VERDE AGRITECH PLC

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FIRST QUARTER ENDED 31 MARCH 2017

VERDE
AGRITECH

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UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

The accompanying unaudited consolidated financial statements of Verde AgriTech Plc (“Verde”, the "Company", or the “Group”) for the first quarter ended 31 March 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 31 March 2017
(EXPRESSED IN CANADIAN DOLLARS)

	Note	**3 months ended 31 Mar 2017 $'000**	3 months ended 31 Mar 2016 $'000
Continuing operations			
Administrative expenses		**(377)**	(344)
Operating loss		**(377)**	(344)
Finance income		**24**	14
Loss before tax		**(353)**	(330)
Income tax expense		**-**	-
Loss for the year attributable to equity holders of the parent		**(353)**	(330)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		**538**	163
Other comprehensive profit/(loss) for the year (net of tax)		**538**	163
Total comprehensive profit/(loss) for the year attributable to equity holders of the parent		**185**	(167)
Loss per share			
		$	$
Basic and diluted loss per share	*4*	**(0.009)**	(0.009)

VERDE AGRITECH PLC

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2017
(EXPRESSED IN CANADIAN DOLLARS)

	Note	**31 Mar 2017 $'000**	31 Dec 2016 $'000
Assets			
Property, plant and equipment	*5*	**237**	235
Intangible assets	*6*	**25,656**	24,944
Total non-current assets		**25,893**	25,179
Trade and other receivables		**226**	227
Cash and cash equivalents	*9*	**1,381**	1,763
Total current assets		**1,607**	1,990
Total assets		**27,500**	27,169
Equity attributable to the equity holders of the parent			
Issued capital	*7*	**15,457**	15,457
Share premium		**45,475**	45,475
Merger reserve		**(4,557)**	(4,557)
Translation reserve		**(6,441)**	(6,979)
Accumulated losses		**(22,665)**	(22,415)
Total equity		**27,269**	26,981
Liabilities			
Trade and other payables		**231**	188
Total current liabilities		**231**	188
Total liabilities		**231**	188
Total equity and liabilities		**27,500**	27,169

VERDE AGRITECH PLC

STATEMENTS OF CASH FLOWS

For the Year Ended 31 March 2017
(EXPRESSED IN CANADIAN DOLLARS)

	3 months ended 31 Mar 2017 $'000	3 months ended 31 Mar 2016 $'000
Cash flows from operating activities		
Operating loss	**(377)**	(344)
Depreciation	**5**	5
Loss on disposal of property, plant and equipment	**-**	-
Foreign exchange differences	**7**	3
Share-based payments	**103**	42
Decrease/(increase) in receivables	**1**	(11)
Increase in payables	**43**	79
Net cash utilised in operating activities	**(218)**	(226)
Cash flows from investing activities		
Interest received	**24**	14
Acquisition of evaluation and exploration assets	**(191)**	(164)
Acquisition of property, plant and equipment	**-**	-
Net cash utilised in investing activities	**(167)**	(150)
Net decrease in cash and cash equivalents	**(385)**	(376)
Cash and cash equivalents at beginning of period	**1,763**	3,735
Effect of exchange rate fluctuations on cash held	**(3)**	(1)
Cash and cash equivalents at end of period	**1,381**	3,358

VERDE AGRITECH PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group **(EXPRESSED IN CANADIAN DOLLARS)**	**Share capital**	**Share premium**	**Share warrant reserve**	**Merger reserve**	**Translation reserve**	**Accumulated losses**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 January 2016	15,457	45,475	-	(4,557)	(9,675)	(21,410)	25,290
Comprehensive loss							
Loss for the year	-	-	-	-	-	(330)	(330)
Foreign exchange translation differences	-	-	-	-	163	-	163
Total other comprehensive income	-	-	-	-	163	-	163
Total comprehensive income for the period	-	-	-	-	163	(330)	(167)
Transactions with owners							
Expiry of warrants	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	42	42
Total transactions with owners	-	-	-	-	-	42	42
Balance at 31 March 2016	15,457	45,475	-	(4,557)	(9,512)	(21,698)	25,165
Balance at 1 January 2017	**15,457**	**45,475**	**-**	**(4,557)**	**(6,979)**	**(22,415)**	**26,981**
Comprehensive loss							
Loss for the year	**-**	**-**	**-**	**-**	**-**	**(353)**	**(353)**
Foreign exchange translation differences	**-**	**-**	**-**	**-**	**538**	**-**	**538**
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**538**	**(353)**	**185**
Transactions with owners							
Share-based payments	**-**	**-**	**-**	**-**	**-**	**103**	**103**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**103**	**103**
Balance at 31 March 2017	**15,457**	**45,475**	**-**	**(4,557)**	**(6,441)**	**(22,665)**	**27,269**

NOTES TO THE GROUP FINANCIAL STATEMENTS

1. Nature of operation and going concern

In February 2017, the Group announced the award of the required environmental licence and a trial mining licence has subsequently been approved for award.

The Directors have prepared cash flow forecasts for the Group covering a period through to the end of April 2018 which show that the Group has around 15 months working capital at the current run rate. Following the award of the necessary licences, the Group has indicated an intention to commence small scale mining operations within the next twelve months 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 Agritech Plc (the "Company") is a company registered in England and Wales. The interim statements of the Company for the first quarter ended 31 March 2017 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 financial statements as defined in section 435 of the Companies Act 2006. No statutory financial statements 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 2016. 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 financial statements for the year ended 31 December 2016 have been filed with the Registrar of Companies. The auditors' report on these financial statements 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 31 March 2017 was based on the loss attributable to ordinary shareholders of $353,000 (31 March 2016: $330,000) and a weighted average number of Ordinary Shares outstanding during the period ended 31 March 2017 of 37,617,430 (31 March 2016: 37,617,430) calculated as follows:

Loss attributable to ordinary shareholders

	3 months ended 31 Mar 2017 $'000	3 months ended 31 Mar 2016 $'000
Loss for the period	**(353)**	(330)
Loss attributable to ordinary shareholders	**(353)**	(330)

Weighted average number of ordinary shares

	Number '000	Number '000
Number of shares in issue at beginning of period	**37,617**	37,617
Effect of shares issued during period	**-**	-
Weighted average number of ordinary shares in issue for the period	**37,617**	37,617

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.

5. Property, plant and equipment

	Total $'000
Cost	
Balance at 1 January 2016	299
Additions	137
Disposals	(1)
Effect of movements in foreign exchange	43
Balance at 31 December 2016	478
Balance at 1 January 2017	**478**
Additions	**-**
Disposals	**-**
Effect of movements in foreign exchange	**11**
Balance at 31 March 2017	**489**
Depreciation and impairment losses	
Balance at 1 January 2016	206
Depreciation charge for the period	20
On disposals	(1)
Effect of movements in foreign exchange	18
Balance at 31 December 2016	243
Balance at 1 January 2017	**243**
Depreciation charge for the year	**5**
Effect of movements in foreign exchange	**4**
Balance at 31 March 2017	**252**
Carrying amounts	
At 1 January 2016	93
At 31 December 2016	235
At 1 January 2017	**235**
At 31 March 2017	**237**

NOTES TO THE GROUP FINANCIAL STATEMENTS

6. Intangible assets

	Projects		Total
	Cerrado Verde	Calcario	exploration costs
	$'000	$'000	$'000
Carrying value			
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	**191**	**-**	**191**
Effect of movements in foreign exchange	**502**	**19**	**521**
Balance at 31 March 2017	**24,912**	**744**	**25,656**
Carrying amounts			
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 31 March 2017	**24,912**	**744**	**25,656**

7. Share capital

	31 Mar 2017 Number	31 Mar 2017 $'000	31 Dec 2016 Number	31 Dec 2016 $'000
Authorised - Ordinary Shares of $0.3918 each	**500,000,000**	**195,900,000**	500,000,000	195,900,000

	31 Mar 2017 Number	31 Mar 2017 $'000	31 Dec 2016 Number	31 Dec 2016 $'000
Issued - Ordinary Shares of $0.3918 each				
At beginning and end of period	**37,617,430**	**15,457**	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-based payments

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

	Weighted average exercise price 31 Mar 2017	Number of options 31 Mar 2017	Weighted average exercise price 31 Dec 2016	Number of options 31 Dec 2016
Outstanding at the beginning of the period	**$0.58**	**2,609,000**	$0.65	2,667,000
Granted during the period	**$0.40**	**1,029,998**	-	-
Forfeited during the period	**$0.04**	**(4,000)**	$2.79	(48,000)
Expired during the period	**$7.68**	**(35,000)**	$1.23	(10,000)
Outstanding at the end of the period	**$0.45**	**3,599,998**	$0.58	2,609,000
Exercisable at the end of the period	**$0.49**	**1,506,999**	$0.78	1,103,000

The options outstanding at 31 March 2017 have an exercise price in the range of $0.40 to $0.78 and a weighted average remaining contractual life of 7.6 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 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 31 March 2017, 1,506,999 of the options had vested (31 December 2016: 1,103,000).

8. Share-based payments (continued)

Details of share options outstanding at 31 March 2017 are as follows:

	Number of options						Exercisable period	
Outstanding at beginning of period	Granted	Expired	Forfeited	Outstanding at end of period	Exercisable at end of period	Option price $	Grant date	Expiry date
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	-	-	-	2.020,000	606,000	$0.425	10 December 2014	10 December 2024
20,000	-	-	-	20,000	4,000	$0.40	12 November 2015	12 November 2025
94,000	-	-	(4,000)	90,000	22,000	$0.40	10 December 2015	10 December 2025
-	829.998	-	-	829,998	414,999	$0.40	31 Janaury 2017	31 January 2027
-	200,000	-	-	200,000	20,000	$0.40	9 February 2017	9 February 2027
2,609,000	1,029,998	(35,000)	(4,000)	3,599,998	1,506,999			

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	31 Mar 2017 $'000	31 Mar 2016 $'000
Weighted average fair value of options granted during the period	**0.21**	-
Weighted average share price	**0.40**	-
Weighted average exercise price	**0.40**	-
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes model)	**145.35%**	-
Option life	**1 - 5**	-
Expected dividends	**-**	-
Risk-free interest rate (based on national government bonds)	**1.9%**	-

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.

	3 months to 31 Mar 2017 $'000	3 months to 31 Mar 2016 $'000
Total expense recognized as employee and consultants costs	**103**	42

9. 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 31 March 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 Brazilian Reais 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 to match expected expenditure in foreign 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:

	31 Mar 2017 $'000	31 Dec 2016 $'000
Canadian Dollars	**1,075**	1,705
Brazilian Reais	**302**	28
British Pounds	**4**	30
	1,381	1,763

At 31 March 2017 the Canadian Dollar deposit was held on a deposit account, at an interest rate of 0.8%. The Brazilian Reais deposits are held as interbank deposit certificates, with no maturity date, at a current interest rate of 1.05%.

9. Financial instruments (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	
	31 Mar 2017	31 Dec 2016
	$'000	$'000
10% weakening of Brazilian Real	**(39)**	(13)
10% strengthening of Brazilian Real	**48**	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.Further details of the liquidity position are explained in note 1 regarding going concern.

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 and as the Group does not currently have any debt, 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.

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 financial statements. All of the Group's and Company's financial assets are categorised as loans and receivables and all financial liabilities are measured at amortised cost.