

## **QUARTERLY REPORT FOR THE PERIOD ENDING 31 MARCH 2012**

### **HIGHLIGHTS**

#### **EXPLORATION**

##### **Chuminga Copper-Gold Project**

- First core hole (SB2) of Initial Diamond Drilling Program returned 61metres @ 0.90% Cu and 0.15 g/t Au for copper and iron oxide breccia mineralisation intersected over a 61 metre interval, from 65 to 126 metres.
- Second core hole (SA1) intersected 26 metres of copper mineralisation from 97 to 123 metres. Analytical results are pending.

##### **Vega Gold Project**

- First phase, Reverse Circulation (RC) Drilling Program of 8 holes for 1,142 metres completed, testing CSAMT geophysical-geochemical anomalies with strong alteration associated with a previously untested epithermal gold system.
- Laboratory results are expected in the second quarter 2012.

#### **CORPORATE**

- Oro Verde Limited (Oro Verde; ASX: OVL), formerly Ezenet Limited, relisted in February as a mineral exploration company following a successful \$2.4 million capital raising and the acquisition of copper and gold interests in highly prospective regions of Chile.
- Strong current working capital position of \$4.0 million will support further exploration and growth activities in Chile.



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The Board of Oro Verde is pleased to provide its Quarterly Report for the period ended 31 March 2012.

## EXPLORATION

During the quarter intensive drilling programs were commenced on the Chuminga and Vega projects.

### Chuminga Copper-Gold Project

Oro Verde owns a 20% interest, with the right to acquire a 100% interest, in the advanced Chuminga Copper-Gold Project in the Second Region of Chile.

Chuminga is a well mineralized hydrothermal copper-gold stock work breccia developed at a coastal location, approximately 120 kilometres south of Antofagasta. It lies on the western contact of a granodiorite stock on a mountain side, 600 to 700 metres above sea level. Expectation, based on prospecting by previous exploration companies, is an exploration target of 50 to 60 million tonnes of 1.0 to 1.1% Cu; 0.30 to 0.40g/t Au; and 0.9 to 1.0% Zn<sup>1</sup>. The project is summarised in the attachment to this report.

Oro Verde commenced the first phase of a drilling programme in January 2012 to:

- test an approximate strike of 300 metres of the mineralized breccia exploration target on three sections in the vicinity of the surface trenching and exploration tunnels that transect the mineralized body,
- establish the true nature of the conceptual target, especially the true width, grade and depth potential of the mineralisation, and
- determine the bulk tonnage potential of the breccia mineralisation at this location.

Two core holes (SB2 and SA1) have been completed with assay results received from the first hole, SB2, which returned 61 metres @ 0.90% Cu, 0.15 g/t Au (at a 0.5% Cu cut off) for the copper and iron oxide breccia mineralisation intersected over the interval of 65 to 126 metres. The mineralisation appears to be thickening down dip from the surface.

The second hole, SA1, was 75 metres south of SB2. It targeted the same breccia mineralisation seen in the first diamond core hole and was completed post quarter on 22 April at 179 metres depth. It intersected 26 metres of well developed copper and iron oxide mineralisation in a highly altered granodiorite from 97 to 116 metres depth (a 19 metre copper oxide mineralized interval) running into sulphide mineralisation [chalcopyrite-pyrite-(pyrrhotite)] below a major flat lying shear over the interval of 116 to 123 metres (a 7 metre mineralized interval). Assay results from SA1 are expected during the second quarter.

Drilling commenced post quarter, on 24 April, on a third diamond drill hole, SC1, which is a vertical hole targeting the same copper-iron oxide breccia mineralisation seen in the first diamond core hole (SB1) on Section B, 32 metres to the south of SC1.

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## **Vega Gold Exploration Project**

Oro Verde owns a 100% interest in the Vega Project which consists of ten Exploration Concessions and is targeting gold in the El Indio Gold Belt. It is 28km<sup>2</sup> in area and is located 22 kilometres north of the famous El Indio Gold Mining Centre in the Fourth Region of Chile. El Indio produced 4.5 million ounces of gold, 25 million ounces of silver and 472,000 tonnes of copper from underground and open pit operations in its 23 year life from 1979 to 2002 (16.8 million tonnes were mined at an overall recovered grade of 8.33 g/t Au, 46.3 g/t Ag and 2.81% Cu).

The El Indio Gold Belt contains large, recent past (El Indio - Tambo) and present (Pascua Lama - Veladero) gold mining centres. This region has seen the discovery of approximately 50 million ounces of gold and 900 million ounces of silver resources primarily by Barrick Gold Corporation, the dominant miner in the region.

The exploration target at Vega is an undrilled, highly anomalous epithermal system emplaced within the Sancarron caldera ring fault, a geological setting similar to other nearby late Tertiary (5-7 million years old) gold bearing volcanic and volcano-clastic rocks. Clear drill targets are evident at Vega from a CSAMT geophysical survey carried out over the highly anomalous epithermal system. The project is summarised in the attachment at the end of this report.

In late February 2012, Oro Verde completed a first phase RC drilling program of 8 holes for 1,142 metres of the planned 2,500 metres. Despite the presence of perched water tables with high water flows that curtailed meaningful sampling and hence terminated drill holes, logging has revealed extensive anomalous, sulphidic dacite porphyries in which copper and molybdenum mineralisation is present.

Laboratory results are expected in the second quarter and it seems likely that following appraisal of the laboratory results a decision will be made to re-enter some or all of the target holes.

## **New Project Development**

Oro Verde continues to evaluate new mineral exploration and development opportunities.

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## CORPORATE

Oro Verde was successfully relisted on the ASX as a mineral resources company on 3 February 2012 after having completed a \$2.4 million capital raising and having acquired interests in two mineral projects in Chile, namely:

- Chuminga Copper-Gold Project in a very prospective copper region of northern Chile, and
- Vega Gold Project within the famous El Indio Gold Belt.

Oro Verde, through its wholly owned Chilean subsidiary company, Green Mining Ltda, acquired a 20% interest in the Chuminga Project by payment of US\$1 million and the issue of 2,003,406 OVL shares to the vendor, SCM Compania Minera Chuminga, a company owned by the well established Chilean mining family, Errazuriz Hochschild. Oro Verde has an option to acquire the remaining 80% of Chuminga by 31 December 2012.

The Company acquired a 100% interest in the Vega Gold Project through the payment of mining fees of US\$5,000 and a payment of US\$40,000 to the vendor, Compania Minera Calcia Limitada.

In early March 2012, Oro Verde improved its cash position through a capital raising of \$2.6 million (at 20 cents per share) to sophisticated investors and the sale of its investment in Weatherly International Plc for about \$1.63 million.

Oro Verde's strong cash position will enable the pursuit of its exploration activities at the Chuminga and Vega Projects together with its assessment of further growth opportunities in Chile.

ENDS

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Notes:

1. The potential quantity and grade of the target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

2. The information contained in this report that relates to Exploration Results and Exploration Targets is based on information compiled by Dr Brad Farrell, BSc Hons Eco Geol, MSc, PhD, a consultant to the company. Dr Farrell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking. This qualifies Dr Farrell as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Farrell consents to the inclusion in the report of the foregoing matters based on his information in the form and context in which it appears. Dr Farrell is a Fellow of the Australasian Institute of Mining and Metallurgy, a Chartered Professional Geologist of that body and a Member of the Mineral Industry Consultants Association (the Consultants Society of the Australian Institute of Mining and Metallurgy).

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## Summary Overview of Chuminga Project

- Oro Verde Limited ("OVL") has a current 20% interest with a right to acquire a 100% interest in the advanced Chuminga Copper-Gold Project, in the Second Region of Chile, through an agreement with the owners of SCM Compania Minera Chuminga, a member company of a group of companies controlled by a branch of the well known Chilean mining family, Errazuriz Hochschild.
- Chuminga is a well mineralized hydrothermal copper-gold stock work breccia developed at a coastal location, approximately 120km south of Antofagasta. It lies on the western contact of a granodiorite stock on a mountain side at 600m to 700m above sea level. Expectation based on prospecting to date by previous exploration companies is an exploration target of 50 to 60 million tonnes of 1.0 to 1.1% Cu; 0.30 to 0.40g/t Au; 0.9 to 1.0% Zn<sup>1</sup>. The mineralized body is generally tabular, dipping 60° to 70° to the east, and from various reports has the following dimensions; a width of 60m to 150m and a 800m to 1,200m strike in a north-south direction.
- Sericite-chlorite-amphibole-magnetite-haematite-tourmaline alteration forms a halo around a central copper mineralized core. Mineralisation consists of a sulphide association dominated by chalcopyrite-chalcocite-incipient bornite with pyrrhotite-pyrite-sphalerite-magnetite which is present as disseminations and fracture fillings. These sulphides have been oxidized to both iron oxides (haematite-goethite-limonite) and copper oxides (atacamite-chrysocolla) which occurs in fracture fillings.
- The project has been prospected by historical and recent surface trenching on an outcrop area measuring 250m by 100m between 550m to 650m above sea level. The weighted average results of the three historical cross strike trenches being 1.21% Cu and 0.41g/t Au and the recent strike trenching being 190m @ 1.07% Cu and 0.20 g/t Au. Most of the recognized mineralized strike of the body is scree covered as rock debris is continually moving down a 40° mountain slope. The historical trenching results led to prospecting of the mineralized breccia below the outcrop area by tunnels at 630m and 543m above sea level. These tunnels did not transect the full width of the mineralized breccia. Weighted average sampling results returned were 115m @ 0.90% Cu and 0.48 g/t Au for the upper level. Subsequent historical re-sampling has indicated an increase in weighted mean values for the body to 1.4% Cu, 0.40 g/t Au and 1% Zn.
- The current first phase 10 hole / 1,950 metres drilling program is testing an approximate strike of 300m of the mineralized breccia exploration target on 3 sections in the environs of the surface trenching and exploratory tunnels transecting the mineralized body with the aim of establishing the true nature of the conceptual target previously identified, in particular the true width, grade and depth potential of the mineralisation leading to the determination of the bulk tonnage potential of the breccia mineralisation at this location.
- First core hole in the program, SB2, returned 61m @ 0.90% Cu, 0.15 g/t Au for the copper and iron oxide breccia mineralisation intersected over the interval 65 to 126 metres. The mineralisation appears to be thickening down dip from the surface.
- Second core hole, SA1, intersected 26 metres of copper mineralisation over an interval of 97 to 123 metres, analytical results are pending.

Note:

1. The potential quantity and grade of the target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

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## Summary Overview of Vega Project

- Oro Verde Limited (“OVL”) has a 100% interest in the Vega Project comprising 10 gold Exploration Concessions covering an area of 28km<sup>2</sup> located 22km north of the El Indio Gold Mining Centre in the Fourth region of Chile through an agreement with the Chilean company Compania Minera Calcia Limitada.
- The Vega Project lies in the El Indio Gold Belt in which there are recent large, past (El Indio - Tambo) and present (Pascua Lama - Veladero) gold mining centres. This region has seen the discovery of approximately 50 million ounces of gold and 900 million ounces of silver resources by primarily Barrick Gold Corporation, the dominant miner in the region.
- The exploration target is an undrilled, highly anomalous epithermal system emplaced within the Sancarron caldera ring fault, a geological setting similar to other nearby late Tertiary (5-7 million year old) gold bearing volcanic and volcano-clastic rocks. Twenty kilometres to the south of Vega lies El Indio which produced 4.5 million ounces of gold, 25 million ounces of silver and 472,000 tonnes of copper from underground and open pit operations in its 23 year life from 1979 to 2002 (16.8 million tonnes mined at an overall recovered grade of 8.33 g/t Au, 46.3 g/t Ag and 2.81% Cu).
- Clear drill targets are evident from a CSAMT geophysical survey carried out over the highly anomalous epithermal system. In late February 2012, a first phase RC drilling program for 8 holes was completed for 1,142 metres of the planned 2,500 metres. Despite the presence of perched water tables with high water flows that curtailed meaningful sampling, logging has revealed extensive anomalous, sulphidic dacite porphyry in which copper and molybdenum mineralisation is present. It is likely that following appraisal of the laboratory results that a decision will be made to re-enter some or all of the target holes.

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## Appendix 5B

### Mining Exploration Entity Quarterly Report

Name of entity

Oro Verde Limited

ABN

84 083 646 477

Period ended ("current quarter")

31 March 2012

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter	Year to date (6 months)
	\$A'000	\$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(1,918)	(2,441)
(b) development	-	-
(c) production	-	-
(d) administration	(444)	(1,655)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	23	45
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>(2,339)</b>	<b>(4,051)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	(5)	(42)
(c) other fixed assets	(4)	(11)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	1,631	2,363
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>1,622</b>	<b>2,310</b>
1.13 Total operating and investing cash flows (carried forward)	(717)	(1,741)

**Appendix 5B**  
**Mining Exploration Entity Quarterly Report**

1.13	Total operating and investing cash flows (brought forward)	(717)	(1,741)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	1,238	3,461
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – security deposits	-	(4)
	<b>Net financing cash flows</b>	1,238	3,457
	<b>Net increase (decrease) in cash held</b>	521	1,716
1.20	Cash at beginning of quarter/year to date	2,711	1,519
1.21	Exchange rate adjustments to item 1.20	47	44
1.22	<b>Cash at end of quarter</b>	3,279	3,279

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	164
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, consulting fees, directors' fees and superannuation.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A



**Appendix 5B**  
**Mining Exploration Entity Quarterly Report**

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	420
4.2 Development	-
4.3 Production	-
4.4 Administration	505
<b>Total</b>	925

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current period \$A'000	Previous period \$A'000
5.1 Cash on hand and at bank	3,246	2,678
5.2 Deposits at call	33	33
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	3,279	2,711

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-		
6.2	Interests in mining tenements acquired or increased	-		

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**Appendix 5B**  
**Mining Exploration Entity Quarterly Report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	80,256,149	75,097,737		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	5,746,026	5,746,026	\$0.20	\$0.20
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	21,750,000 2,500,000	- -	<i>Exercise price</i> \$0.27 \$0.20	<i>Expiry date</i> 31 December 2014 10 January 2016
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 30 January 2012  
Company secretary

Print name: Brett Dickson

## Notes

- 1 The report provides a basis for informing the market how the entity's activities have been financed for the past period and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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