

BOARD APPROVES SCOPING STUDY KICK-OFF TO ASSESS MAKUUTU RARE EARTHS PROJECT

**ORO VERDE LIMITED
(ASX code: OVL)**

An emerging resource company focused on defining a world-class Rare Earths project

KEY PROJECTS –

Uganda
Makuutu Rare Earths Project
Nicaragua
San Isidro Gold Project

BOARD OF DIRECTORS

Executive

Marc Steffens
Brett Dickson

Non-Executive

Tony Rovira - Chairman

MANAGEMENT - UGANDA

Tim Harrison – Makuutu PM

MANAGEMENT - NICARAGUA

Jacques Levy - Legal Rep.

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Highlights:

- ❖ Scoping Study to commence immediately, with positive results from drilling and metallurgical test work confirming the significant potential for the Makuutu Rare Earths Project
- ❖ Expenditure on the Scoping Study will result in the Company's interest in the project increasing to 51%
- ❖ Maiden JORC mineral resource estimate is underway with delivery expected in 1st Quarter 2020
- ❖ Follow-up drilling, advanced metallurgy and process design work will be undertaken concurrently with the mineral resource
- ❖ Oro Verde will re-brand as Ionic Rare Earths to align with the Company's core focus
- ❖ Initial discussions held with potential off-take and investment partners

Oro Verde Limited (ASX: OVL) ("Oro Verde" or "the Company") is pleased to announce that the Board has approved the immediate start of a Scoping Study for the Makuutu Rare Earths Project in Uganda. The Scoping Study will be driven by the Company's recently appointed Project Manager, Mr Tim Harrison, who brings 20 years' experience in metallurgy and project development.

The decision follows the recent release of results from initial metallurgical test work that achieved excellent recoveries, particularly for the high-value Heavy Rare Earth Elements (HREE) (*see ASX Release 6 February 2020*).

Work will commence immediately on multiple workstreams, including an extensive drilling program and advanced metallurgical test work, with all results feeding into the Scoping Study which the Company aims to deliver in the 2nd half of 2020. This significant milestone, and the associated expenditure, will result in Oro Verde's interest in the project increasing to 51%.

To recognise the enormous opportunity presented by the Makuutu Rare Earths Project, the Board proposes to re-name the Company to **Ionic Rare Earths Limited**. The name captures one of the key traits of Makuutu, being that the ionic clay-type geology is similar to the major rare earth projects in southern China which produce the majority of the world's supply of rare earths at a low cost. Clay-type rare earth projects can typically be easily mined and simply processed using standard static leaching, as compared to hard-rock deposits that involve drill and blast mining, and often require complex and high CAPEX and OPEX processing plants.

Oro Verde Technical Director Dr Marc Steffens said: *"This is a significant milestone to have reached just seven months since acquiring our initial interest in Makuutu. Everything we have seen to date gives us confidence that this project has the potential to be a major rare earths development and a key strategic alternative supplier to Chinese sources."*

"We understand that clay-hosted deposits are currently the lowest-cost sources of rare earths in the world and our early test work has shown Makuutu can achieve a favourable concentration of high-demand and high-value rare earths using simple low-cost mining techniques and simple static leach processing. Importantly, the delivery of the Scoping Study will enable the Company to meet conditions required to further increase our ownership interest in Makuutu."

Oro Verde has acquired an initial 20% interest in the Project and may acquire up to a further 40% interest via an "earn-in" process through the expenditure of funds, bringing its total potential interest in the project to 60%.

SCOPING STUDY

The Scoping Study will involve a significant body of work over the next six to nine months, including the following activities:

- In-fill drilling of already drilled areas to provide further resource definition and also provide sample for additional metallurgical testing;
- Exploration drilling in areas that are only sparsely drilled or are yet to be drilled;
- Calculation of a maiden Mineral Resource Estimate;
- Metallurgical process development test work to support preliminary engineering;
- Resource development and mining studies;
- Preliminary Environmental and Social Impact Assessments (ESIA);
- Preliminary mining, tailings and infrastructure assessments; and
- Product marketing and engagement with potential off-take partners.

The Makuutu Rare Earths Project is one of the largest known ionic clay deposits outside China with a previously-announced exploration target (ASX: 4 September 2019) of **270 - 530 million tonnes grading 0.04 – 0.1% (400 – 1,000 ppm) Total Rare Earth Oxide (TREO)***.

**This Exploration Target is conceptual in nature but is based on reasonable grounds and assumptions. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.*

Based upon results from drilling completed in late-2019, the Company expects to release the maiden Makuutu Mineral Resource Estimate in the 1st quarter of 2020. Additional drilling will commence shortly to:

- collect bulk samples and additional core samples from within the resource for advanced metallurgical test work;
- test for mineralised extensions to the mineral resource; and
- convert mineralisation identified in the area of the Exploration Target to resource status.

The Makuutu Rare Earths mineralisation occurs from surface to depths of 15-20 metres where simple shallow mining methods will be applicable. The processing of ionic clays is also simple, where the clay undergoes a simple desorption process – akin to washing – in which rare earths are desorbed from the ore into a salt solution, concentrated and precipitated to create a mixed rare earth product. Unlike some hard-rock REE operations, the Makuutu tailings (the washed clay) are expected to be non-toxic and non-radioactive and will be returned to the mined open pits during rehabilitation.

The process is expected to have a small environmental footprint while capital and operating costs are expected to be low. The project area is well supported with infrastructure including extensive road, rail, power and communication networks.

NAME CHANGE

The Board has proposed changing the Company's name to Ionic Rare Earths Limited. The Board believes the new name better reflects the Company's future focus on developing Makuutu and has been drawn from the ionic clay-type geology of the Project.

The name change is subject to shareholder approval at a General Meeting which is expected to be held on March 18, 2020. Shareholders will shortly receive a Notice of Meeting with details of the meeting and the resolutions to be voted on.

*** ENDS ***

Authorised for release by Brett Dickson, Company Secretary

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Competent Persons Statement

Information in this report that relates to previously reported Exploration Targets and Exploration Results has been cross-referenced in this report to the date that it was originally reported to ASX. Oro Verde Limited confirms that it is not aware of any new information or data that materially affects information included in the relevant market announcements.