

## QUARTERLY REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2016

### ORO VERDE LIMITED (ASX code: OVL)

*An emerging resource  
company  
focused on Nicaragua*

#### KEY PROJECTS - Nicaragua

Topacio Gold Project  
San Isidro Gold Project

#### BOARD OF DIRECTORS

##### **Executive**

Trevor Woolfe - MD  
Brett Dickson - Finance Dir

##### **Non-Executive**

Wolf Martinick - Chairman  
Tony Rovira  
Brad Farrell

#### MANAGEMENT - NICARAGUA

David Turner - Country Mgr  
Jacques Levy - Admin Mgr

#### REGISTERED OFFICE

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### HIGHLIGHTS

- ❖ Oro Verde continued exploration on the Topacio Gold Project under the Farm-in Agreement with Newcrest
- ❖ New targets identified from combination of anomalous soil geochemistry, geophysics and high grade gold in rock chips
- ❖ Follow-up mapping and infill soil sampling underway at the priority Rebeca Zone to refine drill targets
- ❖ Final results pending for completion of Stage 1 exploration program
- ❖ \$840,000 raised from oversubscribed placement

**Oro Verde Limited (ASX: OVL)** ("Oro Verde" or "the Company") is pleased to provide its quarterly report for the period ending 30 September 2016. The September quarter saw Oro Verde and **Newcrest Limited (ASX: NCM)** advance towards completion of the Stage 1 exploration program on the Topacio Gold Project in southeastern Nicaragua (Figure 1).

Under the US\$7.9 million Farm-In Agreement executed at the end of November 2015<sup>1</sup>, Newcrest and Oro Verde aim to discover multi-million ounce, high grade, epithermal gold (Au) deposits at the Topacio Gold Project.

Encouraging results from each of the three main phases of exploration in the first year of the Agreement has led to the definition of numerous new targets, outside the Topacio resource area, to be considered for drill testing.

- \* Geological mapping and sampling – have identified new veins, as well as vein textures indicative of a large epithermal system. High grade rock chip results highlight the numerous gold targets not yet drilled across the system;
- \* Airborne geophysics (magnetics and radiometrics) – have identified key structures and lithological variations related to the mineralised system;
- \* Concession-wide 400m x 400m grid soil geochemistry has highlighted priority areas for refinement of potential drill targets.

Infill soil sampling and detailed vein mapping is underway at the priority Rebeca Zone to refine anomalies for potential drill testing.

<sup>1</sup> Refer to ASX announcement dated 30 November 2015 "Newcrest Signs A\$11.0 Million Farm-in Agreement with Oro Verde"



**Figure 1 Major Nicaraguan Gold Projects and the Topacio Gold Project**

## **NEWCREST – ORO VERDE EXPLORATION PROGRAM**

Newcrest's Stage 1 US\$500,000 Minimum Commitment (1 year) phase of exploration at Topacio, under the Farm-in Agreement, is nearing completion. Stage 1 is focused on defining a mineralised system with the potential to host a gold deposit containing at least two million ounces and generating drill targets to verify that gold potential.

Oro Verde is managing the project until Newcrest has earned its 51% interest in the project and elected to establish a Joint Venture, taking advantage of Oro Verde's existing team, contacts, local knowledge and infrastructure that have been established in Managua. Newcrest is providing technical assistance to the Oro Verde team during this phase.

The collection and collation of this important technical base data, covering the entire concession, provides a significant advance to the understanding of the project and hence planning for follow up drill testing.

## **GEOCHEMICAL SAMPLING PROGRAM**

An extensive soil sampling program was completed in the previous quarter by Oro Verde's geologists and reviewed in conjunction with the Newcrest technical team<sup>2</sup>. A total of 567 soil locations were sampled on a 400m x 400m offset grid, and sent for multi-element analysis. The soil sampling results provide the first systematic geochemical survey across the full extent of the Topacio concession. Some of these areas have not previously been mapped, so the soil geochemistry provides valuable feedback on the underlying geology, as well as the potential for mineralisation.

<sup>2</sup> Refer to ASX announcement dated 16 August 2016 "Strong Gold Anomalies in Soils at Topacio - Amended"

## Anomalous Gold Targets

The soil sampling program identified at least three zones of strong gold anomalism outside the known Topacio gold resource area (Figure 2). These three zones are characterised by multiple results in each zone that are significantly higher than background gold levels:

### **Zone 1 – Northwest Anomaly**

### **Zone 2 – Northeast Topacio Extension**

### **Zone 3 – Rebeca Zone**

The Company's announcement dated 16 August 2016 provides a list of all gold assays from this soil program above 10ppb Au, with their relevant sample numbers and co-ordinates. At least two additional zones (Figure 2) display anomalous gold results, however are characterised by either multiple lower level anomalous results or by isolated very high gold results:

### **Zone 4 – Southern Anomaly**

### **Zone 5 – Buena Vista Zone**

## **1. Northwest Anomaly**

The Northwest gold-in-soil anomaly is characterised by a **cluster of anomalous gold results** on the northwestern side of the central Mico vein (Figure 2). Maximum values within this zone included a result that reached >1,000ppb Au (sample 73902) - the upper limit of detection - as well as sample 73938 that recorded 893ppb Au, between the central Mico and Chicago veins, and a sample near the Mico vein that assayed 329ppb Au (73951). Previous reconnaissance mapping and rock chip sampling by Oro Verde in this area during 2015 identified a zone of cross cutting veins with elevated gold results. This zone includes the Chicago, Gallina and Celedonio veins.

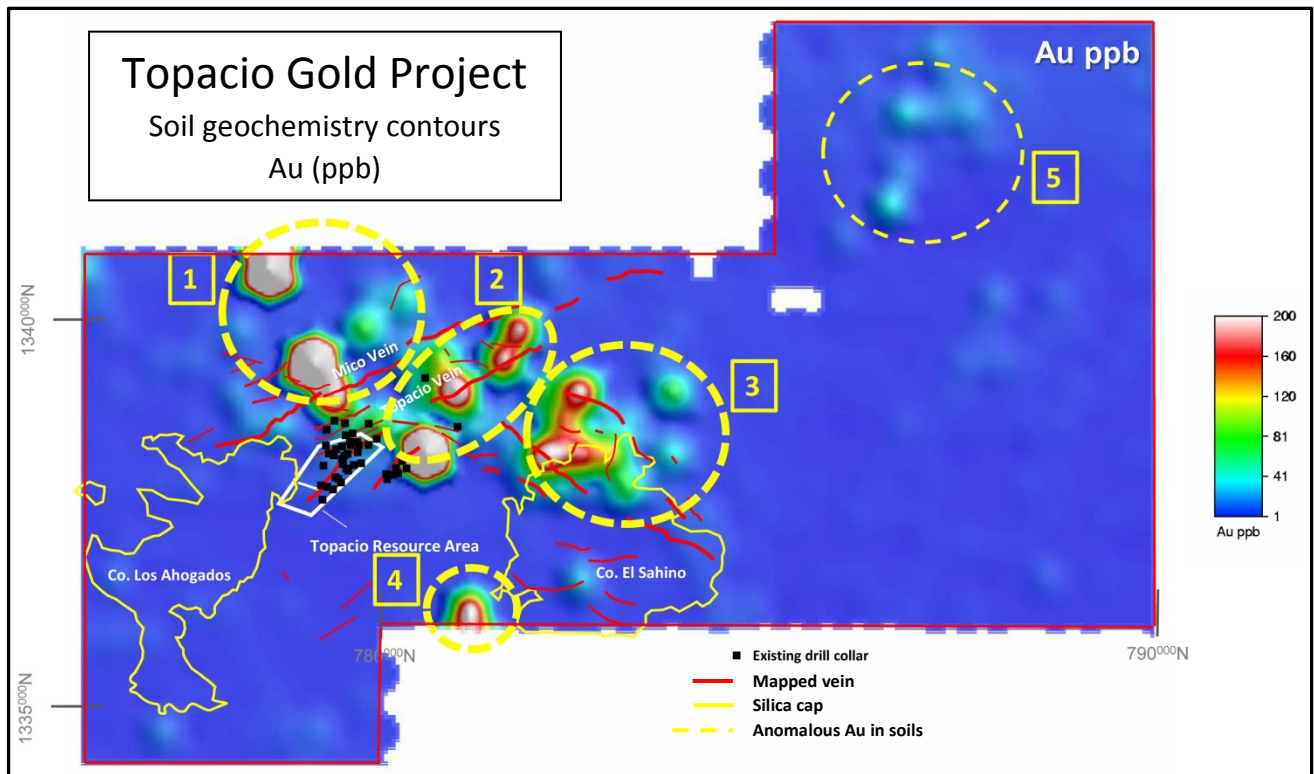
## **2. Northeast Topacio Extension**

While previous drilling has focused around the exposed veins at Topacio (including the Dos Amigos, Dispute and Brasil veins), the along strike extension of this area has received little attention from drilling (Figure 2). The soil sampling highlighted **four key anomalies within this 2.5km long northeasterly trending zone**. At the southwestern end of the anomaly, a sample from the northeastern end of the Brasil vein reached >1,000ppb Au (74903) - the upper limit of detection. In the centre of this zone, a sample located close to the Topacio NE extension vein returned 274ppb Au (74862) and in the northeast of this zone, two adjacent samples returned 202 and 197ppb Au (74834 and 74821, respectively), in the vicinity of the intersection of the Topacio NE extension vein with a cross cutting vein. The key to these anomalies is likely to be where cross cutting NW-SE trending structures intersect with the more prominent NE-SW trending veins.

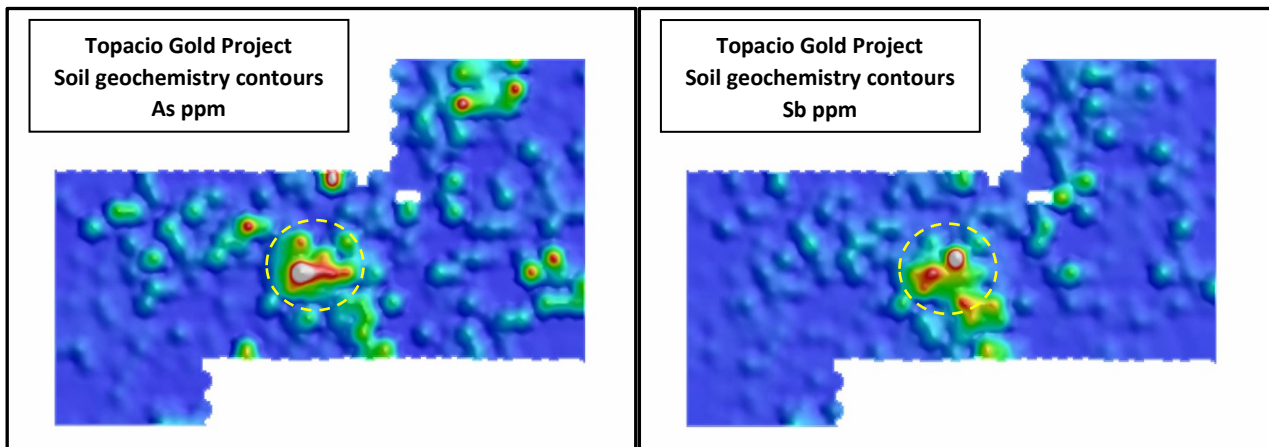
## **3. Rebeca Zone**

To the east-southeast of the Topacio resource area, lies the third significant anomalous gold zone, identified here as the Rebeca Zone. It is a broad area containing a number of veins (including Rebeca, Isabella, Andres, La Palmita and Chocorrón) predominantly striking NW-SE and flanking what is interpreted to be an overlying silica cap of El Sahino (Figure 2). Veins from the Rebeca Zone have typically recorded lower average rock chip gold grades than the veins further west-northwest, however have been interpreted to represent a higher level within the epithermal system. This is supported by the presence of the El Sahino silica cap lying to the south. It is interesting to note that the gold-in-soil anomalies of the Rebeca Zone appear to abut the silica cap, and the gold geochemistry in the cap is consistently at background levels – this is not uncommon in epithermal systems and may indicate a buried mineralised system. Anomalous gold values from the soil sampling in the **Rebeca zone include 248 and 209ppb Au** (74908 and 74867, respectively).

The prospectivity of the Rebeca Zone as a possible drill target is enhanced by the coincidence of strong arsenic (As) (up to 791ppm) and antimony (Sb) (up to 77ppm) anomalism, as shown in Figure 3. These elements can be representative of “upflow” or “outflow” zones from a buried source in an epithermal system. Previous mapping has also determined that the textures of quartz veins in the Rebeca Zone are indicative of the upper levels of an epithermal system.



**Figure 2 Topacio Project – Soil geochemistry contours (Au ppb) and anomalous areas**



**Figure 3 Schematic soil geochemistry contours – As (ppm) and Sb (ppm) – Rebeca Zone**

## GEOPHYSICAL SURVEY

The airborne geophysical survey over the Topacio Gold Project was completed successfully in July, without safety or community incidents. A total of 1,021.3 line kilometres were flown during the helicopter-borne survey, which included magnetics and radiometrics over a survey area covering the entire 93km<sup>2</sup> of the concession. The survey identified new target zones to be considered for drill testing, as announced on the ASX on 5 September 2016<sup>3</sup>.

<sup>3</sup> Refer to ASX announcement dated 5 September 2016 "Geophysics Highlights New Target Zones at Topacio"



Highlights of the geophysical data interpretation include the delineation of **three first order target areas** (see Figure 4), none of which have previously been drill tested:

1. **Rebeca-Isabella Vein Structure** - Linear NW-SE features (high amplitude anomalies) in magnetics highlight a number of veins, likely related to brittle failure, with potential lateral extent up to 3km.
2. **Myra-Lirina Veins** – magnetic depletion along structures associated with mapped veins, similar to the nearby Rebeca Zone.
3. **La Palmita Structure** – This is another NW-SE trending structural zone – in proximity to an interpreted intrusive contact zone - to the north of the Rebeca Zone that may be related to a concealed vein zone. It may be a continuation of the La Palmita vein, which has been mapped at the NW end of this trend.

Two **second order target areas** have also been identified (see Figure 4):

4. Two additional NW-SE trending features have been highlighted by the magnetics to the north and northeast of the Topacio-Rebeca vein areas. Their signatures suggesting possible concealed vein zones. Veins have not been mapped along these two features previously.
5. The magnetic signature of an area to the NW of the Topacio resource indicates the possibility of a previously unidentified vein zone. No veins are currently mapped within this area. The area is along strike to the NW of the Rebeca vein.

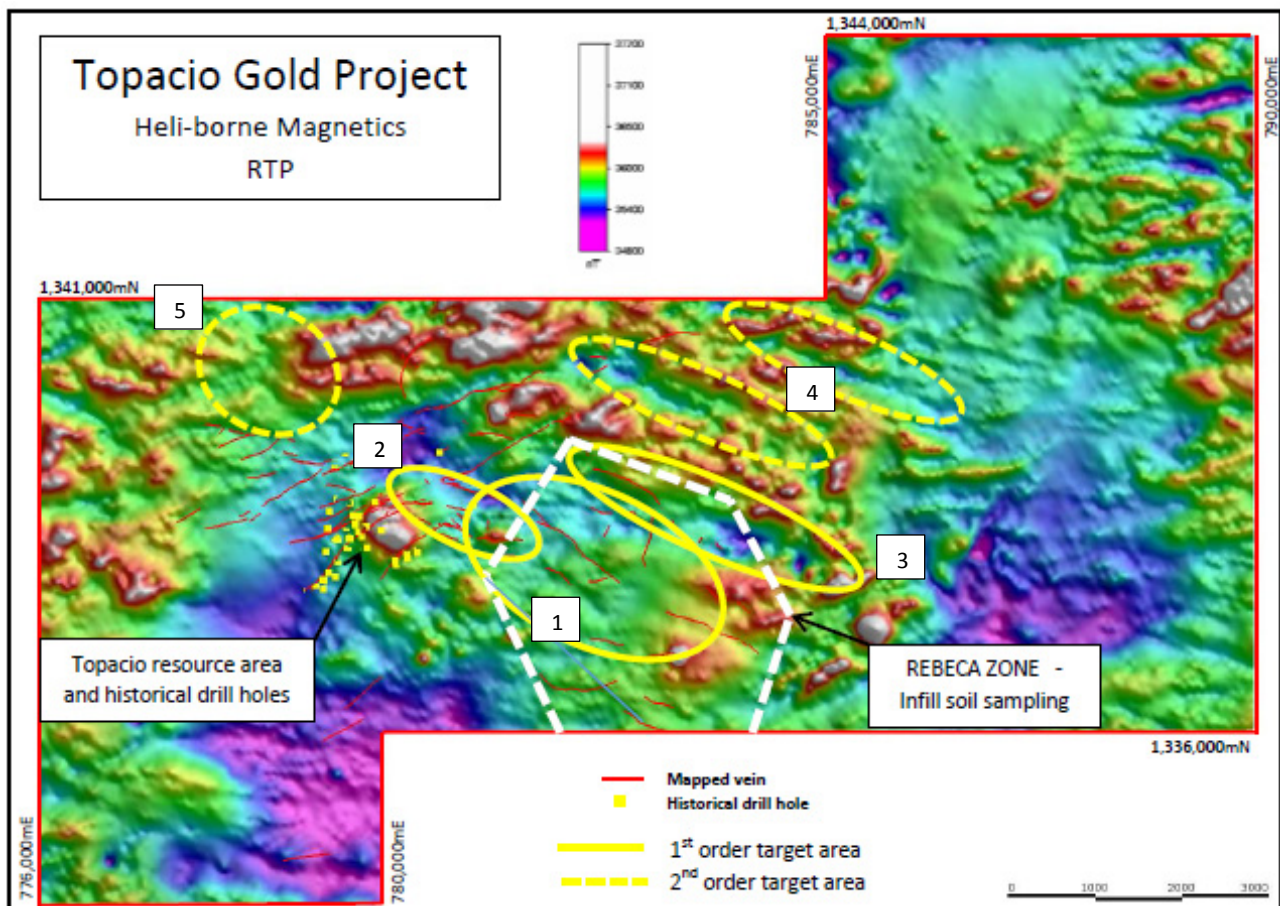


Figure 4 Rebeca Zone - focus of follow up exploration



Maximum gold and associated silver (Ag) grades from these results are as follows (refer full table in announcement dated 12 October 2016):

- Brazil 9.95 g/t Au; 11.7 g/t Ag
- Canada 42.8 g/t Au; >200 g/t Ag
- Dispute 21.4 g/t Au; 15.1 g/t Ag
- Dos Amigos 9.07 g/t Au; 39.2 g/t Ag
- Lone Star 50.5 g/t Au; 70.1 g/t Ag
- Mico 21.4 g/t Au; 39.1 g/t Ag
- Mico SE Split 7.15 g/t Au; 19.0 g/t Ag
- Pelos de Oro 4.02 g/t Au; 5.6 g/t Ag
- Pispireta 32.2 g/t Au; 18.2 g/t Ag
- Su Majestad 16.9 g/t Au; 145.9 g/t Ag
- Tamara 5.42 g/t Au; 11.3 g/t Ag
- Topacio 12.5 g/t Au; 15.0 g/t Ag
- Toronto 38.7 g/t Au; 52.3 g/t Ag

## TOPACIO PROJECT BACKGROUND

On 27 February 2015<sup>6</sup>, Oro Verde announced the positive completion of due diligence and acceptance of an Option to Purchase Agreement (“the Option”) over the high grade Topacio Gold Project, located in southeastern Nicaragua (Figure 1). The project boasts a historical NI 43-101 (Canadian standard, similar to JORC) compliant Inferred Resource of:

**2,716,176 tonnes at 3.9 g/t gold, containing 340,345 ounces of gold, at a 1.5 g/t gold cut-off<sup>7</sup>**

National Instrument 43-101 (“NI 43-101”) is a national instrument for the Standards of Disclosure for Mineral Projects within Canada and as such this estimate is a foreign estimate and is not reported in accordance with the JORC Code. A competent person has not done sufficient work to classify the foreign estimate as mineral resources in accordance with the JORC code and it is uncertain that following evaluation and/or further exploration work that the foreign estimate will be able to be reported as mineral resources in accordance with the JORC code.

Details of the subsequent Farm-in Agreement between Newcrest and Oro Verde can be found in the ASX announcement dated 30 November 2015<sup>1</sup>.

## NEW CONCESSION APPLICATIONS

Oro Verde plans to increase the size of its landholdings by up to 240% at the Topacio Gold Project. The Company has submitted two applications for new concessions surrounding the Topacio Gold Project. The applications are known as “Iguanas” and “Galeano”. If successfully granted by the Nicaraguan Mines Department, Oro Verde’s tenure at Topacio would increase by up to 240% from 93km<sup>2</sup> to 316km<sup>2</sup> (Figure 6). Under the Farm-In Agreement between Newcrest and Oro Verde, if the Iguanas application is approved while the Agreement is current, the granted concession will be automatically included in the Agreement.

The Galeano application falls within the 5km area of influence, as defined in the Agreement, and Newcrest will have the option to include it in the Agreement, once granted. The concession applications, detailed in the table below, are now subject to approval by the Nicaraguan Ministerio de Energia y Minas – Direccion General de Minas (MEM-DGM).

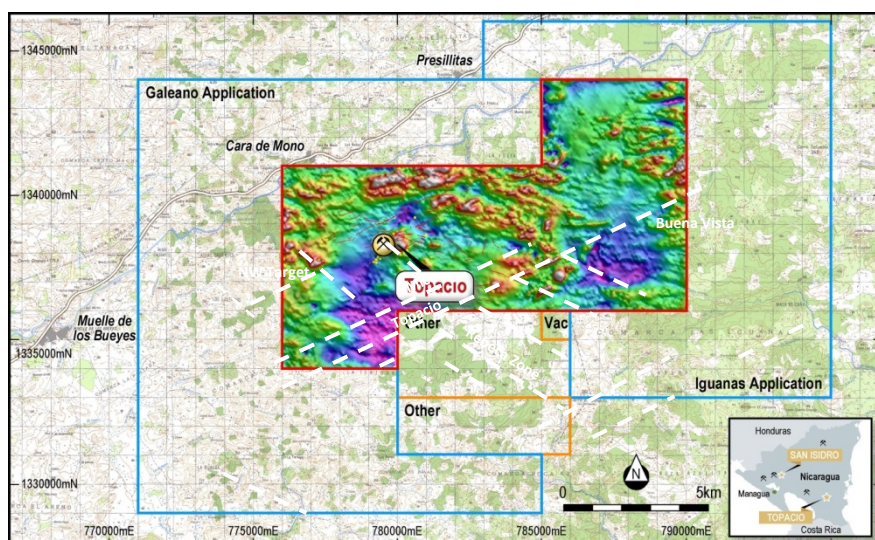
Concession Name	Status	Ownership*	Newcrest Agreement	Area (Ha.)
Presillitas	Granted - Mining Concession	OVL option to acquire 100%	Included	9,300
Iguanas	Application – pending approval	OVL 100%	Included	9,100
Galeano	Application – pending approval	OVL 100%	Within 5km area of influence	13,200

\*OVL ownership is via 100% owned Nicaraguan subsidiary Minera San Cristobal SA

<sup>6</sup> Refer to ASX announcement dated 27 February 2015 “Oro Verde Proceeds to Acquire Topacio Gold Project”

<sup>7</sup> Refer to ASX announcement dated 11 November 2014 “Acquisition of High Grade Gold Project”





**Figure 6 Topacio Gold Project with magnetic image (RTP)<sup>3</sup> and OVL's applications for new concessions: Iguanas and Galeano**

### **SAN ISIDRO GOLD PROJECT**

The San Isidro Gold Project, located in northwestern Nicaragua (Figure 1), consists of a 25km<sup>2</sup> mining concession and is held 100% by Minera San Cristóbal S.A. (MSC), a Nicaraguan subsidiary of Oro Verde.

San Isidro is located adjacent to the La India Gold Project which contains a 2.3 million ounce gold resource and is held by UK company Condor Gold plc, which released a positive PFS study in December 2014 with the potential for both open pit and underground mine development. Oro Verde's San Isidro Gold Project has the potential to contain La India-style vein-hosted epithermal gold mineralisation.

No field work was carried out on the San Isidro Gold Project during the September quarter.

### **CORPORATE**

Oro Verde continues to review gold-silver-copper opportunities in search of quality projects to enhance the existing portfolio. Discussions and reviews are ongoing as the Company aims to add shareholder value through the quality team and connections that it has assembled within Nicaragua and the region.

In line with the Farm-in Agreement over the Topacio Gold Project, announced on 30 November 2015<sup>1</sup>, the majority of exploration expenditure during the quarter was funded by Newcrest as exploration activities continued. During the quarter Newcrest contributed approximately A\$264,000 towards its earn-in obligations on the Topacio project.

In August, the Company raised \$840,000 through an oversubscribed placement to sophisticated investors. The \$500,000 standby loan facility announced in the June quarterly report was terminated during the September quarter. As at 30 September 2016, Oro Verde held cash and cash equivalents to the value of \$1,016,000 (see Appendix 5B).

### **Schedule of Mining Tenements Owned**

Common name	Location	Nature of Interest	Interest at beginning of quarter	Interest at end of quarter
<b>HEMCO-SID (San Isidro) – 1351</b>	Nicaragua	Owned	100%	100%
<b>Presillitas (Topacio) - 39</b>	Nicaragua	Option	0%	0%
<b>Iguanas</b>	Nicaragua	Application	0%	0%
<b>Galeano</b>	Nicaragua	Application	0%	0%



For enquiries contact:

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Company Secretary  
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**About Oro Verde Limited:** *Oro Verde Ltd is a mineral exploration company focused on identifying and developing significant gold projects in Central America, particularly Nicaragua. Oro Verde holds an Option to Purchase Agreement to acquire 100% of the Topacio Gold Project in Nicaragua that currently contains a NI43-101 compliant Inferred Mineral Resource of 340,000 ounces of gold. A US\$7.9 million 5 year farm-in agreement was signed on November 30, 2015 with global gold major Newcrest Limited (ASX: NCM) – to jointly explore for multi-million ounce gold deposits on the Topacio Gold Project. Oro Verde also holds 100% of the early stage San Isidro Gold Project, also in Nicaragua, located adjacent to the 2.3 million ounce La India gold project.*

#### **COMPETENT PERSON STATEMENT**

The information in this document that relates to earlier Exploration Results referred to throughout the text is extracted from reports completed under Mr Trevor Woolfe as Competent Person and available to view on [www.asx.com](http://www.asx.com). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

The information in this document that relates to Historical Mineral Resources is extracted from the report entitled "Acquisition of High Grade Gold Project" created on 11 November 2014 and available to view on [www.asx.com](http://www.asx.com). The Company confirms that it is not in possession of any new information or data that materially impacts on the reliability of the estimates in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

## Appendix 5B

## Name of entity

ORO VERDE LIMITED

## ABN

84 083 646 477

## Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(428)	(428)
(b) development		
(c) production		
(d) staff costs	(173)	(173)
(e) administration and corporate costs	(42)	(42)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other - JV Advances	264	264
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(378)</b>	<b>(378)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter</b>	<b>Year to date</b>
		<b>\$A'000</b>	<b>(3 months)</b>
			<b>\$A'000</b>
<b>3. Cash flows from financing activities</b>			
3.1	Proceeds from issues of shares	840	840
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(48)	(48)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>792</b>	<b>792</b>
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>			
4.1	Cash and cash equivalents at beginning of period	543	543
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(378)	(378)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	792	792
4.5	Effect of movement in exchange rates on cash held	59	59
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,016*</b>	<b>1,016*</b>

\* Note that cash at the end of the quarter includes approximately \$279,000 which has been advanced by Newcrest Mining Limited and is quarantined for use solely on the Topacio project.

<b>5. Reconciliation of cash and cash equivalents</b>	<b>Current quarter</b>	<b>Previous quarter</b>
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>\$A'000</b>	<b>\$A'000</b>
5.1	Bank balances	510
5.2	Call deposits	33
5.3	Bank overdrafts	-
5.4	Other (provide details)	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>543</b>



**6. Payments to directors of the entity and their associates****Current quarter  
\$A'000**

6.1 Aggregate amount of payments to these parties included in item 1.2

236

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Includes \$46,250 in fees to executive directors; \$16,151 in SGC payments; and \$173,333 met by the issue of shares for accrued directors fees as approved at the 2015 AGM

**7. Payments to related entities of the entity and their associates****Current quarter  
\$A'000**

7.1 Aggregate amount of payments to these parties included in item 1.2

-

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**8. Financing facilities available***Add notes as necessary for an understanding of the position***Total facility amount  
at quarter end  
\$A'000****Amount drawn at  
quarter end  
\$A'000**

8.1 Loan facilities

-

-

8.2 Credit standby arrangements

-

-

8.3 Other (please specify)

-

-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

**9. Estimated cash outflows for next quarter****\$A'000**

9.1 Exploration and evaluation

200

9.2 Development

-

9.3 Production

-

9.4 Staff costs

150

9.5 Administration and corporate costs

50

9.6 Other (provide details if material)

-

**9.7 Total estimated cash outflows****400**

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-			

Refer to Annexure 1 for full list of mining tenements

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



(Company secretary)

Date: 31 October 2016

Print name:

Brett Dickson

