

Annual Report **2015**



CORPORATE DIRECTORY

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
T I Woolfe – Managing Director
B D Dickson – Finance Director
B L Farrell – Non-Executive Technical Director
A P Rovira – Non-Executive Director

COMPANY SECRETARY

B D Dickson

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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30 Richardson Street
West Perth, WA 6005
Telephone: 08 9481 2555
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SHARE REGISTRY

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross, WA 6153

AUDITORS

Hewitt, Turner & Gelevitis
Suite 4, 1st Floor
63 Shepperton Road
Victoria Park, WA 6100

BANK

National Australia Bank
Level 1, Gateway Building
177-179 Davy Street
Booragoon, WA 6154



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The information in this document that relates to earlier Exploration Results is extracted from reports as referenced throughout the document, all completed under Mr Trevor Woolfe as Competent Person and available to view on www.asx.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

The information in this document that relates to Historical Mineral Resources is extracted from the report entitled "Acquisition of High Grade Gold Project" created on 11 November 2014 and available to view on www.asx.com. 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' REPORT

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)

Dr Wolf Martinick was appointed a director and chairman on 13 January 2003. He 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 is currently Chairman of ASX listed Sun Resources Limited and a director of Azure Minerals Limited.

T I Woolfe B.Sc (Hons) GradCert AppFin, MAusIMM, MAIG, GAICD (Managing Director)

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 20 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.

B D Dickson B.Bus, FCPA – (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. (Technical Director)

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 was a founding director and the chairman of ASX listed companies, Sun Resources Limited and Basin Minerals Limited.

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.

G R O’Dea (Non-Executive Director) – resigned 21 November 2014

Mr Ross O’Dea was appointed a director on 7 March 2002 and Managing Director on 1 September 2007. He is a former Business Development Manager for The West Australian Newspaper with 35 years media experience in radio, television, press and outdoor advertising. Mr O’Dea was contracted to the TAB Western Australia as Manager, Media Services, a contract which concluded on 11 June 2004. As Managing Director from 1 September 2007 he was responsible for the overall performance of the Oro Verde Group until his resignation as Managing Director on 8 August 2011.

Mr O’Dea holds no other directorships in listed companies.

D H Ward Assoc. Admin., Assoc. Acctg., CTA, ACA. (Non-Executive Director) – resigned 21 November 2014

Mr David Ward was appointed a director on 22 July 2005. After service in the Australian Army, Mr Ward graduated from the WA Institute of Technology in Accounting and Business Administration, and trained as an Auditor and Tax Agent. Having established the “Tax Hut” tax and accounting centres in 1995, he practices in West Perth and participates in organisations providing family and community dispute resolution.

Mr Ward has no other directorships in listed companies.

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:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
W G Martinick	43,000,000	–
T I Woolfe	5,000,000	10,000,000
B D Dickson	17,500,000	45,000,000
B L Farrell	47,101,281	–
A P Rovira	23,760,000	44,000,000

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:

	No. of meetings held while in office	Meetings attended
W G Martinick	7	7
T I Woolfe	1	1
B D Dickson	2	2
A P Rovira	2	2
B L Farrell	7	6
G R O'Dea	5	4
D H Ward	5	4

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 2015 were authorised for issue in accordance with a resolution of the directors on 15 September 2015. 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 Stock 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 more recently in Nicaragua through its 100% owned subsidiary Minera San Cristobal, SA.

Employees

Other than the Directors the group employed one person, based in Nicaragua at 30 June 2015 (2014: Nil).



OPERATING AND FINANCIAL REVIEW

Group Overview

Oro Verde Limited is a company limited by shares and is incorporated and domiciled in Australia.

The last year has seen significant change and transformation for Oro Verde Limited (“**Oro Verde**” “**OVL**” or “**the Company**”). It changed its focus from Chile to Nicaragua (Figure 1) with the acquisition of Goldcap Resources Limited (“**Goldcap**”), a mineral exploration company specifically established to take advantage of emerging opportunities in Central America with a focus on Nicaragua – a safe, stable and democratic country with a strongly growing economy.

In addition, following its decision to focus its activities in Nicaragua, a number of changes were made to Oro Verde’s Board and Management effective 21st November 2014:

- Mr Trevor Woolfe was appointed as Chief Executive Officer of Oro Verde (and subsequently Managing Director in February 2015).
- Mr Tony Rovira was appointed to the Board as a Non-executive Director.
- Company Secretary, Mr Brett Dickson, joined the Board as an Executive Finance Director.
- Executive Chairman and Managing Director, Dr Wolf Martinick, relinquished his role as Managing Director and moved to Non-executive Chairman.
- Executive Technical Director, Dr Brad Farrell, remains as a Technical Director but in a Non-executive capacity.
- Directors Mr Ross O’Dea and Mr David Ward both retired from the OVL Board.

On 11 November 2014, Oro Verde announced the signing of an Option to Purchase Agreement over the high grade Topacio Gold Project, located in southeastern Nicaragua and, as a result of positive due diligence, on 27 February 2015 the Company announced it had agreed to proceed with the Option to Purchase Agreement.



Figure 1 Location of Nicaragua – Central America

OPERATING AND FINANCIAL REVIEW (CONTINUED)

The principal terms of the Option Agreement are:

- a. The Company will commit to a minimum exploration expenditure of US\$2,000,000 over 3 years;
- b. There will be US\$40,000 payable to the vendor each six months during the Agreement period (for a total of US\$240,000);
- c. The Company may exercise its Option to Purchase 100% of the project 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 for JORC or NI43-101 compliant resources (measured and indicated);
- d. Should Oro Verde commence mining operations before exercising the Option to Purchase, the Vendor will receive a 3% NSR until the Option is exercised; and
- e. Oro Verde may withdraw from the Agreement at any time.

At the date of this report the Group is conducting exploration activities in Nicaragua and continues reviewing opportunities for both direct and indirect investment in the resources sector.

Operating Results

The group's revenue was \$10,415 and the loss was \$1,571,229 for the financial year. Exploration expenses written off (\$196,812) and share based payments (\$707,900) account for approximately 58% of this year's loss.

	2015 \$	2014 \$
Operating revenue	10,415	12,248
Operating profit/(loss)	(1,571,229)	(2,467,510)

Year in Review

Review of Financial Position

During the year the Group had two significant capital raisings through the issue of fully paid shares. The first, in August 2014 raised \$737,080 at a share price of \$0.008 and the second in June 2015 which raised \$500,117 at \$0.006 (both net of expenses).

As a result of those raisings 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 2015 the cash balance of the group stood at \$534,674.

Exploration

In August 2014, the Company announced its new focus on the under-explored historic gold mining centre of Nicaragua. The hub of Central America, Nicaragua has been a gold producer at least since the Spanish Conquest of the early 1500s. More recently, with a renewed reputation as one of the safest countries in Latin America, companies such as Canada's B2Gold Corp – which last year acquired ASX company Papillon Resources – have been attracted to Nicaragua. B2Gold Corp is now producing gold at very low cost from two multi-million ounce gold mines (El Limon and La Libertad). Two other multi-million ounce gold projects are also being advanced or mined in the country, demonstrating the real potential for world class gold deposits within Nicaragua.

Oro Verde's strengthened Board and Management team has a strong mining and exploration pedigree, excellent hands-on experience in Latin America and has fostered strong industry relationships and networks within Nicaragua.



OPERATING AND FINANCIAL REVIEW (CONTINUED)

Following on from the management changes, on 27 February 2015 the Company announced that it had made a significant acquisition by signing an option agreement with the right to acquire 100% of the advanced Topacio Gold Project that contains a high grade gold deposit with a resource of 340,000 ounces of gold. The Topacio Gold Project is located in southeastern Nicaragua (Figure 2).

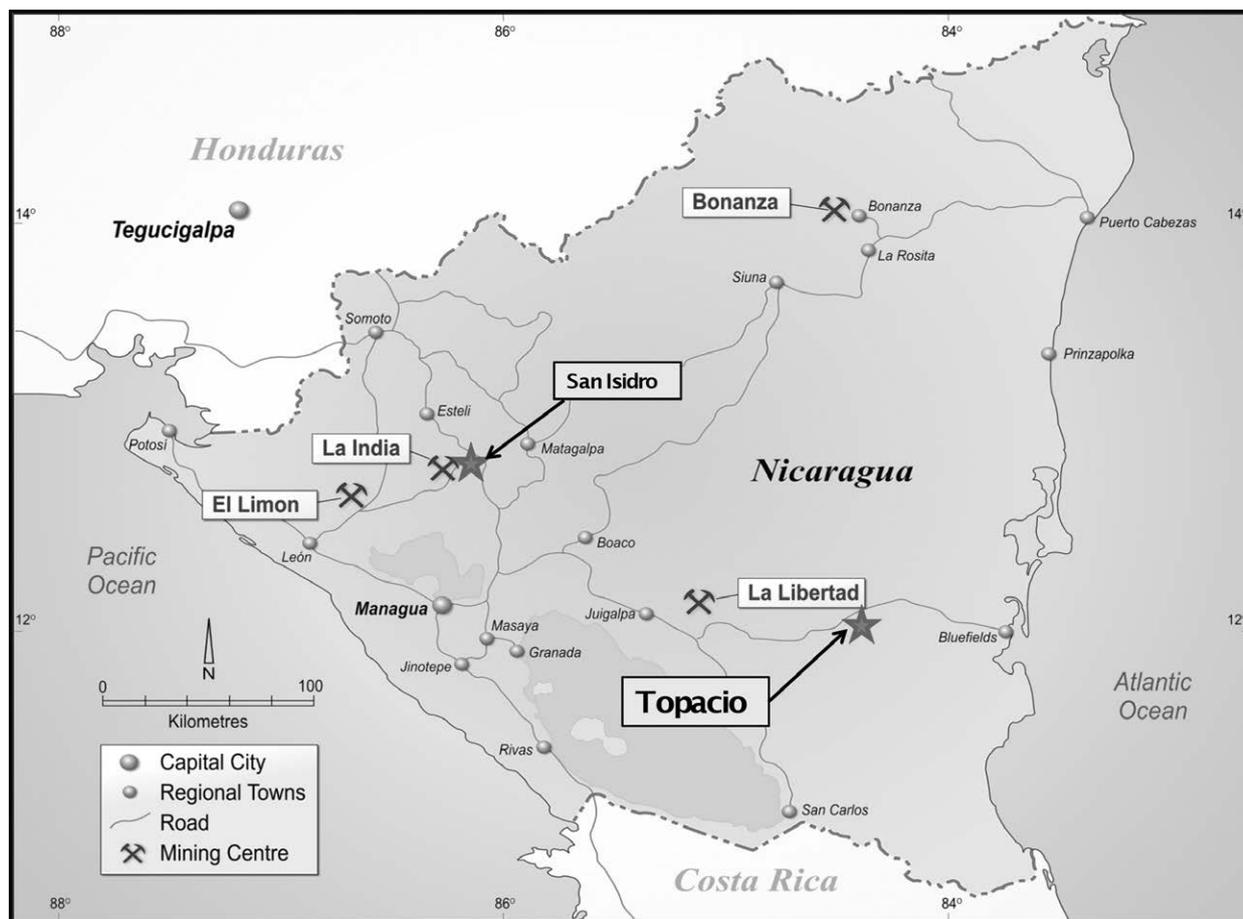


Figure 2 Major Nicaraguan gold deposits and the location of the Topacio Gold Project

Topacio Gold Project (Nicaragua – OVL right to acquire 100%)

The 93 km² Topacio Gold Project contains a number of artisanal gold mine workings with the main gold showings of importance consisting of generally east-northeast striking and steeply dipping, one to three metre wide epithermal quartz veins, six of which were mined in the period from 1900 to 1917, with an estimated 160,000 tonnes extracted grading approximately 8 g/t gold and 80 g/t silver.

The project boasts a historical NI 43-101 (Canadian standard, similar to JORC) compliant Inferred Resource of:
2,716,176 tonnes at 3.9 g/t gold, containing 340,345 ounces of gold, at a 1.5 g/t gold cut-off¹

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.

¹ Refer to ASX announcement dated 11 November 2014 “High Grade Gold Project Acquired”

San Isidro Gold Project (Nicaragua – 100% OVL)

Oro Verde is the holder of a 2,520 hectare mining concession located adjacent to the 2.3 million ounce La India gold resource (Condor Gold plc) in northwestern Nicaragua (Figure 2). On 21 December 2014, Condor announced a positive PFS for its La India Gold Project.

As reported on 8 August 2014, the San Isidro Gold Project adjoins the eastern boundary of the La India Project. One of Condor's deposits is the historical Cristalito gold mine on which a small, high grade gold deposit has been identified. Hosted within quartz veins and shear zones, this mineralised zone appears to trend northeasterly into the San Isidro property⁴.

Recently the Company finalised its environmental and community requirements and has commenced a reconnaissance mapping and sampling program.

Country Manager – Nicaragua

On 22 January 2015, Oro Verde reported that it had successfully attracted a high calibre Nicaraguan mining industry expert to the role of Country Manager⁵.

Mr David Turner has held roles ranging from Chief Mine Geologist and Exploration Manager through to General Manager and Exploration Director, with companies including BHP Minerals, Kinross Gold, Yamana Gold and more recently overseeing exploration at the operations of HEMCO in the highly productive Golden Triangle (Bonanza) district (Figure 2) in northeast Nicaragua.

Mr Turner brings an intimate understanding of the Nicaraguan mining and exploration system which, along with his fluency in the Spanish language, will be a distinct advantage to the strategy and objectives of Oro Verde.

LIKELY DEVELOPMENTS

The group will continue to investigate new exploration and development opportunities, particularly in the resources sector.

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 (2014: \$10,950).

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company is subject to significant environmental regulation in respect of its exploration activities.

The company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all 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.

⁴ Refer to ASX announcement dated 8 August 2014 "Oro Verde Expands into Nicaragua"

⁵ Refer to ASX announcement dated 22 January 2015 "Country Manager Appointed in Nicaragua"

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, and includes the five executives in the Parent and the Group receiving the highest remuneration.

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

(i) Directors

W G Martinick	Chairman (Non-Executive)
T I Woolfe	Managing Director – appointed 25 February 2015
B D Dickson	Finance Director – appointed 21 November 2014
B L Farrell	Director (Non-Executive)
A P Rovira	Director (Non-Executive) – appointed 21 November 2014
G R O'Dea	Director (Non-Executive) – resigned 21 November 2014
D H Ward	Director (Non-Executive) – resigned 21 November 2014

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.

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.



REMUNERATION REPORT (AUDITED) (CONTINUED)

(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 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. The latest determination was in 2011 when shareholders approved an aggregate remuneration of \$400,000 per 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.

(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.

REMUNERATION REPORT (AUDITED) (CONTINUED)

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 10,000,000 (2014: Nil) options were issued to key management personnel, details of the options 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 personnel are formalised in service agreements, the terms of which are set out below:

Mr T I Woolfe, Managing Director:

- Term of agreement – to 1 December 2016.
- Base salary, exclusive of superannuation, of \$250,000 to be reviewed annually by the remuneration committee.
- Payment of termination benefit of \$125,000 on early termination by the employer, other than for gross misconduct.

Compensation of Key Management Personnel (Consolidated and Parent)

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

30 June 2015	Short term		Post employment	Share based payments ²	Total	Total options related	Total performance related
	Salaries and fees	Non Monetary Benefit ¹	Super-annuation	Shares			
	\$		\$	\$	\$	\$	
Directors							
W G Martinick	13,333	1,564	–	–	14,897	–	–
T I Woolfe	196,024	1,564	–	41,200	238,788	41,200	17.3%
B D Dickson	85,000	1,564	–	–	86,564	–	–
A P Rovira	10,000	1,564	–	–	11,564	–	–
G R O'Dea	–	1,565	–	–	1,565	–	–
D H Ward	–	1,565	–	–	1,565	–	–
B L Farrell	10,000	1,564	–	–	11,564	–	–
Total	314,357	10,950	–	41,200	366,507	41,200	11.2%

1. The Non Monetary Benefit relates to the Directors' Indemnity Insurance.

2. Mr Rovira and Dickson received share base payments prior to becoming directors and those payments are not included in remuneration. Further details of those share payments are disclosed in note 27.

REMUNERATION REPORT (AUDITED) (CONTINUED)

30 June 2014	Short term		Post employment	Share based payments	Total \$	Total options related	Total performance related
	Salaries and fees \$	Non Monetary Benefit ¹ \$	Super-annuation \$	Shares \$			
Directors							
W G Martinick	170,000	2,190	15,723	–	187,913	–	–
G R O'Dea	37,500	2,190	3,468	–	43,158	–	–
D H Ward	37,500	2,190	3,468	–	43,158	–	–
B L Farrell	181,406	2,190	3,468	–	187,064	–	–
Executive Officer							
B D Dickson	70,000	2,190	–	–	72,190	–	–
Total	496,406	10,950	26,127	–	533,483	–	–

Apart from directors acting in an executive capacity, being Mr Woolfe and Mr Dickson, no fees were paid to directors during the period to 28 February 2015. From 1 March 2015 directors' fees are accruing and amounts due are shown above, but are not payable until the Company's financial position is sufficiently strong to justify payment.

Compensation Options: Granted and Vested during the year.

2015	Granted				Terms and conditions for each grant				Vested
	Number	Date	Fair Value Per option	Fair value \$	Exercise Price \$	Expiry date	First exercise date	Last exercise date	Number
T I Woolfe	5,000,000	27 Nov 14	0.456	22,800	\$0.01	30 Sept 17	27 Nov 14	30 Sept 17	5,000,000
	5,000,000	27 Nov 14	0.368	18,400	\$0.05	30 Sept 19	27 Nov 14	30 Sept 19	5,000,000
Total	10,000,000			41,200					10,000,000

Value of Options granted as part of remuneration was calculated in accordance with AASB 2: Share Based Payments

	Fair Value per options granted during the year Cents	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Remuneration consisting of options for the year %
T I Woolfe	0.412	41,200	–	–	17.3

No options were granted or vested during the 2014 year.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date. There were neither forfeitures nor shares issued on exercise of Compensation Options during 2015 or 2014.

REMUNERATION REPORT (AUDITED) (CONTINUED)

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 (2014: Nil).

Shareholdings of Key Management Personnel

2015 Specified Directors	Balance 1 July 14	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 15
W G Martinick	40,500,000	–	–	2,500,000	43,000,000
T I Woolfe	–	–	–	5,000,000	5,000,000
A P Rovira	–	–	–	23,760,000	23,760,000
G R O'Dea ¹	1,861,976	–	–	–	1,861,976
Held by spouse and children of GR O'Dea ¹	1,170,229	–	–	–	1,170,229
D H Ward ¹	5,644,727	–	–	–	5,644,727
B L Farrell	42,101,281	–	–	5,000,000	47,101,281
B D Dickson	–	–	–	17,500,000	17,500,000
Total	91,278,213	–	–	53,760,000	145,038,213

Mr Ward and Mr O'Dea resigned on 21 November 2014. Their shareholding represents the balances held at that date.

2014 Specified Directors	Balance 1 July 13	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 14
W G Martinick	11,412,545	–	–	29,087,455	40,500,000
G R O'Dea	299,476	–	–	1,562,500	1,861,976
Held by spouse and children of GR O'Dea	760,614	–	–	409,615	1,170,229
D H Ward	981,266	–	–	4,663,461	5,644,727
B L Farrell	5,086,443	–	–	37,014,838	42,101,281
Specified Executives					
B D Dickson	–	–	–	–	–
Total	18,540,344	–	–	72,737,869	91,278,213

Other Transactions

On 3rd October 2014 shareholders approved the issue of options and ratified the placement of shares to acquire Goldcap, a private mineral exploration company with a focus on Nicaragua. Consideration for the acquisition of Goldcap was:

1. \$120,000 payable by the issue of 15,000,000 fully paid shares at \$0.008 each;
2. Issue of 66,000,000 3 year options exercisable at 1.0 cent each; and
3. Issue of 66,000,000 5 year options exercisable at 5.0 cents each.



REMUNERATION REPORT (AUDITED) (CONTINUED)

Mr Brett Dickson and Mr Anthony Rovira were part of the consortium that sold Goldcap to the Company and both subsequently were appointed as directors. Shares and options issued to Mr Dickson and Mr Rovira pursuant to this transaction were:

	Fully paid shares	Options exercisable at 1 cent	Options exercisable at 5 cents
B D Dickson	5,000,000	22,000,000	22,000,000
A P Rovira	5,000,000	22,000,000	22,000,000
	10,000,000	44,000,000	44,000,000

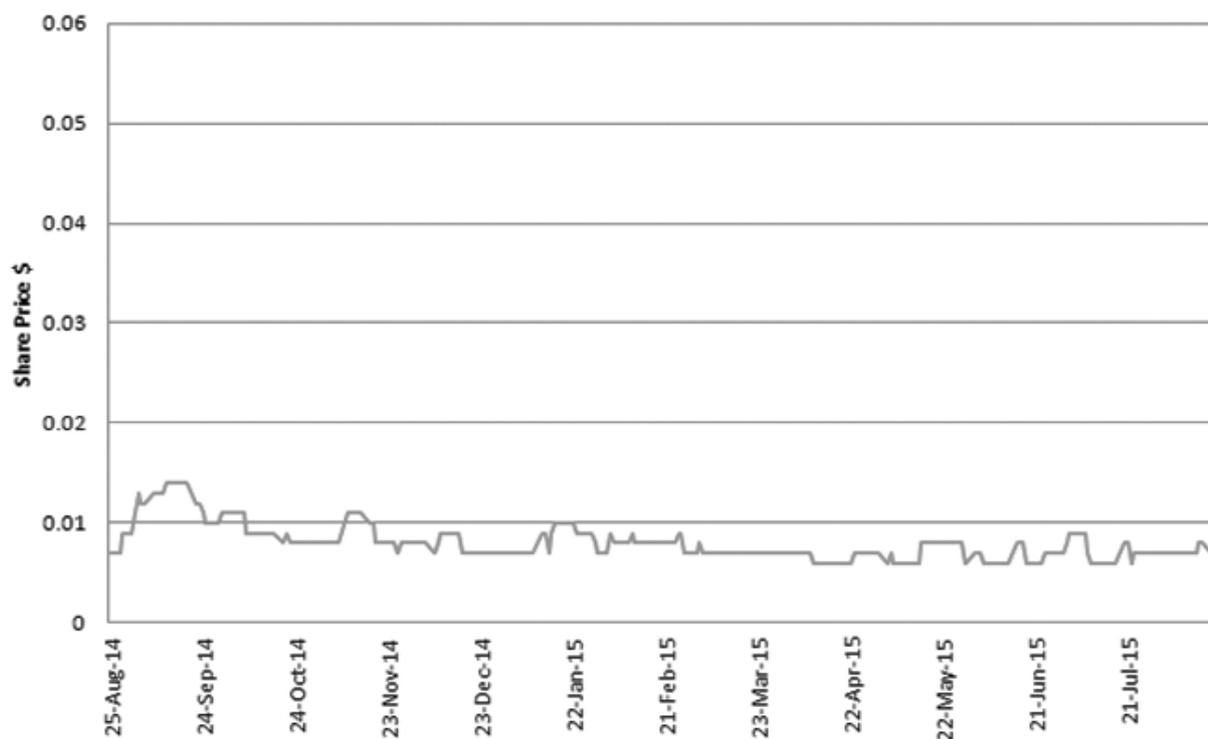
Company's Performance

Company's share price performance

The Company's share price performance shown in the below graph for the year ended 30 June 2015 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.

Company 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 2015.

REMUNERATION REPORT (AUDITED) (CONTINUED)

	2015	2014	2013	2012	2011
Basic loss per share (cents)	(0.4)	(1.4)	(5.2)	(10.2)	2.8

Voting and comments made at the company's 2014 Annual General Meeting

Oro Verde received a unanimous "yes" vote on its remuneration report for the 2014 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 Stock Exchange information section of this annual report.

SHARE OPTIONS

At the date of this report, there were 149,500,000 (2014: 32,114,459) share options outstanding.

	Issued	Lapsed	Total number of Options
Balance at the beginning of the year			32,114,459
<i>Share option movements during the year</i>			
Exercisable at 1 cents, on or before 30 September 2017	73,000,000	–	73,000,000
Exercisable at 5 cents, on or before 30 September 2019	73,000,000	–	73,000,000
Exercisable at 27 cents, on or before 31 December 2014	–	(24,364,459)	(24,364,459)
Exercisable at 4 cents, on or before 31 March 2016	–	(4,250,000)	(4,250,000)
Total options issued and lapsed in the year to 30 June 2014	146,000,000	(28,614,459)	117,385,541
Total number of options outstanding as at 30 June 2015 and at the date of this report			149,500,000

The balance is comprised the following:

Date Granted	Expiry Date	Exercise Price (cents)	Number of Options
28 November 2011	10 January 2016	20.0	2,500,000
7 October 2014	30 September 2017	1.0	66,000,000
27 November 2014	30 September 2017	1.0	5,000,000
31 March 2015	30 September 2017	1.0	2,000,000
7 October 2014	30 September 2017	5.0	66,000,000
27 November 2014	30 September 2017	5.0	5,000,000
31 March 2014	30 September 2017	5.0	2,000,000
15 October 2013	31 March 2016	4.0	1,000,000
Total number of options outstanding at the date of this report			149,500,000



SHARE OPTIONS (CONTINUED)

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 (Hewitt, Turner & Gelevitis) 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 undermine the general principles 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.

	Consolidated	
	2015 \$	2014 \$
1. Audit Services		
Hewitt, Turner & Gelevitis		
Audit and review of financial reports	31,517	32,048
2. Non audit Services		
Hewitt, Turner & Gelevitis		
Preparation of Investigating Accountants Report for Inclusion in Prospectus	-	-
Total remuneration	31,517	32,048

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditors, Hewitt, Turner & Gelevitis, as presented on page 22 of this Annual Report.

AUDITOR'S ROTATION

Hewitt Turner & Gelevitis has one partner who is a registered company auditor and as a result does not have another audit partner to rotate off assignment, consequently on 24 June 2013, and in accordance with section 324DAA of the Corporations Act, the directors of Oro Verde Limited granted approval for Mr Timothy Turner of Hewitt Turner & Gelevitis to play a significant role in the audit for 30 June 2014 and 30 June 2015. The years represent two successive years in addition to the 5 consecutive years otherwise allowed under the Corporations Act.

EVENTS AFTER REPORTING DATE

Since the end of the year 10,000,000 shares have been issued at \$0.008 each for the provision of consultancy services.

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, 25 September 2015

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 2015 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), and Corporations Regulations 2001; 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 2015.

On behalf of the Board



W G Martinick
Director
Perth, 25 September 2015

AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C
OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS
OF ORO VERDE LIMITED AND CONTROLLED ENTITIES

I, declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there have been:

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

HEWITT TURNER & GELEVITIS



TIMOTHY TURNER
REGISTERED COMPANY AUDITOR

Dated in Perth this 25th day of September 2015.

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63 Shepperton Road
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HEWITT

TURNER &

GELEVITIS



**BUSINESS
DEVELOPMENT
CONSULTANTS**

Capital Raising
Wealth Creation
Asset Protection
Audit Assurance
Taxation Advisors
Strategic Planning
Accounting Services
Management Consultancy

PRINCIPALS

Timothy Turner
B.BUS (ACC), FCPA,
FTIA
Registered Company Auditor

Vick Gelevitis
B.BUS (ACC), FCPA,
NTAA, FTIA

Darryl Rodrigues
B.Sc, B.BUS (ACC), CPA

Hewitt Turner & Gelevitis
is a CPA Practice



Liability Limited by a scheme
approved under Professional
Standards Legislation

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2015

	Notes	CONSOLIDATED	
		2015 \$	2014 \$
Continuing operations			
Revenue			
Interest Received	3	10,415	12,248
Profit from sale of available-for-sale assets	3	–	6,268
Depreciation	9	(170)	–
Consultants		–	(188,906)
Directors' fees (excluding executives)		(43,332)	(157,500)
Executives salaries, wages and consulting fees		(253,170)	(211,896)
Share based payments		(53,840)	(7,700)
Impairment of goodwill	18	(654,060)	–
Exploration expenses		(196,812)	–
Legal fees		(42,217)	(5,081)
Travel and accommodation		(123,274)	(40,142)
Administration expenses		(215,594)	(91,175)
Insurance		(13,970)	(14,981)
Promotion		(18,231)	(11,550)
Profit/(Loss) from continuing operations before income tax		(1,604,255)	(710,415)
Income tax credit/(expense)	5	–	–
Profit/(Loss) from continuing operations after income tax		(1,604,255)	(710,415)
Profit /Loss from discontinuing operations	19	33,026	(1,757,095)
Loss for the year		(1,571,229)	(2,467,510)
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences in translating foreign controlled entities		(11,254)	(44,306)
Changes to available-for-sale financial assets, net of tax		–	5,646
Total other comprehensive income net of tax		(11,254)	(38,660)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(1,582,483)	(2,506,170)

Earnings per share for loss from continuing operations attributable to the ordinary equity holders

Basic earnings/(loss) per share (cents)	21	(0.46)	(0.39)
Diluted earnings/(loss) per share (cents)	21	(0.46)	(0.39)

Earnings per share for loss from discontinued operations attributable to the ordinary equity holders

Basic and diluted earnings/(loss) per share (cents)	21	0.01	(0.97)
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Total Earnings per share for loss attributable to the ordinary equity holders

Basic earnings/(loss) per share (cents)	21	(0.45)	(1.36)
Diluted earnings/(loss) per share (cents)	21	(0.45)	(1.36)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2014

	Notes	CONSOLIDATED	
		2015 \$	2014 \$
ASSETS			
Current assets			
Cash and cash equivalents	16	534,674	334,628
Receivables	6	17,841	–
Other	7	4,652	4,639
Total current assets		<u>557,167</u>	<u>339,267</u>
Non-current assets			
Plant and equipment	9	5,539	4,762
Exploration & evaluation expenditure	10	183,241	–
Total non-current assets		<u>188,780</u>	<u>4,762</u>
Total assets		<u>745,947</u>	<u>344,029</u>
LIABILITIES			
Current liabilities			
Payables	12	148,952	86,571
Provisions	13	–	23,077
Total current liabilities		<u>148,952</u>	<u>109,648</u>
Total liabilities		<u>148,952</u>	<u>109,648</u>
Net assets		<u>596,995</u>	<u>234,381</u>
EQUITY			
Issued capital	14	19,487,646	18,250,449
Reserves	15	4,945,942	4,249,296
Accumulated losses		(23,836,593)	(22,265,364)
Total equity		<u>596,995</u>	<u>234,381</u>

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



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR YEAR ENDED 30 JUNE 2015

	Notes	CONSOLIDATED	
		2015 \$	2014 \$
Cash flows from operating activities			
Payments to suppliers and employees		(671,307)	(1,509,490)
Payments for exploration expenditure		(196,812)	(810,874)
Interest received		10,415	12,247
Net cash flows from/(used in) operating activities	16	<u>(857,704)</u>	<u>(2,308,117)</u>
Cash flows from investing activities			
Payment for plant and equipment		(5,708)	–
Proceeds from sale of available-for sale assets		–	33,560
Cash acquired through acquisition of subsidiary	18	8,747	–
Cash relinquished on disposal of subsidiary	19	(288)	–
Proceeds from disposal of subsidiary	19	1	–
Payment for project acquisition		(22,254)	–
Net cash flows from investing activities		<u>(19,502)</u>	<u>33,560</u>
Cash flows from financing activities			
Proceeds from issue of ordinary shares (net of transaction costs)		1,117,197	2,013,738
Loan repayments		(40,000)	(94,693)
Net cash flows from/(used in) financing activities		<u>1,077,197</u>	<u>1,919,045</u>
Net increase/(decrease) in cash and cash equivalents		199,991	(355,512)
Cash and cash equivalents at the beginning of the financial year		334,628	720,458
Effect of exchange rate changes on cash and cash equivalents		55	(30,318)
Cash and cash equivalents at the end of the financial year	16	<u>534,674</u>	<u>334,628</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR YEAR ENDED 30 JUNE 2015

	CONSOLIDATED						
	Ordinary shares \$	Convert- ible notes Reserve \$	Available for sale Assets Reserve \$	Share option reserve \$	Foreign Currency Trans- lation Reserve \$	Accum- ulated losses \$	Total \$
At 1 July 2014	18,250,449	136,403	–	4,102,201	10,692	(22,265,364)	234,381
Loss for the period	–	–	–	–	–	(1,571,229)	(1,571,229)
Other Comprehensive income	–	–	–	–	(11,254)	–	(11,254)
Total comprehensive loss for the period	–	–	–	–	(11,254)	(1,571,229)	(1,582,483)
Transactions with owners in their capacity as owners							
Shares issued during the period	1,275,500	–	–	–	–	–	1,275,500
Transaction Costs	(38,303)	–	–	–	–	–	(38,303)
Share based payments	–	–	–	707,900	–	–	707,900
At 30 June 2015	19,487,646	136,403	–	4,810,101	(562)	(23,836,593)	596,995

	CONSOLIDATED						
	Ordinary shares \$	Convert- ible notes Reserve \$	Available for sale Assets Reserve \$	Share option reserve \$	Foreign Currency Trans- lation Reserve \$	Accum- ulated losses \$	Total \$
At 1 July 2013	16,331,404	136,403	(5,646)	4,094,501	54,998	(19,797,854)	813,806
Loss for the period	–	–	–	–	–	(2,467,510)	(2,467,510)
Other Comprehensive income	–	–	5,646	–	(44,306)	–	(38,660)
Total comprehensive loss for the period	–	–	5,646	–	(44,306)	(2,467,510)	(2,506,170)
Transactions with owners in their capacity as owners							
Shares issued during the period	2,013,738	–	–	–	–	–	2,013,738
Transaction Costs	(94,693)	–	–	–	–	–	(94,693)
Share based payments	–	–	–	7,700	–	–	7,700
At 30 June 2014	18,250,449	136,403	–	4,102,201	10,692	(22,265,364)	234,381

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



NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

1. CORPORATE INFORMATION

The Consolidated Financial report of Oro Verde Limited for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 15 September 2015. 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 Stock 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 2015 of \$1,571,229 (2014: \$2,467,510) and experienced net cash outflows from operating activities of \$857,704 (2014: \$2,308,117). At 30 June 2015, the Consolidated Entity had net current assets of \$408,215 (30 June 2014: \$229,619).

The Directors believe there are sufficient funds to meet the Company'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. However the Directors recognise that additional funding either through the issue of further shares, convertible notes or a combination of both will be required for the Consolidated Entity to continue to actively explore its mineral properties.

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 Company 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 Directors not achieve the matters set out above, there is significant uncertainty whether the Consolidated Entity will continue as a going concern and therefore whether it will realise its assets and liabilities in the normal course of business.

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

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) New and amended standards adopted by the Group

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2014.

- *AASB 2013-3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets;*
- *AASB 2013-4: Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting;*
- *Interpretation 21: Accounting for Levies; and*
- *AASB 2014-1: Amendments to Australian Accounting Standards.*

The adoption of AASB 2013-3 had a small impact on the impairment disclosures and AASB 2014-1 has required additional disclosures in our segment note. Other than that, the adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods

The Group also elected to adopt the following two standards early:

- *Amendments made to Australian Accounting Standards by AASB 2015-1 (Improvements 2012-2014 cycle); and*
- *Amendments made to AASB 101 by AASB 2015-2 (Disclosure initiative).*

As these amendments merely clarify the existing requirements, they do not affect the Group's accounting policies or any of the disclosures.

(c) New Accounting Standards and Interpretations for Application in Future Years

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

- *ASSAB 9 Financial Instruments* and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018).

Nature of Change AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to classification and measurements rules and also introduced a new impairment model. The latest amendments now complete the new financial instruments standard.

Impact Following the changes approved by the AASB in December 2014, the group no longer expects any impact from the new classification, measurement and derecognition rules on the group's financial assets and financial liabilities. While the group has yet to undertake a detailed assessment of the debt instruments classified as available-for-sale financial assets, it would appear that they would satisfy the conditions for classification as at fair value through other comprehensive income and hence there will be no change to the accounting for these assets.

There will also be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities.

The new hedging rule would not impact the group as the group does not have any hedging arrangements. The new impairment model is an expected credit loss model which may result in the earlier recognition of credit losses. The group has not yet assessed how its own impairment provisions would be affected by the new rules.

- *AASB 15 Revenue from Contracts with Customers* (applicable for annual reporting period commencing 1 January 2017).



NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) New Accounting Standards and Interpretations for Application in Future Years (continued)

Nature of Change The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial recognition without resting the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

Impact This is unlikely to impact the group as the group does not have any revenue from contracts with customers at this stage.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(d) 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.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs in relation to the business combination are expensed to the statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) 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 described in Note 6 – Impairment of trade debtors.

(f) Revenue

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.

Sale of goods

Revenue from the sale of goods is recognised when there is persuasive evidence, usually in the form of an executed sales agreement at the time of delivery of the goods to the customer, indicating that there has been a transfer of risks and rewards to the customer.

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 income statement 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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 income statement

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Income tax (continued)

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
- 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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

(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.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified financial assets at fair value through profit or loss, held-to-maturity investments or loans and receivables. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the end of the reporting period. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

(p) Impairment of financial assets

Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost and its current value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(q) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Impairment of non financial assets (continued)

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.

(r) 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.

(s) 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.

(t) 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 income statement 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.

(u) 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 balance 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Share-based payment transactions (continued)

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.

(v) 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.

(w) 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.

(x) Earnings per share

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.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Earnings per share (continued)

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.

(y) Discontinued Operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale that represents a separate major line of business. The results of discontinued operations are presented separately in the income statement.

(z) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating decisions of the entity, but not control or joint control of their policies. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The group's share of its associates post-acquisition profits or losses is recognised in the income statement and its share of post acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying value of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure constancy with the policies adopted by the Group.

(aa) Comparative figures

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

(ab) 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.

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.



NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ac) 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:

- *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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

Level 1	Level 2	Level 3
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: <ul style="list-style-type: none"> - 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

3. REVENUE

	2015 \$	2014 \$
From continuing operations		
Interest received	10,415	12,248
Other income		
Gain on sale of available-for-sale assets	–	6,268
From discontinued operations		
Profit on sale of subsidiary (refer to note 19)	33,026	–

4. EXPENSES AND LOSSES

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

Depreciation on equipment	170	–
Salaries & wages expenses	253,170	211,896
Provision for employee entitlements	–	–
Operating lease rentals	19,666	15,035
Directors' benefit expense (excluding executive directors)	43,332	157,500
Exploration expenditure	196,812	–

5. INCOME TAX

The major components of income tax expense are:

Income Statement

Current income tax benefit/(expense)	–	–
Deferred income tax benefit/(expense)	–	–
Income tax benefit/(expense) reported in the income statement	–	–

Tax (expense)/benefit relating to items of other comprehensive income

Available-for-sale investments	–	–
Income tax (expense)/benefit reported in equity	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

5. INCOME TAX (CONTINUED)

	2015 \$	2014 \$
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 profit/(loss) before income tax	(1,571,229)	(2,467,510)
At the Group's statutory income tax rate	(471,369)	(740,253)
Less: Share options expenses during the year	212,370	2,310
Exploration expenditure	59,044	210,968
Other expenditure not allowable for income tax purposes	24,047	73,621
Provision on receivables	-	49,273
	(175,908)	(404,081)
Current year tax losses not brought to account	175,908	404,081
Income tax (benefit)/expense reported in the consolidated income statement	-	-

Deferred Income Tax

Deferred income tax at 30 June relates to the following:

Deferred tax liabilities

Prepayments	(1,396)	(1,392)
Total deferred tax liabilities	(1,396)	(1,392)

Deferred tax assets

Employee provision	-	6,923
Accrued expenses	6,000	5,190
Capital raising costs	53,232	23,239
Tax assets/losses recognised /(not brought to account)	(57,836)	(33,960)
Total deferred tax assets	1,396	1,392

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 \$9,085,720 (2014: \$9,117,808) 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

5. INCOME TAX (CONTINUED)

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 balance date, the possibility of default is remote.

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.

6. RECEIVABLES (CURRENT)

	2015 \$	2014 \$
Trade receivables	17,841	–
Other receivables	–	284,373
Less: Provision for impairment loss (a)	–	(284,373)
	17,841	–

(a) Provision for impairment loss

In 2014 the Company's 100% owned Chilean subsidiary in Green Mining Limitada has recorded \$284,373 IVA receivable. IVA is the Chilean equivalent of GST. The IVA in Chile is only recoverable once mining operations commence and as at this stage mining operations are not probable, a full provision against the recoverable IVA was made. The Group disposed of its interest in Green Mining Limitada during the year ending 30 June 2015 hence the provision is no longer required.

Movements in the provision for impairment loss were as follows:

As at 1 July	(284,373)	(148,828)
Charge for the year	–	(164,242)
Amount no longer required upon disposal of subsidiary (note 19)	284,373	
Exchange rate adjustment on translation	–	28,697
As at 30 June	–	(284,373)

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

	Total	0-30 days	31-60 days Other	31-60 days PDNI*	61-90 days PDNI*	91+ days PDNI*	91+days CI*
30 June 2015 Consolidated	17,841	17,841	–	–	–	–	–
30 June 2014 Consolidated	–	–	–	–	–	–	–

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

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

6. RECEIVABLES (CURRENT) (CONTINUED)

(b) Fair value and credit risk

Details regarding the fair value and credit risk of current receivables are disclosed in note 25.

(c) Foreign exchange and interest rate risk

Details regarding foreign exchange and interest rate risk exposure are disclosed in note 25.

7. OTHER (CURRENT)

	2015 \$	2014 \$
Prepayments	4,652	4,639

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.

2015	Australia \$	Chile \$	Nicaragua \$	Total \$
Revenues	9,763	–	652	10,415
Profit/(Loss)	(1,402,129)	33,026	(202,126)	(1,571,229)
Non-current assets	–	–	188,780	188,780
Total assets	514,833	–	231,114	745,947
Total liabilities	(103,084)	–	(45,868)	(148,952)

2014	Australia \$	Chile \$	Nicaragua \$	Total \$
Revenues	18,516	–	–	18,516
Loss	(710,416)	(1,757,094)	–	(2,467,510)
Non-current assets	–	4,762	–	4,762
Total assets	338,979	5,050	–	344,029
Total liabilities	(82,263)	(27,385)	–	(109,648)



NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

9. PLANT AND EQUIPMENT

	Office equipment and fittings \$	Total \$
Year ended 30 June 2015		
At 1 July 2014, net of accumulated depreciation and impairment	4,762	4,762
Additions	5,708	5,708
Relinquished on disposal of subsidiary	(4,762)	(4,762)
Depreciation expense for the year	(170)	(170)
Exchange differences	1	1
At 30 June 2015, net of accumulated depreciation and impairment	5,539	5,539
At 30 June 2015		
Cost	9,796	9,796
Accumulated depreciation and impairment	(4,257)	(4,257)
Net carrying amount	5,539	5,539
Year ended 30 June 2014		
At 1 July 2013, net of accumulated depreciation and impairment	7,685	7,685
Additions	–	–
Sale	–	–
Depreciation expense for the year	(2,082)	(2,082)
Exchange differences	(841)	(841)
At 30 June 2014, net of accumulated depreciation and impairment	4,762	4,762
At 30 June 2014		
Cost	14,558	14,558
Accumulated depreciation and impairment	(9,796)	(9,796)
Net carrying amount	4,762	4,762

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

10. EXPLORATION AND EVALUATION EXPENDITURE

	2015 \$	2014 \$
At Cost	21,637	–
Fair value on acquisition of subsidiary	161,604	–
Carrying amount at the end of the financial year	183,241	–
Carrying amount at the beginning of the financial year	–	267,101
Additions	21,637	–
Acquired on acquisition of subsidiary	161,604	–
Exploration written off on areas to be relinquished	–	(201,534)
Exchange differences	–	(65,567)
Carrying amount at the end of the financial year	183,241	–

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) Name of Subsidiary	Country of Incorporation	% equity held by consolidated entity	
		2015	2014
E – Resources Pty Ltd And its subsidiary	Australia	100	100
Ghazal Minerals Limited	Australia	100	100
Goldcap Resources Pty Limited And its subsidiary	Australia	100	–
Minera San Cristobal, S.A.	Nicaragua	100	–
Green Mining Limitada And its subsidiary	Chile	–	100
Oro Verde SPA	Chile	–	100

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



NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

12. PAYABLES (CURRENT)

	2015 \$	2014 \$
Trade creditors and accruals	148,952	86,571

13. PROVISIONS (CURRENT)

Employee benefits	–	23,077
Opening balance at 1 July	23,077	48,852
Additional provision	–	–
Amount used	(23,077)	(25,775)
Balance at 30 June	–	23,077

Other than directors as at 30 June 2015 the Group has one employee (2014: Nil)

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

14. CONTRIBUTED EQUITY

(a) Issued and paid up capital

Fully paid ordinary shares	21,203,389	19,927,889
Less: capital raising costs	(1,715,743)	(1,677,440)
	19,487,646	18,250,449

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

	2015		2014	
	Number of shares	\$	Number of shares	\$
Beginning of the financial year	267,156,737	18,250,449	87,582,417	16,331,404
<i>Issued during the year</i>				
7 Aug '14 Issue at \$0.008 (i)	15,000,000	120,000	–	–
14 Aug '14 Issue at \$0.008 (ii)	77,375,000	619,000	–	–
4 Jun '15 Issue at \$0.006 (ii)	41,666,669	250,000	–	–
24 June '15 Issue at \$0.006 (ii)	47,750,002	286,500	–	–
22 Aug '13 Issue at \$0.013	–	–	81,533,518	1,059,936
3 Sept '13 Issue at \$0.013	–	–	9,895,077	128,636
31 Dec '13 Placement at \$0.016	–	–	15,000,000	240,000
23 May '14 Issue at \$0.008	–	–	72,895,725	583,166
30 June '14 Issue at \$0.008	–	–	250,000	2,000
Cost of share issues	–	(38,303)	–	(94,693)
End of the financial year	448,948,408	19,487,646	267,156,737	18,250,449

(i) Shares issued as consideration for acquisition of subsidiary, Goldcap Resources Pty Ltd. Refer to Note 18.

(ii) Funds raised from the share placements during the 2015 year were used to progress the Group's exploration activities and for general working capital.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

14. CONTRIBUTED EQUITY (CONTINUED)

(c) Movements in unlisted options on issue

At the date of this report, there were 149,500,000 (2014: 32,114,459) share options outstanding.

SHARE OPTIONS

At the date of this report, there were 149,500,000 (2014: 32,114,459) share options outstanding.

	Issued	Lapsed	Total number of Options
Balance at the beginning of the year			32,114,459
<i>Share option movements during the year</i>			
Exercisable at 1 cents, on or before 30 September 2017	73,000,000	–	73,000,000
Exercisable at 5 cents, on or before 30 September 2019	73,000,000	–	73,000,000
Exercisable at 27 cents, on or before 31 December 2014	–	(24,364,459)	(24,364,459)
Exercisable at 4 cents, on or before 31 March 2016	–	(4,250,000)	(4,250,000)
Total options issued and lapsed in the year to 30 June 2015	146,000,000	(28,614,459)	117,385,541
Total number of options outstanding as at 30 June 2015 and at the date of this report			149,500,000

The balance is comprised of the following:

Date Granted	Expiry Date	Exercise Price (cents)	Number of Options
28 November 2011	10 January 2016	20.0	2,500,000
7 October 2014	30 September 2017	1.0	66,000,000
27 November 2014	30 September 2017	1.0	5,000,000
31 March 2015	30 September 2017	1.0	2,000,000
7 October 2014	30 September 2017	5.0	66,000,000
27 November 2014	30 September 2017	5.0	5,000,000
31 March 2014	30 September 2017	5.0	2,000,000
15 October 2013	31 March 2016	4.0	1,000,000
Total number of options outstanding at the date of this report			149,500,000

(d) Staff shares issued

Apart from shares and options issued to Mr Rovira and Mr Dickson prior to them becoming directors and more fully disclosed in note 23 there were no shares issued to staff during the year (2014: Nil).

(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.



NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

15. RESERVES

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.

Available-for-sale asset reserve

This reserve records fair value changes on available-for-sale investments. Amounts are recognised in profit and loss when the associated assets are sold or impaired.

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

	2015 \$	2014 \$
Reconciliation of the net profit/(loss) after tax to the net cash flows from operations		
Net profit/(loss)	(1,571,229)	(2,467,510)
Depreciation of plant and equipment	170	2,082
Profit on sale of available-for-sale assets	–	(6,268)
Profit on sale of subsidiary	(33,025)	–
Impairment of goodwill	654,060	–
Share based payments	53,840	7,700
Exploration written off	–	201,534
Provision against receivable	–	164,242
Capitalised exploration written off	–	47,000
<i>Changes in assets and liabilities</i>		
Trade receivables	(17,841)	(149,207)
Prepayments	(13)	1,103
Trade and other creditors	79,411	(85,211)
Employee entitlements	(23,077)	(23,582)
Net cash flows used in operating activities	(857,704)	(2,308,117)

(a) Reconciliation of cash

Cash balance comprises:

Cash at bank	501,173	301,127
Short term deposit	33,501	33,501
Closing cash balance	534,674	334,628

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

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

16. STATEMENT OF CASH FLOWS (CONTINUED)

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 2015, the Group had a borrowing facility of \$30,000 (2014: \$30,000). The short term deposit is provided as security for the facility. This facility is unutilised at 30 June 2015.

The fair value of cash and cash equivalents is \$534,764 (2014: \$334,628).

The effective interest rate on cash at bank was 1.8% (2014: 2.4%).

(b) Non-Cash Financing and Investing activities

During the year the following securities were issued as consideration for the acquisition of Goldcap Resources Limited (refer note 18);

- 15,000,000 fully paid ordinary shares issued at \$0.008 each;
- 66,000,000 options exercisable at \$0.01 by 30 September 2017; and
- 66,000,000 options exercisable at \$0.05 by 30 September 2019.

The issue of securities was based on arms length agreement between the directors of Oro Verde Limited and the shareholders of Goldcap Resources Limited.

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:

	2015 \$	2014 \$
Not later than one year	250,000	–
Later than one year and not later than five years	125,000	–
	375,000	–

(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:

- The Company will commit to a minimum exploration expenditure of US\$2m spend over 3 years;
- There will be US\$40,000 payable to the vendor each six months during the Agreement period;
- 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);
- 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; and
- Oro Verde may withdraw from the Agreement at any time.



NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

18. BUSINESS COMBINATIONS

On 7 August 2014, Oro Verde Limited acquired 100% of the issued capital of Goldcap Resources Limited, a company focussed on exploration in Nicaragua. Through the acquisition of 100% of the issued capital of Goldcap Resources Limited, the Group has gained control of the company. The purchase was satisfied by the issue of 15,000,000 ordinary shares at a deemed \$0.008, 66,000,000 options exercisable at 1 cent with a life of 3 years and 66,000,000 options exercisable at 5 cents with a life of 5 years (refer further to note 23 for transactions with key management personnel). The deemed value of \$0.008 per share represented the market price of the shares at the date of acquisition.

	\$
Purchase consideration	
Equity issued – shares	120,000
– options	654,060
Total purchase consideration	<u>774,060</u>

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value \$
Cash and cash equivalents	8,747
Exploration projects	161,604
Payables	(50,351)
Goodwill – at cost (i)	654,060
Identifiable assets acquired and liabilities assumed	<u>774,060</u>
Goodwill – at cost (i)	654,060
Impairment (i)	<u>(654,060)</u>
Goodwill at written down value	<u>–</u>

(i) The goodwill is attributable to the value of the share options issued which were awarded as an incentive for the vendors of Goldcap Resources Limited to continue to assist in adding value to the Group's activities in Nicaragua. Refer further to note 27(c).

(a) Revenue and profit contribution

The acquired business contributed revenues of nil and a net loss of \$203,321 to the group for the period from 7 August 2014 to 30 June 2015.

If the acquisition had occurred on 1 July 2014, consolidated revenue for the period would be unchanged at \$10,415 and consolidated loss for the period would have been \$1,572,425. These amounts have been calculated using the subsidiary's results for the full period.

(b) Acquisition – related costs

There were no acquisition related costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

19. DISCONTINUED OPERATIONS

(a) Sale of Green Mining Limitada

As a result of the acquisition of Goldcap Resources Limited and the focus on Nicaragua, on 8 August 2014 the company reached agreement and sold Green Mining Limitada for US\$1.

(b) Financial Performance and cash flow information

	2015 \$	2014 \$
Revenue	-	-
Expenses	-	(1,757,095)
Loss before income tax	-	(1,757,095)
Income tax expense	-	-
Profit/(Loss) after income tax of discontinued operations	-	(1,757,095)
Gain on sale of the division before income tax	33,025	-
Income tax expense	-	-
Gain on sale of the division after income tax	33,025	-
Profit/(Loss) from discontinued operations	33,025	(1,757,095)
Net cash in/(outflow) from operating activities	-	(1,526,236)
Net cash in/(out) flow from Investing activities	(287)	-
Net cash in/(out) flow from financing activities	-	-
Net decrease in cash used by the division	(287)	(1,526,236)

(c) Details of the sale

Consideration	1	
Less: carrying value of net assets/(liabilities) sold		
Cash	288	-
Receivables	284,373	
Less impairment of receivable	(284,373)	
Plant and equipment	4,762	-
Trade creditors	(10,689)	-
Provision for employee entitlements	(27,385)	-
Net liabilities sold	(33,024)	-
Gain on sale before income tax	33,025	-
Income tax expense	-	-
Gain on sale after income tax expense	33,025	-



NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

20. SUBSEQUENT EVENTS

Since the end of the financial period 10,000,000 shares have been issued at \$0.008 each for the provision of consultancy services.

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.

21. 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:

(a) Basic and diluted earnings per share

	2015 Cents	2014 Cents
From continuing operations attributable to the ordinary Owners of the company	(0.46)	(0.39)
From discontinued operations attributable to the ordinary Owners of the company	0.01	(0.97)

(b) Reconciliations of earnings used in calculating earnings per share

	\$	\$
Profit/(Loss) attributable to the ordinary Owners of the company used in calculating basic and diluted earnings per share		
From continuing operations	(1,604,255)	(710,415)
From discontinued operations	33,026	(1,757,095)

	Number	Number
Weighted average number of ordinary shares on issue used in the calculation of continuing and discontinued basic and diluted earnings per share	352,436,760	180,924,005

(c) Effect of dilutive securities

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.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

22. AUDITORS' REMUNERATION

	2015 \$	2014 \$
<i>Amounts received or due and receivable by Hewitt, Turner & Gelevitis for:</i>		
– an audit or review of the Financial statements	31,517	32,048
– other services	–	–
	<u>31,517</u>	<u>32,048</u>
<i>Remuneration of other auditors of subsidiaries:</i>		
– an audit or review of financial report of subsidiaries	21,120	–
	<u>21,120</u>	<u>–</u>

23. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel:

W G Martinick	Chairman (non-executive)
T I Woolfe	Managing Director – appointed 25 February 2015
B D Dickson	Finance Director – appointed 21 November 2014
B L Farrell	Director (non-executive)
A P Rovira	Director (non-executive) – appointed 21 November 2014
G R O'Dea	Director (non-executive) – resigned 21 November 2014
D H Ward	Director (non-executive) – resigned 21 November 2014

There were no other specified executives during the year.

(b) Employment contracts

At 30 June 2015 the Managing Director, Mr Woolfe was employed under contract with annual consulting fees of \$250,000. The current employment contract expires on 1 December 2016.

(c) Compensation of Key Management Personnel

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

30 June 2015	Short term		Post employment	Share based payments ²	Total	Total options related	Total performance related
	Salaries and fees	Non Monetary Benefit ¹	Super-annuation	Options			
	\$	\$	\$	\$	\$	\$	
Directors							
W G Martinick	13,333	1,564	–	–	14,897	–	–
T I Woolfe	196,024	1,564	–	41,200	238,788	41,200	17.3%
B D Dickson	85,000	1,564	–	–	86,564	–	–
A P Rovira	10,000	1,564	–	–	11,564	–	–
G R O'Dea	–	1,565	–	–	1,565	–	–
D H Ward	–	1,565	–	–	1,565	–	–
B L Farrell	10,000	1,564	–	–	11,564	–	–
Total	<u>314,357</u>	<u>10,950</u>	<u>–</u>	<u>41,200</u>	<u>366,507</u>	<u>41,200</u>	<u>11.2%</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

23. KEY MANAGEMENT PERSONNEL (CONTINUED)

(c) Compensation of Key Management Personnel (continued)

30 June 2014	Short term		Post employment	Share based payments ²	Total \$	Total options related	Total performance related
	Salaries and fees \$	Non Monetary Benefit ¹ \$	Super-annuation \$	Options \$			
Directors							
W G Martinick	170,000	2,190	15,723	–	187,913	–	–
G R O'Dea	37,500	2,190	3,468	–	43,158	–	–
D H Ward	37,500	2,190	3,468	–	43,158	–	–
B L Farrell	181,406	2,190	3,468	–	187,064	–	–
Exec. Officer							
B D Dickson	70,000	2,190	–	–	72,190	–	–
Total	496,406	10,950	26,127	–	533,483	–	–

1. The Non Monetary Benefit relates to the Directors' Indemnity Insurance.

2. Mr Rovira and Dickson received share based payments prior to becoming directors and those payments are not included in remuneration. Further details of those share payments are disclosed in note 27.

Apart from executive directors, being Mr Woolfe and Mr Dickson, no fees were paid to directors during the period to 28 February 2015. From 1 March 2015 directors' fees are accruing, as disclosed above, but are not payable until the Company's financial position is sufficiently strong to justify payment.

(d) Shares issued on exercise of remuneration options

There were no shares issued on exercise of remuneration options.

(e) Option holdings of Key Management Personnel

2015	Balance at beginning of year	Granted as Remuneration	Options Exercised	Other ¹	Options Lapsed	Balance at end of year	Vested at 30 June 2015	
	1 July 2014					30 June 2015	Vested & Exercisable	Unvested
W G Martinick	7,500,000	–	–	–	(7,500,000)	–	–	–
G R O'Dea	500,000	–	–	–	(500,000)	–	–	–
D H Ward	150,000	–	–	–	(150,000)	–	–	–
B L Farrell	7,500,000	–	–	–	(7,500,000)	–	–	–
T I Woolfe	–	10,000,000	–	–	–	10,000,000	10,000,000	–
A P Rovira	–	–	–	44,000,000	–	44,000,000	44,000,000	–
B D Dickson	2,000,000	–	–	44,000,000	(1,000,000)	45,000,000	45,000,000	–
Total	17,650,000	10,000,000	–	88,000,000	(16,650,000)	99,000,000	99,000,000	–

1. Refer to note 23 (g) for further information

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

23. KEY MANAGEMENT PERSONNEL (CONTINUED)

(e) Option holdings of Key Management Personnel (continued)

2014	Balance at beginning of year	Granted as Remuneration	Options Exercised	Other	Options Lapsed	Balance at end of year	Vested at 30 June 2014	
	1 July 2013					30 June 2014	Vested & Exercisable	Unvested
Directors								
W G Martinick	7,500,000	-	-	-	-	7,500,000	-	7,500,000
G R O'Dea	500,000	-	-	-	-	500,000	500,000	-
D H Ward	150,000	-	-	-	-	150,000	150,000	-
B L Farrell	7,500,000	-	-	-	-	7,500,000	-	7,500,000
Executives								
B D Dickson	2,000,000	-	-	-	-	2,000,000	2,000,000	-
Total	17,650,000	-	-	-	-	17,650,000	2,650,000	15,000,000

(f) Shareholdings of Key Management Personnel

2015	Balance 1 July 14 Number	Granted as Remuneration Number	On Exercise of Options Number	Net Change Other Number	Balance 30 June 15 Number
Specified Directors					
W G Martinick	40,500,000	-	-	2,500,000	43,000,000
T I Woolfe	-	-	-	5,000,000	5,000,000
A P Rovira	-	-	-	23,760,000	23,760,000
G R O'Dea ¹	1,861,976	-	-	-	1,861,976
Held by spouse and children of GR O'Dea ¹	1,170,229	-	-	-	1,170,229
D H Ward ¹	5,644,727	-	-	-	5,644,727
B L Farrell	42,101,281	-	-	5,000,000	47,101,281
B D Dickson	-	-	-	17,500,000	17,500,000
Total	91,278,213	-	-	53,760,000	145,038,213

Mr Ward and Mr O'Dea resigned on 21 November 2014. Their shareholding represents the balances held at that date.

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

23. KEY MANAGEMENT PERSONNEL (CONTINUED)

(f) Shareholdings of Key Management Personnel (continued)

2014	Balance 1 July 13 Number	Granted as Remuner- ation Number	On Exercise of Options Number	Net Change Other Number	Balance 30 June 14 Number
Specified Directors					
W G Martinick	11,412,545	–	–	29,087,455	40,500,000
G R O'Dea	299,476	–	–	1,562,500	1,861,976
Held by spouse and children of GR O'Dea	760,614	–	–	409,615	1,170,229
D H Ward	981,266	–	–	4,663,461	5,644,727
B L Farrell	5,086,443	–	–	37,014,838	42,101,281
Specified Executives					
B D Dickson	–	–	–	–	–
Total	18,540,344	–	–	72,737,869	91,278,213

(g) Other Transactions

On 3rd October 2014 shareholders approved the issue of options and ratified the placement of shares to acquire Goldcap, a private mineral exploration company with a focus on Nicaragua. Consideration for the acquisition of Goldcap was:

1. \$120,000 payable by the issue of 15,000,000 fully paid shares at \$0.008 each;
2. Issue of 66,000,000 3 year options exercisable at 1.0 cent each; and
3. Issue of 66,000,000 5 year options exercisable at 5.0 cents each.

Mr Brett Dickson and Mr Anthony Rovira were part of the consortium that sold Goldcap to the Company and both subsequently were appointed as directors. Share and options issued to Mr Dickson and Mr Rovira pursuant to this transaction were:

	Fully paid shares		Options exercisable at 1 cent		Options exercisable at 5 cents	
	Number	\$	Number	\$	Number	\$
B D Dickson	5,000,000	40,000	22,000,000	120,120	22,000,000	97,900
A P Rovira	5,000,000	40,000	22,000,000	120,120	22,000,000	97,900
	10,000,000	80,000	44,000,000	240,240	44,000,000	195,800

(h) Loans to/from Key Management Personnel

There were no loans outstanding to or from key management personnel as at 30 June 2015 (2014: Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

23. KEY MANAGEMENT PERSONNEL (CONTINUED)

(i) Other transactions and balances with Key Management Personnel

Services

Professional services, relating to accounting and taxation advice, of \$21,700 (ex GST) (2014: Nil) were provided by Young & Wilkinson, a partnership associated with D H Ward on normal commercial terms and conditions, of which \$Nil (inc. GST) remains outstanding at 30 June 2015 (2014: Nil).

Amounts due and unpaid at 30 June 2015 to Key Management Personnel disclosed in note 23(c) include:

- 1 Directors fees totalling \$43,332;
- 2 Consulting fees to Shordean, a related party of TI woolfe, \$20,833;and
- 3 Consulting fees to Coolform Investments Pty Ltd, a related party of B D Dickson, \$5,000.

24. 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	
		2015	2014	2015	2014
		%	%	\$	\$
E-Resources Pty Ltd	Australia	100	100	1	1
Ghazal Minerals Limited	Australia	100	100	–	–
Green Mining Limitada	Chile	–	100	–	21,740
Goldcap Resources and its 100% owned subsidiary Minera San Cristobal, S.A.	Australia Nicaragua	100	–	120,000	–
				120,001	21,741

(b) Ultimate parent

Oro Verde Limited is the ultimate parent entity.

(c) Key Management Personnel

Details relating to key management personnel, including remuneration, are included in note 23.



NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

25. 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.

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 balance date, the Group had the following financial assets exposed to Australian and Chilean variable interest rate risk:

	2015 \$	2014 \$
Australia		
Financial assets		
Cash at bank	497,955	334,340
Nicaragua		
Financial assets		
Cash at bank	36,719	–
Chile		
Financial assets		
Cash at bank	–	288

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

25. FINANCIAL INSTRUMENTS (CONTINUED)

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:	Post tax profit Higher/(Lower)		Equity Higher/(Lower)	
	2015 \$	2014 \$	2015 \$	2014 \$
CONSOLIDATED				
+1% (100 basis points)	5,347	3,346	5,349	3,346
-1% (100 basis points)	(5,347)	(3,346)	(5,349)	(3,346)

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:

	2015 \$	2014 \$
6 months or less	148,952	86,571
6 – 12 months	–	–
1 – 5 years	–	–
	<u>148,952</u>	<u>86,571</u>

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

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.



NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

25. FINANCIAL INSTRUMENTS (CONTINUED)

	<6 months \$	6 – 12 months \$	1 – 5 years \$	> 5 years \$	Total \$
CONSOLIDATED					
<i>Year ended 30 June 2015</i>					
Financial assets					
Cash & cash equivalents	534,674	–	–	–	534,674
Trade & other receivables	17,841	–	–	–	17,841
	552,515	–	–	–	552,515
Financial liabilities					
Trade & other payables	(148,952)	–	–	–	(148,952)
Net Maturity	403,563	–	–	–	403,563

	<6 months \$	6 – 12 months \$	1 – 5 years \$	> 5 years \$	Total \$
<i>Year ended 30 June 2014</i>					
Financial assets					
Cash & cash equivalents	334,628	–	–	–	334,628
Trade & other receivables	–	–	–	–	–
	334,628	–	–	–	334,628
Financial liabilities					
Trade & other payables	(86,571)	–	–	–	(86,571)
	(86,571)	–	–	–	(86,571)
Net Maturity	248,057	–	–	–	248,057

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

25. FINANCIAL INSTRUMENTS (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	
	2015 \$	2014 \$	2015 \$	2014 \$
FINANCIAL ASSET				
Cash	534,674	334,628	534,674	334,628
Receivables	17,841	–	17,841	–
Total financial assets	552,515	334,628	552,515	334,628
FINANCIAL LIABILITIES				
Trade creditors and accruals and other creditors	148,952	86,571	148,952	86,571
Total financial liabilities	148,952	86,571	148,952	86,571

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.

Available-for-sale financial assets: Quoted prices in active markets been used to determine the fair value of listed available-for-sale investments (Level 1). The fair value of these financial assets has been based on the closing quoted bid prices at reporting date, excluding transaction costs.

(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), Nicaragua Cordoba (NiC) and Chilean Peso (CP). 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

25. FINANCIAL INSTRUMENTS (CONTINUED)

Exposure to currency risk

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

	2015 (AUD) NiC	2014 (AUD) CP
Cash	36,719	288
Trade Receivables	5,615	-
Trade Payables	(45,868)	(27,385)
Gross Statement of Financial Position Exposure	(3,534)	(27,097)
Forward exchange contracts	-	-
Net Exposure	(3,534)	(27,097)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2015	2014	2015	2014
AUD/CP	504.4	488.5	486.3	520.0
AUD/NiC	22.1	23.2	20.6	24.5

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 Chilean Peso and 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 2014.

	Equity \$	Profit or loss \$
30 June 2015		
Chilean Peso	-	-
Nicaragua Cordoba	+/- 353	-
30 June 2014		
Chilean Peso	+/- 2,710	-
Nicaragua Cordoba	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

26. PARENT ENTITY FINANCIAL 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:

	2015 \$	2014 \$
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	514,643	338,810
Total assets	<u>634,642</u>	<u>360,551</u>
LIABILITIES		
Current liabilities	103,083	82,263
Total liabilities	<u>103,083</u>	<u>82,263</u>
EQUITY		
Issued capital	19,487,646	18,250,449
Reserves		
Share option	4,810,101	4,102,201
Convertible note equity	136,403	136,403
Available-for-sale assets		–
Accumulated losses	<u>(23,902,591)</u>	<u>(22,210,765)</u>
Total Equity	<u>531,559</u>	<u>278,288</u>
STATEMENT OF COMPREHENSIVE INCOME		
Total profit/(loss)	<u>(1,691,826)</u>	<u>(2,241,164)</u>
Total comprehensive income/(loss)	<u>(1,691,826)</u>	<u>(2,240,199)</u>

(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 2015 or 30 June 2014.

(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.



NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

27. 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 2015 (2014: Nil) Set out below are summaries of options granted under the plan.

Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Balance of the start of the year Number	Granted during the year Number	Exer-cised during the year Number	Lapsed during the year Number	Balance at end of the year Number	Vested and exerci-sable at end of the year Number
5 Apr '13	31 Mar '16	4.0	0.71	3,250,000	-	-	(3,250,000)	-	-
20 Dec '11	31 Dec '14	27.0	10.99	2,000,000	-	-	(2,000,000)	-	-
TOTAL				5,250,000	-	-	(5,250,000)	-	-
Weighted average exercise price				\$0.13	-	-	\$0.13		

No options were exercised during the periods covered by the above table.

The weighted average remaining contractual life of share options outstanding at the end of the period was Nil years (2014: 1.3 years).

Total expenses arising from share-based payment transactions recognised during the period under the plan were as follows

	Consolidated	
	2015 \$	2014 \$
Options issued to staff and officers under the plan	-	-

(b) Directors and executive options

A total of 14,000,000 options were issued to senior executives during 2015 (2014: Nil). Of those 10,000,000 were issued to Mr T Woolfe in November 2014 while he was Chief Executive Officer and before he became a director in February 2015. Set out below are summaries of options issued to senior executives in 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

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	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 '17	1.0	0.35	–	2,000,000	–	–	2,000,000	2,000,000
31 Mar '15	30 Sep '19	5.0	0.28	–	2,000,000	–	–	2,000,000	2,000,000
TOTAL				–	14,000,000	–	–	14,000,000	14,000,000
Weighted average exercise price				–	\$0.03	–	–	\$0.03	\$0.03

The weighted average remaining contractual life of share options outstanding at the end of the period was 3.2 years (2014: 0.5).

Fair value of director options granted

Options were granted for no consideration. During the 2015 financial year the weighted average fair value of the options granted was 0.38 cents. The price was calculated by using the Binominal Option valuation methodology applying the following input:

	2015
Weighted average exercise price (cents)	3.0
Weighted average life of the option (years)	3.75
Weighted average underlying share price (cents)	0.77
Expected share price volatility (%)	100
Risk free interest rate (%)	2.32

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

	Consolidated	
	2015 \$	2014 \$
Options issued to executives	53,840	–

(c) Contractor and other options

During 2015 132,000,000 options were issued as part consideration for the acquisition of Goldcap Resources Limited (refer note 18). Of those options 44,000,000 were issued to Brett Dickson who was Company Secretary of Oro Verde Limited at the time of issue and was elected a director on 21 November 2014 and 44,000,000 were issued to Anthony Rovira who was elected as a director on 21 November 2014.

Set out below are summaries of options issued to contractors, unrelated third parties and key management personnel for the acquisition of Goldcap Resources Limited.

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2015

Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Balance at the start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at end of the year	Vested and exercisable at end of the year
7 Oct '14	30 Sep '17	1.0	0.55	–	66,000,000	–	–	66,000,000	66,000,000
7 Oct '14	30 Sep '19	5.0	0.44	–	66,000,000	–	–	66,000,000	66,000,000
28 Nov '11	10 Jan '16	20.0	15.76	2,500,000	–	–	–	2,500,000	2,500,000
2 Dec '11	31 Dec '14	27.0	11.10	3,250,000	–	–	(3,250,000)	–	–
20 Dec '11	31 Dec '14	27.0	10.99	500,000	–	–	(500,000)	–	–
16 Apr '12	31 Dec '14	27.0	8.09	2,614,459	–	–	(2,614,459)	–	–
15 Oct '13	31 Mar '16	4.0	0.38	2,000,000	–	–	(1,000,000)	1,000,000	1,000,000
TOTAL				10,864,459	132,000,000	–	(7,364,459)	135,500,000	135,500,000
Weighted average exercise price				\$0.21	\$0.03	–	\$0.24	\$0.03	\$0.03

The weighted average remaining contractual life of share options outstanding at the end of the period was 3.2 years (2014: 1.0 years).

Fair value of options granted.

Options granted during the year were granted as part consideration for the acquisition of Goldcap Resources Limited. During the 2015 financial year the weighted average fair value of the options granted was 0.48 cents. The price was calculated by using the Binominal Option valuation methodology applying the following input.

	2015	2014
Weighted average exercise price (cents)	3.0	4.0
Weighted average life of the option (years)	3.98	2.46
Weighted average underlying share price (cents)	0.9	1.2
Expected share price volatility (%)	100	100
Risk free interest rate (%)	2.78	3.08

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	Consolidated	
	2015 \$	2014 \$
Options issued to contractors and others as consideration for the acquisition of Goldcap Resources Limited	654,060	7,700

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ORO VERDE LIMITED AND CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying financial report, of Oro Verde Limited, which comprises the consolidated statement of financial position as at 30 June 2015, 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 to preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

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**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF ORO VERDE LIMITED
AND CONTROLLED ENTITIES (CONTINUED)**

Auditor's Opinion

In our opinion:

- (a) the financial report of Oro Verde Limited is 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 2015 and of its performance for the year ended on that date; and
 - ii. complying Australian Accounting Standards and the *Corporations Regulations 2001*;
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

*HEWITT
TURNER &
GELEVITIS*

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our opinion, we draw attention to note 2 to the financial report which indicates that the group incurred a net loss of \$1,571,229 for the year ended 30 June 2015, and experienced net cash outflows from operating activities of \$857,704. These conditions along with other matters as set out in Note 2 to the financial report indicate the existence of a material uncertainty which may cast doubt on the entity's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.



Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10-14 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s300A 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.

Auditor's Opinion

In our opinion the Remuneration Report of Oro Verde Limited for the year ended 30 June 2015, complies with s 300A of the *Corporations Act 2001*.

HEWITT TURNER & GELEVITIS

**TIMOTHY TURNER
REGISTERED COMPANY AUDITOR**

Signed at Perth this 25th day of September 2015.

CORPORATE GOVERNANCE STATEMENT

30 JUNE 2015

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 3rd edition (**Principles & Recommendations**). 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 it 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 www.oroverde.com.au, under the section marked "Corporate Governance":

Charters

Board
Audit and Risk Committee
Nomination Committee
Remuneration Committee

Policies and Procedures

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

The Company reports below on whether it has followed each of the recommendations during the 2014/2015 financial year (**Reporting Period**). This statement was approved by a resolution of the Board on and is current as at 25 September 2015.

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1 – A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.

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*.



CORPORATE GOVERNANCE STATEMENT

30 JUNE 2015

Recommendation 1.2 – A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The company undertakes appropriate checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

The Board appointed three directors during the Reporting Period, accordingly the checks referred to in the Company's *Policy and Procedure for the Selection and (Re)Appointment of Directors* were utilised.

Recommendation 1.3 – A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

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 of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board as outlined in the Company's *Board Charter*. The Company's Secretary's role is also outlined in the consultancy agreement between the Company Secretary and the Company.

Recommendation 1.5 – A listed entity should (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

The Company has a Diversity Policy. 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. This therefore includes the Managing Director and the Company Secretary.

CORPORATE GOVERNANCE STATEMENT

30 JUNE 2015

	Proportion of women
Whole organisation	1 out of 5 (20%)
Senior executive positions	0 out of 2 (0%)
Board	0 out of 5 (0%)

Recommendation 1.6 – A listed entity should (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors. The evaluations are undertaken in accordance with the Company's *Process for Performance Evaluations*, which is disclosed on the Company's website.

During the Reporting Period an evaluation of the Board, its committees, and individual directors took place in accordance with the process disclosed.

Recommendation 1.7 – A listed entity should (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

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*.

During the Reporting Period no review was undertaken as the only senior executive was appointed during the year.

The Chairman is responsible for evaluating the Managing Director. As the Managing Director was only recently appointed no evaluation was undertaken.

Principle 2 – Structure the board to add value

Recommendation 2.1 – The board of a listed entity should:

(a) have a nomination committee which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director,

and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

The Board has not established a separate Nomination Committee. The size and composition of the Board does not make the establishment of a separate Nomination Committee practical, and 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.

The Board 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.



CORPORATE GOVERNANCE STATEMENT

30 JUNE 2015

Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board did not officially convene as a Nomination Committee during the Reporting Period.

Recommendation 2.2 – A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

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 the extensive geological experience, environmental management 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 – A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.

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

Director's name	Appointment date	Length of service at reporting date	Independence status
W G Martinick	13 January 2003	12 years	Not-Independent Non-executive
B L Farrell	8 August 2011	4 years	Independent Non-executive
T I Woolfe	25 February 2015	1 year	Not-independent Executive
B D Dickson	21 November 2014	1 year	Not-independent Executive
A P Rovira	21 November 2014	1 year	Independent Non-executive

The Board may determine that a director is independent notwithstanding the existence of an interest, position, association or relationship of the kind identified in the examples listed under Recommendation 2.3 of the ASX Principles and Recommendations.

Details of directors that the Board has declared as independent but which maintain an interest or relationship that could be perceived as impairing independence, and the reason as to the Board's determination are as follows:

Director's Name	Details of interest or relationship	Board reasoning why director is independent
B L Farrell	An entity which Mr Farrell controls holds substantial holding in the company	This holding aligns the interests of the director with those of the shareholders and is encouraged by the company.
A P Rovira	Mr Rovira holds a substantial holding in the company	This holding aligns the interests of the director with those of the shareholders and is encouraged by the company.

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Recommendation 2.4 – A majority of the board of a listed entity should be independent directors.

The Board does not have a majority of directors who are independent. The Board 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 Chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

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.

Recommendation 2.6 – A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

New directors undertake an induction program coordinated by the Company Secretary that briefs and informs the director on all relevant aspects of the Company's operations and background. A director development program is also available to ensure that directors can enhance their skills and remain abreast of important developments.

Principle 3 – Act ethically and responsibly

Recommendation 3.1 – A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.

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

Principle 4 – Safeguard integrity in corporate reporting

Recommendation 4.1 – The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Board has not established a separate Audit Committee, and therefore it is not structured in accordance with Recommendation 4.1. The Board believes that there would be no efficiencies gained by establishing a separate Audit Committee. Accordingly, the Board performs the role of Audit Committee. Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Audit Committee it carries out those functions which are delegated to it in the Company's Audit Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Audit Committee by ensuring that the director with conflicting interests is not party to the relevant discussions. The independent directors are available to meet separately with the external auditor should this be considered necessary.

The full Board did not meet in its capacity as the Audit Committee during the Reporting Period.



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The Company has established a Procedure for the Selection, Appointment and Rotation of its External Auditor. 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 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 Committee (or its equivalent) and any recommendations are made to the Board.

The Company's Audit Committee Charter and Procedure for Selection, Appointment and Rotation of External Auditor are disclosed on the Company's website.

Recommendation 4.2 – The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the 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.

For the financial year ended 30 June 2015 and the half-year ended 31 December 2014, the company's CEO and CFO provided the Board with the required declarations.

Recommendation 4.3 – A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

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, 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 writes to the Company's auditor to inform them 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, Hewitt, Turner & Gelevitis attended the Company's annual general meeting held on 21 November 2014.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1 – A listed entity should (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.

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 *Policy on Continuous Disclosure and Compliance Procedures* are disclosed on the Company's website.

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Principle 6 – Respect the rights of security holders

Recommendation 6.1 – A listed entity should provide information about itself and its governance to investors via its website.

The Company provides information about itself and its governance to investors on its website at www.oroverde.com.au.

Recommendations 6.2 – A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

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*.

Recommendations 6.2 – A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

The Company has in place a *Shareholder Communication and Investor Relations Policy* which outlines the policies and processes that it has in place to facilitate and encourage participation at meetings of shareholders.

Recommendation 6.4 – A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

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 Ltd at www.securitytransfers.com.au.

Principle 7 – Recognise and manage risk

Recommendations 7.1 – The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework

The Board has not established a separate Risk Committee, and therefore it is not structured in accordance with Recommendation 7.1. The Board believes that there would be no efficiencies gained by establishing a separate Risk Committee. Accordingly, the Board performs the role of Risk Committee.

The Board has adopted a Risk Management Policy and Risk Management Procedures. Under the Risk Management Policy, the Board oversees the processes by which risks are managed. This includes defining the Company's risk appetite, monitoring of risk performance and those risks that may have a material impact to the business. Management is responsible for the implementation of the risk management and internal control system to manage the Company's risk and to report to the Board whether those risks are being effectively managed.

The Company's system to manage its material business risks includes the preparation of a risk register by management to identify the Company's material business risks, analyse those risks, evaluate those risks (including assigning a risk owner to each risk) and treat those risks. Risks and their management are to be monitored and reviewed at least annually by senior management. The risk register is to be updated and a report submitted to the Managing Director. The Managing Director is to provide a risk report at least annually to the Board.

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks.

A summary of the Company's Risk Management Policy is disclosed on the Company's website.



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Recommendation 7.2 – The board or a committee of the board should: (a) review the entity’s risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.

The Board 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 – A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

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 – A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

Refer to the company’s Annual Report for disclosures relating to the company’s material business risks (including any material exposure to economic, environmental or social sustainability risks). Refer to commentary at Recommendations 7.1 and 7.2 for information on the company’s risk management framework.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1 – The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Board has not established a separate Remuneration Committee, and therefore it is not structured in accordance with Recommendation 8.1. The Board believes that there would be no efficiencies gained by establishing a separate Remuneration Committee. Accordingly, the Board performs the role of Remuneration Committee. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Remuneration Committee it carries out those functions which are delegated to it in the Company’s Remuneration Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Remuneration Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board did not meet in its capacity as the Remuneration Committee during the Reporting Period.

To assist the Board fulfil its function as the Remuneration Committee, the Board 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.

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Recommendation 8.2 – A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

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 of the Company's 2015 Annual Report. 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 – A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting executives and directors who may receive equity based remuneration from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the equity based remuneration.



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 8 September 2015.

(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	Inkjar Pty Ltd	1	43,801,282	9.54
	Martinick Inv PL	1	41,212,761	8.98
	Bernes Nominess PL <Berenes S/F A/C>	1	32,125,114	7.00
	Rovira Anthony Paul	1	23,750,000	5.17
	Dickson BD & GF <Superfund A/C>	1	12,500,000	2.72
	Molina Sergio Rios	1	10,000,000	2.18
	Wildglade PL	1	8,166,667	1.78
	Semerdziev Ianaki	1	6,148,000	1.34
	Rovira Ria	1	5,625,000	1.23
	Jonkarh Pty Ltd	1	5,625,000	1.23
	Sunranger Enterprises PL	1	5,500,000	1.20
	Tkocz Mark Andrew	1	5,194,523	1.13
	Pedroso Resources PL	1	5,000,000	1.09
	Mirpin PL	1	5,000,000	1.09
	Lewis CS + JL	1	4,500,000	0.98
	Teofilova Liliana	1	4,461,000	0.97
	Blu Bone PL	1	4,166,667	0.91
	Upsky Equity PL	1	4,166,667	0.91
	Toll John Henry	1	4,166,667	0.91
	Levy Jacques	1	4,166,625	0.91
	Sub-total	20	235,275,973	51.27%
	Various	240	212,083,464	46.20%
10,001 – 100,000	Various	231	10,183,588	2.22
5,001 – 10,000	Various	91	712,334	0.16
1,001 – 5000	Various	230	584,765	0.13
1 – 1,000	Various	241	108,285	0.02
Total		1,053	458,948,408	100.00%
	Holding an unmarketable parcel	715	4,606,123	1.28%

ASX ADDITIONAL INFORMATION

The Company has the following unquoted options on issue.

	No of holders	Number of options
10 January 2016, 20 cent options	8	2,500,000
31 March 2016, 4 cent options	2	1,000,000
30 September 2017, 1 cent options	8	73,000,000
30 September 2017, 5 cent options	8	73,000,000

Restricted Securities

There are no restricted securities.

(b) Voting Rights

All ordinary shares carry one vote per share without restriction.

(c) Market buy-back

There is no current on-market buy-back of shares.

(d) Substantial Shareholders

As at 8 September 2015, shareholders who have notified the company in accordance with section 671B of the Corporations Act 2001

Beneficial Owner	No of Shares
Dr Bradford Farrell	47,101,281
Dr Wolf Gerhard Martinick	43,000,000
John Kopcheff	32,791,782
Anthony Paul Rovira	20,000,000

Schedule of Mining Tenements Held

Project	Common Name	Type of Concession	Concession No.	Percentage Held
San Isidro	San Isidro	Exploration	1351	100%
Presillitas	Topacio	Exploration	39	0% ¹

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





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