

VERDE AGRITECH PLC  
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
THIRD QUARTER ENDED 30 SEPTEMBER 2017



## VERDE AGRITECH PLC

### UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

The accompanying unaudited consolidated financial statements of Verde AgriTech Plc ("Verde", the "Company", or the "Group") for the third quarter ended 30 September 2017 have been prepared by and are the responsibility of the Company's management. They have been prepared in accordance with IAS 34 'Interim Financial Reporting' issued by the International Auditing and Assurance Board ("IAASB") and as adopted by the European Union and do not include all of the information and disclosures that would be required by International Financial Reporting Standards for annual audited financial statements. The interim consolidated financial statements should be read in conjunction with the Company's audited financial statements including the notes thereto for the year ended 31 December 2016. The financial information has not been reviewed or audited by the Company's auditor.

These financial statements have been approved by the Audit Committee and the Board of Directors of the Company.

# VERDE AGRITECH PLC

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended 30 September 2017  
(EXPRESSED IN CANADIAN DOLLARS)

	Note	3 months ended 30 Sept 2017 \$'000	3 months ended 30 Sept 2016 \$'000	9 months ended 30 Sept 2017 \$'000	9 months ended 30 Sept 2016 \$'000
<b>Continuing operations</b>					
Administrative expenses		(418)	(299)	(1,161)	(930)
Operating loss		(418)	(299)	(1,161)	(930)
Finance income		4	5	31	22
Loss before tax		(414)	(294)	(1,130)	(908)
Income tax expense		-	-	-	-
<b>Loss for the period attributable to equity holders of the parent</b>		<b>(414)</b>	<b>(294)</b>	<b>(1,130)</b>	<b>(908)</b>
<b>Other comprehensive income:</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translating foreign operations		(73)	2,078	997	4,020
Other comprehensive income for the period (net of tax)		(73)	2,078	997	4,020
<b>Total comprehensive income for the period attributable to equity holders of the parent</b>		<b>(487)</b>	<b>1,784</b>	<b>(133)</b>	<b>3,112</b>
<b>Loss per share</b>					
Basic and diluted loss per share	4	(0.011)	(0.008)	(0.029)	(0.024)

# VERDE AGRITECH PLC

## STATEMENT OF FINANCIAL POSITION

**As at 30 September 2017**  
**(EXPRESSED IN CANADIAN DOLLARS)**

	Note	30 Sept 2017 \$'000	31 Dec 2016 \$'000
<b>Assets</b>			
Property, plant and equipment	5	226	235
Intangible assets	6	25,166	24,944
Total non-current assets		25,392	25,179
Trade and other receivables		1,047	227
Cash and cash equivalents		1,784	1,763
Total current assets		2,831	1,990
Total assets		28,223	27,169
<b>Equity attributable to the equity holders of the parent</b>			
Issued capital	7	16,231	15,457
Share premium		46,343	45,475
Warrants reserve	8	311	-
Merger reserve		(4,557)	(4,557)
Translation reserve		(7,976)	(6,979)
Accumulated losses		(23,283)	(22,415)
Total equity		27,069	26,981
<b>Liabilities</b>			
Provisions		488	-
Total non-current liabilities		488	-
Trade and other payables		666	188
Total current liabilities		666	188
Total liabilities		1,154	188
Total equity and liabilities		28,223	27,169

# VERDE AGRITECH PLC

## STATEMENTS OF CASH FLOWS

**For the Quarter Ended 30 September 2017  
(EXPRESSED IN CANADIAN DOLLARS)**

	<b>3 months ended 30 Sept 2017 \$'000</b>	3 months ended 30 Sept 2016 \$'000	<b>9 months ended 30 Sept 2017 \$'000</b>	9 months ended 30 Sept 2016 \$'000
<b>Cash flows from operating activities</b>				
Operating loss	(418)	(299)	(1,161)	(930)
Depreciation	4	4	14	14
Loss on sale of property, plant and equipment	15	-	15	-
Foreign exchange differences	10	(60)	4	(2)
Share-based payments	60	42	262	127
Increase in receivables	(663)	(20)	(821)	(27)
Increase in payables	242	66	618	45
<b>Net cash generated/(utilised) in operating activities</b>	<b>(750)</b>	<b>(267)</b>	<b>(1,069)</b>	<b>(773)</b>
<b>Cash flows from investing activities</b>				
Interest received	5	7	33	26
Acquisition of evaluation and exploration assets	(207)	(231)	(714)	(631)
Acquisition of property, plant and equipment	(13)	(134)	(31)	(134)
<b>Net cash from investing activities</b>	<b>(215)</b>	<b>(358)</b>	<b>(712)</b>	<b>(739)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of shares	1,813	-	1,813	-
<b>Net cash from financing activities</b>	<b>1,813</b>	<b>-</b>	<b>1,813</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents	848	(625)	32	(1,512)
Cash and cash equivalents at beginning of period	935	2,856	1,762	3,735
Effect of exchange rate fluctuations on cash held	1	7	(10)	15
<b>Cash and cash equivalents at end of period</b>	<b>1,784</b>	<b>2,238</b>	<b>1,784</b>	<b>2,238</b>

## VERDE AGRITECH PLC

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<b>Period to 30 September 2016</b> <b>(EXPRESSED IN CANADIAN DOLLARS)</b>	Share capital \$'000	Share premium \$'000	Share warrant reserve \$'000	Merger reserve \$'000	Translation reserve \$'000	Accumulated Losses \$'000	Total \$'000
Balance at 1 January 2016	15,457	45,475	-	(4,557)	(9,675)	(21,410)	25,290
<b>Comprehensive loss</b>							
Loss for the period	-	-	-	-	-	(908)	(908)
Foreign exchange translation differences	-	-	-	-	4,020	-	4,020
Total other comprehensive income	-	-	-	-	4,020	-	4,020
Total comprehensive loss for the period	-	-	-	-	4,020	(908)	3,112
<b>Transactions with owners</b>							
Expiry of warrants	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	127	127
Transactions with owners	-	-	-	-	-	-	-
Balance at 30 September 2016	15,457	45,475	-	(4,557)	(5,655)	(22,191)	28,529

<b>Period to 30 September 2017</b> <b>(EXPRESSED IN CANADIAN DOLLARS)</b>	Share capital \$'000	Share premium \$'000	Share warrant reserve \$'000	Merger reserve \$'000	Translation reserve \$'000	Accumulated Losses \$'000	Total \$'000
Balance at 1 January 2017	15,457	45,475	-	(4,557)	(6,979)	(22,415)	26,981
<b>Comprehensive Income</b>							
Loss for the period	-	-	-	-	-	(1,130)	(1,130)
Foreign exchange translation differences	-	-	-	-	(997)	-	(997)
Total other comprehensive income/(loss)	-	-	-	-	(997)	-	(997)
Total comprehensive income for the period	-	-	-	-	(997)	(1,130)	(2,127)
<b>Transactions with owners</b>							
Issue of share capital	774	868	311	-	-	-	1,953
Share-based payments	-	-	-	-	-	262	262
Transactions with owners	-	-	-	-	-	-	-
Balance at 30 September 2017	16,231	46,343	311	(4,557)	(7,976)	(23,283)	27,069

# VERDE AGRITECH PLC

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 1. Nature of operation and going concern

In February 2017, the Group announced the award of a required environmental licence and a trial mining licence in April 2017.

The Directors have prepared cash flow forecasts for the Group which, following the financing of approximately \$1.8 million completed in July 2017, show that the Group has sufficient working capital for at least the next twelve months. Following the award of the necessary licences, the Group has commenced small scale mining operations and the forecasted cash flow projections include a small contribution from trial mining product sales.

There are risks associated with the commencement of any new mining operation whereby unforeseen technical and logistical events result in additional costs needing to be incurred, giving rise to the possibility that additional working capital may be required. In addition, the Group currently does not have any formal agreements for sale of its product.

Should a lack of suitable buyers be found, there are delays in generating revenue, or additional working capital be required, the Directors consider that further sources of finance could be secured within the required timescale.

On this basis the Directors have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis. However there is no certainty that such additional funds either for working capital or for future development will be forthcoming and these conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

### 2. Significant accounting policies

Verde is a company domiciled in England and Wales. The interim statements of the Company for the first quarter ended 30 September 2016 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the acquisition and development of mineral resource assets. The interim financial statements have been drawn up in accordance with International Accounting Standard 34 'Interim Financial Reporting' issued by the IASB and as adopted by the European Union.

The financial information contained in this interim report does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. No statutory accounts for the period have been delivered to the Registrar of Companies. The financial information contained in this interim report has not been reviewed or audited by the Company's auditor.

The accounting policies and methods of computation used in the preparation of the unaudited consolidated financial information are the same as those described in the Company's audited consolidated financial statements and notes thereto for the year ended 31 December 2015. The annual financial statements are prepared in accordance with IFRSs as adopted by the European Union and with IFRSs and the interpretations issued by the IASB.

In the opinion of management, the accompanying interim financial information includes all adjustments considered necessary for fair and consistent presentation of financial statements. These interim consolidated financial statements should be read in conjunction with the Company's audited financial statements and notes for the year ended 31 December 2016.

The statutory accounts for the year ended 31 December 2016 have been filed with the Registrar of Companies. The auditors' report on these accounts was unqualified and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

# VERDE AGRITECH PLC

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 3. Operating segments

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker, C Veloso, in order to allocate resources to the segments and to assess their performance.

The Group's operations relate to the exploration for, and development of mineral deposits with support provided from the UK and as such the Group has only one segment.

### 4. Loss per share

#### Basic loss per share

The calculation of basic loss per share at 30 September 2017 was based on the loss attributable to ordinary shareholders of \$1,130,000 (30 September 2016: \$908,000) and a weighted average number of ordinary shares outstanding during the period ended 30 September 2017 of 38,406,000 (30 September 2016: 37,617,000) calculated as follows:

#### Loss attributable to ordinary shareholders

	9 months ended 30 Sept 2017 \$'000	9 months ended 30 Sept 2016 \$'000
Loss for the period	(1,130)	(908)
Loss attributable to ordinary shareholders	(1,130)	(908)

#### Weighted average number of ordinary shares

	Number '000
Number of shares in issue on 1 January 2016	37,617
Effect of shares issued during period	-
Weighted average number of ordinary shares at 30 September 2016	37,617
Number of shares in issue on 1 January 2017	37,617
Effect of shares issued during period	429
Weighted average number of ordinary shares at 30 September 2017	38,046

There is no difference between the basic and diluted loss per share because the Group's loss means that any potential dilutive shares are antidilutive.

Details of share options that could potentially dilute earnings per share in future periods are set out in note 8.



# VERDE AGRITECH PLC

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 5. Property, plant and equipment

	<b>Total \$'000</b>
<b>Cost</b>	
Balance at 1 January 2016	299
Additions	137
Disposals	(1)
Effect of movements in foreign exchange	43
Balance at 31 December 2016	<u>478</u>
Balance at 1 January 2017	<b>478</b>
Additions	<b>31</b>
Disposals	<b>(27)</b>
Effect of movements in foreign exchange	<b>(18)</b>
Balance at 30 September 2017	<b>464</b>
<b>Depreciation and impairment losses</b>	
Balance at 1 January 2016	206
Depreciation charge for the year	20
Disposals	(1)
Effect of movements in foreign exchange	18
Balance at 31 December 2016	<u>243</u>
Balance at 1 January 2017	<b>243</b>
Depreciation charge for the year	<b>14</b>
Disposals	<b>(13)</b>
Effect of movements in foreign exchange	<b>(6)</b>
Balance at 30 September 2017	<b>238</b>
<b>Carrying amounts</b>	
At 1 January 2016	<u>93</u>
At 31 December 2016	<u>235</u>
At 1 January 2017	<b>235</b>
At 30 September 2017	<b>226</b>

# VERDE AGRITECH PLC

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 6. Intangible assets

	Projects		Total exploration costs \$'000
	Cerrado Verde	Calcario	
	\$'000	\$'000	
<b>Carrying value</b>			
Balance at 1 January 2016	20,763	623	21,386
Additions	884	-	884
Effect of movements in foreign exchange	2,572	102	2,674
Balance at 31 December 2016	24,219	725	24,944
Balance at 1 January 2017	24,219	725	24,944
Additions	1,201	-	1,201
Effect of movements in foreign exchange	(944)	(35)	(979)
Balance at 30 September 2017	24,476	690	25,166
<b>Carrying amounts</b>			
At 1 January 2016	20,763	623	21,386
At 31 December 2016	24,219	725	24,944
At 1 January 2017	24,219	725	24,944
At 30 September 2017	24,476	690	25,166

Cerrado Verde project cost additions are shown net of deferred revenue of \$224,000 from the sale of Super Greensand®. Revenue will be credited against the cost of the project until commercial production is declared.

## VERDE AGRITECH PLC

### NOTES TO THE GROUP FINANCIAL STATEMENTS

#### 7. Share capital

	<b>30 Sept 2017</b>	<b>30 Sept 2017</b>	31 Dec 2016	31 Dec 2016
	<b>Number</b>	<b>\$'000</b>	Number	\$'000
Authorised - Ordinary shares of \$0.3918 each	<b>500,000,000</b>	<b>195,900</b>	500,000,000	195,900
Issued - Ordinary shares of \$0.3918 each				
	<b>30 Sept 2017</b>	<b>30 Sept 2017</b>	31 Dec 2016	31 Dec 2016
	<b>Number</b>	<b>\$'000</b>	Number	\$'000
At beginning of period	37,617,430	15,457	37,617,430	15,457
Issued during the period	1,977,075	774	-	-
At beginning and end of period	<b>39,344,505</b>	<b>16,231</b>	37,617,430	15,457

The Group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern so that it can continue to increase the value of the entity for the benefit of shareholders. Given the nature of the Group's current activities the entity will remain dependent on equity funding in the short to medium term until such time as the Group becomes self-financing from the commercial production of mineral resources.

#### 8. Share warrants

	<b>30 Sept 2017</b>	<b>30 Sept 2017</b>	31 Dec 2016	31 Dec 2016
	<b>Number</b>	<b>\$'000</b>	Number	\$'000
Balance at beginning of period	-	-	-	-
Fair value of warrants issued during the period	<b>1,727,075</b>	<b>311</b>	-	-
Balance at end of period	<b>1,727,075</b>	<b>311</b>	-	-

The share warrant reserve reflected the value of outstanding share warrants based on the fair value of the share warrants at the time of issue.

## VERDE AGRITECH PLC

### NOTES TO THE GROUP FINANCIAL STATEMENTS

#### 9. Share-based payments

The number and weighted average exercise prices of share options are as follows:

	<b>Weighted average exercise price 30 Sept 2017</b>	<b>Number of options 30 Sept 2017</b>	Weighted average exercise price 31 Dec 2016	Number of options 31 Dec 2016
Outstanding at the beginning of the period	<b>\$0.58</b>	<b>2,609,000</b>	\$0.65	2,667,000
Granted during the period	<b>\$0.54</b>	<b>1,089,998</b>	-	-
Forfeited during the period	<b>\$0.40</b>	<b>(4,000)</b>	\$2.79	(48,000)
Expired during the period	<b>\$7.68</b>	<b>(35,000)</b>	\$1.23	(10,000)
Outstanding at the end of the period	<b>\$0.45</b>	<b>3,659,998</b>	\$0.58	2,609,000
Exercisable at the end of the period	<b>\$0.49</b>	<b>1,478,999</b>	\$0.78	1,103,000

The options outstanding at 30 September 2017 have an exercise price in the range of \$0.40 to \$7.68 and a weighted average remaining contractual life of 8 years. Options issued prior to December 2014 vest in three annual tranches commencing on the date of grant subject to the grantee's continued service. Options issued in and after December 2014 vest in six annual tranches. Commencing on the date of grant, subject to the grantee's continued service, 10% of the options automatically vest and an additional 10% vest each subsequent year. At the sixth year from the date of grant, the remaining 50% of the options vest. Options issued in January 2017 vest in 2 annual tranches, 50% on the commencing date of the grant and a further 50% a year after, subject to the grantee's continued service. At 30 September 2017, 1,478,999 of the options had vested (31 December 2016: 1,103,000).

## VERDE AGRITECH PLC

### NOTES TO THE GROUP FINANCIAL STATEMENTS

#### 9. Share-based payments (continued)

Details of share options outstanding at 30 September 2017 are as follows:

Outstanding at beginning of period	Number of options			Outstanding at end of period	Exercisable at end of period	Option price \$	Exercisable period Grant date	Expiry date
	Granted	Expired	Forfeited					
35,000	-	(35,000)	-	-	-	\$8.56	31 January 2012	31 January 2017
165,000	-	-	-	165,000	165,000	\$0.74	15 July 2013	15 July 2018
20,000	-	-	-	20,000	20,000	\$0.45	19 September 2013	19 September 2018
60,000	-	-	-	60,000	60,000	\$0.41	30 September 2013	30 September 2018
30,000	-	-	-	30,000	30,000	\$0.41	8 October 2013	8 October 2018
165,000	-	-	-	165,000	165,000	\$0.78	14 January 2014	14 January 2019
2,020,000	-	-	(4,000)	2,020,000	576,000	\$0.425	10 December 2014	10 December 2024
20,000	-	-	-	20,000	4,000	\$0.40	12 November 2015	12 November 2025
94,000	-	-	-	90,000	18,000	\$0.40	10 December 2015	10 December 2025
-	829,998	-	-	829,998	414,999	\$0.40	31 January 2017	31 January 2027
-	200,000	-	-	200,000	20,000	\$0.40	9 February 2017	9 February 2027
-	60,000	-	-	60,000	6,000	\$0.83	12 May 2017	12 May 2027
<b>2,609,000</b>	<b>1,089,998</b>	<b>(35,000)</b>	<b>(4,000)</b>	<b>3,659,998</b>	<b>1,478,999</b>			

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes model.

#### Fair value of share options and assumptions

	30 Sept 2017	30 Sept 2016
	\$'000	\$'000
Weighted average fair value of options granted during the period	0.31	-
Weighted average share price	0.47	-
Weighted average exercise price	0.47	-
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes model)	146%	-
Option life	1 – 5	-
Expected dividends	-	-
Risk-free interest rate (based on national government bonds)	0.2%	-

# VERDE AGRITECH PLC

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 9. Share-based payments (continued)

The expected volatility is based on the historic volatility of the share price (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information. There are no market conditions associated with the share option grants.

	<b>3 months to 30 Sept 2017 \$'000</b>	3 months to 30 Sept 2016 \$'000
Total expense recognised as employee and consultants costs	<b>61</b>	42

### 10. Financial instruments

The Board of Directors determines, as required, the degree to which it is appropriate to use financial instruments and hedging techniques to mitigate risks. The main risks for which such instruments may be appropriate are foreign exchange risk, interest rate risk and liquidity risk each of which is discussed below. There is no perceived credit risk as the Group and Company have no trade receivables and minimal other financial receivables and bank deposits are made with financial institutions considered to be safe by the Board of Directors. There were no derivative instruments outstanding at 30 September 2017.

#### Foreign currency risk

The Group's cash resources are mainly held in Canadian Dollars and Brazilian Reais. Exchange rate fluctuations may adversely affect the Group's financial position and results. The Group's financial results are reported in Canadian Dollars and its costs are primarily incurred in Canadian Dollars and Brazilian Reais.

The appreciation of the Brazilian Real against the Canadian Dollar could increase the actual capital and operating costs of the Group's mineral exploration projects and materially adversely affect the results presented in the Group's financial statements. Currency exchange fluctuations may also materially adversely affect the Group's future cash flows from operations, its results of operations, financial condition and prospects. The Group has a general policy of not hedging against foreign currency risks. The Group manages foreign currency risk by regularly reviewing the balances held in currencies other than the functional currency.

The Group and Company had the following cash and cash equivalents in various currencies including its presentational currency. The amounts are stated in Canadian Dollar equivalents:

	<b>30 Sept 2017 \$'000</b>	31 Dec 2016 \$'000
Canadian Dollars	<b>1,564</b>	1,705
Brazilian Reais	<b>208</b>	28
British Pounds	<b>12</b>	30
	<b>1,784</b>	1,763

At 30 September 2017 the group held Canadian Dollar deposit accounts with varying interest rates between 1.22% and 1.51%. The Brazilian Reais deposits are held as interbank deposit certificates, with no maturity date and track Brazil's short term interest rate which is currently 8.25%.

# VERDE AGRITECH PLC

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 10. Financial Instruments (continued)

#### Foreign currency risk (continued)

Foreign currency risk sensitivity analysis showing a 10% weakening/strengthening of the Brazilian Real against the Canadian Dollar with all other variables held constant is set out below. 10% represents managements' assessment of the reasonable possible exposure:

	Equity	
	30 Sept 2017	31 Dec 2016
	\$'000	\$'000
10% weakening of the Brazilian Real	(42)	(13)
10% strengthening of the Brazilian Real	53	16

#### Liquidity risk

To date the Group and Company have relied on shareholder funding to finance its operations. As the Group and Company have finite cash resources and no material income, the liquidity risk is significant and is managed by controls over expenditure and cash resources. In addition, the Group and Company do not have any borrowings and only have trade and other payables with a maturity of less than one year.

#### Interest rate risk

The Group's and Company's policy is to retain its surplus funds on the most advantageous term of deposit available up to twelve month's maximum duration. Given that the directors do not consider that interest income is significant in respect of the Group's and Company's operations no sensitivity analysis has been provided in respect of any potential fluctuations in interest rates.

#### Financial assets

The floating rate financial assets comprise interest earning bank deposits at rates set by reference to the prevailing LIBOR or equivalent to the relevant country. The Group and Company have no fixed rate deposits.

#### Fair values

In the directors' opinion there is no material difference between the book value and fair value of any of the Group's and Company's financial instruments.

#### Classes of financial instruments

The classes of financial instruments are the same as the line items included on the face of the statement of financial position and have been analysed in more detail in the notes to the accounts. All the Group's and Company's financial assets are categorised as loans and receivables and all financial liabilities are measured at amortised cost.