
ORO VERDE LIMITED

A.B.N. 84 083 646 477

ANNUAL REPORT

30 JUNE 2013

ORO VERDE LIMITED
CORPORATE DIRECTORY
A.B.N. 84 083 646 477

This annual report covers both Oro Verde Limited as an individual entity and the consolidated entity comprising Oro Verde Limited and its subsidiaries. The consolidated entity's functional and presentation currency is AUD (\$).

A description of the consolidated entity's operations and of its principal activities is included in the review of operations and activities in the directors' report.

Directors

W G Martinick (Executive Chairman and Managing Director)

G R O'Dea (Non-Executive Director)

D H Ward (Non-Executive Director)

B L Farrell (Technical Director)

Company Secretary

B D Dickson

Registered Office and Principal Place of Business

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Share Registry

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Applecross WA 6153

Auditors

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Suite 4, 1st Floor
63 Shepperton Road
Victoria Park WA 6100

Bank

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Level 1, Gateway Building
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Booragoon WA 6154

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The information 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 Australasian Institute of Mining and Metallurgy).

Dear Fellow Shareholders

During the last 12 months Oro Verde Limited has acquired several very prospective copper/gold projects in Chile that have the potential to transform our Company. Our **Timon Project** is particularly exciting as it contains a potentially large porphyry copper system in an area of Chile known for very large porphyry copper deposits. It is associated with the Domeyko Fault Zone system, an important geological feature, that is associated with other large, on trend porphyry copper deposits, such as El Salvador and Escondida which support major mines. Timon is close to established infrastructure, has easy access and undulating terrain that lends itself to low cost construction of tracks and drill pads.

The immediate exploration target is a 1 to 2km wide by 4 to 5km, north-south trending zone of alteration containing a lithocap (leached gossaneous iron oxides), the surface alteration expression of a possible substantial sulphide porphyry system carrying possible significant copper (gold/molybdenum) mineralisation.

A recent Induced Polarisation ("IP") geophysical survey has identified the presence of a very large anomaly over the lithocap that is attributed to a sulphide source that is at least 1km wide and 3.5km long. Depending on topography, the chargeability anomaly commences from 50 to 150m depth and appears to extend to depths of >800m, the limit of the IP survey. Results from surface mapping, geochemical and mineralogical studies suggest the anomaly is associated with copper (chalcopyrite and chalcocite) mineralisation.

A first phase drilling programme is expected to commence in the last quarter of this calendar year. On the assumption that this initial drilling confirms our optimism, then most of 2014 will focus on detailed follow-up exploration of Timon.

This August we completed a very successful 1 for 1 Entitlement Issue at a share price of 1.3 cents. This allowed most shareholders to lower their average purchase price whilst it offered both old and new shareholders alike, the opportunity to participate at an attractive entry price in our exploration programs, especially on the very prospective Timon Project.

The Company has also acquired the **San Pedro** and **Alma Projects** which have the potential to host large copper deposits. San Pedro is targeting a 1 by 1.5km area of strong hydrothermal alteration associated with intrusives and polymetallic vein mineralisation within a caldera feature which is considered to be the host surface structural expression of a possible mineralised porphyry copper system at depth. The Alma Project is targeting a north-west trending, 2 by 3km, unexplored magnetic anomaly. We believe that this anomaly represents a large iron oxide-copper-gold ("IOCG") deposit at depth associated with the Atacama Fault Zone system, a similar setting to the huge Manto Verde copper mine, 85km south of Alma.

For further project details I refer you to our various news releases.

The Company's Chile-based team continues to evaluate other highly promising projects that are being brought to our attention.

I thank you for your ongoing support and, like you, I look forward to promising exploration results in what looks like an exciting time ahead.

Please contact me on +61 (0) 417 942 466 if you have queries.



Wolf Martinick
Executive Chairman

Your directors submit their report on the consolidated entity (referred to hereunder as the group) consisting of Oro Verde Limited (Formerly Ezenet Limited) and the entities it controlled at the end of, or during, the year ended 30 June 2013.

DIRECTORS

The names and details of the directors of Oro Verde Limited in office during the whole of the financial year and until the date of this report are as follows:

W G Martinick B.Sc, Ph.D. FAIMM. (Executive Chairman and Managing Director)

Dr Wolf Martinick was appointed a director and chairman on 13 January 2003. On 8 August 2011 he was appointed Managing Director. He is an environmental scientist with over 40 years experience in mineral exploration and mining projects around the world, attending to environmental, water, land access and indigenous people issues. He has conducted due diligence on mining projects around the world on behalf of international financial institutions and resource companies for a variety of transactions including listings on international stock exchanges, mergers and debt financing. He is a Fellow of the Australian Institute of Mining and Metallurgy.

Dr Martinick is a founding director and former chairman of Weatherly International plc, an AIM listed company with copper mines in Namibia. Previously Dr Martinick was a founding director of Basin Minerals Limited, an ASX listed mineral exploration company that discovered a world-class mineral project in Victoria, Australia, that was acquired by Iluka Resources Limited in 2003. He is currently Chairman of ASX listed Sun Resources Limited and a director of Azure Minerals Limited.

G R O'Dea (Non-Executive Director)

Mr Ross O'Dea was appointed a director on 7 March 2002 and Managing Director on 1 September 2007. On 8 August 2011 Mr O'Dea resigned as Managing Director. He is a former Business Development Manager for The West Australian Newspaper with 35 years media experience in radio, television, press and outdoor advertising. Mr O'Dea was contracted to the TAB Western Australia as Manager, Media Services, a contract which concluded on 11 June 2004. Mr O'Dea was appointed Managing Director on 1 September 2007 and was responsible for the overall performance of the Oro Verde Group until his resignation as Managing Director on 8 August 2011.

Mr O'Dea holds no other directorships in listed companies.

D H Ward Assoc. Admin., Assoc. Acctg., CTA, ACA. (Non-Executive Director)

Mr David Ward was appointed a director on 22 July 2005. After service in the Australian Army, Mr Ward graduated from the WA Institute of Technology in Accounting and Business Administration, and trained as an Auditor and Tax Agent. Having established the "Tax Hut" tax and accounting centres in 1995, he practices in West Perth and participates in organisations providing family and community dispute resolution.

Mr Ward has no other directorships in listed companies.

B L Farrell B.Sc (Hons Econ Geol), M.Sc, Ph.D, FAIMM, MICA, CPGeol, MIMM, CEng.

(Technical Director)

Dr Brad Farrell was appointed a director on 8 August 2011. Dr Farrell has over 40 years experience in resource exploration and senior project management and evaluation. During this time he has managed numerous and extensive exploration programs within Australia and overseas for a variety of mineral commodities for both major and junior exploration companies. Some of these programs have resulted in significant discoveries, which are currently in production or will see future production. He is a Fellow of the Australian Institute of Mining and Metallurgy, a Chartered Professional Geologist of that body, Member of Mineral Industry Consultants Association, a Member of the Institution of Mining and Metallurgy and a Chartered Engineer of that body.

Dr Farrell was a founding director and the chairman of ASX listed companies, Sun Resources Limited and Basin Minerals Limited.

COMPANY SECRETARY

B D Dickson B.Bus, CPA

Mr Brett Dickson was appointed Joint Company Secretary on 1 July 2009. He is a Certified Practising Accountant with a Bachelors degree in Economics and Finance from Curtin University and has over 20 years experience in the financial management of companies, principally companies in early stage development of its resource or product, and offers broad financial management skills. He has been Chief Financial Officer for a number of resource companies listed on the ASX. In addition he has had close involvement with the financing and development of a number of greenfield resources projects.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report the interests of the directors in the securities of the company were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
W G Martinick	22,951,007	7,500,000
G R O'Dea	299,476	500,000
D H Ward	981,266	150,000
B L Farrell	20,701,281	7,500,000

INTERESTS IN CONTRACTS OR PROPOSED CONTRACTS WITH THE COMPANY

During or since the end of the financial year, no director has had any interest in a contract or proposed contract with the company being an interest the nature of which has been declared by the director in accordance with Section 300(11)(d) of the Corporations Act 2001.

DIRECTORS' MEETINGS

During the year 5 directors' meetings were held. The number of meetings attended by each director was as follows:

	No. of meetings held while in office	Meetings attended
W G Martinick	5	5
B L Farrell	5	4
G R O'Dea	5	5
D H Ward	5	4

As at the date of this report, the company did not have audit, remuneration or nomination committees, as the directors believe the size of the company does not warrant their existence.

DIVIDENDS PAID OR PROPOSED

The company has not paid any dividends since the commencement of the financial year, and no dividends are proposed to be paid.

CORPORATE INFORMATION

The Financial Statements of Oro Verde Limited for the year ended 30 June 2013 were authorised for issue in accordance with a resolution of the directors on 27 September 2013. The group's functional and presentation currency is AUD (\$).

Oro Verde Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

Principal Activities

The principal activity during the year of the group was investment in the mining and resource sector.

The group's business is conducted from operations located in Australia and more recently in Chile through its 100% owned subsidiary Green Mining Limitada.

Employees

Other than the Directors the group employed 2 people at 30 June 2013 (2012: 1).

OPERATING AND FINANCIAL REVIEW

Group Overview

Oro Verde Limited is a company limited by shares and is incorporated and domiciled in Australia.

At the date of this report the Group is conducting exploration activities in Chile and continues reviewing opportunities for both direct and indirect investment in the resources sector.

Operating Results

The group's revenue was \$52,756 and the loss was \$4,533,958 for the financial year. Exploration expenses written off (\$1,665,751) and the impairment on investments (\$1,186,508) account for approximately 63% of this year's loss.

	2013	2012
	\$	\$
Operating revenue	52,756	101,819
Operating profit/(loss)	(4,533,958)	(7,149,945)

Year in Review

Cash

At 30 June 2013 the cash balance of the group stood at \$720,458.

Investments

During the 2012 year the Group sold the majority of its listed investments only retaining a holding of 78,609 shares in China Africa Resources PLC with a value at 30 June 2013 of \$21,647 (2012: \$23,561).

Exploration

The Company has been active over the last 12 months with completion of drilling on the Chumunga project and, after a period of intense new project development activity, acquired three quality exploration projects for porphyry copper and iron oxide-copper-gold ("IOCG") deposits, Timon, Alma and San Pedro, refer Figures below.

Timon Project

The 50km² Timon Project area is located 75km southeast of the city of Copiapo in Region 2 of Chile. It comprises 17 Exploitation Concessions. Regionally it lies on the eastern margin of the southern extension of the Late Eocene to Oligocene giant porphyry copper belt. It is underlain by a sequence of folded and faulted Triassic to Eocene volcanics and sediments intruded by Palaeocene and Eocene intrusive complexes, just west of the bounding, northeast trending fault components of the Domeyko Fault system, a similar setting to other large deposits on trend to the north such as El Salvador and Escondida.

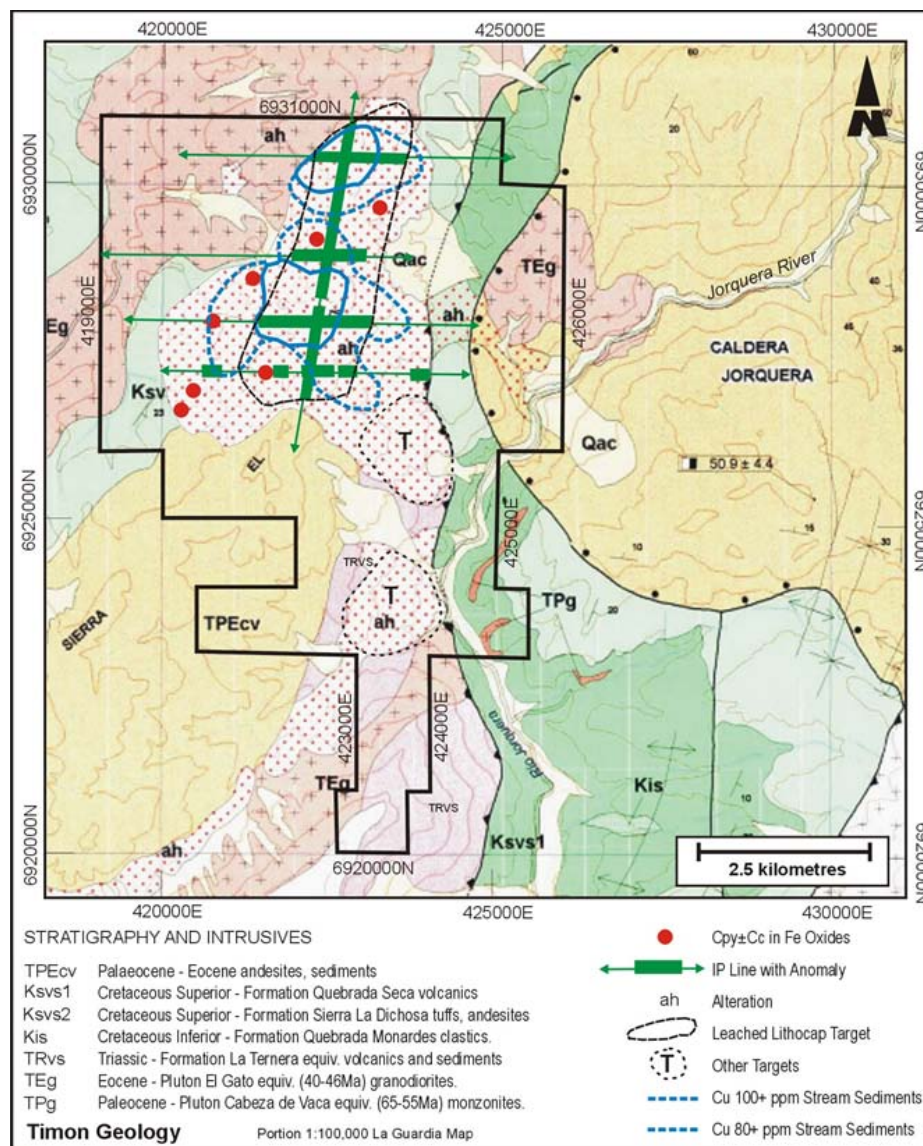
Two substantial porphyry targets are present in the project area. The primary target of interest is the central 1 to 2km wide by 5km long portion of the north-south trending Sierra El Timon ridge at 3,200m elevation, which has a moderate to strongly leached lithocap. Lithocaps are leached "gossanous iron oxide" caps that usually define and overlie the shallow oxide parts of porphyry copper sulphide systems typically above the main Cu-(Au/-Mo) zone. The secondary target of interest lies in the southeast project area where two 1.5 to 2km² circular features of advanced argillic alteration with iron oxides are present in an area of general alteration over the Triassic La Terna Formation equivalent volcanics and sediments. These targets are also possibly the expression of buried intrusives of similar age to the main ridge target.

Clay alteration mineralogy of samples collected by Billiton PLC in year 2000 suggests a high temperature hydrothermal system being present on the Timon ridge primary target whilst the Cu and Mo lithogeochemical patterns of the lithocap sample results, albeit of a low order due to the highly acid leached environment, appear to relate to the model for porphyry Cu-Au-Mo mineralisation. Importantly, Billiton PLC's mineralogical studies on lithocap samples also revealed the presence of fine grained copper minerals, primary chalcopyrite and secondary chalcocite, within the dominate lithocap iron oxides.



Geophysical surveys (IP and magnetics) carried out by the Company have returned very favourable results. A prominent area of demagnetisation, a typical magnetic response over a porphyry system is coincident with the lithocap whilst the IP data outlines a strong chargeability anomaly that is at least 1km wide and 3.5km long. Depending on topography, the chargeability anomaly commences from 50 to 150m depth and appears to extend to depths of >800m, the limit of the IP survey. The IP anomalies observed on Timon ridge are considered to be consistent with expected anomalies over a leached lithocap over a copper or copper-gold porphyry system at depth in this geologic belt with the probable chargeable source being primary sulphide mineralisation (pyrite-chalcopyrite) underlying a possible supergene blanket of secondary chalcocite.

The Company has also carried out a stream sediment sampling programme over the ridge area and has defined a copper anomaly over the ridge, specifically over the area of the central IP anomaly, which also supports the probable presence of a copper mineralised porphyry system at depth.



The main lithocap ridge is now considered to be a substantial porphyry copper target with the possibility of a significant chalcocite enrichment blanket over primary sulphides. There is good correspondence of copper stream sediment and in part chalcopyrite (chalcocite) mineralogical anomalies over at least 4km of the lithocap and these anomalies are specifically coincident with the central IP anomaly.

It is expected that drilling on this project will occur in the fourth quarter of 2013.

Alma Project

The 36km² Alma Project is located in the coastal cordillera, 40km east of the coastal city of Taltal in Region 2 of Chile. The region near Alma is affected by the Atacama Fault Zone system that contains significant IOCG deposits related to the development of the Jurassic-Lower Cretaceous magmatic arc coring the cordillera. The project area itself lies within the central portion of the Lower Cretaceous Cerro del Pingo Batholith, a major igneous body, 110km long and up to 40km wide, composed of a number of stocks of diverse composition, ranging from diorites to granites with associated copper-gold, copper-gold-iron and iron mineralisation.

The Alma project is targeting a north-west trending, 2 by 3km, unexplored magnetic anomaly which possibly represents a large IOCG deposit at depth associated with the Atacama Fault Zone system, a similar setting to the huge Manto Verde copper mine, 85km south of Alma.

A major portion of the project area has been recently covered by a detailed ground magnetic survey (continuous magnetic profiling on 100m line spacing) which has broken down the aeromagnetic anomaly into a 2km by 1km magnetic high, separated by a magnetic low from a smaller northern high. Copper oxides have been discovered in some pits in caliche on weathered diorite on the western margins of these magnetic anomalies.

In the northern area of the project, subtle colour features on satellite imagery are present within calcrete covered diorites on the northern nose of the regional aeromagnetic anomaly. A geological examination of this area by company staff has explained the colour anomalies by the location of copper mineralised float from prospective concealed, altered felsic, porphyry intrusives into diorite. First pass reconnaissance mapping and geochemical sampling programs (stream sediments and rock samples over the main magnetic anomaly) have also been completed.

Following a detailed analysis of all the data gathered to date a more comprehensive program of detailed mapping and electrical geophysics (IP) is proposed to outline targets for drilling in the next financial year.

San Pedro Project

The 9km² San Pedro project is located in Region 2 of Northern Chile, 100km northeast of the city of Calama which services Codelco's giant Chuquicamata complex of mines. Regionally the project is situated within the northern portion of the Eocene to Early Oligocene Copper Belt of northern Chile which contains significant porphyry copper deposits. Northwards from Calama, is a cluster of giant porphyry copper deposits, from south to north; Mina Ministro Hale (Mina Mansa), Mina Sur (Exotica) Chuquicamata, Radomiro Tomic, El Abra, Quebrada Blanca and Collahuasi-Ujina. All are related to the development of an Eocene - Lower Oligocene magmatic arc with emplacement of mineralised porphyries between 36-31Ma. A striking feature of these deposits is the structural control on mineralisation by the regional north-south Domeyko Fault system which runs for approximately 800km. The fore mentioned deposits occur in dilatational structural settings related to strike-slip movement on the major faults and also subsidiary splays of the Domeyko Fault system.

The project area is underlain by an inlier of Late Cretaceous to Palaeocene age highly altered sediments and intrusive breccias and porphyries, which have been exposed by erosion of overlying, younger Upper Miocene to Pliocene volcanic cover, which is related to the evolution of the over 6,000m high San Pablo and San Pedro strata volcano complex, 10km to the south. The inlier in detail represents a partly exposed caldera feature. Southeast trending splay faults can be traced into the San Pedro area off the Domeyko Fault system. The structural setting of San Pedro is similar to the nearby Abra - Conchi mines to the southwest and to the Collahuasi - Rosario - Ujina mines to the north.

San Pedro is targeting a 1 by 1.5km area of strong hydrothermal alteration visible on satellite imagery, associated with intrusives and polymetallic vein mineralisation within a caldera feature which is considered to be the possible host surface structural expression of a possible mineralised porphyry copper system at depth.

Copper mineralisation is present within the caldera feature, mainly in the north, as a 1 to 2m wide polymetallic vein trending east southeast for 600m. Assay results for vein material have returned values to 1.24% Cu, 0.63%Pb, 0.57% Zn, 1.52 g/t Au and 55 g/t Ag.

Stream sediment sampling and detailed ground magnetic coverage (continuous magnetic profiling on 100m line spacing) was recently completed, confirming the caldera with intrusive features within the caldera. Following a detailed analysis of all the data gathered to date a more comprehensive program of detailed mapping and electrical geophysics (IP) is proposed to outline targets for drilling in the next financial year.

Domeyko East Project

In the southern portion of the Coastal Cordillera Copper Belt in Region 4 of Chile, porphyry copper deposits (eg Dos Amigos, Andacollo) lie in a sub-belt that runs parallel to, but some 10 to 15km to the east of the 'Chilean Iron Belt' which is directly affected by the Atacama Fault Zone and contains a number of large iron oxide-apatite deposits (eg the Algarrobo and Los Colorados iron mines) and IOCG deposits (eg the Candelaria Cu-Au-Fe mine). The Domeyko East Project comprises three Exploration Concessions (9km²) staked by the Company and is targeting a porphyry copper system.

The Domeyko East Project area lies just northeast of the visually prominent Domeyko Alteration Zone, a north-south, fault bounded lithocap ridge, 6km in a north-south direction and 1 to 1.5km in a east-west direction which contains late Cretaceous age Cu mineralised porphyries (Dos Amigos and Tricolor) and copper mineralised breccias (Mirasol) that have intruded Lower Cretaceous Bandurrias Group andesitic lavas and volcanic breccias. Lithocaps (leached "gossanous iron oxide" caps) define and overlie the shallow oxide parts of the porphyry copper sulphide systems.

Similar age porphyries appear to be present in the adjacent fault bound depression containing the East Domeyko Prospect, but have been concealed by west sloping terraces of Miocene Atacama gravels whilst those mineralised porphyries associated with the nearby Domeyko ridge have been subject to extreme weathering over millions of years and have developed prominent lithocaps. North-south trending, small inliers of altered Cretaceous intrusive porphyries are currently being exposed by erosion of the overlying terrace gravels within the project area and constitute a target for geophysical exploration for buried porphyry copper mineralisation.

Reconnaissance mapping was carried out by the field crew in the June 2013 quarter. Contrary to the assumption that this area appeared not to have been explored in detail for primary porphyry copper deposits because of the thick gravel cover, and warranted detailed geophysical surveys to detect buried primary porphyry mineralisation as per the nearby Dos Amigos mine, signs of geophysical grid coverage (IP and probably magnetics) was discovered as well as a 130 to 150m deep RC drill hole from possibly 5 to 10 years ago. Samples of cuttings with visible sulphides, pyrite with trace chalcopyrite(?) were taken from weathered piles of laid out hole metrage for analyses. These samples returned low order copper values.

Further work is conditional on obtaining information on past exploration here by title searching and follow up of past title holders. Unfortunately statutory reporting of exploration by title holders to Sernageomin (the Chilean government mining regulatory agency) is not obligatory as in Australia.

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 Region 2 of Chile. Operatorship reverted to 80% shareholder Compania Minera Chumi ("CMC") in December 2012 after Oro Verde did not exercise its option to become the 100% owner of SCM Chumi.

The project contains a 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. Drilling by the Company in 2012 suggests a small, low grade Cu (Au) resource is present that is subject to complex faulting and compartmentisation.

Further exploration on this project is under review.

Rapel Project

A field crew completed a reconnaissance geological mapping and a geochemical sampling program of the project area by mid-March 2013. An area of altered, quartz veined, fine grained andesitic porphyry was located which has some similarities to new porphyry Cu discoveries to the northwest of the Rapel area. However, compilation of all results in the June 2012 quarter downgraded the project and a decision was made to drop the project area in favour of exploring new higher potential opportunities.

New Project Development

The Company is continuing to evaluate further new mineral exploration and development opportunities in Chile.

Ghazal Minerals Limited – 100% owned subsidiary

In April 2013 the Company's 100% owned subsidiary Ghazal Minerals Limited ("Ghazal") was advised by Aura Energy Limited (ASX : "AEE") that it had withdrawn from the joint venture to explore for uranium Ghazals Mauritanian concessions. A review of those concessions has resulted in Ghazal relinquishing its interest in them.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There has been no significant change in the state of affairs of the group during the year and to the date of this report.

SIGNIFICANT CHANGES AFTER THE BALANCE DATE

Since the end of the financial year the company carried out a pro rata non-renounceable entitlement issue of one (1) new Share for every one (1) existing Share held by shareholders, at an issue price of \$0.013 per new Share. The issue closed on 13 August 2013 and raised \$1,059,936 before costs of the issue. In addition an additional 9,895,043 shares were issued after the entitlement issue closed raising a further \$128,635.

No other matter or circumstance has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

LIKELY DEVELOPMENTS

The group will continue to investigate new exploration and development opportunities, particularly in the resources sector.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the company has paid premiums in respect of a contract insuring all the directors of Oro Verde Limited against legal costs incurred in defending proceedings for conduct involving:

- (a) a wilful breach of duty; or
- (b) a contravention of sections 182 or 183 of the *Corporations Act 2001* , as permitted by section 199B of the *Corporations Act 2001* .

The total amount of insurance contract premiums paid was \$14,285 (2012: \$17,230).

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company is subject to significant environmental regulation in respect to its exploration activities.

The company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the company are not aware of any breach of environmental legislation for the year under review. The directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. The directors have assessed that the Company has no current reporting requirements, but may be required to report in the future

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to or intervened in any proceedings during the year.

REMUNERATION REPORT (Audited)

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the Parent and the Group receiving the highest remuneration.

For the purposes of this report, the term 'executive' encompasses the chief executive, senior executives, general managers and secretaries of the Parent and the Group.

Details of key management personnel

(i) Directors

W G Martinick	Chairman and Managing Director
B L Farrell	Technical Director
G R O'Dea	Director (Non-Executive)
D H Ward	Director (Non-Executive)

(ii) Executives

B D Dickson	Company Secretary
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Remuneration philosophy

The Board of Directors is responsible for determining and reviewing compensation arrangements for the directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and other non-cash payments. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

To assist in achieving these objectives, the Board links the nature and amount of executive directors' and officers' emoluments on an annual basis based on individual performance and market conditions.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Compensation of Directors and Executive Officer

(i) Compensation Policy

The Board of Directors of Oro Verde Limited is responsible for determining and reviewing compensation arrangements for the directors and the managing director.

(ii) Non-Executive Director Compensation

Objective

The Board seeks to set aggregate compensation at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed and reviewed annually. The Board may consider advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. The latest determination was in 2011 when shareholders approved an aggregate remuneration of \$400,000 per year.

REMUNERATION REPORT (Audited) (Continued)

Non-executives directors have long been encouraged by the Board to hold shares in the company (purchased by the director on market). It is considered good governance for directors to have a stake in the company on whose board they sit.

(iii) Executive Compensation

Objective

The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- align the interests of executives with those of shareholders; and
- ensure total compensation is competitive by market standards.

Structure

The Board periodically assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and other non-cash benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

(iv) Fixed Compensation

Objective

Fixed compensation is reviewed annually by the Board. The process consists of a review of individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices.

Structure

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and other non-cash benefits.

(v) Variable Compensation

Objective

The objective is to link the achievement of the company's targets with the compensation received by the executives charged with meeting those targets.

Currently, the company does not restrict executives from entering into arrangements to protect the value of unvested Long Term Incentives. However, under the Securities Dealing Policy, members of the Board are required to advise the Company Secretary of any shareholdings including any hedging arrangements.

Share-based compensation

Options or shares may be issued to directors and executives as part of their remuneration. The options or shares are not issued based on performance criteria, but are issued to the directors and executive of Oro Verde Limited to increase goal congruence between executives, directors and shareholders.

During the year 1,000,000 (2012: 17,000,000) options were issued to key management personnel, details of the options are set out elsewhere in this report.

Structure

Actual payments granted to each Key Management Personnel are determined by the Board who meet periodically to assess the achievements of the company's targets. There are currently no targets established.

REMUNERATION REPORT (Audited) (Continued)

Employment contracts

The Managing Director, Dr Martinick is employed under contract with an annual salary of \$150,000 plus superannuation at statutory levels. This fee is in addition to his directors fees of \$60,000 per annum. The current employment contract expires on 1 January 2014. Under the terms of the present contract:

- Dr Martinick may resign from his position and terminate the contract by giving three month's notice.
- The Company may terminate this employment agreement by providing three month's written notice unless serious misconduct has occurred; in that case the Company may terminate the contract by providing one month's notice.

Compensation of Key Management Personnel (Consolidated and Parent)

Compensation of each director and the executive officer of the parent and group are as follows:

	Short term		Post employment	Share based payments	Total	Total options related	Total performance related
30 June 2013	Salaries and fees	Non Monetary Benefit ¹	Super-annuation	Shares			
Directors	\$		\$	\$	\$		
W G Martinick	210,000	2,857	18,900	-	231,757	-	-
G R O'Dea	50,000	2,857	4,500	-	57,357	-	-
D H Ward	25,000	2,857	29,500	-	57,357	-	-
B L Farrell	283,364	2,857	4,500	-	290,721	-	-
Executive Officer							
B D Dickson	70,000	2,857	-	7,110	79,967	8.9%	
Total	638,364	14,285	57,400	7,110	717,159	1.0%	-

	Short term		Post employment	Share based payments	Total	Total options related	Total performance related
30 June 2012	Salaries and fees	Non Monetary Benefit ¹	Super-annuation	Shares			
Directors	\$	\$	\$	\$	\$		
W G Martinick	160,046	3,446 ¹	14,404	830,925	1,008,821	82.4%	-
G R O'Dea	36,468	3,446 ¹	3,282	55,395	98,591	56.2%	-
D H Ward	-	3,446 ¹	39,750	55,395	98,591	56.2%	-
B L Farrell	270,900 ²	3,446 ¹	25,135	830,925	1,130,406	73.5%	-
Executive Officer							
S M O Watson	-	-	-	-	-	-	-
B D Dickson	85,000	3,446 ¹	-	109,930	198,376	55.4%	-
Total	552,414	17,230	82,571	1,882,570	2,534,785	74.3%	-

1. The Non Monetary Benefit relates to the Directors Indemnity Insurance
2. Inclusive of \$10,442 of disbursements of expenses incurred on behalf of the Company.

REMUNERATION REPORT (Audited) (Continued)

Compensation Options: Granted and Vested during the year.

2013

	Number	Granted Date	Fair Value Per option	Fair value \$	Exercise Price \$	Expiry date	First exercise date	Last exercise date	Vested Number
<i>Directors</i>									
Nil									
<i>Executives</i>									
B D Dickson	1,000,000	5 Apr 13	0.711	7,110	0.04	31 Mar 16	5 Apr 13	31 Mar 16	1,000,000
Total	1,000,000			7,110					1,000,000

Value of Options granted as part of remuneration was calculated in accordance with AASB 2: Share Based Payments.

	Fair Value per options granted during the year	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Remuneration consisting of options for the year
	Cents	\$	\$	\$	%
<i>Directors</i>					
Nil					
<i>Executives</i>					
B D Dickson	0.711	7,110	-	-	8.9

2012

	Number	Granted Date	Fair Value Per option \$	Fair value \$	Exercise Price \$	Expiry date	First exercise date	Last exercise date	Vested Number
<i>Directors</i>									
W G Martinick	7,500,000	2 Dec 11	0.111	830,925	0.27	31 Dec 14	2 Dec 11	31 Dec 14	-
G R O'Dea	500,000	2 Dec 11	0.111	55,395	0.27	31 Dec 14	2 Dec 11	31 Dec 14	500,000
D H Ward	500,000	2 Dec 11	0.111	55,395	0.27	31 Dec 14	2 Dec 11	31 Dec 14	500,000
B L Farrell	7,500,000	2 Dec 11	0.111	830,925	0.27	31 Dec 14	2 Dec 11	31 Dec 14	-
<i>Executives</i>									
B D Dickson	1,000,000	20 Dec 11	0.110	109,930	0.27	31 Dec 14	20 Dec 11	31 Dec 14	1,000,000
Total	17,000,000			1,882,570					2,000,000

Value of Options granted as part of remuneration was calculated in accordance with AASB 2: Share Based Payments.

	Fair Value per options granted during the year	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Remuneration consisting of options for the year
	Cents	\$	\$	\$	%
<i>Directors</i>					
W G Martinick	11.10	830,925	-	-	82.4%
G R O'Dea	11.10	55,395	-	-	56.2%
D H Ward	11.10	55,395	-	-	56.2%
B L Farrell	11.10	830,925	-	-	73.59%
<i>Executives</i>					
B Dickson	11.10	109,930	-	-	55.4%

REMUNERATION REPORT (Audited) (Continued)

There were no alterations to the terms and conditions of options granted as remuneration since their grant date. There were neither forfeitures nor shares issued on exercise of Compensation Options during 2013 or 2012.

The Company's remuneration policy prohibits directors and executives from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

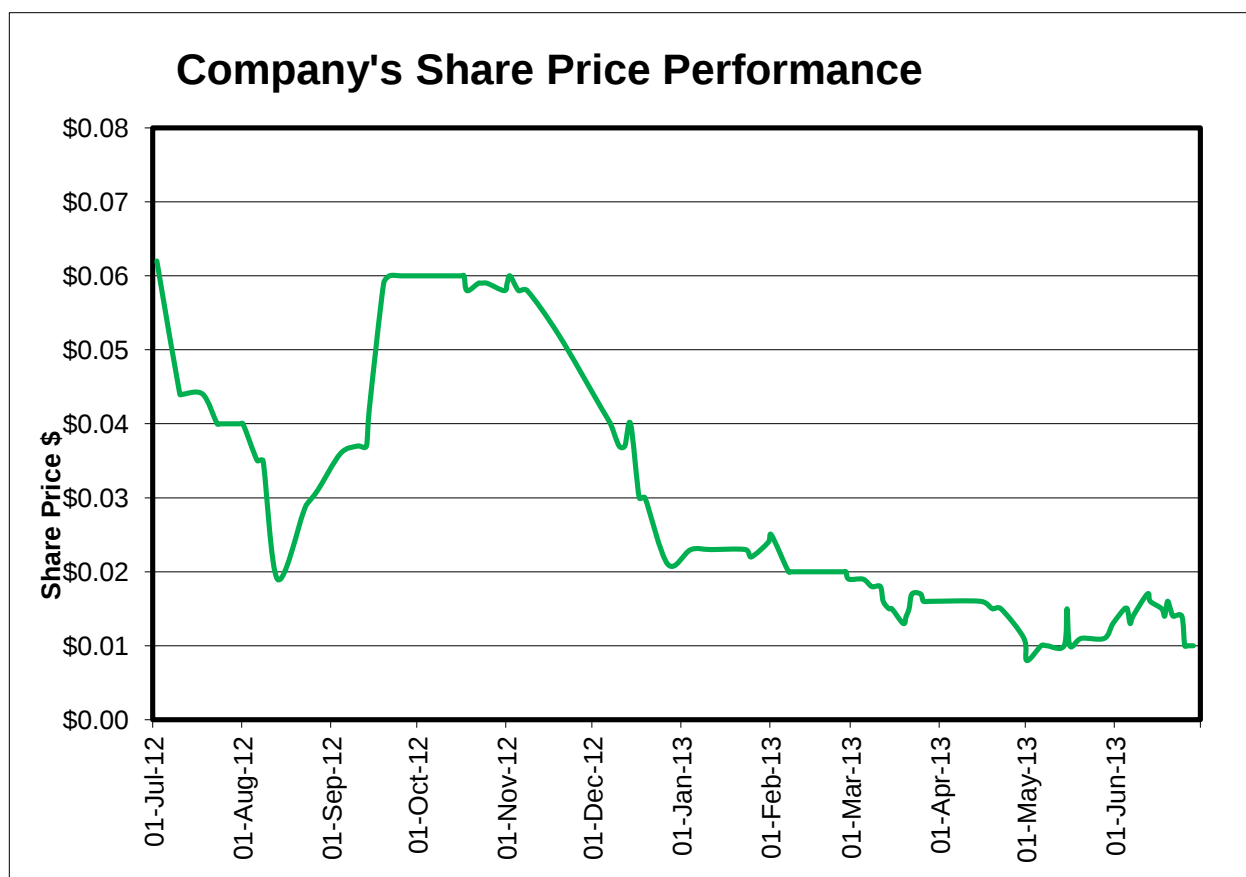
Apart from the issue of options the company currently has no performance based remuneration component built into director and executive remuneration (2012: Nil).

Company's Performance

Company's share price performance

The Company's share price performance shown in the below graph for the year ended 30 June 2013 and is a reflection of the Company's performance during the year.

The variable components the executives' remuneration, which at this stage only includes share options, is indirectly linked to the Company's share price performance.



Loss per share

Below is information on the Company's loss per share for the previous four financial years and for the current year ended 30 June 2012.

	2013	2012	2011	2010	2009
Basic loss per share (cents)	(5.2)	(10.2)	2.8	(0.63)	(3.85)

Voting and comments made at the company's 2012 Annual General Meeting

Oro Verde received more than 98% of "yes" votes on its remuneration report for the 2012 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of Remuneration Report (Audited)

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of the company support and have adhered to the principles of corporate governance. The company's corporate governance statement is contained in the additional Australian Stock Exchange information section of this annual report.

SHARE OPTIONS

At the date of this report, there were 30,114,459 (2012: 26,864,459) share options outstanding.

	Issued	Lapsed	Total number of Options
Balance at the beginning of the year			26,864,459
<i>Share option movements during the year</i>			
Exercisable at 4 cents, on or before 31 March 2016	3,250,000	-	3,250,000
Total options issued and lapsed in the year to 30 June 2013	3,250,000	-	3,250,000
Total number of options outstanding as at 30 June 2013 and at the date of this report			30,114,459

The balance is comprised the following

Date Granted	Expiry Date	Exercise Price (cents)	Number of Options
28 November 2011	10 January 2016	20.0	2,500,000
2 December 2011	31 December 2014	27.0	19,250,000
20 December 2011	31 December 2014	27.0	2,500,000
16 April 2012	31 December 2014	27.0	2,614,459
5 April 2013	31 March 2016	4.0	3,250,000
Total number of options outstanding at the date of this report			30,114,459

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

No options were exercised during the financial year and since the end of the financial year no options have been exercised.

NON AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the Group are important.

Details of the amount paid or payable to the auditor (Hewitt, Turner & Gelevitis) for audit and non-audit services provided during the year are set out below.

The Board of directors has considered the position and is satisfied that the provisions of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor
- None of the services underline the general principals relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-audit firms.

	Consolidated	
	2013	2012
	\$	\$
1. Audit Services		
Hewitt, Turner & Gelevitis		
Audit and review of financial reports	31,930	38,954
2. Non audit Services		
Audit-related services		
Hewitt, Turner & Gelevitis		
Preparation of Investigating Accountants Report for Inclusion in Prospectus	-	15,958
Total remuneration for non-audit services	31,930	54,912

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditors, Hewitt, Turner & Gelevitis, as presented on page 18 of this Annual Report.

Signed in accordance with a resolution of the directors



W G Martinick
Director
Perth, 27 September 2013

**ORO VERDE LIMITED
DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of Oro Verde Limited, I state that:

- 1) In the opinion of the directors:
 - (a) the financial statements, notes and additional disclosures included in the directors' report designated as audited, of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2013 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards which, as stated in accounting policy Note 2 to the Financial Statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS), and Corporations Regulations 2001; and
 - there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- 2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2013.

On behalf of the Board



W G Martinick
Director
Perth, 27 September 2013

**AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF ORO VERDE
LIMITED AND CONTROLLED ENTITIES**

Suite 4, 1st Floor
63 Shepperton Road
Victoria Park
Western Australia 6100
Telephone: (08) 9362 5855
Facsimile: (08) 9362 5186
Email: htg@htgbdc.com
Website: www.htgbdc.com
ABN: 78 607 011 001

PO Box 199
Victoria Park
Western Australia 6979

I, declare that, to the best of my knowledge and belief, during the year ended 30 June 2013 there have been:

- i. no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

**HEWITT
TURNER &
GELEVITIS**

HEWITT TURNER & GELEVITIS



.....
TIMOTHY TURNER
REGISTERED COMPANY AUDITOR

Dated in Perth this 27th day of September 2013.



**BUSINESS
DEVELOPMENT
CONSULTANTS**

*Capital Raising
Wealth Creation
Asset Protection
Audit Assurance
Taxation Advisors
Strategic Planning
Accounting Services
Management Consultancy*

PRINCIPALS

Timothy Turner
B.BUS (ACC), FCPA,
FTIA
Registered Company Auditor

Vick Gelevitis
B.BUS (ACC), FCPA,
NTAA, FTIA

Darryl Rodrigues
B.Sc, B.BUS (ACC), CPA

Hewitt Turner & Gelevitis
is a CPA Practice



Liability Limited by a scheme
approved under Professional
Standards Legislation

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2013**

	Notes	CONSOLIDATED 2013 \$	2012 \$
Continuing operations			
Revenue			
Interest Received	3	52,756	74,546
Dividends Received	3	-	27,293
Profit from sale of available-for-sale assets	3	-	868,881
Depreciation	10	(2,711)	(2,768)
Consultants		(294,131)	(579,969)
Directors' fees		(228,900)	(191,957)
Salaries and wages		(617,111)	(391,421)
Share based payments		(23,107)	(2,407,532)
Exploration expenses		(705,718)	(3,130,721)
Legal fees		(129,923)	(298,463)
Travel and accommodation		(74,585)	(133,595)
Administration expenses		(202,849)	(291,397)
Share of net loss of associates accounted for using the equity method		(6,316)	(61,887)
Insurance		(18,470)	(21,553)
Promotion		(1,054)	(63,300)
Provision for impairment of receivable		(135,298)	-
Impairment on investment in associate		(1,186,508)	-
Capitalised exploration write off		(960,033)	-
Profit/(Loss) from continuing operations before income tax		(4,533,958)	(6,603,843)
Income tax credit/(expense)	5	-	(546,102)
Net Loss for the period		(4,533,958)	(7,149,945)
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences in translating foreign controlled entities		1,357	69,004
Changes to available-for-sale financial assets, net of tax		(1,914)	(1,277,966)
Total other comprehensive income net of tax		(557)	(1,208,962)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(4,534,515)	(8,358,907)
<i>Earnings per share for loss attributable to the ordinary equity holder of the parent</i>			
Basic earnings/(loss) per share (cents)	21	(5.2)	(10.2)
Diluted earnings/(loss) per share (cents)	21	(5.2)	(10.2)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

ORO VERDE LIMITED
CONSOLIDATED OF FINANCIAL POSITION
AT 30 June 2013

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	Notes	CONSOLIDATED	
		2013	2012
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	17	720,458	3,207,391
Receivables	6	16,157	130,652
Other	7	5,742	6,645
Total current assets		<u>742,357</u>	<u>3,344,688</u>
Non-current assets			
Investments accounted for using the equity method	8	-	1,192,824
Available-for-sale financial assets	9	21,647	23,561
Plant and equipment	10	7,685	9,610
Exploration & evaluation expenditure	11	267,101	941,918
Total non-current assets		<u>296,433</u>	<u>2,167,913</u>
Total assets		<u>1,038,790</u>	<u>5,512,601</u>
LIABILITIES			
Current liabilities			
Payables	13	176,132	167,275
Provisions	14	48,852	20,112
Total current liabilities		<u>224,984</u>	<u>187,387</u>
Total liabilities		<u>224,984</u>	<u>187,387</u>
Net assets		<u>813,806</u>	<u>5,325,214</u>
EQUITY			
Issued capital	15	16,331,404	16,331,404
Reserves	16	4,280,256	4,257,706
Accumulated losses		(19,797,854)	(15,263,896)
Total equity		<u>813,806</u>	<u>5,325,214</u>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

ORO VERDE LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR ENDED 30 JUNE 2013

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	Notes	CONSOLIDATED 2013 \$	2012 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,551,265)	(2,065,548)
Payments for exploration expenditure		(708,556)	(3,244,073)
Interest received		52,755	74,546
Net cash flows from/(used in) operating activities	17	<u>(2,207,066)</u>	<u>(5,235,075)</u>
Cash flows from investing activities			
Payment for plant and equipment		(96)	(10,803)
Proceeds from sale of available-for sale assets		-	2,363,112
Payment for project acquisition		(285,216)	(41,918)
Net cash flows from investing activities		<u>(285,312)</u>	<u>2,310,391</u>
Cash flows from financing activities			
Proceeds from issue of ordinary shares		-	5,011,095
Payments for cost of equity raising		-	(455,905)
Net cash flows from/(used in) financing activities		<u>-</u>	<u>4,555,190</u>
Net increase/(decrease) in cash and cash equivalents		(2,492,378)	1,630,506
Cash and cash equivalents at the beginning of the financial year		3,207,391	1,519,421
Effect of exchange rate changes on cash and cash equivalents		5,445	57,464
Cash and cash equivalents at the end of the financial year	17	<u>720,458</u>	<u>3,207,391</u>

The Statement of Consolidated Cash Flows should be read in conjunction with the accompanying notes.

ORO VERDE LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2013

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	CONSOLIDATED						
	Ordinary shares	Convertible notes Reserve	Available for sale Assets Reserve	Share option reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$	\$	\$
At 1 July 2012	16,331,404	136,403	(3,732)	4,071,394	53,641	(15,263,896)	5,325,214
Loss for the period	-	-	-	-	-	(4,533,958)	(4,533,958)
Other Comprehensive income	-	-	(1,914)	-	1,357	-	(557)
Total comprehensive loss for the period	-	-	(1,914)	-	1,357	(4,533,958)	(4,534,515)
Transactions with owners in their capacity as owners							
Shares issued during the period	-	-	-	-	-	-	-
Transaction Costs	-	-	-	-	-	-	-
Share based payments	-	-	-	23,107	-	-	23,107
At 30 June 2013	16,331,404	136,403	(5,646)	4,094,501	54,998	(19,797,854)	813,806

	CONSOLIDATED						
	Ordinary shares	Convertible notes Reserve	Available for sale Assets Reserve	Share option reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$	\$	\$
At 1 July 2011	12,081,365	136,403	1,274,234	1,058,200	(15,363)	(8,113,951)	6,420,888
Loss for the period	-	-	-	-	-	(7,149,945)	(7,149,945)
Other Comprehensive income	-	-	(1,277,966)	-	69,004	-	(1,208,962)
Total comprehensive loss for the period	-	-	(1,277,966)	-	69,004	(7,149,945)	(8,358,907)
Transactions with owners in their capacity as owners							
Shares issued during the period	5,311,606	-	-	-	-	-	5,311,606
Transaction Costs	(1,061,567)	-	-	-	-	-	(1,061,567)
Share based payments	-	-	-	3,013,194	-	-	3,013,194
At 30 June 2012	16,331,404	136,403	(3,732)	4,071,394	53,641	(15,263,896)	5,325,214

The Statement of Consolidated Changes in Equity should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The Consolidated Financial report of Oro Verde Limited for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors on 27 September 2013. The consolidated financial statements and notes represent those of Oro Verde Limited and its controlled entities (the "Group"). The consolidated entity's functional and presentation currency is AUD (\$). The separate financial statements of the parent entity, Oro Verde Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

Oro Verde Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The Financial report is a general-purpose Financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. The Financial report has also been prepared on an accruals basis and is based on historical cost basis, except for certain available-for-sale financial assets, which have been measured at fair value. The Group is a for-profit entity for the purpose of preparing the financial statements.

Australian Accounting Standards set out accounting policies that the AASB has concluded that would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial reports and notes also comply with International Financial Reporting Standards.

Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Consolidated Entity has incurred a net loss after tax for the year ended 30 June 2013 of \$4,533,958 (2012: \$7,149,945) and experienced net cash outflows from operating activities of \$2,207,066 (2012: \$5,235,075). At 30 June 2012, the Consolidated Entity had net current assets of \$517,373 (30 June 2012: \$3,157,301).

The Directors believe there are sufficient funds to meet the Company's working capital requirements and as at the date of this report the Consolidated Entity believes it can meet all liabilities as and when they fall due. However the Directors recognise that additional funding either through the issue of further shares, convertible notes or a combination of both will be required for the Consolidated Entity to continue to actively explore its mineral properties.

The Directors have reviewed the business outlook and the assets and liabilities of the Consolidated Entity and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Company will continue to be successful in securing additional funds through debt or equity issues or partial sale of its mineral properties as and when the need to raise working capital arises.

Should the directors not achieve the matters set out above, there is significant uncertainty whether the Consolidated Entity will continue as a going concern and therefore whether it will realise its assets and liabilities in the normal course of business.

The financial report does not include any adjustments that may be necessary if the Consolidated Entity is unable to continue as a going concern.

(b) New and amended standards adopted by the Group

None of the new standards and amendments that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, amendments made to AASB101 Presentation of Financial Statements now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

- (i) AASB 9: *Financial Instruments* (December 2010) and AASB 20107: *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (applicable for annual reporting periods commencing on or after 1 January 2015).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements that may impact the company are:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value; and
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

The company has not yet estimated the impact of these pronouncements on its financial statements.

- (ii) AASB 10: *Consolidated Financial Statements*, AASB 11: *Joint Arrangements*, AASB 12: *Disclosure of Interests in Other Entities*, AASB 127: *Separate Financial Statements* (August 2011) and AASB 128: *Investments in Associates and Joint Ventures* (August 2011) (as amended by AASB 201210), and AASB 20117: *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: *Consolidated and Separate Financial Statements* (March 2008, as amended) and Interpretation 112: *Consolidation Special Purpose Entities*. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees.

AASB 11 replaces AASB 131: *Interests in Joint Ventures* (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either joint operations (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or joint ventures (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a structured entity, replacing the special purpose entity concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued.

None of the aforementioned Standards are expected to significantly impact the company's financial statements.

- (iii) AASB 13: *Fair Value Measurement* and AASB 20118: *Amendments to Australian Accounting Standards arising from AASB 13* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are not expected to significantly impact the company's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) New Accounting Standards and Interpretations (continued)

- (iv) AASB 119: *Employee Benefits* (September 2011) and AASB 201110: *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The company does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to:

- require only those benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service to be classified as short-term employee benefits. All other employee benefits are to be classified as other long-term employee benefits, post-employment benefits or termination benefits, as appropriate; and
- the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:
 - (i) for an offer that may be withdrawn when the employee accepts;
 - (ii) for an offer that cannot be withdrawn when the offer is communicated to affected employees; and
 - (iii) where the termination is associated with a restructuring of activities under AASB 137: *Provisions, Contingent Liabilities and Contingent Assets* and if earlier than the first two conditions when the related restructuring costs are recognised.

These Standards are not expected to significantly impact the company's financial statements.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Oro Verde Limited and any subsidiary it controlled during the year (the Group).

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The investment in subsidiaries is carried at cost, less any impairment losses.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs in relation to the business combination are expensed to the statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are described in Note 6 - Impairment of trade debtors and Note 8 – Impairment of investments in associates.

(f) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Revenue is recognised as the services are provided.

Sale of goods

Revenue from the sale of goods is recognised when there is persuasive evidence, usually in the form of an executed sales agreement at the time of delivery of the goods to the customer, indicating that there has been a transfer of risks and rewards to the customer.

Interest

Revenue is recognised as the interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the entity's right to receive the payment is established.

(g) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(h) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(i) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at the bank and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An impairment provision is raised when there is objective evidence that the group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rates.

(k) Foreign currency translation

Both the functional and presentation currency of Oro Verde Limited and its Australian subsidiaries is Australian dollars (A\$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

All resulting exchange differences in the consolidated financial statements are taken to the income statement.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- Assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognized in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

(l) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Income tax (continued)

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each end of the reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

Oro Verde Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003.

The head entity, Oro Verde Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

(m) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(n) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a reducing balance basis over the estimated useful life of the asset as follows:

- Office equipment and fittings - 2.5 to 5.0 years

(o) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investments and other financial assets (continued)

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified financial assets at fair value through profit or loss, held-to-maturity investments or loans and receivables. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the end of the reporting period. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

(p) Impairment of financial assets

Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost and its current value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(q) Impairment of non financial assets

At each end of the reporting period, the Group assesses whether there is any indication that an asset may be impaired.

Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount the asset or cash generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(r) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(s) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(u) Share-based payment transactions

The Group provides benefits to directors, employees and consultants of the Group (with shareholders' approval) in the form of share-based payment transactions, whereby directors, employees and consultants render services in exchange for options over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Oro Verde Limited ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each End of the reporting period until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(w) Employee leave benefits

(a) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the End of the reporting period are recognised in other payables in respect of employees' services up to the End of the reporting period. They are measured at the amounts expected to be paid when the liabilities are settled.

(b) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the End of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the End of the reporting period on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Effective 1 July 1998, the corporations legislation abolished the concepts of authorised capital and par value shares. Accordingly the company does not have authorised capital nor par value in respect of its issued capital.

(y) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(z) Discontinued Operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale that represents a separate major line of business. The results of discontinued operations are presented separately in the income statement.

(aa) Associates

Associates are entities over which the Group has significant influence but not control or joint control generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the parent entity in the financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer note 8).

The group's share of its associates post-acquisition profits or losses is recognised in the income statement and its share of post acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying value of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure constancy with the policies adopted by the Group.

(ab) Comparative figures

When required by accounting standards comparative figures have been adjusted to conform to changes in the presentation for the current financial year.

(ac) Exploration and development expenditure

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ac) Exploration and development expenditure (continued)

Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

	2013	2012
	\$	\$
3. REVENUE		
From continuing operations		
Interest received	52,756	74,546
Dividends	-	27,293
Other income		
Gain on sale of available-for-sale assets	-	868,881

4. EXPENSES AND LOSSES

	2013	2012
	\$	\$
Profit/(loss) before income tax includes the following specific expenses		
Depreciation on equipment	2,711	2,768
Salaries & wages expenses	595,965	384,307
Provision for employee entitlements	21,146	7,114
	617,111	391,421
Operating lease rentals	13,800	18,350
Directors' benefit expense	228,900	191,957
Exploration expenditure	705,718	3,130,721
Capitalised exploration written off	960,033	-
Impairment Loss – receivables	135,298	-
Impairment Loss – investment in associate	1,186,508	-

5. INCOME TAX

The major components of income tax expense are:

Income Statement

Current income tax benefit/(expense)	-	-
Deferred income tax benefit/(expense)	-	(546,102)
Income tax benefit/(expense) reported in the income statement	-	(546,102)

Tax (expense)/benefit relating to items of other comprehensive income

Available-for-sale investments	-	546,102
Income tax (expense)/benefit reported in equity	-	546,102

5. INCOME TAX (Continued)

	2013 \$	2012 \$
A reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting profit/(loss) before income tax	(4,533,958)	(6,603,843)
At the Group's statutory income tax rate	(1,360,188)	(1,981,153)
Less: Share options expenses during the year	6,932	722,260
Exploration expenditure	499,725	939,216
Other expenditure not allowable for income tax purposes	24,270	30,025
Impairment on Investments	355,952	-
Provision on receivables	40,589	-
	(432,720)	(289,652)
Current year tax losses not brought to account	432,720	289,652
De-recognition of previously recognised tax losses	-	546,102
Income tax (benefit)/expense reported in the consolidated income statement	-	546,102

Deferred Income Tax

Deferred income tax at 30 June relates to the following:

Deferred tax liabilities

Prepayments	(1,723)	-
Total deferred tax liabilities	(1,723)	-

Deferred tax assets

Employee provision	5,192	-
Accrued expenses	5,970	14,400
Available-for-sale investments	1,694	1,120
Capital raising costs	23,239	-
Tax assets/losses recognised /(not brought to account)	(34,372)	(15,520)
Total deferred tax assets	1,723	-

Net deferred tax liabilities/(asset)	-	-
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Other than to offset deferred tax liabilities the Group has not recognised tax losses arising in Australia of \$5,631,062 (2012: \$2,883,230) that may be available for offset against future taxable profits of the companies in which the losses arose. The potential benefit of carried forward losses will only be obtained if assessable income is derived of a nature and, of an amount sufficient to enable the benefit from the deductions to be realised or the benefit can be utilised by the Company provided that :

- (i) the provisions of deductibility imposed by law are complied with;
- (ii) the group satisfies the continuity of ownership test from the period the losses were incurred to the time they are to be utilised; and
- (iii) no change in tax legislation adversely affect the realisation or the benefit from the deductions.

Tax Consolidation

Oro Verde Limited and its 100% owned Australian subsidiaries have formed a tax consolidated group. Members of the group entered into a tax sharing arrangement in order to allocate the income tax expense to the wholly-owned subsidiaries on a pro-rata basis. The agreement provides for the allocation of income tax liabilities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

Tax effect accounting by members of the tax consolidated group

The allocation of taxes under the tax sharing and funding agreement is recognised as an increase/decrease in the subsidiaries' inter-company accounts with the tax consolidated group head company, Oro Verde Limited. The group has applied the group allocation approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group.

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	2013 \$	2012 \$
6. RECEIVABLES (Current)		
Trade receivables	16,157	130,652
Other receivables	148,828	-
Less: Provision for impairment loss (a)	(148,828)	-
	<u>16,157</u>	<u>130,652</u>

(a) Provision for impairment loss

The Company's 100% owned Chilean subsidiary in Green Mining Limitada has recorded \$148,828 IVA receivable. IVA is the Chilean equivalent of GST. The IVA in Chile is only recoverable once mining operations commence and as at this stage mining operations are not probable a full provision against the recoverable IVA has been made.

	2013 \$	2012 \$
Movements in the provision for impairment loss were as follows:		
As at 1 July	-	221,887
Charge for the year	(148,828)	-
Amounts written off	-	(221,887)
As at 30 June	<u>(148,828)</u>	<u>-</u>

As at 30 June, the ageing analysis of trade receivables is as follows:

	Total	0-30 days	31-60 days Other	31-60 days PDNI*	61-90 days PDNI*	91+ days PDNI*	91+days CI*
30 June 2013 Consolidated	16,157	16,157					
30 June 2012 Consolidated	130,652	130,652	-	-	-	-	-

* Past due not impaired ('PDNI'), Considered impaired ('CI')

Receivables past due but are not considered impaired are: Consolidated \$Nil (2012: \$Nil).

(b) Fair value and credit risk

Details regarding the fair value and credit risk of current receivables are disclosed in note 25.

(c) Foreign exchange and interest rate risk

Details regarding foreign exchange and interest rate risk exposure are disclosed in note 25.

7. OTHER (Current)

Prepayments	<u>5,742</u>	<u>6,645</u>
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8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Shares in associate (c)	<u>-</u>	<u>1,192,824</u>
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(a) Movements in carrying amounts

Carrying amount at the beginning of the financial year	1,192,824	-
Re-classification from available-for-sale investments	-	942,660
Additions	-	300,511
Exchange differences	-	11,540
Provision for impairment	(1,186,508)	-
Share of losses after tax	(6,316)	(61,887)
Carrying amount at the end of the financial year	<u>-</u>	<u>1,192,824</u>

8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

Shares in associate represents an unlisted investment in a Chilean based company that holds the mineral licences for the Chuminga project, a company project in which the Group has acquired a 20% interest. Refer to note 18 for further information.

(b) Summarised financial information of associate

2012	Ownership Interest %	Assets	Company's share of: Liabilities	Revenues	Losses
Minera Chuminga	20	479,410	537,823	1,039	61,887

Minera Chuminga is incorporated in Chile

(c) On 1 January 2013 management and control of Minera Chuminga was relinquished and it ceased to be an associate of the Company.

2013	2012
\$	\$

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Listed shares at fair value (a)

China Africa Resources plc	21,647	23,561
Total available-for-sale financial assets	21,647	23,561

(a) Available-for-sale investments consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate. China Africa Resources plc. is listed on the London Alternative Investment Market. Fair value has been determined directly by reference to published quotations on active markets.

At Cost	27,293	27,293
Impairment	-	-
Fair value adjustment to reserve	(5,646)	(3,732)
Fair value at 30 June	21,647	23,561
	Office equipment and fittings \$	Total \$

10. PLANT AND EQUIPMENT

Year ended 30 June 2013

At 1 July 2012, net of accumulated depreciation and impairment	9,610	9,610
Additions	96	96
Sale	-	-
Depreciation expense for the year	(2,711)	(2,711)
Exchange differences	690	690
At 30 June 2013, net of accumulated depreciation and impairment	7,685	7,685

At 30 June 2013

Cost	16,066	16,066
Accumulated depreciation and impairment	(8,381)	(8,381)
Net carrying amount	7,685	7,685

	Office equipment and fittings	Total
	\$	\$
10. PLANT AND EQUIPMENT (continued)		
Year ended 30 June 2012		
At 1 July 2011, net of accumulated depreciation and impairment	1,576	1,576
Additions	10,802	10,802
Sale	-	-
Depreciation expense for the year	(2,768)	(2,768)
At 30 June 2012, net of accumulated depreciation and impairment	<u>9,610</u>	<u>9,610</u>
At 30 June 2012		
Cost	14,891	14,891
Accumulated depreciation and impairment	(5,281)	(5,281)
Net carrying amount	<u>9,610</u>	<u>9,610</u>

	2013	2012
	\$	\$

11. EXPLORATION AND EVALUATION EXPENDITURE

At Cost	267,101	41,918
Fair value at acquisition	-	900,000
Carrying amount at the end of the financial year	<u>267,101</u>	<u>941,918</u>
Carrying amount at the beginning of the financial year	941,918	900,000
Additions	285,216	41,918
Exploration written off on areas to be relinquished	(960,033)	-
Carrying amount at the end of the financial year	<u>267,101</u>	<u>941,918</u>

Recovery of the capitalised amount is dependent upon:

- (i) the continuance of the Group's right to tenure of the area of interest;
- (ii) the results of future exploration; and
- (iii) the successful development and commercial exploitation, or alternatively sale.

12. INTEREST IN SUBSIDIARIES

(Non current)	Country of Incorporation	% equity held by consolidated entity	
		2013	2012
E – Resources Pty Ltd	Australia	100	100
And its subsidiary Ghazal Minerals Limited	Australia	100	100
Green Mining Limitada	Chile	100	100
		2013	2012
		\$	\$

13. PAYABLES (Current)

Trade creditors and accruals	<u>176,132</u>	<u>167,275</u>
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	2013 \$	2012 \$
14. PROVISIONS (Current)		
Employee benefits	48,852	20,112
Opening balance at 1 July	20,112	7,229
Additional provision	28,740	12,883
Amount used	-	-
Balance at 30 June	48,852	20,112

Other than directors as at 30 June 2013 the Group has 2 employees (2012: 1)

Current leave obligations are expected to be settled within 12 months.

15. CONTRIBUTED EQUITY

(a) Issued and paid up capital

Fully paid ordinary shares	17,914,151	17,914,151
Less: capital raising costs	(1,582,747)	(1,582,747)
	16,331,404	16,331,404

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

(b) Movements in ordinary share capital

	2013		2012	
	Number of shares	\$	Number of shares	\$
Beginning of the financial year	87,582,417	16,331,404	181,569,497	12,081,365
<i>Issued during the year</i>				
1:3 Consolidation	-	-	(121,045,961)	
23 Dec 2011 Issue at \$0.15 for equity in Chuminga	-	-	2,003,406	300,511
10 Jan 2012 Placement at \$0.20	-	-	11,983,181	2,396,636
14 Mar 2012 Placement at \$0.20	-	-	5,746,026	1,149,205
5 Apr 2012 Placement at \$0.20	-	-	1,250,000	250,000
17 Apr 2012 Placement at \$0.20	-	-	2,226,268	445,254
30 Apr 2012 Placement at \$0.20	-	-	3,850,000	770,000
Cost of share issues	-	-	-	(1,061,567)
End of the financial year	87,582,417	16,331,404	87,582,417	16,331,404

Funds raised from the share placements during the 2012 year were used to progress the Group's exploration activities and for general working capital.

(c) Movements in unlisted options on issue

At the date of this report, there were 30,114,459 (2012: 26,864,459) share options outstanding.

	Issued	Lapsed	Total number of Options
Balance at the beginning of the year			26,864,459
<i>Share option movements during the year</i>			
Exercisable at 4 cents, on or before 31 March 2016	3,250,000	-	3,250,000
Total options issued and lapsed in the year to 30 June 2013	3,250,000	-	3,250,000
Total number of options outstanding as at 30 June 2013 and at the date of this report			30,114,459

15. CONTRIBUTED EQUITY (continued)

The balance is comprised the following

Date Granted	Expiry Date	Exercise Price (cents)	Number of Options
28 November 2011	10 January 2016	20.0	2,500,000
2 December 2011	31 December 2014	27.0	19,250,000
20 December 2011	31 December 2014	27.0	2,500,000
16 April 2012	31 December 2014	27.0	2,614,459
5 April 2013	31 March 2016	4.0	3,250,000
Total number of options outstanding at the date of this report			30,114,459

(d) Staff shares issued

There were no shares issued to staff during the year (2012: Nil).

(e) Capital Management

When managing capital, management's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

16. RESERVES

Nature and purpose of reserves

Share option reserve

This reserve records the value of options issued to directors, employees and associates as part of their remuneration.

Convertible note equity reserve

This reserve records the equity portion attributable to the convertible notes at the time of issue.

Available-for-sale asset reserve

This reserve records fair value changes on available-for-sale investments. Amounts are recognised in profit and loss when the associated assets are sold or impaired.

Foreign currency translation reserve

This reserve is used to record exchange differences arising from the translation of foreign controlled subsidiaries.

17. STATEMENT OF CASH FLOWS

	2013	2012
	\$	\$
Reconciliation of the net profit/(loss) after tax to the net cash flows from operations		
Net profit/(loss)	(4,533,958)	(7,149,945)
Depreciation of plant and equipment	2,711	2,768
Non cash dividends received	-	(27,293)
Taxation	-	546,102
Profit on sale of available-for-sale assets	-	(868,881)
Equity accounting of associate	6,316	61,887
Share based payments	23,107	2,407,532
Capitalised exploration written off	960,033	-
Impairment on investments	1,186,508	-
Provision against receivable	126,788	-
<i>Changes in assets and liabilities</i>		
Trade receivables	(16,566)	(107,596)
Prepayments	6,645	(764)
Trade and other creditors	5,479	(111,542)
Employee entitlements	25,871	12,657
Net cash flows used in operating activities	(2,207,066)	(5,235,075)

17. STATEMENT OF CASH FLOWS (continued)

	2013	2012
	\$	\$
(a) Reconciliation of cash		
Cash balance comprises:		
Cash at bank	686,957	3,173,890
Short term deposit	33,501	33,501
Closing cash balance	<u>720,458</u>	<u>3,207,391</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short term deposits are made at various periods on call, depending on the immediate cash requirements of the Group and earn interest at the respective short term deposit rates.

At 30 June 2013, the Group had a borrowing facility of \$30,000 (2012: \$30,000). The short term deposit is provided as security for the facility. This facility is unutilised at 30 June 2013.

The fair value of cash and cash equivalents is \$720,458 (2012: \$3,207,391).

The effective interest rate on cash at bank was 2.6 % (2012: 3.5%).

18. EXPENDITURE COMMITMENTS

(a) Remuneration Commitments

Commitments for payment of salaries and other remuneration under employment contracts in existence at reporting date but not recognised as liabilities, payable:

	2013	2012
	\$	\$
Not later than one year	75,000	150,000
Later than one year and not later than five years	-	75,000
	<u>75,000</u>	<u>225,000</u>

(b) Acquisition Commitments

The Group has entered in option agreements to acquire certain exploration projects in Chile, as follows:

Timon Project

An Option to Purchase Agreement between Oro Verde's Chilean operating subsidiary Green Mining Ltda ("GML") and the owner-vendor, Elias Hawas Isa. The table below summarises payments required to be made pursuant to the Option to Purchase Agreement. GML obtains 100% ownership of the project concessions after making progressive annual payments that total \$US10.0 million over a 48 month period and granting the owner-vendor a residual 2.0% Net Smelter Return (NSR). GML has no exploration expenditure commitments on the project area only the obligation is to maintain the concessions in good legal standing for the period of the option. GML may withdraw from the project at any time without further payment obligations, however if it does so without completing all payments outlined below it will not retain any interest in the project.

Summary Details of the Timon Project Option to Purchase Agreement.						
Month	0	12	24	36	48	Total
US\$ Payment	\$150,000	\$300,000	\$600,000	\$1,200,000	\$7,750,000	\$10,000,000

18. EXPENDITURE COMMITMENTS (continued)

(b) Acquisition Commitments (continued)

San Pedro Project

An Option to Purchase Agreement between GML and the owner-vendor, Pablo Antonio Galleguillos. The table below summarises payments required to be made under the Option to Purchase Agreement. GML obtains 100% ownership of the concessions after making progressive annual payments that total \$US700,000 over a 36 month period. GML has no exploration expenditure commitments on the project area only the obligation to maintain the concessions in good legal standing for the period of the option. GML may withdraw from the project at any time without further payment obligations, however if it does so without completing all payments outlined below it will not retain any interest in the project.

Summary Details of the San Pedro Project Option to Purchase Agreement.					
Month	0	12	24	36	Total
US\$ Payment	\$0	\$100,000	\$200,000	\$400,000	\$700,000

Alma Project

An Option to Purchase Agreement between GML and the owner-vendor, Edith Urrutia Araya. The table below summarises payments required under the Option to Purchase Agreement. GML obtains 100% ownership of the concessions after making progressive annual payments that total \$US1.75 million over a 48 month period and granting the owner-vendor a residual 1.75% NSR that GML can buy for US\$3.062 million until the 5th year of mine production. GML has no exploration expenditure commitments on the project area only the obligation to maintain the concessions in good legal standing for the period of the option. GML may withdraw from the project at any time without further payment obligations, however if it does so without completing all payments outlined below it will not retain any interest in the project.

Summary Details of the Timon Project Option to Purchase Agreement.						
Month	0	12	24	36	48	Total
US\$ Payment	\$50,000	\$100,000	\$200,000	\$400,000	\$1,000,000	\$1,750,000

Chuminga project

During the financial 2012 year GML acquired a 20% interest in the Chuminga project by the payment of US\$1 million in June 2011 and the issue of 2,003,406 shares in the capital of Oro Verde. In addition to acquiring a 20% interest in the project it acquired the following the rights:

- (i) the right to carry out further due diligence on the Project and such further exploration as it deems necessary over a period of 18 months; and
- (ii) an option to acquire the balance of 80% of the Project, for a consideration of US\$5 million payable, at the Vendor's election, in cash or a combination of cash and Oro Verde shares (at A\$0.15 per share), provided that

GML did not exercise its right to acquire the balance of 80% of the project and consequently retains its 20% interest.

19. SEGMENT INFORMATION

The Group has based its operating segment on the on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group does not have production and is only currently involved in exploration activities. As a consequence, activities in the operating segment are identified by management based on the manner in which resources are allocated and the nature of the resources provided. Based on this criterion, management has determined that the Group has one operating segment, being exploration, and the segment operations and results are the same as the Groups results.

During the 2013 and 2012 years the Company conducted its activities across three geographic locations, Australia, Chile and Mauritania.

	Australia	Chile	Mauritania
2013	\$	\$	\$
Revenues	52,756	-	-
Non-current assets	21,647	274,786	-
Liabilities	(156,263)	(68,721)	-
2012			
Revenues	101,819	-	-
Non-current assets	23,775	1,244,138	900,000
Liabilities	(161,587)	(25,800)	-

20. SUBSEQUENT EVENTS

Since the end of the financial year the company carried out a pro rata non-renounceable entitlement issue of one (1) new Share for every one (1) existing Share held by shareholders, at an issue price of \$0.013 per new Share. The issue closed on 13 August 2013 and raised \$1,059,936 before costs of the issue. In addition an additional 9,895,043 shares were issued after the entitlement issue closed raising a further \$128,635.

No other matter or circumstance has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

21. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary Owners of the parent, adjusted to exclude any costs of servicing equity, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary Owners of the parent by the weighted average number of ordinary shares during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income / (loss) and share data used in the calculations of basic and diluted earnings per share:

	2013	2012
	Cents	cents
(a) Basic and diluted earnings per share		
From continuing operations attributable to the ordinary Owners of the company	<u>(5.2)</u>	<u>(10.2)</u>

21. EARNINGS PER SHARE (continued)

	2013 \$	2012 \$
(b) Reconciliations of earnings used in calculating earnings per share		
Profit/(Loss) attributable to the ordinary Owners of the company used in calculating basic and diluted earnings per share		
From continuing operations	(4,533,958)	(7,149,945)
	Number	Number
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share	87,582,417	70,349,978

22. AUDITORS' REMUNERATION

Amounts received or due and receivable by Hewitt, Turner & Gelevitis for:

- an audit or review of the Financial statements	31,930	38,954
- other services	-	15,958
	<u>31,930</u>	<u>54,912</u>
<i>Remuneration of other auditors of subsidiaries:</i>		
- an audit or review of financial report of subsidiaries	9,351	17,873

23. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel:

(i) Directors

W G Martinick	Chairman and Managing Director (executive)
B L Farrell	Technical Director
G R O'Dea	Director (non-executive)
D H Ward	Director (non-executive)

(ii) Executives

B D Dickson	Company Secretary
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There were no other specified executives during the year.

(b) Employment contracts

At 30 June 2013 the Managing Director, Dr Martinick is employed under contract with an annual salary of \$150,000. The current employment contract expires on 1 January 2014.

(c) Compensation of Key Management Personnel

Compensation of each director and the executive officer of the consolidated entity are as follows

	Short term		Post employment	Share based payments	Total	Total options related	Total performance related
30 June 2013	Salaries and fees	Non Monetary Benefit ¹	Super-annuation	Shares			
Directors	\$		\$	\$	\$		
W G Martinick	210,000	2,857 ¹	18,900	-	231,757	-	-
G R O'Dea	50,000	2,857 ¹	4,500	-	57,357	-	-
D H Ward	25,000	2,857 ¹	29,500	-	57,357	-	-
B L Farrell	283,364	2,857 ¹	4,500	-	290,721	-	-
Executive Officer							
B D Dickson	70,000	2,857 ¹	-	7,110	79,967	8.9%	-
Total	638,364	14,285	57,400	7,110	717,159	1.0%	-

23. KEY MANAGEMENT PERSONNEL (continued)

(c) Compensation of Key Management Personnel (continued)

	Short term		Post employment	Share based payments	Total	Total options related	Total performance related
30 June 2012	Salaries and fees	Non Monetary Benefit ¹	Super-annuation	Shares			
Directors	\$		\$	\$	\$		
W G Martinick	160,046	3,446 ¹	14,404	830,925	1,008,821	82.4%	-
G R O'Dea	36,468	3,446 ¹	3,282	55,395	98,591	56.2%	-
D H Ward	-	3,446 ¹	39,750	55,395	98,591	56.2%	-
B L Farrell	270,900 ²	3,446 ¹	25,135	830,925	1,130,406	73.5%	-
Executive Officer							
B D Dickson	85,000	3,446 ¹	-	109,930	198,376	55.4%	-
Total	552,414	17,230	82,571	1,882,570	2,534,785	74.3%	-

1. The Non Monetary Benefit relates to the Directors' Indemnity Insurance
2. Inclusive of \$10,422 of disbursements of expenses incurred on behalf of the Company.
3. No shares were issued as compensation during the year ended 30 June 2013 (2012: Nil).

(d) Shares issued on exercise of remuneration options

There were no shares issued on exercise of remuneration options.

(e) Option holdings of Key Management Personnel

2013	Balance at beginning of year 1 July 2012	Granted as Remuneration	Options Exercised	Options Lapsed	Balance at end of year 30 June 2013	Vested at 30 June 2013	
						Vested & Exercisable	Unvested
Directors							
W G Martinick	7,500,000	-	-	-	7,500,000	-	7,500,000
G R O'Dea	500,000	-	-	-	500,000	500,000	-
D H Ward	500,000	-	-	-	500,000	500,000	-
B L Farrell	7,500,000	-	-	-	7,500,000	-	7,500,000
Executives							
Brett Dickson	1,000,000	1,000,000	-	-	2,000,000	2,000,000	-
Total	17,000,000	1,000,000	-	-	18,000,000	3,000,000	15,000,000

2012	Balance at beginning of year 1 July 2011	Granted as Remuneration	Options Exercised	Options Lapsed	Balance at end of year 30 June 2012	Vested at 30 June 2012	
						Vested & Exercisable	Unvested
Directors							
W G Martinick	-	7,500,000	-	-	7,500,000	-	7,500,000
G R O'Dea	-	500,000	-	-	500,000	500,000	-
D H Ward	-	500,000	-	-	500,000	500,000	-
B L Farrell	-	7,500,000	-	-	7,500,000	-	7,500,000
Executives							
Brett Dickson	-	1,000,000	-	-	1,000,000	1,000,000	-
Total	-	17,000,000	-	-	17,000,000	2,000,000	15,000,000

The options held by Dr Martinick and Dr Farrell are subject to the following vesting conditions:

- | | |
|--|-------------------|
| | Number of Options |
| 1. The Company's shares trade at a minimum volume weighted average trading price (VWAP) of 30 cents over a 20 day period | 2,500,000 |
| 2. The Company's shares trade at a minimum VWAP of 35 cents over a 20 day period | 2,500,000 |
| 3. The Company's shares trade at a minimum VWAP of 40 cents over a 20 day period | 2,500,000 |

23. KEY MANAGEMENT PERSONNEL (continued)

(f) Shareholdings of Key Management Personnel

2013	Balance 1 July 12 Number	Granted as Remuneration Number	On Exercise of Options Number	Net Change Other Number	Balance 30 June 13 Number
Specified Directors					
W G Martinick ¹	11,348,922	-	-	63,623	11,412,545
Held by spouse and children of WG Martinick	63,334	-	-	(63,623)	-
G R O'Dea	299,476	-	-	-	299,476
Held by spouse and children of GR O'Dea	760,614	-	-	-	760,614
D H Ward	981,266	-	-	-	981,266
B L Farrell ²	5,086,443			-	5,086,443
Specified Executives					
B D Dickson	-	-	-	-	-
Total	18,540,055	-	-	289	18,540,344

2012 – Figures adjusted for 1:3 share consolidation completed during the year	Balance 1 July 11 Number	Granted as Remuneration Number	On Exercise of Options Number	Net Change Other Number	Balance 30 June 12 Number
Specified Directors					
W G Martinick	10,836,054	-	-	512,868	11,348,922
Held by spouse and children of WG Martinick	29,535	-	-	33,799	63,334
G R O'Dea	299,476	-	-	-	299,476
Held by spouse and children of GR O'Dea	743,947	-	-	16,667	760,614
D H Ward	831,266	-	-	150,000	981,266
B L Farrell	4,586,443			500,000	5,086,443
Specified Executives					
B D Dickson	415,000	-	-	(415,000)	-
Total	17,741,721	-	-	798,334	18,540,055

1. Since the end of the financial year W G Martinick has increased his relevant interest in shares in the Company to 22,951,007 shares through his participation in an entitlement issue undertaken by Oro Verde Limited.
2. Since the end of the financial year B L Farrell has increased his relevant interest in shares in the Company to 20,701,281 shares through his participation in an entitlement issue undertaken by Oro Verde Limited.

(g) Loans to/from Key Management Personnel

There were no loans outstanding to or from Key Management Personnel as at 30 June 2013 (2012: Nil).

(h) Other transactions and balances with Key Management Personnel

Services

Professional services, relating to accounting and taxation advice, of \$16,900 (ex GST) (2012: \$30,409) were provided by Young & Wilkinson, a partnership associated with D H Ward on normal commercial terms and conditions, of which \$18,590 (inc. GST) remains outstanding at 30 June 2013 (2012: Nil). Coolform Investments Pty Ltd a company in which Mr Dickson is a director and shareholder received fees totalling \$70,000 (2012: \$85,000) for the provision of services, as disclosed in note 23(c). No amount is payable at year end (2012: \$11,000).

24. RELATED PARTY DISCLOSURE

(a) Subsidiaries

The consolidated financial statements include the financial statement of Oro Verde Limited and the subsidiaries listed in the following table.

Name	Country of incorporation	Equity interest		Investment	
		2013 %	2012 %	2013 \$	2012 \$
E-Resources Pty Ltd	Australia	100	100	1	1
Ghazal Minerals Limited	Australia	100	100	-	684,402
Green Mining Limitada	Chile	100	100	21,740	21,740
				<u>21,741</u>	<u>706,143</u>

(b) Ultimate parent

Oro Verde Limited is the ultimate parent entity.

(c) Key Management Personnel

Details relating to key management personnel, including remuneration, are included in note 23.

(d) Entities subject to significant influence by the Group

For details of interests held in associated companies refer to Note 8.

25. FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The Group's financial instruments comprise receivables, payables, finance leases, available for sale investments and cash.

The Group's main risks arising from the financial instruments are:

- (i) interest rate risk,
- (ii) liquidity risk,
- (iii) credit risk
- (iv) price risk and
- (v) foreign currency risk.

Risk Exposures and Responses

(i) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the Group's income. The objective of interest rate risk management is to manage and control risk exposures within acceptable parameters, while optimising any return. As the Group has interest bearing assets, the Group's income and operating cash flows are exposed to changes in market interest rates. The assets are short term interest bearing deposits. The Group does not have any policy in place and no financial instruments are employed to mitigate interest rate risks.

At balance date, the Group had the following financial assets exposed to Australian and Chilean variable interest rate risk:

	2013 \$	2012 \$
Australia		
Financial assets		
Cash at bank	717,410	2,995,031
Chile		
Financial assets		
Cash at bank	3,048	212,360

25. FINANCIAL INSTRUMENTS (continued)

(i) Interest Rate Risk (continued)

The Group has no interest bearing liabilities and is therefore not exposed to interest rate risks.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period. The 1% sensitivity is based on reasonable possible change over the financial year using the observed range for the historic 2 years.

At 30 June, if interest rates had moved, as illustrated in the table below, with all variables held constant, post tax profit and equity would have been affected as follows:

	Post tax profit Higher/(Lower)		Equity Higher/(Lower)	
	2013	2012	2013	2012
	\$	\$	\$	\$
CONSOLIDATED				
+1% (100 basis points)	7,204	32,074	7,204	32,074
-1% (100 basis points)	(7,204)	(32,074)	(7,204)	(32,074)

The movements in profit and equity are due to higher/lower interest costs from variable rate cash balances.

(ii) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities. Undiscounted cash flows of financial liabilities are presented.

The Group has no derivative financial instruments.

The remaining contractual maturities of the Group's financial liabilities are:

	2013	2012
	\$	\$
6 months or less	176,132	167,275
6 – 12 months	-	-
1 – 5 years	-	-
	<u>176,132</u>	<u>167,275</u>

Maturity analysis of financial assets and liability based on management's expectation

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and (outflows). Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant and equipment and investments in working capital eg inventories and trade receivables. These assets are considered in the Group's overall liquidity risk.

	<6 months	6 – 12 months	1 – 5 years	> 5 years	Total
	\$	\$	\$	\$	\$
CONSOLIDATED					
<i>Year ended 30 June 2013</i>					
Financial assets					
Cash & cash equivalents	720,458	-	-	-	720,458
Trade & other receivables	16,157	-	-	-	16,157
	<u>736,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>736,615</u>
Financial liabilities					
Trade & other payables	(176,132)	-	-	-	(176,132)
	<u>(176,132)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(176,132)</u>
Net Maturity	<u>560,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>560,483</u>

25. FINANCIAL INSTRUMENTS (continued)

(iii) Liquidity Risk (continued)

Year ended 30 June 2012

Financial assets

Cash & cash equivalents	3,207,391	-	-	-	3,207,391
Trade & other receivables	130,652	-	-	-	130,652
	<u>3,338,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,338,043</u>

Financial liabilities

Trade & other payables	(167,275)	-	-	-	(167,275)
	<u>(167,275)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(167,275)</u>

Net Maturity	3,170,768	-	-	-	3,170,768
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(iii) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments.

The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of the financial assets of the Group, which comprises of cash and cash equivalents, trade and other receivables and available for sale financial assets.

The Group does not hold any credit derivatives to offset its exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group places its cash deposits with institutions with a credit rating of AA or better and only with major banks.

Fair value

The fair values of financial assets and liabilities approximate their carrying amounts shown in the statement of financial position due to their short term nature. The carrying amounts of financial assets and liabilities as described in the statement of financial position are as follows:

CONSOLIDATED	CARRYING AMOUNT		AGGREGATE NET FAIR VALUE	
	2013 \$	2012 \$	2013 \$	2012 \$
FINANCIAL ASSET				
Cash	720,458	3,207,391	720,458	3,207,391
Receivables	16,157	130,652	16,157	130,652
Available-for-sale financial assets	21,647	23,561	21,647	23,561
Total financial assets	758,262	3,361,604	758,262	3,361,604
FINANCIAL LIABILITIES				
Trade creditors and accruals and other creditors	176,132	167,275	176,132	167,275
Total financial liabilities	176,132	167,275	176,132	167,275

25. FINANCIAL INSTRUMENTS (continued)

(iii) Credit Risk (continued)

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities

Cash and cash equivalent: The carrying amount approximates fair value because of their short-term to maturity.

Receivables and payables: The carrying amount approximates fair value.

Available-for-sale financial assets: Quoted prices in active markets been used to determine the fair value of listed available-for-sale investments (Level 1). The fair value of these financial assets has been based on the closing quoted bid prices at reporting date, excluding transaction costs.

(iv) Price Risk

Listed Securities

Equity securities price risk arises from investments in equity securities. To limit this risk the Group diversifies its portfolio in accordance with limits set by the Board. The equity investments is of a high quality and is publicly traded on the LSE (London Stock Exchange Alternative Investment Market).

Sensitivity analysis

CONSOLIDATED

		Effect on:		Effect on:	
Share Price Sensitivity	Sensitivity	Profit	Equity	Profit	Equity
		2013	2013	2012	2012
Risk Variable	+5%	-	1,083	-	1,178
	-5%	-	(1,083)	-	(1,178)

(v) Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The Group is exposed to currency risk on purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily the United States Dollar (USD) and Chilean Peso (CP). The currencies in which the transactions primarily are denominated are USD and CP.

The Group has not entered into any derivative financial instruments to hedge such transactions and anticipated future receipts or payments that are denominated in a foreign currency.

Group's investments in its subsidiaries are not hedged as those currency positions are considered to be long term in nature.

Exposure to currency risk

The Group's exposure to foreign currency risk at balance date, expressed in Australian dollars (AUD), was:

	2013	2012
	(AUD)	(AUD)
	CP	CP
Cash	3,048	212,360
Trade Receivables	16,157	124,809
Trade Payables	(37,177)	(11,456)
Gross Statement of Financial Position Exposure	(17,972)	325,713
Forward exchange contracts	-	-
Net Exposure	(17,972)	325,713

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2013	2012	2013	2012
AUD/CP	0.0020	0.0020	0.0022	0.0020

25. FINANCIAL INSTRUMENTS (continued)

(v) Foreign Currency Risk (continued)

Sensitivity analysis

Over the reporting period there have been significant movements in the Australian dollar when compared to other currencies, it is therefore considered reasonable to review sensitivities base on a 10% movement in the Australian dollar. A 10 percent movement of the Australian dollar against the Chilean Peso at 30 June would have affected equity and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2012.

	Equity \$	Profit or loss \$
30 June 2013		
Chilean Peso	+/- 1,797	-
30 June 2012		
Chilean Peso	+/-32,571	-

26. PARENT ENTITY FINACIAL INFORMATION

(a) Summary Financial Information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards:

	2013 \$	2012 \$
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	688,519	2,972,883
Total assets	<u>747,420</u>	<u>8,355,862</u>
LIABILITIES		
Current liabilities	155,177	157,375
Total liabilities	<u>155,177</u>	<u>157,375</u>
EQUITY		
Issued capital	16,331,404	16,331,404
Reserves		
Share-option	4,094,501	4,071,394
Convertible note equity	136,403	136,403
Available-for-sale assets	(965)	(669)
Accumulated losses	<u>(19,969,101)</u>	<u>(12,340,045)</u>
Total Equity	<u>592,242</u>	<u>8,198,487</u>

STATEMENT OF COMPREHENSIVE INCOME

Total profit/(loss)	<u>(7,629,056)</u>	<u>(2,372,841)</u>
Total comprehensive income/(loss)	<u>(7,630,970)</u>	<u>(2,599,593)</u>

(b) Guarantees

Oro Verde Limited has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

(c) Contingent liabilities

Oro Verde Limited did not have any contingent liabilities as at 30 June 2013 or 30 June 2012.

(d) Contracted commitments for the acquisition of property, plant or equipment

Oro Verde Limited did not have any commitments for the acquisition of property, plant or equipment.

27. SHARE BASED PAYMENTS

Over the last two years the Group has issued options pursuant to an Employee Share plan and also Director Options issued pursuant to approval obtained by shareholders at a General Meeting. In addition options were issued to certain contractors and unrelated third parties. Details of each issue is set out below:

(a) Employee and consultants option plan

The establishment of the Oro Verde Option Plan ("Plan") was approved by shareholders at the 2011 Annual General Meeting. The plan is designed to provide long-term incentives for employees and certain contractors to deliver long term shareholder returns. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive guaranteed benefits. In addition, under the Plan, the Board determines the terms of the options including exercise price, expiry date and vesting conditions, if any.

Options granted under the plan carry no dividend or voting rights. When exercised, each option is convertible into an ordinary share of the company with full dividend and voting rights.

Set out below are summaries of options granted under the plan .

Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Balance of the start of the year Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
5 April '13	31 Mar '16	4	0.71	-	3,250,000	-	-	3,250,000	3,250,000
20 Dec '11	31 Dec '14	27.0	10.99	-	2,000,000	-	-	2,000,000	2,000,000
TOTAL				-	5,250,000	-	-	5,250,000	5,250,000
Weighted average exercise price				-	\$0.13	-	-	\$0.13	\$0.13

No options were exercised during the periods covered by the above tables.

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.3 years (2012: 2.5 years).

Fair value of options granted

Options were granted for no consideration. During the 2013 financial year the weighted average fair value of the options granted was 0.71 cents (2012: 10.99). The price was calculated by using the Binominal Option valuation methodology applying the following inputs:

	2013	2012
Weighted average exercise price	4.0 cents	27.0 cents
Weighted average life of the option	2.989 years	3.033 years
Weighted average underlying share price	1.6 cents	18.0 cents
Expected share price volatility	100%	110%
Risk free interest rate	2.87%	3.68%

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

The life of the options is based on historical exercise patterns, which may not eventuate in the future.

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	Consolidated	
	2013	2012
	\$	\$
Options issued to staff and officers	23,107	219,860

27. SHARE BASED PAYMENTS (continued)

(b) Directors and executive options

No options were issued to directors during 2013. Set out below are summaries of options issued to directors in 2012.

Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Balance at the start of the year Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
2 Dec '11	31 Dec '14	27.0	11.1	-	16,000,000	-	-	16,000,000	1,000,000
TOTAL				-	16,000,000	-	-	16,000,000	1,000,000
Weighted average exercise price				-	\$0.27	-	-	\$0.27	\$0.27

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.5 years (2012: 2.5).

Fair value of director options granted.

Options were granted for no consideration. During the 2012 financial year the weighted average fair value of the options granted was 11.1 cents. The price was calculated by using the Binominal Option valuation methodology applying the following inputs:

2012

Weighted average exercise price	27.0 cents
Weighted average life of the option	3.079 years
Weighted average underlying share price	18.0 cents
Expected share price volatility	110%
Risk free interest rate	3.68%

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

The life of the options is based on historical exercise patterns, which may not eventuate in the future.

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	Consolidated
	2013 2012
	\$ \$
Options issued to directors	- 1,772,640

(c) Contractor and other options

No options were issued to contractors and unrelated third parties during 2013. Set out below are summaries of options issued to contractors and unrelated third parties in 2012.

Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Balance at the start of the year Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
28 Nov '11	10 Jan '16	20.0	15.76	-	2,500,000 ^a	-	-	2,500,000	2,500,000
2 Dec '11	31 Dec '14	27.0	11.10	-	3,250,000 ^b	-	-	3,250,000	3,250,000
20 Dec '11	31 Dec '14	27.0	10.99	-	500,000 ^c	-	-	500,000	500,000
16 Apr '12	31 Dec '14	27.0	8.09	-	2,614,459 ^d	-	-	2,614,459	2,614,459
TOTAL				-	8,864,459	-	-	8,864,459	8,864,459
Weighted average exercise price				-	\$0.25	-	-	\$0.25	\$0.25

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.8 years (2012: 2.8 years).

27. SHARE BASED PAYMENTS (continued)

(c) Contractor and other options (continued)

Fair value of options granted.

Options were granted for no consideration. During the 2012 financial year the weighted average fair value of the options granted was 11.1 cents. The price was calculated by using the Binominal Option valuation methodology applying the following inputs:

	2012^a	2012^b	2012^c	2012^d
Weighted average exercise price	20.0 cents	27.0 cents	27.0 cents	27.0 cents
Weighted average life of the option	4.120 years	3.079 years	3.033 years	2.710 years
Weighted average underlying share price	20.0 cents	18.0 cents	18.0 cents	15.0 cents
Expected share price volatility	110%	110%	110%	110%
Risk free interest rate	3.27%	3.68%	3.68%	3.20%

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

The life of the options is based on historical exercise patterns, which may not eventuate in the future.

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	Consolidated	
	2013	2012
	\$	\$
Options issued to contractors and others	-	1,020,694

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF ORO VERDE LIMITED AND
CONTROLLED ENTITIES**

Report on the Financial Report

We have audited the accompanying financial report, of Oro Verde Limited, which comprises the consolidated balance sheet as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable to preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**HEWITT
TURNER &
GELEVITIS**



**BUSINESS
DEVELOPMENT
CONSULTANTS**

Capital Raising
Wealth Creation
Asset Protection
Audit Assurance
Taxation Advisors
Strategic Planning
Accounting Services
Management Consultancy

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Hewitt Turner & Gelevitis
is a CPA Practice



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**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF ORO VERDE LIMITED AND
CONTROLLED ENTITIES (continued)**

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- (a) the financial report of Oro Verde Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - ii. complying Australian Accounting Standards and the *Corporations Regulations 2001*;
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

**HEWITT
TURNER &
GELEVITIS**



Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our opinion, we draw attention to note 2 to the financial report which indicates that the group incurred a net loss of \$4,533,958 for the year ended 30 June 2013, and experienced net cash outflows from operating activities of \$2,207,066. These conditions along with other matters as set out in Note 2 to the financial report indicate the existence of a material uncertainty which may cast doubt on the entity's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10-14 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Oro Verde Limited for the year ended 30 June 2013, complies with s 300A of the *Corporations Act 2001*.

HEWITT TURNER & GELEVITIS

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**TIMOTHY TURNER
REGISTERED COMPANY AUDITOR**

Signed at Perth this 27th day of September 2013.

ORO VERDE LIMITED
CORPORATE GOVERNANCE STATEMENT
30 June 2013

Oro Verde Limited (**Company**) has adopted systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd edition (**Principles & Recommendations**), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and an explanation for the adoption of its own practice.

The following governance-related documents can be found on the Company's website at www.oroverde.com.au, under the section marked "Corporate Governance":

Charters

Board
 Audit Committee
 Nomination Committee
 Remuneration Committee

Policies and Procedures

Policy and Procedure for Selection and (Re) Appointment of Directors
 Process for Performance Evaluations
 Policy on Assessing the Independence of Directors
 Diversity Policy (summary)
 Code of Conduct (summary)
 Policy on Continuous Disclosure (summary)
 Compliance Procedures (summary)
 Procedure for the Selection, Appointment and Rotation of External Auditor
 Shareholder Communication Policy
 Risk Management Policy (summary)

Set out below the Company reports on how it has followed (or otherwise departed from) each of the recommendations during the year ending 30 June 2013 (**Reporting Period**). The information in this statement is current at 27 September 2013.

Board

Roles and responsibilities of the Board and Senior Executives
(Recommendations: 1.1, 1.3)

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Senior executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, directly to the Chair or the lead independent director, as appropriate.

The Company's Board Charter is disclosed on the Company's website.

Skills, experience, expertise and period of office of each Director (Recommendation: 2.6)

A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report.

The mix of skills and diversity for which the Board is looking to achieve in membership of the Board is represented by the Board's current composition. While the Company is at exploration stage, it does not wish to increase the size of the Board, and considers that the Board, which includes directors with geological qualifications, exploration and mining industry experience and accounting and finance qualifications, is an appropriate mix of skills and expertise relevant to the Company.

Director independence (Recommendations: 2.1, 2.2, 2.3, 2.6)

The Board does not have a majority of directors who are independent. The Board considers that the current composition of the Board is adequate for the Company's current size and operations, and includes an appropriate mix of skills and expertise, relevant to the Company's business.

The Board considers the independence of directors having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The Board has agreed on the following guidelines, as set out in the Company's Board Charter for assessing the materiality of matters:

- Statement of Financial Position items are material if they have a value of more than 10% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company's rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on statement of financial position or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost which triggers any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

The independent directors of the Company are David Ward and Ross O'Dea. These directors are independent as they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

The non-independent directors of the Company are Wolf Martinick (Chairman and Managing Directors) and Brad Farrell (Technical Director).

The non-independent Executive Chair of the Board is Wolf Martinick. Wolf Martinick is not independent by virtue of his executive role. While the Board recognises the importance of the need for the division of responsibilities between the Chair and Managing Director, the Board considers that Wolf Martinick is the most appropriate person for the position of Executive Chair given his industry experience, and the size and current activities of the Company. The Board also believes that Wolf Martinick's appointment as Chair is in line with shareholder expectation.

Independent professional advice (Recommendation: 2.6)

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

Selection and (Re)Appointment of Directors (Recommendation: 2.6)

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed process whereby it evaluates the mix of skills, experience, expertise and diversity of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills and diversity that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, the Nomination Committee (or equivalent) recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or one third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

The Company's Policy and Procedure for the Selection and Re (Appointment) of Directors is disclosed on the Company's website.

Board committees

Nomination Committee (Recommendations: 2.4, 2.6)

The composition of the Board does not make the establishment of a separate Nomination Committee practicable, and the Board believes that there would be no efficiencies or other benefits gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board did not officially convene as a Nomination Committee during the Reporting Period.

The Board has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Nomination Committee. The Company's Nomination Committee Charter is disclosed on the Company's website.

Audit Committee (Recommendations: 4.1, 4.2, 4.3, 4.4)

The Board has not established a separate Audit Committee, and therefore is not structured in accordance with Recommendation 4.2. The Board believes that the composition of the Board is not suitable for the formation of a separate Audit Committee, and that there would be no efficiencies or other benefits gained by establishing a separate Audit Committee. Accordingly, the Board performs the role of Audit Committee. Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Audit Committee it carries out those functions which are delegated to it in the Company's Audit Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Audit Committee by ensuring that the director with conflicting interests is not party to the relevant discussions. The independent director is available to meet separately with the external auditor should this be considered necessary.

The full Board did not officially convene as an Audit Committee during the Reporting Period.

To assist the Board to fulfil its function as the Audit Committee, the Company has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee.

Details of each of the director's qualifications are set out in the Directors' Report. All Board members have substantial industry knowledge and experience and consider themselves to be financially literate.

The Company has established a Procedure for the Selection, Appointment and Rotation of its External Auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

The Company's Audit Committee Charter and Procedure for Selection, Appointment and Rotation of External Auditor are disclosed on the Company's website.

Remuneration Committee (Recommendations: 8.1, 8.2, 8.3, 8.4)

The composition of the Board does not make the establishment of a separate Remuneration Committee practicable, and the Board believes that there would be no efficiencies or other benefits gained by establishing a separate Remuneration Committee. Accordingly, the Board performs the role of Remuneration Committee. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Remuneration Committee it carries out those functions which are delegated to it in the Company's Remuneration Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Remuneration Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board, in its capacity as the Remuneration Committee, did not meet during the Reporting Period.

To assist the Board to fulfil its function as the Remuneration Committee, the Board has adopted a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report. The Board seeks to set aggregate non-executive director remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Non-executive directors have long been encouraged by the Board to hold shares in the Company (purchased by the director on market). It is considered good governance for directors to have a stake in the Company whose Board he or she sits. From time to time the Company may grant options to non-executive directors. The grant of options is designed to recognise and reward efforts for the benefit of the Company. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at general meeting.

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to: reward executives for company and individual performance against targets set by reference to appropriate benchmarks; align the interests of executives with those of shareholders; link reward with the strategic goals; and ensure total remuneration is competitive by market standards. In determining the level and make-up of executive remuneration, the Board may engage an external consultant to provide independent advice detailing market levels of remuneration for comparable executive roles. Remuneration consists of the following key elements: fixed remuneration; and variable remuneration – long term incentive. Long term incentives are delivered in the form of options.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

The Company's Remuneration Committee Charter is disclosed on the Company's website.

Performance evaluation

Senior executives

(Recommendations: 1.2, 1.3)

The Executive Chair is responsible for evaluating the performance of senior executives. The evaluations are performed by conducting interviews with the senior executives as required. During the interview key performance indicators are set and agreed on, which will form the basis for the following years' review.

The full board acting as the Nomination Committee, at least annually, evaluates the performance of the Executive Chair by formal interview. In reviewing the performance of the Executive Chair, performance against pre-determined budgets and performance criteria set the previous year (if any) is assessed.

During the Reporting Period an evaluation of the Executive Chair did not take place.

Board, its committees and individual directors

(Recommendations: 2.5, 2.6)

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors.

The Chair evaluates the Board and, when deemed appropriate, Board committees and individual directors by utilising questionnaires which are completed by each director. The Chair, in consultation with the Company Secretary, then reviews the questionnaires and holds round table discussions with the Board to discuss the questionnaires. The Chair holds discussions with individual directors, if required.

During the Reporting Period an evaluation of the Board took place in accordance with the process disclosed above. An evaluation of individual directors did not take place during the Reporting Period.

The Company's Process for Performance Evaluation is disclosed on the Company's website.

Ethical and responsible decision making

Code of Conduct

(Recommendations: 3.1, 3.5)

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

A summary of the Company's Code of Conduct is disclosed on the Company's website.

Diversity

(Recommendations: 3.2, 3.3, 3.4, 3.5)

The Company has established a Diversity Policy, which includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress towards achieving them.

The Board has not set measurable objectives for achieving gender diversity. Given the Company's stage of development as an exploration company, and the number of employees, the Board considers that it is not practical to set measurable objectives for achieving gender diversity at this time.

The proportion of women employees in the whole organisation, women in senior executive positions and women on the Board are set out in the following table:

	Proportion of women
Whole organisation	0 out of 2 (0%)
Senior executive positions	0 out of 1 (0%)
Board	0 out of 4 (0%)

The Company's Diversity Policy is disclosed on the Company's website.

Continuous Disclosure

(Recommendations: 5.1, 5.2)

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance.

A summary of the Company's Policy on Continuous Disclosure and Compliance Procedures are disclosed on the Company's website.

Shareholder Communication

(Recommendations: 6.1, 6.2)

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

The Company's Shareholder Communication Policy is disclosed on the Company's website.

Risk Management

Recommendations: 7.1, 7.2, 7.3, 7.4)

The Board has adopted a Risk Management Policy and Risk Management Procedures. Under the Risk Management Policy, the Board oversees the processes by which risks are managed. This includes defining the Company's risk appetite, monitoring of risk performance and those risks that may have a material impact to the business. Management is responsible for the implementation of the risk management and internal control system to manage the Company's risk and to report to the Board whether those risks are being effectively managed.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management, which, if proposed to be exceeded, requires prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

The Company's system to manage its material business risks includes the preparation of a risk register by management to identify the Company's material business risks, analyse those risks, evaluate those risks (including assigning a risk owner to each risk) and treat those risks. Risks and their management are to be monitored and reviewed at least half yearly by senior management. The risk register is to be updated and a report submitted to the Managing Director. The Managing Director is to provide a risk report at least half yearly to the Board and an annual review of the risk profile is to be undertaken to ensure relevancy. Specific areas of risk that were identified in the report included operational activities, asset management (including title to exploration and mining leases) and staff.

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received a report from management as to the effectiveness of the Company's management of its material business risks for the Reporting Period.

The Managing Director and the Company Secretary have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

A summary of the Company's Risk Management Policy is disclosed on the Company's website.

ORO VERDE LIMITED

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not disclosed elsewhere in this report is as follows. The information is current as at 18 September 2013.

(a) Statement of shareholdings

		Ordinary Shares		
Range	Names of 20 largest shareholders	Fully paid		
		No of holders	No. of shares held	% held
100,001 or more	Martinick Wolf Gerhard	1	20,712,761	11.57%
	Inkjar Pty Ltd	1	20,301,282	11.34%
	Bernes Nominees PL <Berenes S/F A/C>	1	19,625,114	10.96%
	Semerdziev Ianaki	1	5,648,000	3.16%
	Felberg Barry + Sally <3 Bears S/F No 1>	1	4,650,000	2.60%
	Tevlo PL <M J Evans Super A/C>	1	3,900,000	2.18%
	Gallin Nicole Joan	1	2,510,462	1.40%
	Teofilova Liliana	1	2,442,000	1.36%
	E E R C Australia PL <EERC Australia >	1	2,304,667	1.29%
	Mazuma Management PL	1	2,200,000	1.23%
	Watson Simon Maxwell O	1	2,191,105	1.22%
	Wadi Al Rawda Industrial	1	2,104,679	1.18%
	Lewis CS + JL	1	2,050,000	1.15%
	E E R C Australia PL <Rechner Fam A/C>	1	2,033,334	1.14%
	Chuminga Compania Minera	1	2,003,406	1.12%
	Ossart Holdings PL <OT Family A/C>	1	2,000,000	1.12%
	Richard Adrian + Margaret Rich <S/F A/C>	1	2,000,000	1.12%
	Le Clezio Bernard MF <BMF Le Clezio S/F	1	1,904,520	1.06%
	Martinick Inv PL – Martinick S/F	1	1,787,239	1.00%
	Auralandia NL	1	1,777,514	0.99%
	Various	20	104,146,083	58.19%
		142	62,877,143	35.11%
	Sub-total	162	167,023,226	93.30%
10,001 - 100,000	Various	252	10,536,561	5.89%
5,001 – 10,000	Various	93	730,041	0.41%
1,001 – 5000	Various	241	609,124	0.34%
1 – 1,000	Various	250	112,060	0.06%
Total				
	Holding an unmarketable parcel	721	4,437,951	2.48%

Restricted Securities

Class	Number	Restriction Ends
Ordinary Fully paid	373,334	6 February 2014
Options Exercisable at \$0.27	19,750,000	6 February 2014
Options Exercisable at \$0.20	2,500,000	6 February 2014

The Company has used its cash and assets it had at the time of commencement of reinstatement to quotation on 3 February 2012 to 27 September 2013 in a way consistent with its business objectives.

ORO VERDE LIMITED
ASX ADDITIONAL INFORMATION

(b) Statement of listed option holders

Names	No of holders	No of options held	% held
Total		Nil	

(c) Voting Rights

All ordinary shares carry one vote per share without restriction.

(d) Market buy-back

There is no current on-market buy-back of shares.

Substantial Shareholders, as at 27 September 2013, who have notified the company in accordance with section 671B of the Corporations Act 2001

Beneficial Owner	No of Shares
Dr Wolf Gerhard Martinick	22,951,007
Dr Bradford Farrell	20,701,281

Schedule of Mining Tenements Held

Project	Common Name	Type of Concession	Concession No.	Percentage Held
Alma	Encuentro 1	Exploration	V-100-2013	100%
	Encuentro 2	Exploration	V-101-2013	100%
	Encuentro 3	Exploration	V-102-2013	100%
	Alma Norte	Exploration	V-994-2013	100%
	Alma Norte 1	Exploration	V-1182-2013	100%
	Alma Norte 2	Exploration	V-1183-2013	100%
	Alma 1	Exploration	V-688-2011	Option to earn 100%
	Alma 2	Exploration	V-689-2011	Option to earn 100%
	Alma 3	Exploration	V-690-2011	Option to earn 100%
	Alma 4	Exploration	V-691-2011	Option to earn 100%
San Pedro	Volcan San Pedro 1	Exploration	V-112-2012	Option to earn 100%
	Volcan San Pedro 2	Exploration	V-113-2012	Option to earn 100%
	Volcan San Pedro 3	Exploration	V-114-2012	Option to earn 100%
	Volcan San Pedro 4	Exploration	V-303-2012	Option to earn 100%
Timón	Timon VI, 1 al 10	Exploitation	V-6962-1988	Option to earn 100%
	El Timon X, 1 al 30	Exploitation	V-52625-1997	Option to earn 100%
	El Timon XI, 1 al 20	Exploitation	V-52626-1997	Option to earn 100%
	El Timon XII, 1 al 30	Exploitation	V-52627-1997	Option to earn 100%
	El Timon XIV, 1 al 10	Exploitation	V-52629-1997	Option to earn 100%
	Espinaca 4, 1 al 10	Exploitation	V-72-2008	Option to earn 100%
	Espinaca 5, 1 al 10	Exploitation	V-73-2008	Option to earn 100%
	Espinaca 8, 1 al 10	Exploitation	V-74-2008	Option to earn 100%
	Verdura 1, 1 al 10	Exploitation	V-70-2008	Option to earn 100%
	Espinaca 3, 1 al 10	Exploitation	V-71-2008	Option to earn 100%
	Espiritu 20, 1 al 20	Exploitation	V-578-2010	Option to earn 100%
	Fonda 20, 1 al 40	Exploitation	V-2184-2012	Option to earn 100%
	Fonda 20	Exploration	V-47-2010	Option to earn 100%
	Bigote 2	Exploration	V-304-2011	Option to earn 100%
	Caiman 1	Exploration	V-1763-2013	Option to earn 100%
	Caiman 2	Exploration	V-1764-2013	Option to earn 100%
	Caiman 3	Exploration	V-1765-2013	Option to earn 100%
	Caiman 4	Exploration	V-1766-2013	Option to earn 100%
	Caiman 5	Exploration	V-1767-2013	Option to earn 100%
	Caiman 6	Exploration	V-1768-2013	Option to earn 100%
	Caiman 7	Exploration	V-1769-2013	Option to earn 100%
	Caiman 8	Exploration	V-1770-2013	Option to earn 100%
	Caiman 9	Exploration	V-1771-2013	Option to earn 100%
	Caiman 10	Exploration	V-1772-2013	Option to earn 100%
	Caiman 11	Exploration	V-1773-2013	Option to earn 100%
	Caiman 12	Exploration	V-1774-2013	Option to earn 100%
	Caiman 13	Exploration	V-1775-2013	Option to earn 100%
	Caiman 14	Exploration	V-1776-2013	Option to earn 100%
	Caiman 15	Exploration	V-1777-2013	Option to earn 100%

Schedule of Mining Tenements Held (continued)

Caiman 16	Exploration	V-1778-2013	Option to earn 100%
Caiman 17	Exploration	V-1779-2013	Option to earn 100%
Caiman 18	Exploration	V-1780-2013	Option to earn 100%
Caiman 19	Exploration	V-1781-2013	Option to earn 100%
Caiman 20	Exploration	V-1782-2013	Option to earn 100%
Caiman 21	Exploration	V-1783-2013	Option to earn 100%
Caiman 22	Exploration	V-1784-2013	Option to earn 100%
Caiman 23	Exploration	V-1785-2013	Option to earn 100%
Caiman 24	Exploration	V-1786-2013	Option to earn 100%
Caiman 25	Exploration	V-1787-2013	Option to earn 100%
Caiman 26	Exploration	V-1788-2013	Option to earn 100%
Caiman 27	Exploration	V-1789-2013	Option to earn 100%
Caiman 28	Exploration	V-1790-2013	Option to earn 100%
Caiman 29	Exploration	V-1791-2013	Option to earn 100%
Elefante 1	Exploration	V-1759-2013	Option to earn 100%
Elefante 6	Exploration	V-1761-2013	Option to earn 100%
Elefante 7	Exploration	V1762-2013	Option to earn 100%
Elefante 12	Exploration	V-1760-2013	Option to earn 100%
Bigote 1, 1 al 30	Exploitation	V-1053-2013	Option to earn 100%
Bigote 3, 1 al 30	Exploitation	V-1054-2013	Option to earn 100%
Bigote 6, 1 al 20	Exploitation	V-1055-2013	Option to earn 100%
Bigote 7, 1 al 30	Exploitation	V-1056-2013	Option to earn 100%
Bigote 9, 1 al 30	Exploitation	V-1057-2013	Option to earn 100%
Bigote 13, 1 al 20	Exploitation	V-1058-2013	Option to earn 100%
Bigote 15, 1 al 20	Exploitation	V-1059-2013	Option to earn 100%
Bigote 16, 1 al 20	Exploitation	V-1060-2013	Option to earn 100%
Bigote 17, 1 al 20	Exploitation	V-1061-2013	Option to earn 100%
Bigote 18, 1 al 10	Exploitation	V-1062-2013	Option to earn 100%
Bigote 28, 1 al 30	Exploitation	V-1063-2013	Option to earn 100%
Bigote 29, 1 al 20	Exploitation	V-1064-2013	Option to earn 100%
Clima 1, 1 al 20	Exploitation	V-1065-2013	Option to earn 100%
Clima 6, 1 al 10	Exploitation	V-1066-2013	Option to earn 100%
Clima 12, 1 al 20	Exploitation	V-1067-2013	Option to earn 100%