

17 May 2012

CHUMINGA PROJECT CHILE

Update on Drilling Operations

Highlights

- **Hole SA1 intersects 18m of 0.98% Cu and 0.13 g/t Au**
- **Consistent copper grades throughout the mineralised breccia**

Oro Verde Limited (ASX:OVL) ("the Company or OVL") is pleased to announce the results of the second diamond drill hole in the Chuminga Project, SA1, that intersected 26 metres of visual copper mineralisation.

Hole SA1, on Section A, (7268754mN 343600mE, 694m ASL elevation, a vertical hole) targeted the same copper-iron oxide breccia mineralisation seen in the first diamond core hole SB1 on Section B, 75 metres to the north, which assayed 61 metres @ 0.90% Cu, 0.15 g/t Au and was noted to be thickening down dip from surface to the east, refer attached plan.

As reported to the ASX on 27 April 2012, SA1 was completed at 179 metres depth and intersected 26 metres of copper mineralisation comprised of well developed, copper and iron oxide breccia mineralisation in a highly altered granodiorite from 97 to 116 metres depth (a 19 metre interval) running into less developed sulphide mineralisation (chalcopyrite-pyrite) in patchy disseminations and occasional veinlets below a flat lying shear over the interval 116 to 123 metres (a 7 metre interval).

All split 1 metre core interval samples over the drilled interval, 68 to 179 metres, with inserted external standard samples to monitor laboratory precision and accuracy, were sent to Activation Laboratories in Coquimbo, Chile for analysis for; Au by fire assay/AAS on a 30gm sample weight and Ag, Cu, Pb, Zn by AAS following a 4 acid "total" digestion.

The only elements of significance from the received assay results are copper (Cu) and gold (Au), with copper values ranging from 0.6% Cu to 1.26% Cu, and gold values ranging from 0.06g/t Au to 0.24g/t Au, refer summary Table 1 below of elemental value ranges at >0.5% Cu cut off encountered in the significant 18m mineralised interval, 98 to 116 metres, in SA1.

#Element	Minimum Content	Maximum Content
Cu %	0.60	1.26
Au g/t	0.06	0.24
Ag g/t	0.10	4.50
Pb ppm	<1	53
Zn ppm	61	165

Elemental ranges at >0.5% Cu cut off in the 18m significant mineralised interval, 98 to 116 metres in SA1

Table 1. Summary Elements in SA1 mineralised core.



2.

Table 2 below provides a summary of the significant results of the analysed SA1 core at various Cu cut off grades.

Cu cut off	From m	To m	Interval m	Cu %	Au g/t
>0.50%	98	116	18	0.98	0.13
>0.75%	98	115	17	1.00	0.13
>1.00%	98	108	10	1.11	0.13

Table 2. Significant results of SA1 analysed core at various Cu cut off grades.

The results in Table 2 reflect only the well developed, copper and iron oxide breccia mineralisation previously reported in the 97 to 116 metres depth interval, namely from 98 to 116 metres (ie 18 metres of the previously reported 19 metre mineralised interval). The less developed sulphide mineralisation (chalcopyrite-pyrite in patchy disseminations and occasional veinlets) below a flat lying shear over the interval 116 to 123 metres was insignificant, with the best result within the observed 7 metre interval being 2 metres @ 0.24% Cu, 0.02 g/t Au from 121 metres depth.

As a generalisation, the above results are also representative of the grades which were recorded in hole SB2. There is again an apparent general consistency of values (ie few outlier high and low values) within the range of Cu and Au values encountered as per the recent and historical reported trenching and adit sampling programs. Core recovery was ~100% over the mineralised interval, a consequence of the new drilling contractor's careful attention to improving core recovery.

For enquiries contact:

Dr Wolf Martinick
Chairman / Managing Director
0614 179 42466

Brett Dickson
Company Secretary
61 8 9481 2555

John Traicos
General Manager
0417 885 279

Note: 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).

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 mineralised 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[#]. 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.(Refer Note at end of above announcement).
- 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 immediate 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 mineralised breccia below the outcrop area by tunnels at 630m and 543m above sea level. These tunnels did not transect the full width of the mineralised 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 mineralised breccia exploration target on 3 sections in the environs of the surface trenching and exploratory tunnels transecting the mineralised 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 in the program, SA-1, returned 18m of 0.98% Cu, 0.13 g/t Au for the copper and iron oxide breccia mineralisation intersected over the interval 98 to 116 metres.
- Third core hole in the program, SC-1, intersected 79.3m of copper and iron oxide breccia mineralisation over the interval 55.4 to 134.7 metres. Results are pending from the laboratory.
- Fourth hole SD-2 is currently being drilled.

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.

