

QUARTERLY REPORT FOR THE PERIOD ENDING 31 DECEMBER 2012

HIGHLIGHTS

EXPLORATION

Chuminga Copper-Gold Project

- A geological and conceptual mining analysis based on the results of the four key holes drilled to date was received. Putting aside the issues of complex faulting and compartmentisation of the breccia ore body, the conclusion has been reached that a significant economic body of Cu-Au mineralisation at this location on the Chuminga property is not attainable. As a consequence, the Company did not exercise its option on 8 December 2012 and any future work on Chuminga following up the unexplained stream sediment Cu and ASTER anomalies will be carried out under the JV company, SCM Chumi, with Oro Verde holding a 20% interest.

Vega Gold Project

- Further field work is currently planned on the weakly Cu and Mo mineralised porphyry system discovered in February 2012 drilling in the March 2013 quarter summer months as the prospect was inaccessible for much of the December quarter because of snow cover.

Pintue Aculeo Project

- On 17 October 2012 (refer ASX announcement) the Company acquired the Pintue Aculeo Project, a 17km² area, that has geological and structural similarities to Yamana Gold Inc's, Alhue Mining Centre, 15 kilometres to the south, which has an endowment of 2.5 million ozs of gold and 15 million ozs of Ag.
- Under a staged option agreement, a field crew completed geological mapping and geochemical sampling programs involving stream sediment coverage of the project area and soil and rock traverses over prominent alteration areas. The main 1km² Cerro El Penon target, a prominent circular structure with alteration and associated anomalous Cu, Mo, Pb (Au?) geochemistry, which suggested the presence of a possible large target of economic interest, was downgraded by the exploration work carried out and the agreement was terminated post quarter.

Rapel Copper-Gold Project

- A porphyry Cu-Au system, and associated hydrothermal breccia Cu-Au systems has been covered with 7 Exploration Concessions applications (17km²) 45km SE of Teck's Andacollo Mine, a large 60,000tpd open cut heap leach-SEX cathode Cu and conventional Cu in concentrates operation. The regional geology is similar to the Andacollo Mine setting.

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The Board of Oro Verde Limited (ASX : OVL) (“Oro Verde” or “ the Company”) is pleased to provide its Quarterly Report for the period ended 30 December 2012.

EXPLORATION

During the quarter the Company continued its evaluation of the Chuminga and Vega Projects drilling program results, as well as examining new exploration and development opportunities in Chile, the result of which was the acquisition of the Pintue Aculeo Project, south of Santiago and the pegging of the Rapel Prospect, a porphyry Cu-Au target similar to the onstrike large Andacollo Mine of Teck Resources Inc (“Teck”).

Chuminga Copper / Gold Project

Oro Verde holds a 20% interest in SCM Chumi, title holder of the Chuminga Copper-Gold Project, situated on a coastal location, approximately 120 kilometres south of Antofagasta in the Second Region of Chile. Oro Verde has the right to acquire a further 80% interest in SCM Chumi by 8 December 2012, from SCM Compania Minera Chuminga (“CMC”) a member of the well known Chilean Errazuriz Hochschild mining Group of Companies, taking ownership to 100%.

The project is targeting a well mineralised, hydrothermal copper-gold, stock work breccia developed on the western contact of a granodiorite stock on a mountain side at 600 to 700 metres above sea level.

The Company completed a first phase drilling program in June 2012 of 12 holes for 2,140 metres, to test on 4 sections an approximate strike of 300 metres of the easterly dipping, mineralised breccia target, in the environs of surface trenching and exploratory tunnels transecting the mineralised body. The aim of the program was to establish 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.

Drilling was halted in mid-June 2012 after drilling four key holes as vertical holes on four sections (A, B, C and D) because of the capability of the drilling rig to drill further angle holes on the current pads. Significant intersections at 0.5% Cu cut off were made in each of the four holes and are as follows;

SA-1 - from 98 to 116 metres; 18 metres of 0.98% Cu; 0.13 g/t Au

SB-2 - from 65 to 126 metres; 61metres of 0.90% Cu; 0.15 g/t Au

SC-1 - from 75 to 109 metres; 34 metres of 0.61% Cu; 0.08 g/t Au

SD-2 - from 54 to 102 metres; 48 metres of 0.78% Cu; 0.09 g/t Au

A further two angle holes were planned on each of the four sections subject to a positive geological and conceptual mining analysis of the results of the four holes drilled to date as drilling has revealed complex faulting and compartmentisation of the breccia ore body at this location. The Company’s consultant’s, E-Mining Technology SA, who have carried out the Chuminga Project exploration activities to date, completed this review early in the December 2012 quarter.

Putting aside the issues of complex faulting and compartmentisation of the breccia ore body at this location, the main thrust of the review was to answer the question “from current drilling, what is a possible resource target at 0.5% Cu cut off?” as this would generate the maximum tonnes on present drilling. A non JORC estimate was made using the sectional data from surface to 150m down dip. No economic considerations were considered in this estimate. The potential tonnage estimate calculated was 1,737,000 tonnes at 0.81% Cu, 0.11 g/t Au.

It was pointed out that an underground operation was probable because of topographical considerations, but a 0.5% Cu cut off is not an economic cut off for a small tonnage underground mining operation, with cut offs being in the range 0.75% to 1.00% Cu. At these respective higher Cu cut off levels, mineralised intercepts of significance in the above paragraph >0.5% Cu tabulated intercepts are very significantly reduced in size, which has the effect of substantially reducing the tonnage estimate, which can be visually and qualitatively inferred from computer visualisation.

The conclusion has been reached that the existence of a significant economic body of Cu-Au mineralisation at this location on the Chuminga property is not attainable. Resumption of drilling to complete the outstanding 8 holes can not be justified. Further work could be carried out at Chuminga following up the unexplained Cu stream sediment and ASTER anomalies. However, the terrain is difficult and access is prohibitive, making these exploration works a current low priority. On the 8 December 2012, Oro Verde advised CMC that it would not exercise its option and that any further work would be carried out by SCM Chumi, now a JV company, with Oro Verde holding 20% and CMC holding 80% with CMC becoming manager.

Vega Gold Project

Oro Verde holds a 100% interest in the Vega Project, located 22 kilometres north of the famous El Indio Gold Mining Centre in the Fourth Region of Chile 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

In late February 2012, Oro Verde completed a first phase RC drilling program on 8 targets from previously undertaken lithogeochemical and CSAMT geophysical surveys. These targets were related to anomalies associated with the argillic-silicic (acid sulphate) altered volcanics of the Late Oligocene to Early Miocene (17-22 my old age) Dona Ana Formation which have been intruded by younger (15-18 my old age), sulphidic Infiernillo Intrusives.

Analysis of all data has determined the cause of the majority of the anomalies as being due to the sulphidic, highly altered, silicified Infiernillo Intrusives suite of dacitic porphyries with some minor Cu and Mo mineralisations associated with quartz veining in mylonitic shearing on contacts between the various phases of the porphyry which probably lie in the apical position of the intrusive system.

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The results of the drilling were unexpected as the Infiernillo Intrusives suite represents a truncated hydrothermal mineralised system (basal porphyry only being present) which is older (15-18 my old age) than the anticipated expected younger (6-9 my old age) epithermal event target that gave rise to the El Indio, Pascua Lama, Veladero epithermal high sulphide gold mineralisations.

Further investigations are required at Vega to ascertain the significance of the unexpected discovery of an older truncated epithermal system represented by a weakly copper and molybdenum mineralised, basal porphyry system. These investigations including further field work is now scheduled in the summer months in the March 2013 quarter. This work has been delayed as the prospect was inaccessible because of snow cover for part of the December 2012 quarter. Following appraisal of the results, a decision may be made to re-enter some or all of the target holes to explore deeper Cu-Mo porphyry potential of the Infiernillo Intrusives in the project area after carrying out more detailed electrical geophysics.

Pintue Aculeo Project

An ASX announcement of 17 October 2012 outlined the acquisition of the Pintue Aculeo Project, located 73km southwest of Santiago. The 17 km² project area has some geological and structural similarities to Yamana Gold Inc's, Alhue Mining Centre, 15 kilometres to the south, which has an endowment of 2.5 million ozs of gold and 15 million ozs of Ag. Current production at Alhue is some 110,000 ozs of Au equivalent per annum at a relatively low cost of ~US\$600 per oz.

As per Alhue, Upper Cretaceous Lo Valle Formation volcanic rocks are present that have been intruded by an Early Eocene monzonitic batholith which outcrops extensively in the project area. This batholith is probably the source of the Alhue epithermal mineralisation that is hosted by the volcanics of the Lo Valle Formation.

Gold and copper mineralisation in veins within structures and hydrothermal breccias in the project area are commonly associated with argillic, silicic and propylitic hydrothermal alteration. A number of prominent circular intrusive features are also evident in the batholithic outcrop area. One of these, a prominent red, coloured alteration area ("Cerro El Penon") measuring 1,000m x 800m on satellite imagery is underlain by intensely, argillic altered, monzonite with silicification and limonite after pyrite and a hydrothermal breccia. Eight rock sample analytical results over the alteration area range from 0.005 to 0.425 g/t Au, 0.5 to 21.9 g/t Ag, 37 to 1,622 ppm Cu, 4 to 998 ppm Pb, 5 to 195 ppm Zn, 4 to 274 ppm Mo, 3 to 119 ppm As and 10 to 319 ppb Hg.

A field crew completed a geological mapping and geochemical sampling program by the end of November 2012. The latter involved; stream sediment coverage of the 17 km² project area (81 samples); soil traverses over prominent alteration areas, inclusive of the Cerro El Penon breccia (149 samples); and channel sampling along the perimeter of an old mining pit (29 samples).

Under the Acquisition Agreement, this program was a Precursor to the Main Program to commence post quarter on 8 January 2013, which was expected to lead to geophysical programs and early drilling. Regrettably the main large Cerro El Penon colour anomaly with associated historical anomalous Cu, Mo, Pb (Au?) geochemistry, which suggested the presence of a possible large target of economic interest, was downgraded by the exploration work carried out. Other Cu-Au, Au mineralisations detected and examined during the program were minor, restricted to fault zones or within and on the periphery of hydrothermal breccia outcrops. The remaining potential for the presence of a company sized mineral deposit of economic interest is low and the agreement with the vendors was terminated post quarter on January 8.

Rapel Prospect

Oro Verde has pegged 7 Exploration Concessions (17km²) in Region 4 of Chile, 40km by road from the city of Ovalle. Target is a porphyry Cu-Au system, and associated hydrothermal breccia Cu-Au systems present in the prospect area.

The prospect lies in area of moderate altitude (850 to 1,120m), with good all year round access and is close to infrastructure. It lies 45km SE of Teck's Andacollo Mine, a large 60,000tpd open cut heap leach-SEX cathode Cu and conventional Cu in concentrates operation, with mineral resources of 7.2 bill tons at 0.42% Cu, 0.12 g/t Au currently producing ~76,000 tpa Cu, ~54,000 ozs Au. The regional geology is similar to the Andacollo Mine setting, mapped as being dominated by Paleocene-Eocene volcanics and intrusives including monzonites, granodiorites, diorites, gabbros, with porphyry, rhyolites and dacites present. Onlapping this sequence is series of Upper-Lower Cretaceous volcano-sedimentary units

New Project Development

Oro Verde is continuing to evaluate further new mineral exploration and development opportunities in Chile. Some of these opportunities are reasonably advanced, being in or near production, and could provide Oro Verde with a further opportunity to quickly advance its position as an explorer/ developer in Chile. Details of further acquisitions by Oro Verde in the near future are expected to be released as they occur.

*** ENDS ***

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Notes:

1. Any potential quantity and grade of Exploration Targets 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).

Appendix 5B

Mining Exploration Entity Quarterly Report

Name of entity

Oro Verde Limited

ABN

84 083 646 477

Period ended ("current quarter")

31 December 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	(76)	(631)
(b) development	-	-
(c) production	-	-
(d) administration	(357)	(822)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	16	37
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(417)	(1,416)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	(18)	(18)
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(435)	(1,434)

Appendix 5B
Mining Exploration Entity Quarterly Report

1.13	Total operating and investing cash flows (brought forward)	(435)	(1,434)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(435)	(1,434)
1.20	Cash at beginning of quarter/year to date	2,204	3,207
1.21	Exchange rate adjustments to item 1.20	(1)	(5)
1.22	Cash at end of quarter	1,768	1,768

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	174
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	100
4.2 Development	-
4.3 Production	-
4.4 Administration	350
Total	450

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	1,735	2,171
5.2 Deposits at call	33	33
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,768	2,204

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	-		

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 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	87,582,417	87,209,083		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	24,364,459 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 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <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: 31 January 2013
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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