

21 May 2012

CHILE PROJECTS UPDATE

Highlights

Chuminga Project gathers momentum as fourth diamond hole, SD2, is underway.

Vega Project drilling intersects a truncated epithermal system (low grade Cu and Mo mineralised basal porphyries in the system) older than the El Indio epithermal gold event.

OVL is evaluating in or near production opportunities that could provide it with the opportunity to quickly advance its position as an explorer/ developer in Chile.

Oro Verde Limited (ASX:OVL) ("the Company or OVL") is pleased to announce to shareholders a summary of its Chile project activities.

Chuminga Project

The current first phase (12 hole / 2,140 metres) drilling program is testing an approximate strike of 300 metres of the mineralised breccia exploration target on 4 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.

Three holes have been drilled to date on Sections A (SA1), B (SB2) and C (SC1) and a fourth, on Section D (SD2) is now underway. All holes are key holes on section and have been drilled as vertical holes. A further two angle holes are planned on each of these sections subject to a change out of drilling rig on completion of hole SD2 and the results of the four holes drilled, refer attached plan and sections.

First core hole in the program, SB2, returned 61 metres @ 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, SA1, returned 18 metres 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, SC1, intersected 79.3 metres of copper and iron oxide breccia mineralisation over the interval 55.4 to 134.7 metres. Results are pending from the laboratory.

Vega Project

OVL carried out an RC drilling program on the Vega Project, located 23 kilometres north of the El Indio Mining Centre, from 13 January to 21 February 2012. Reporting on the program has been delayed due to assay results just becoming available from the overloaded laboratory facilities in Chile.



2.

A litho-geochemical survey and a CSAMT geophysical survey had been previously undertaken over a 5km² alteration area on the northern slopes of the Sancarron valley, down to the valley floor, between 3,600m and 3,900m ASL. Anomalies, some of which are coincident in both data sets, were reported as being associated with the argillic-silicic (acid sulphate) altered volcanics of the Late Oligocene to Early Miocene Dona Ana Formation which have been intruded by younger, sulphidic Infiernillo Intrusives. Both the volcanics and the intrusives have been emplaced in a caldera ring fault structure along the curving flanks of the Sancarron River valley.

The main target in the CSAMT are strong silicification features associated with structure, especially below the valley floor, though these features are possible due to altered Infiernillo Intrusives that outcrop in the western portion of the valley. Silica flooding is noted both at the Tambo and Pascua-Lama projects of Barrick, and in both cases the high level, intense silicification has a virtual absence of precious metals, but in both cases, a short distance below or laterally, economic grades have been discovered. In particular, some silicification features in the Vega CSAMT survey (lines 4 and 5) were noted to be analogous to features in published CSAMT line data over the Pascua Lama and Veladero epithermal gold deposits. Some CSAMT features were also noted to be coincident with anomalous litho-geochemistry, for example those on CSAMT line 4, with As, Cu, Mo (Sb, Hg, Pb, Zn), whilst separate to the CSAMT, the eastern brecciated, silicified, iron stained volcanic ridge in the prospect area was coincident with anomalous As (Au).

Eight targets were selected for drilling. Notwithstanding the presence of outcropping sulphidic Infiernillo Intrusives in the valley on CSAMT lines 1 and 2, which suggested that this was the probable cause of the large CSAMT silicification features on the lines at these locations, holes were also nominated to verify this observation.

Eight holes for 2,600 metres were planned to be drilled, but only 1,162 metres of the planned total could be drilled because drilling was stopped when the water table was intersected, refer attached plans.

The major lithology intersected in all holes was a suite of Infiernillo Intrusives (dacite porphyry, quartz (eye) dacite porphyry, fine grained feldspar porphyry). Rhyodacite tuffs were only intersected in a minor way at the top of the hole ARV-7, being intruded by Infiernillo dacite porphyries. Alteration was noted to be variable in intensity; silica-sericite to advanced argillic alteration (silica-argillite-alunite-(pyrophyllite)). The more intense alteration was associated with strong brecciation, faulting and mylonite and often led to difficulty in recognising rock type. All the holes had variable amounts of sulphides, mainly pyrite, trace to 10%, occurring as disseminations and in quartz veinlets in areas of faulting, brecciation and mylonite particularly on contact structured positions of intrusives with the associated presence of trace molybdenum mineralisation (molybdenite), copper mineralisation (chalcopryrite, chalcocite, covellite, enargite) and zinc mineralisation (sphalerite).

Some of the recorded pyrite was probably arsenopyrite as evidenced by the pervasive high As values in the near surface intervals of holes. Eg hole ARV-6 recorded 41 metres of 2075 ppm As from surface to 41 metres within which As peaked at 1.24%. Generally noted molybdenum and copper mineralisation occurrences were antipathetic and returned low order values in the drill holes as per the following examples; ARV-4 had 4 metres of 1131 ppm Cu (peak 2110 ppm Cu) over the interval 115 to 119 metres; ARV-5 had 14 metres of 135 ppm Mo (peak 240 ppm Mo) over the interval 68 to 82 metres. All the holes were analysed extensively for Au by fire assay. The assay results returned were disappointingly low, being at or below the detection limit of 0.01 g/t Au.

Notwithstanding the shortened drill program, the cause of the anomalies has been explained by the sulphidic, highly altered, silicified Infiernillo suite of dacitic porphyries with some minor Cu and Mo mineralisations associated with quartz veining in mylonitic shearing on contacts between fine grained quartz dacite porphyry and/or fine grained dacitic porphyry and dacite porphyry, probably in the apical position of the intrusive system. The roof pendant of Dona Ana Formation (Tilto Member volcanics) as seen in hole ARV-7 are "thin skinned" to the intrusives and have been intensely hydrothermally altered with low order geochemical enrichment on the contact with the intrusive.

3.

In summary, OVL has tested the CSAMT geophysics with in part associated anomalous As, Cu and Mo litho-geochemistry and geology (alteration and structure) and determined the cause of the anomalies as being due to the sulphidic, highly altered, silicified, Infiernillo suite of dacitic porphyries with minor Cu and Mo mineralisations which are present under extensive scree cover on the northern slopes of the Sancarron valley and in the valley floor. The Infiernillo Intrusive suite represents a truncated hydrothermal mineralised system (basal porphyry only being present), refer attached conceptual figure. This system is an older 15 to 18 million year old mineralisation event than the younger 6 to 9 million year old mineralisation event that gave rise to the El Indio-Pascua Lama-Veladero epithermal, high sulphide, gold mineralisations. At this stage no further work on the Vega Project is planned.

New Project Development

OVL is continuing to evaluate new mineral exploration and development opportunities in Chile. Some of these opportunities are reasonably advanced, being in or near production, and could provide OVL with the opportunity to quickly advance its position as an explorer/ developer in Chile. The results of these activities are expected to be released in the near future, possibly in this quarter.

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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).

ARV-1
WGS84 399664mE 6726249mN
Elevn 3,608m Azi 050° Dec -80°
Final depth 18m Dacite Ppy

Line 1 ~400N hole locn 399664mE 6726249mN elev 3608m

6726000mS 400000mE

00 Line 1 GP 6725974mS 399431mE

Line 1

ARV-2
WGS84 400415mE 6725379mN
Elevn 3,621m Azi 335° Dec -70°
Final depth 107m Dacite Ppy

Line 2 300mN 00 base 400415mE 6725379mN elev 3621m

401825mE 6725412mN elev 3900m

New Line 3 Hole 401627mE 6725174mN 3904m

Line 3 Hole 1 1000N GP sub 401578mE 6725091mN elev

00N GP Line 2 400269E 6725152N

6725000mN 410000mE

Vega CSAMT Lines 1 & 2 Drill Hole Locations

Line 2

Image © 2012 GeoEye

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605 m

Google earth

Imagery Date: 12/3/2008



2007

19 J 400203.96 m E 6725655.60 m S elev 3663 m

Eye alt 7.15 km

ARV-3

WGS84 401627mE 6725174mN

Elevn 3,904m Azi 030⁰ decln -60⁰
Com in oxid sulphidic dacite ppy

Fin in fg feld qtz ppy at 195m

ARV-4

WGS84 402454mE 6725170mN

Elevn 3,994m Azi 350⁰ decln -80⁰
Com in oxd dacite ppy

Fin in dacite ppy at 183m

Geochem Test As (Au) ridge 403872mE 6725362mN elev

ARV-7

WGS84 403872mE 6725362mN

Elevn 3,983m Azi 170⁰ decln -60⁰
Com in oxd qtz rhyodacite tuff

Fin in undiff qtz alunite breccia at 107m

Ridge

New Line 5 Hole 910m from 00 base Geophy + geochem 403094mE 6724953mN 3970m elev

Line 3 Hole 1 1000N GP sub 401578mE 6725091mN elev 3861m

New Line 4 Hole 950m N base 00 402480mE 6724872 elev 3925m

ARV-6

WGS84 403094mE 6724953mN

Elevn 3,972m Azi 340⁰ decln -70⁰
Com in oxd qtz dacite ppy

Fin in undiff ppy (granodiorite?) at 280m

ARV-5

WGS84 402480mE 6724872mN

Elevn 3,925m Azi 350⁰ decln -70⁰
Com in oxd tuff volcanic

Fin in qtz dacite ppy at 260m

Line 3

Line 5

00 Line 5 3724215mS 403478mE

Line 4

ARV-8

WGS84 402660mE 6723832mN

Elevn 3,657m Azi 0⁰ decln -90⁰
Com in alluv

Fin in qtz dacite porphyry at 12m

00 Line 4 6723971mS 402639mE

Line 4 Hole 50N of Stn 200S GP 402660mE 6723832mN elev 3657m

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19 J 402662.91 m E 6724526.65 m S elev 3764 m

Google earth

Eye alt 7.15 km

742 m



2007

Imagery Date: 11/30/2008

Vega CSAMT Lines 3 to 5 & Ridge Drill Hole Locations

Vega – Conceptual Epithermal Model

