018</i>					
<b>Financial assets</b>					
Cash & cash equivalents	322,994	-	-	-	322,994
Trade & other receivables	12,639	-	-	-	12,639
	<b>335,633</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>335,633</b>
<b>Financial liabilities</b>					
Trade & other payables	268,839	-	-	-	268,839
Loan	100,000	-	-	-	100,000
	<b>368,839</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>368,839</b>
<b>Net Maturity</b>	<b>(33,206)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(33,206)</b>
<i>Year ended 30 June 2017</i>					
<b>Financial assets</b>					
Cash & cash equivalents	541,656	-	-	-	541,656
Trade & other receivables	93,929	-	-	-	93,929
	<b>635,585</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>635,585</b>
<b>Financial liabilities</b>					
Trade & other payables	451,739	-	-	-	451,739
<b>Net Maturity</b>	<b>183,846</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>183,846</b>

**(iii) Credit Risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments.

The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of the financial assets of the Group, which comprises of cash and cash equivalents, trade and other receivables and available for sale financial assets.

The Group does not hold any credit derivatives to offset its exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group places its cash deposits with institutions with a credit rating of AA or better and only with major banks.

**23. FINANCIAL INSTRUMENTS (Continued)**

**(iii) Credit Risk (Continued)**

***Fair value***

The fair values of financial assets and liabilities approximate their carrying amounts shown in the statement of financial position due to their short term nature. The carrying amounts of financial assets and liabilities as described in the statement of financial position are as follows:

CONSOLIDATED	CARRYING AMOUNT		AGGREGATE NET FAIR VALUE	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>FINANCIAL ASSET</b>				
Cash	322,994	541,656	322,994	541,656
Receivables	12,639	93,929	12,639	93,929
<b>Total financial assets</b>	<b>335,633</b>	<b>635,585</b>	<b>335,633</b>	<b>635,585</b>
<b>FINANCIAL LIABILITIES</b>				
Trade creditors and accruals and other creditors	368,839	451,739	369,839	451,739
<b>Total financial liabilities</b>	<b>368,839</b>	<b>451,739</b>	<b>369,839</b>	<b>451,739</b>

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Cash and cash equivalent: The carrying amount approximates fair value because of their short-term to maturity.

Receivables and payables: The carrying amount approximates fair value.

**(iv) Foreign Currency Risk**

Foreign currency risk is the risk that changes in foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The Group is exposed to currency risk on purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily the United States Dollar (USD) and Nicaragua Cordoba (NiC). The currencies in which the transactions primarily are denominated are USD and NiC.

The Group has not entered into any derivative financial instruments to hedge such transactions and anticipated future receipts or payments that are denominated in a foreign currency.

Group's investments in its subsidiaries are not hedged as those currency positions are considered to be long term in nature.

**Exposure to currency risk**

The Group's exposure to foreign currency risk at reporting date, expressed in Australian dollars (AUD), was:

	2018 (AUD) NiC	2017 (AUD) NiC
Cash	7,703	227,945
Trade Receivables	2,396	93,029
Trade Payables	(146,383)	(327,442)
Gross Statement of Financial Position Exposure	(136,284)	(6,468)
Forward exchange contracts	-	-
<b>Net Exposure</b>	<b>(136,284)</b>	<b>(6,468)</b>

**ORO VERDE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2018**

47

**23. FINANCIAL INSTRUMENTS (Continued)**

**(iv) Foreign Currency Risk (Continued)**

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2018	2017	2018	2017
AUD/NiC	23.9	22.1	23.3	22.9

**Sensitivity analysis**

Over the reporting period there have been significant movements in the Australian dollar when compared to other currencies, it is therefore considered reasonable to review sensitivities base on a 10% movement in the Australian dollar. A 10 percent movement of the Australian dollar against the Nicaraguan Cordoba at 30 June would have affected equity and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2017.

	Equity \$	Profit or loss \$
<b>30 June 2018</b>		
Nicaragua Cordoba	+/- 98,324	-
<b>30 June 2017</b>		
Nicaragua Cordoba	+/- 647	-

**24. PARENT ENTITY FINACIAL INFORMATION**

**(a) Summary Financial Information**

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards:

	2018 \$	2017 \$
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>ASSETS</b>		
Current assets	330,924	319,248
Non-Current assets	-	-
Total assets	330,924	319,248
<b>LIABILITIES</b>		
Current liabilities	222,456	124,298
Total liabilities	222,456	124,298
<b>EQUITY</b>		
Issued capital	23,157,805	21,487,918
Reserves		
Share-option	5,038,101	4,810,101
Convertible note equity	136,403	136,403
Accumulated losses	(28,223,841)	(26,239,472)
Total Equity	108,468	194,950
<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
Total loss	(1,984,370)	(840,686)
Total comprehensive loss	(1,984,370)	(840,686)



**24. PARENT ENTITY FINANCIAL INFORMATION (Continued)**

**(b) Guarantees**

Oro Verde Limited has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

**(c) Contingent liabilities**

Oro Verde Limited did not have any contingent liabilities as at 30 June 2018 or 30 June 2017.

**(d) Contracted commitments for the acquisition of property, plant or equipment**

Oro Verde Limited did not have any commitments for the acquisition of property, plant or equipment.

**25. SHARE BASED PAYMENTS**

Details of each class of option issues are set out below.

**(a) Employee and consultants' option plan**

The establishment of the Oro Verde Option Plan ("Plan") was approved by shareholders at the 2011 Annual General Meeting. The plan is designed to provide long-term incentives for employees and certain contractors to deliver long term shareholder returns. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive guaranteed benefits. In addition, under the Plan, the Board determines the terms of the options including exercise price, expiry date and vesting conditions, if any.

Options granted under the plan carry no dividend or voting rights. When exercised, each option is convertible into an ordinary share of the company with full dividend and voting rights.

No options were issued under the plan in 2018 (2017: Nil) and no options are on issue.

**(b) Directors and executive options**

During the year 47,000,000 options were issued to senior executives (2017: nil). Set out below are summaries of options issued to senior executives.

Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Balance at the start of the year Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at end of the year Number	Vested and Exercisable at end of the year Number
27 Nov '14	30 Sep '17	1.0	0.46	5,000,000	-	5,000,000	-	-	-
27 Nov '14	30 Sep '19	5.0	0.37	5,000,000	-	-	-	5,000,000	5,000,000
31 Mar '15	30 Sep '19	5.0	0.28	2,000,000	-	-	-	2,000,000	2,000,000
15 Dec '17	30 Nov '20	1.3	0.35	-	47,000,000	-	-	47,000,000	47,000,000
<b>TOTAL</b>				<b>12,000,000</b>	<b>47,000,000</b>	<b>5,000,000</b>	<b>-</b>	<b>54,000,000</b>	<b>54,000,000</b>
Weighted average exercise price				\$0.03		\$0.01		\$0.03	\$0.03

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.27 years (2017: 1.4 years).

*Fair value of director options granted*

During the 2018 financial year the weighted average fair value of the options granted was 1.58 cents. The price was calculated by using the Binominal Option valuation methodology applying the following inputs

	<b>2018</b>
Weighted average exercise price (cents)	<b>1.3</b>
Weighted average life of the option (years)	<b>2.9</b>
Weighted average underlying share price (cents)	<b>0.7</b>
Expected share price volatility (%)	<b>100</b>
Risk free interest rate (%)	<b>1.93</b>

**25. SHARE BASED PAYMENTS (Continued)**

**(b) Directors and executive options (Continued)**

Total expenses arising from share-based payment transactions to executives in their capacity as executives recognised during the period were as follows

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Options issued to executives	<b>228,000</b>	<b>-</b>



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## INDEPENDENT AUDITOR'S REPORT

To the members of Oro Verde Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Oro Verde Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Material uncertainty related to going concern

We draw attention to Note 2(a) 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 group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

## Key audit matters

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

### Accounting of Share Based Payment

Key Audit Matter	How the matter was addressed in our audit
<p>As disclosed in Note 25, the Company has recognised a share based payment expense in the Statement of Profit and Loss and Other Comprehensive Income as at 30 June 2018 due to the issue of a number of equity instruments in the form of options.</p> <p>Share based payments is a key audit matter as the accounting can be complex and requires judgement and the use of assumptions regarding their recognition and measurement.</p>	<p>Our audit procedures in respect of this area included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Assessing the assumptions and model used to measure and value the share-based payments relating to the options;</li> <li>• Involving our valuation specialists to assess the assumptions used in the Group's calculation being the share price of the underlying equity, risk free rate and volatility;</li> <li>• Assessing the allocation of the share-based payment expense over management's expected vesting period;</li> <li>• Considering the vesting conditions of the options; and</li> <li>• Assessing the adequacy of the disclosure in the financial report (refer Note 1(f) and Note 25).</li> </ul>

## Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

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

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

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

## Responsibilities of the directors for the Financial Report

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

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

## Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 14 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Oro Verde Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

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

BDO Audit (WA) Pty Ltd



Dean Just

Director

Perth, 14 September 2018

**ORO VERDE LIMITED**  
**CORPORATE GOVERNANCE STATEMENT**  
**30 June 2018**

**Approach to Corporate Governance**

Oro Verde Limited ACN 083 646 477 (**Company**) has established a corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Company has referred to the recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3<sup>rd</sup> edition. The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at <http://www.oroverde.com.au/index.php/governance>:

**Charters**

Board  
 Audit and Risk Committee  
 Nomination Committee  
 Remuneration Committee

**Policies and procedures**

Policy and Procedure for the Selection and (Re)Appointment of Directors  
 Process for Performance Evaluations  
 Securities Trading Policy  
 Code of Conduct (summary)  
 Diversity Policy (summary)  
 Continuous Disclosure Policy (summary)  
 Continuous Disclosure Compliance Procedures (summary)  
 Shareholder Communication and Investor Relations Policy

The Company reports below on whether it has followed each of the recommendations during the Reporting Period. This statement was approved by a resolution of the Board on, and the information in this statement is current as at, 11 September 2018.

**Principle 1: Lay solid foundations for management and oversight**

**Recommendation 1.1**

The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management and has documented this in its Board Charter, which is disclosed on the Company's website.

**Recommendation 1.2**

The Company undertakes appropriate checks before appointing a person or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. The checks which are undertaken, and the information provided to shareholders are set out in the Company's Policy and Procedure for the Selection and (Re)Appointment of Directors, which is disclosed on the Company's website.

No Directors were appointed to the Board during the Reporting Period. The Company provided shareholders with all material information in relation to the re-election of Dr Wolf Martinick and Mr Anthony Rovira as directors at its 2017 Annual General Meeting.

### Recommendation 1.3

The Company has a written agreement with each director and senior executive setting out the terms of their appointment.

The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with its Managing Director, any of its directors, and any other person or entity who is related party of the Managing Director or any of its directors has been disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).

### Recommendation 1.4

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

### Recommendation 1.5

The Company has a Diversity Policy, a summary of which is disclosed on the Company's website. However, the Diversity Policy does not include requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them. Nor has the Board set measurable objectives for achieving gender diversity. Given the Company's stage of development as an exploration company, the number of employees in Australia and the nature of the labour market in Nicaragua, the Board considers that it is not practical to set measurable objectives for achieving gender diversity.

The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation are set out in the following table. "Senior executive" for these purposes means a person who makes, or participates in the making of, decisions that affect the whole or a substantial part of the business or has the capacity to affect significantly the Company's financial standing. During the Reporting Period, this included the Managing Director and the Finance Director & Company Secretary:

	Proportion of women
Whole organisation (including the Board)	0 out of 5 (0%)
Senior executive positions	0 out of 2 (0%)
Board	0 out of 5 (0%)

### Recommendation 1.6

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors in accordance with the process disclosed in the Company's Process for Performance Evaluations.

During the Reporting Period, an evaluation of the Board, its committees and individual directors took place in accordance with the process disclosed in the Company's Process for Performance Evaluations.

The Chairperson's performance is evaluated by the other members of the Board in accordance with the process disclosed in the Company's Process for Performance Evaluations.

During the Reporting Period, an evaluation of the Chairperson took place in accordance with the process disclosed in the Company's Process for Performance Evaluations.

### Recommendation 1.7

The Managing Director is responsible for evaluating the performance of senior executives in accordance with the process disclosed in the Company's Process for Performance Evaluations.

The Chairman is responsible for evaluating the Managing Director in accordance with the process disclosed in the Company's Process for Performance Evaluations.

During the Reporting Period, an evaluation of the Company's sole senior executive (the Finance Director & Company Secretary) took place in accordance with the process disclosed in the Company's Process for Performance Evaluations.

During the Reporting Period, an evaluation of the Managing Director took place in accordance with the process disclosed in the Company's Process for Performance Evaluations.

## **Principle 2: Structure the board to add value**

### **Recommendation 2.1**

The Board has not established a separate Nomination Committee. The Board believes that there would be no efficiencies or other benefits gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee. Although the Board has not established a separate Nomination Committee, it has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Nomination Committee. The Company's Nomination Committee Charter is disclosed on the Company's website.

The Board carries out those functions which are delegated to it in the Company's Nomination Committee Charter. When matters that are within the responsibility of the full Board in its capacity as the Nomination Committee are considered, they are marked as separate agenda items at Board meetings. The Board deals with any conflicts of interest that may occur when nomination related matters are considered by ensuring that the director with conflicting interests is not party to the relevant discussions.

### **Recommendation 2.2**

The mix of skills and diversity for which the Board is looking to achieve in membership of the Board is represented by the Board's current composition, which includes extensive geological experience and qualifications, experience in environmental management, experience in Nicaragua, accounting qualifications and financial management skills, leadership, governance and strategy.

While the Company is at exploration stage, it does not wish to increase the size of the Board, and considers that the Board weighted towards technical experience is appropriate at this stage of the Company's development. External consultants may be brought in with specialist knowledge to address areas where this is an attribute deficiency in the Board.

### **Recommendation 2.3**

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles & Recommendations.

Details of the Board of directors, their appointment date, length of service and independence status is as follows:

<b>Director's name</b>	<b>Appointment date</b>	<b>Length of service at 30/06/2018</b>	<b>Independence status</b>
W G Martinick Non-executive Chairman	13 January 2003	15 years 5 months	Not independent due to previously held position as Managing Director
B L Farrell Non-executive Director	8 August 2011	6 years 10 months	Not independent due to previously held executive position as Technical Director during the period 2011 to 2014
B D Dickson Finance Director	21 November 2014	3 years 7 months	Not independent
A P Rovira Non-executive director	21 November 2014	3 years 7 months	Independent

### **Recommendation 2.4**

The Board does not have a majority of directors who are independent. The Board does not wish to increase its size at present, and considers that the current composition of the Board is adequate for the Company's current size and operations, and includes an appropriate mix of skills and expertise relevant to the Company's business.

### **Recommendation 2.5**

The non-independent Chair of the Board is W G Martinick who is not also the current Managing Director. Mr Martinick is not independent by virtue of his previous executive role as Managing Director. While the Board recognises the importance of the need for the independence of the Chair, the Board currently considers that Mr Martinick is the most appropriate person for the position of Chairman given his industry experience, and the size and current activities of the Company. The Board also believes that Mr



Martinick's appointment as Chair is in line with shareholder expectations. Mr Martinick is not also the Company's Managing Director, which position is held by Mr Woolfe.

The Board has appointed Mr Anthony Rovira, who is an independent director, as senior independent director of the Company to take over the role of the Chair whenever the Chair is conflicted; assist the Board in reviewing the performance of the Chair; and provide a separate channel of communication for security holders (especially where those communications concern the Chair).

### **Recommendation 2.6**

The Company has an induction program that it uses to when new directors join the Board and when new senior executives are appointed. The goal of the program is to assist new directors to participate fully and actively in Board decision-making at the earliest opportunity and to assist senior executives to participate fully and actively in management decision-making at the earliest opportunity.

The full Board in its capacity as the Nomination Committee regularly reviews whether the directors as a group have the skills, knowledge and familiarity with the Company and its operating environment required to fulfil their role on the Board and the Board committees effectively using a Board skills matrix. Where any gaps are identified, the full Board in its capacity as the Nomination Committee considers what training or development should be undertaken to fill those gaps. In particular, the full Board in its capacity as the Nomination Committee ensures that any director who does not have specialist accounting skills or knowledge has a sufficient understanding of accounting matters to fulfil his or her responsibilities in relation to the Company's financial statements.

### **Principle 3: Act ethically and responsibly**

#### **Recommendation 3.1**

The Company has established a Code of Conduct for its directors, senior executives and employees, a summary of which is disclosed on the Company's website.

The Company has also adopted a Whistleblower Policy to encourage the raising of any concerns or reporting of instances of any violations (or suspected violations) of the Code of Conduct (or any potential breach of law or any other legal or ethical concern) without the fear of intimidation or reprisal.

### **Principle 4: Safeguard integrity in corporate reporting**

#### **Recommendation 4.1**

The Board has not established a separate Audit and Risk Committee. The Board believes that there would be no efficiencies or other benefits gained by establishing a separate Audit and Risk Committee. Accordingly, the Board performs the role of the Audit and Risk Committee. Although the Board has not established a separate Audit and Risk Committee, it has adopted an Audit and Risk Committee Charter which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Audit and Risk Committee. The Company's Audit and Risk Committee Charter is disclosed on the Company's website.

The Board carries out those functions which are delegated to it in the Company's Audit and Risk Committee Charter. When matters that are within the responsibility of the full Board in its capacity as the Audit and Risk Committee are considered, they are marked as separate agenda items at Board meetings. The Board deals with any conflicts of interest that may occur when audit or risk related matters are considered by ensuring that the director with conflicting interests is not party to the relevant discussions.

The Company has also established a Procedure for the Selection, Appointment and Rotation of its External Auditor, which is an appendix to its Audit and Risk Committee Charter disclosed on the Company's website. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit and Risk Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit and Risk Committee (or its equivalent) and any recommendations are made to the Board.

#### **Recommendation 4.2**

Before the Board approved the Company financial statements for the half year ended 31 December 2017

and the full-year ended 30 June 2018, it received from the Managing Director and the Finance Director a declaration that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained and that the financial statements for the relevant financial period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and the consolidated entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively (**Declaration**).

The Board did not receive a Declaration for each of the quarters ending 30 September 2017, 31 December 2017, 31 March 2018 and 30 June 2018 because in the Board's view its quarterly reports are not financial statements to which the Declaration can be appropriately given.

#### **Recommendation 4.3**

Under section 250RA of the Corporations Act, the Company's auditor is required to attend the Company's annual general meeting at which the audit report is considered, and the auditor must arrange to be represented by a person who is a suitably qualified member of the audit team that conducted the audit and is in a position to answer questions about the audit. Each year, the Company informs its auditor of the date of the Company's annual general meeting. In accordance with section 250S of the Corporations Act, at the Company's annual general meeting where the Company's auditor or their representative is at the meeting, the Chair allows a reasonable opportunity for the members as a whole at the meeting to ask the auditor (or its representative) questions relevant to the conduct of the audit; the preparation and content of the auditor's report; the accounting policies adopted by the Company in relation to the preparation of the financial statements; and the independence of the auditor in relation to the conduct of the audit. The Chair also allows a reasonable opportunity for the auditor (or their representative) to answer written questions submitted to the auditor under section 250PA of the Corporations Act.

A representative of the Company's auditor, BDO Audit (WA) Pty Ltd attended the Company's annual general meeting held on 22 November 2017.

#### **Principle 5: Make timely and balanced disclosure**

##### **Recommendation 5.1**

The Company has established written policies and procedures for complying with its continuous disclosure obligations under the ASX Listing Rules. A summary of the Company's Continuous Disclosure Policy and Continuous Disclosure Compliance Procedures are disclosed on the Company's website.

#### **Principle 6: Respect the rights of security holders**

##### **Recommendation 6.1**

The Company provides information about itself and its governance to investors on its website at [www.oroverde.com.au](http://www.oroverde.com.au).

##### **Recommendation 6.2**

The Company has designed and implemented an investor relations program to facilitate effective two-way communication with investors. The program is set out in the Company's Shareholder Communication and Investor Relations Policy, which is disclosed on the Company's website.

##### **Recommendation 6.3**

The Company has in place a Shareholder Communication and Investor Relations Policy (disclosed on the Company's website) which outlines the policies and processes that it has in place to facilitate and encourage participation at meetings of shareholders.

##### **Recommendation 6.4**

The Company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry, Security Transfer Registrars Pty Ltd at [www.securitytransfers.com.au](http://www.securitytransfers.com.au).

## **Principle 7: Recognise and manage risk**

### **Recommendation 7.1**

The Board has not established a separate Audit and Risk Committee. The Board performs the role of the Audit and Risk Committee. Please refer to the disclosure above in relation to Recommendation 4.1.

### **Recommendation 7.2**

The full Board in its capacity as the Audit and Risk Committee reviews the Company's risk management framework annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure that the Company is operating within the risk appetite set by the Board. The Board carried out these reviews during the Reporting Period.

### **Recommendation 7.3**

The Company does not have an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's Risk Management Policy.

### **Recommendation 7.4**

As the Company is not in production, the Company has not identified any material exposure to any environmental and/or social sustainability risks. However, the Company does have a material exposure to the following economic risks:

- i. Market risk – movements in commodity prices. The Company manages its exposure to market risk by monitoring market conditions, and making decisions based on industry experience.
- ii. Future capital risk – cost and availability of funds to meet the Company's business requirements. The Company manages this risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

## **Principle 8: Remunerate fairly and responsibly**

### **Recommendation 8.1**

The Board has not established a separate Remuneration Committee. The Board believes that there would be no efficiencies or other benefits gained by establishing a separate Remuneration Committee. Accordingly, the Board performs the role of the Remuneration Committee. Although the Board has not established a separate Remuneration Committee, it has adopted a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Remuneration Committee. The Company's Remuneration Committee Charter is disclosed on the Company's website.

The Board carries out those functions which are delegated to it in the Company's Remuneration Committee Charter. When matters that are within the responsibility of the full Board in its capacity as the Remuneration Committee are considered, they are marked as separate agenda items at Board meetings. The Board deals with any conflicts of interest that may occur when remuneration related matters are considered by ensuring that the director with conflicting interests is not party to the relevant discussions.

### **Recommendation 8.2**

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report and commences at page 10. The Company has not adopted a policy regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback of the performance-based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements as other punitive measures, including dismissal, are available to be utilised by the Company.

### **Recommendation 8.3**

The Company's Securities Trading Policy includes a statement of the Company's policy on prohibiting executives and directors from entering into transactions which limit the economic risk of participating in any equity based remuneration scheme.

**ORO VERDE LIMITED**  
**ASX ADDITIONAL INFORMATION**

Additional information required by the Australian Securities Exchange Ltd and not disclosed elsewhere in this report is as follows. The information is current as at 7 September 2018.

**(a) Statement of shareholdings**

Range	Names of 20 largest shareholders	Ordinary Shares		
		Fully paid		
		No of holders	No. of shares held	% held
100,001 or more	Mr Bilal Ahmad		100,000,000	6.43
	Mr Sufian Ahmad		96,666,640	6.21
	MGL Corp Pty Ltd		70,000,000	4.50
	Mr Bin Lie		60,348,583	3.88
	Suparell Pty Ltd		55,315,872	3.56
	Mr Anthony Paul Rovira		50,342,016	3.24
	Martinick Investments Pty Ltd		43,087,761	2.77
	Reco Holdings Pty Ltd		37,600,000	2.42
	DDPEVCIC (WA) Pty Ltd		33,333,360	2.14
	Upsky Equity Pty Ltd		32,000,000	2.06
	Dr Wolf Gerhard Martinick		31,094,914	2.00
	Diab Investments Pty Ltd		30,000,000	1.93
	Berenes Nominees		23,875,000	1.53
	Mr BD & GF Dickson		22,375,000	1.44
	Inkjar Pty Ltd		21,768,868	1.40
	Davy Corp Pty Ltd		20,000,000	1.29
	Shordean Pty Ltd		17,984,497	1.16
	1620 Capital Pty Ltd		14,500,000	0.93
	Mr Garry Temple		11,010,000	0.71
	Compusure Superannuation		11,000,000	0.71
		20	782,302,511	50.31
	Various	880	734,055,013	47.16
	Sub-total			
10,001 - 100,000	Various	679	37,963,780	2.44
5,001 – 10,000	Various	91	701,770	0.05
1,001 – 5000	Various	216	543,791	0.03
1 – 1,000	Various	256	111,668	0.01
<b>Total</b>		<b>2,142</b>	<b>1,555,678,533</b>	<b>100.00</b>
	Holding an unmarketable parcel	1,242	39,321,009	2.53

The Company has the following unquoted options on issue.

	Number of options
30 September 2019, 5 cent options	73,000,000
30 November 2020, 1.3 cent options	47,000,000
31 July 2021, .075 cent options	340,000,000

**Restricted Securities**

There are no restricted securities.

**(b) Voting Rights**

All ordinary shares carry one vote per share without restriction.

## ORO VERDE LIMITED

### ASX ADDITIONAL INFORMATION

#### (c) Substantial Shareholders

As at 7 September 2018, shareholders who have notified the company in accordance with section 671B of the Corporations Act 2001

Beneficial Owner	No of Shares
Sulfian Ahmad	100,666,640
Bilal Ahmad	100,000,000

#### Schedule of Mining Tenements Held

Project	Common Name	Type of Concession	Concession No.	Percentage Held
Hemco –SID	San Isidro	Exploration	1351	100%
Presillitas	Topacio	Exploration	39	0% <sup>1</sup>

1. Oro Verde Limited holds a right to acquire a 100% interest in this project.

#### MINERAL RESOURCES MINERAL RESOURCES ESTIMATION GOVERNANCE STATEMENT

The Topacio mineral resources have not changed since last year.

The Topacio Gold Project contains a high grade gold deposit with 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>5</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.

Governance of Oro Verde’s mineral resources is a responsibility of the Executive Management of the Company.

To date no progress has been made in evaluating this historical foreign resource estimate as exploration activities have concentrated on other areas of the Topacio mineral concession.

Subject to raising the required working capital, the Company will undertake exploration drilling at Topacio with the aim of re-evaluating the existing historical resource, increasing the size of the resource and delivering a maiden JORC resource. The drilling results conducted in late 2017 and early 2018 provide an excellent platform from which to launch this program.

<sup>5</sup> Refer to ASX announcement dated 11 November 2014 “High Grade Gold Project Acquired”