ORO VERDE LIMITED

ABN 84 083 646 477

HALF YEAR FINANCIAL REPORT

31 December 2018

ORO VERDE LIMITED
HALF YEAR FINANCIAL REPORT 31 December 2018

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Corporate Directory

ABN: 84 083 646 477

Directors

B D Dickson	Executive Finance Director
A P Rovira	Non-Executive Director
M J Steffens	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
96 High Street
Fremantle WA 6160

ORO VERDE LIMITED
HALF YEAR FINANCIAL REPORT 31 DECEMBER 2018

Directors' Report

The Directors present their report together with the consolidated financial report for the six months ended 31 December 2018 and the independent review report thereon.

DIRECTORS

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

W G Martinick (retired 30 November 2018)
B D Dickson
B L Farrell (resigned 16 November 2018)
A P Rovira
M J Steffens (appointed 30 November 2018)

REVIEW OF OPERATIONS

Topacio Gold Project

Early in 2018, official public notice was given by the Nicaraguan Government relating to its proposal to increase social security (INSS) withholdings from both employees and employers, while at the same time reducing pensions to retired workers, beginning in July 2018.

This created much civil unrest in Nicaragua with numerous roadblocks, protests and riots. While the proposed changes to the social security regime were subsequently withdrawn by the Government, violent unrest and demonstrations continued for some time with many demanding the removal of President Daniel Ortega and his wife, Vice President Rosario Murillo. These protest gradually diminished as the year progressed.

For Oro Verde, this unfortunate political turn of events meant that the Company was not able to practicably access either of its Topacio or San Isidro Projects for over 6 months, including the bulk of the September Quarter.

It was against this background that the Company sought and was granted an extension of term for the Option to acquire the Topacio project. The extension had a number of for the Company:

- It deferred the US$1.5 million Option Exercise Payment to 19 February 2019;
- It deferred payment of the US$55,000 vendor fee until 20 December 2018**;**
- The January surface tax payment of approximately US$50,000 only becomes due if Oro Verde does not withdraw prior to 31 December 2018;
- It allowed Oro Verde time to conduct a more thorough technical assessment of the project, especially important in view of delays beyond the Company's control caused by civil unrest.

After completing a review of the project the Company announced that it had informed Topsa S.A., the vendor of the Topacio Gold Project (**Topacio**) in Nicaragua, of its immediate withdrawal from the Topacio Option Agreement.

In withdrawing from the agreement, the Board of Oro Verde was cognisant of the recent long-running civil unrest in Nicaragua, the US$55,000 Vendor payment, the circa US$50,000 surface tax payment and the US$1.5 million (approx. A$2.08M) acquisition payment due in February 2019.

San Isidro Gold Project (OVL 100%)
The San Isidro Gold Project constitutes a 25km^2 mining concession in north-western Nicaragua.

During the period agreement was reached with local prospecting company PESJ, regarding the sale of 96Ha of the 2,500Ha San Isidro Concession for US$42,000, with 50% due upon signing of the sale agreement between the Purchaser and Oro Verde, and the final 50% due once DGM-MEM (Department of Mines) has finalised the excision of the sold area from Oro Verde's San Isidro Concession.

The legal process and steps to complete the deal were further advanced in August, with the sale agreement between PESJ and MSC being signed in September and the first 50% payment (US$21,000) received by the Company.

This small area sold had been evaluated geologically by Oro Verde and was not considered prospective. PESJ wish to use the land for construction of a tailings re-treatment operation.

CORPORATE

On 23 April 2018 the Company drew-down $100,000 on a short term bridging facility entered into on 20 April 2018 with Inkjar Pty Ltd an entity associated with Dr Bradford Farrell ("Facility"), a director of the Company. During the period the Company repaid this $100,000 plus $3,420 of accumulated interest.

Oro Verde continues to review opportunities in search of quality projects to enhance the existing portfolio. During the period 1620 Capital was appointed as Corporate Advisor to assist in the search for new opportunities. 1620 Capital has an extensive network of contacts in the mining sector throughout Africa

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires the Company's auditors, BDO Audit (WA) Pty Ltd to provide the Directors with a written independence declaration in relation to their review of the financial report for the half year ended 31 December 2018. The written auditor's independence declaration is attached at page 16 and forms part of this Directors' report.

Signed in accordance with a resolution of directors.

A P Rovira
Director
Perth 22 February 2019

Schedule of Mining Tenements Owned

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

COMPETENT PERSON STATEMENT

The information in this report that relates to previous Exploration Results for the Topacio project, was prepared and first disclosed under the JORC Code 2012, and has been properly cross-referenced in the text to the date of original announcement to ASX. Oro Verde confirms that it is not aware of any new information or data that materially affects the information included in the original announcements.

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	CONSOLIDATED	
		31 December 2018 $	**31 December 2017 $**
Continuing operations			
Interest income		2,435	1,181
Other Income		70,341	-
Depreciation		(3,336)	(4,359)
Salaries and wages		(203,944)	(238,397)
Directors' fees		(60,571)	(65,000)
Travel and accommodation		(8,818)	(44,346)
Promotion		(1,774)	(9,546)
Consultants		-	(10,522)
Insurance		(8,208)	(7,943)
Legal fees		(1,738)	(4,913)
Administration expenses		(79,625)	(152,760)
Loss on equipment sale		-	(36)
Impairment on receivables		(2,203)	-
Share based payments	10	(288,096)	(228,000)
Exploration expenses		(175,173)	(473,860)
Exploration expense reimbursement		-	351,855
Interest expense		(1,177)	(5,323)
Profit /(Loss) from continuing operations before Income tax		**(761,887)**	**(891,969)**
Income tax credit/(expense)		**-**	**-**
Profit /(Loss) from continuing operations after income tax		**(761,887)**	**(891,969)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences in translating foreign controlled entities		(57,978)	(123,331)
Other comprehensive income net of tax		(57,978)	(123,331)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(819,865)**	**(1,015,300)**
Earnings per share for loss attributable to the ordinary equity holder of the parent:			
Basic earnings per share (cents per share)		(0.05)	(0.12)
Diluted earnings per share (cents per share)		(0.05)	(0.12)

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

ORO VERDE LIMITED
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Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2018

	Note	CONSOLIDATED	
		31 December 2018	**30 June 2018**
		$	**$**
ASSETS			
Current Assets			
Cash and cash equivalents	3	913,627	322,994
Trade and other receivables		53,296	17,511
Total Current Assets		966,923	340,505
Non-current Assets			
Plant and equipment		1,186	19,036
Total Non-current Assets		1,186	19,036
TOTAL ASSETS		968,109	359,541
LIABILITIES			
Current Liabilities			
Payables		163,975	268,839
Loan	9	-	100,000
Total Current Liabilities		163,975	368,839
TOTAL LIABILITIES		163,975	368,839
NET ASSETS		804,134	(9,298)
EQUITY			
Issued Capital	4	24,503,006	23,157,805
Reserves		5,154,267	4,924,149
Accumulated losses		(28,853,139)	(28,091,252)
TOTAL EQUITY		804,134	(9,298)

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

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Consolidated Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Ordinary shares	Convertible notes Reserve	Share option Reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
	$	$	$	$	$	$
At 1 July 2018	23,157,805	136,403	5,038,101	(250,355)	(28,091,252)	(9,298)
Loss for the period	-	-	-	-	(761,887)	(761,887)
Other comprehensive loss	-	-	-	(57,978)	-	(57,978)
Total comprehensive loss for the period	-	-	-	(57,978)	(761,887)	(819,865)
Transactions with owners in their capacity as owners						
Shares issued during the period	1,437,600	-	-	-	-	1,437,600
Transaction Costs	(92,399)	-	-	-	-	(92,399)
Share based payments	-	-	288,096	-	-	288,096
At 31 December 2018	24,503,006	136,403	5,326,197	(308,333)	(28,853,139)	804,134

	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	-	-	-	-	(891,969)	(891,969)
Other comprehensive loss	-	-	-	(123,331)	-	(123,331)
Total comprehensive loss for the period	-	-	-	(123,331)	(891,969)	(1,015,300)
Transactions with owners in their capacity as owners						
Shares issued during the period	1,429,100	-	-	-	-	1,429,100
Transaction Costs	(21,247)	-	-	-	-	(21,247)
Share based payments	-	-	228,000	-	-	228,000
At 31 December 2017	22,895,771	136,403	5,038,101	(208,655)	(26,978,640)	882,980

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

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Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	CONSOLIDATED 31 December 2018 $	31 December 2017 $
Cash flows from operating activities			
Payments to suppliers and employees		(463,908)	(637,282)
Exploration expenditure		(175,173)	(477,910)
Interest expense		(3,420)	(5,323)
Reimbursement of exploration expense		-	124,405
Interest received		2,435	1,181
Net cash flows used in operating activities		(640,066)	(994,929)
Cash flows from investing activities			
Proceeds from sale of mineral properties		28,782	-
Proceeds from sale of equipment		27,113	-
Purchase of mineral project		-	(48,793)
Purchase of equipment		(211)	(900)
Net cash flows from investing activities		55,684	(49,693)
Cash flows from financing activities			
Proceeds from application for shares, net of transaction costs		1,332,601	1,402,753
Borrowing proceeds		-	300,000
Borrowing repayments		(100,000)	(300,000)
Net cash flows from financing activities		1,232,601	1,402,753
Net increase/(decrease) in cash and cash equivalents		648,219	358,131
Cash and cash equivalents at beginning of period		322,994	541,656
Effect of exchange rate changes on cash and cash equivalents		(57,586)	(123,209)
Cash and cash equivalents at end of period	3	913,627	776,578

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

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 December 2018

1 BASIS OF PREPARATION

These general purpose financial statements for the interim half year reporting period ended 31 December 2018 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134 *Interim Financial Reporting.* The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Oro Verde Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2018 together with any public announcements made during the half year.

(a) Going Concern

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

The Group has incurred a net loss after tax for the half year ended 31 December 2018 of $761,887 (2017: $891,969) and experienced net cash outflows from operating activities of $640,066 (2017: $994,929). At 31 December 2018, the Group had net current assets of $802,948 (30 June 2018: net current liabilities $28,334).

The ability of the Group 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. In addition, the Group has taken steps to reduce its overhead and exploration expenditure to conserve its cash resources until additional funds are secured. 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 Group’s ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities as and when they fall due.

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

Should the Group be unable to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the normal course of business at amounts that differ from those stated in the financial statements.

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

(b) Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2018, except for the adoption of new standards and interpretations as of 1 July 2019, noted below:

i. New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period for which the Company has adopted

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 December 2018

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

The new accounting policies are disclosed in note (c) below. There is no impact on the Company for the period ended 31 December 2018.

(c) Basis of preparation and changes to the Group's accounting policies

AASB 15 Revenue from contracts with Customers

AASB 15 Revenue from contracts with Customers replaces *AASB 118 Revenue*. AASB 15 was adopted by the Group on 1 July 2018. AASB 15 provides a single, principles-based five-step model to be applied to all contracts with customers.

The Group has considered AASB 15 in detail and determined that the impact on the Group's sales revenue from contracts under AASB 15 is insignificant for the year.

The Group's new revenue accounting policy is detailed below:

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. If the consideration promised includes a variable component, the Group estimates the expected consideration for the estimated impact of the variable component at the point of recognition and re-estimated at every reporting period.

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces the provisions of AASB 139 *Financial Instruments: Recognition and Measurement* that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 Financial Instruments from 1 July 2018 did not give rise to any material transitional adjustments. The new accounting policies (applicable from 1 July 2018) are set out below.

In accordance with the transitional provisions in AASB 9(7.2.15) and (7.2.26), comparative figures have not been restated.

Classification and measurement

Except for certain trade receivables the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under AASB 9 financial assets are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

Impairment

From 1 July 2018 the group assesses on a forward looking basis the expected credit losses (ECLs) associated with its debt instruments carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract

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Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 December 2018

2 OPERATING SEGMENT

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

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

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

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

31 Dec 2018	**Australia**	**Nicaragua**	**Total**
	$	**$**	**$**
Other income	2,435	70,341	72,776
Profit/(Loss)	(577,813)	(184,074)	(761,887)
Non-current assets	-	1,186	1,186
Total assets	923,982	44,127	968,109
Total liabilities	(49,235)	(114,740)	(163,975)

31 Dec 2017	**Australia**	**Nicaragua**	**Total**
	$	**$**	**$**
Other income	1,181	-	1,181
Profit/(Loss)	(720,543)	(171,426)	(891,969)
30 June 2018			
Non-current assets	-	19,036	19,036
Total assets	330,406	29,135	359,541
Total liabilities	(222,456)	(146,383)	(368,839)

3 CASH AND CASH EQUIVALENTS

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

	31 December 2018	**30 June 2018**
Cash at bank and in hand	880,126	289,493
Short-term deposits	33,501	33,501
	913,627	322,994

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Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 December 2018

4 SHARE CAPITAL

	Shares	$
Balance at 1 July 2017	695,196,590	21,487,918
Issued in lieu of directors fees at $0.0146	349,315	5,100
Options exercise at $0.01	5,000,000	50,000
Share placement at $0.008	13,125,000	105,000
Share purchase plan at $0.008	158,625,000	1,269,000
Share issue expenses	-	(21,247)
Balance as at 31 December 2017	**872,295,905**	**22,895,771**
Balance at 1 July 2018	982,706,836	23,157,805
Issued in lieu of directors fees (a)	2,971,698	12,600
Share placement at $0.012	570,000,000	1,425,000
Share issue expenses	-	(92,399)
Balance as at 31 December 2018	**1,555,678,533**	**24,503,006**

(a) During the period 2,971,698 shares were issued at 0.42 cents each.

Movements in unlisted options on issue

	Awarded	Exercised	Lapsed	Total number of options
Balance at the beginning of the year				**120,000,000**
Movement	340,000,000	-	-	340,000,000
Total Number of options outstanding as at 31 December 2018				**460,000,000**

Movements in unlisted performance share rights (b)

	Awarded	Exercised	Lapsed	Total number of rights
Balance at the beginning of the year				**-**
Movement	50,000,000	-	-	50,000,000
Total Number of share rights outstanding as at 31 December 2018				**50,000,000**

(b) The 50,000,000 performance share rights were issued to secure corporate advisory services from 1620 Capital. As Corporate Advisor 1620 will, amongst other activities, assist the company in the identification of mining and exploration projects and provide ongoing understanding and analyses of project opportunities as well as identification of strategic options for the Company. These rights have the following vesting conditions.

i) In the event that the Company's share price is equal to or higher than 1 cent per share for a minimum of 10 consecutive trading days , the vesting condition of 15 million performance rights shall be deemed satisfied;

ii) In the event that the Company's share price is equal to or higher than 1.5 cents per share for a minimum of 10 consecutive trading days , the vesting condition of 15 million performance rights shall be deemed satisfied; and

iii) In the event that the Company's share price is equal to or higher than 2 cents per share for a minimum of 10 consecutive trading days , the vesting condition of 20 million performance rights shall be deemed satisfied.

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Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 December 2018

5 EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the group in future financial years.

6 COMMITMENTS AND CONTINGENT LIABILITIES

There have been no changes in Commitments and Contingent Liabilities since the end of the last annual reporting period other than an the Company terminating its Option to Purchase Agreement to acquire 100% of the Topacio project

7. INTERESTS IN SUBSIDIARIES

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

Name	Country of incorporation	Equity interest 2018 %	Equity interest 2017 %
Goldcap Resources Limited	Australia	100	100
Minera San Cristobal SA	Nicaragua	100	100

8. FAIR VALUE MEASUREMENT

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

9. RELATED PARTY TRANSACTIONS

On 23 April 2018 the Company drew-down $100,000 on a short term bridging facility entered into on 20 April 2018 with Inkjar Pty Ltd an entity associated with Dr Bradford Farrell (“Facility”), a director of the Company. During the period the Company repaid this $100,000 plus $3,420 of accumulated interest.

On 30 November 2018 Dr. Marc Steffens was appointed a director of the Company. Dr Steffens will receive director’s fees of $30,000 plus applicable statutory superannuation (currently 9.5% of fees) per annum.

10. SHARE BASED PAYMENTS

During the financial period 50,000,000 performance share rights were issued, for vesting conditions refer to note 4(b). The fair value of performance share rights granted was by using a hybrid up and in single share price barrier model. The model incorporates a trinomial option valuation. The following inputs have been applied in the valuation.

Item	**Tranche A**	**Trance B**	**Tranche C**
Underlying security spot price	$0.007	$0.007	$0.007
Number of Rights	15,000,000	15,000,000	20,000,000
Exercise price	Nil	Nil	Nil
Valuation date	1 Aug 2018	1 Aug 2018	1 Aug 2018
Expiry date	31 Jul 2020	31 Jul 2020	31 Jul 2020
Life of the Rights (years)	2	2	2
Share price barrier	0.010	0.015	0.020
Parisian adjusted barrier	0.013	0.019	0.026
Dividend yield	0.00%	0.00%	0.00%
Volatility	125%	125%	125%
Risk-free rate	2.05%	2.05%	2.05%
Value per Right	$0.006	$0.006	$0.005
Value per tranche	95,438	86,681	105,977

Total expenses arising from share-based payment transactions recognized during the period were $228,096 (2017: $228,000).

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Directors' Declaration

The directors of the company declare that:

a) the financial statements and notes of the consolidated entity as set out in the accompanying pages are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

(ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*

b) Subject to achievement of the matters described in note 1, in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

A P Rovira
Director
Perth, 22 February 2019

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Australia

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

As lead auditor for the review of Oro Verde Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 22 February 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Oro Verde Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Oro Verde Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of matter – Material uncertainty relating to going concern

We draw attention to Note 1 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 conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 22 February 2019