



DUE DILIGENCE SUCCESSFULLY COMPLETED ON MAKUUTU RARE EARTH ELEMENTS PROJECT EARN-IN AGREEMENT EXECUTED

HIGHLIGHTS

- ❖ Technical and legal due diligence on the Makuutu Rare Earths project successfully completed
- ❖ Substantial work already undertaken has substantially de-risked further development
- ❖ Visit to Uganda and the Makuutu project area undertaken, with highly encouraging meetings with project stakeholders and Government representatives
- ❖ Earn-in agreement executed, whereby Oro Verde can earn-in up to 60% of the Makuutu Rare Earths project, subject to conditions precedent
- ❖ Planning of project development activities underway

Oro Verde Limited (ASX: OVL) (“Oro Verde”, or “the Company”) is pleased to announce it has successfully completed technical due diligence on the Makuutu Rare Earth Elements (“REE”) Project in Uganda, and executed an earn-in agreement that allows the Company to acquire up to 60% of the project.

Technical Due Diligence Successfully Completed

Technical due diligence on the Makuutu project involved travelling to Uganda and the project site, review of existing exploration data, collection of verification samples for assay and meeting with various project stakeholders.

Review of existing exploration and metallurgical data and the visit to the project site confirmed that the Makuutu REE project is a relatively advanced exploration project with significant work already having been completed. Further work is required to advance the project, however results to date indicate that it has the potential size, grade, mineral make-up and other characteristics to indicate a viable mining and processing operation is possible.

Meetings with various local stakeholders, including local government representatives and senior officials of the Department of Geological Survey and Mines were highly encouraging, with substantive interest in and support for the project shown.

Due diligence verification samples for assay were collected by the Oro Verde team directly from the original drill sample bags stored at the Project site. From a due diligence perspective, results from re-assaying of these samples confirmed the presence of economically significant grades of REE and the quantum of the original analyses.

Makuutu Rare Earth Project

The Makuutu Rare Earths project (**Makuutu**) comprises three licences covering approximately 132 km² located approximately 40 km east of the regional centre of Jinja and 120 km east of the capital city of Kampala in eastern Uganda. The package of project licences comprises of one Retention Licence (RL1693), one Exploration Licence (EL1766) and one Application for a Retention Licence (TN3115).

The Makuutu rare earth mineralisation is hosted in clays and is considered analogous to ionic clay deposits of China and elsewhere. The mineralised zones contained within RL1693 and TN3115 have been reasonably defined by historical drilling and will be subject to resource definition work in the ensuing work programs. The mineralisation potential of EL1766 has not been tested, although geophysics and site inspections indicate the area is highly prospective for additional zones of REE, presenting significant exploration upside to the project.

Further details on technical aspects of the Makuutu project will be reported to the market in due course.

The project is well supported with infrastructure, which promise to simplify project development efforts and lower the anticipated project cost profile. There is nearby grid power that is derived by hydroelectric means

Electricity	Nearby grid power generated by hydroelectric means.
Access and Logistics	Sealed highway is approximately 10 km from the project area, with good condition dirt roads connecting to the project area. An existing rail line – that currently runs ~20 km from the project area – is being considered for upgrade.
Industrial	Industrial capacity exists in the nearby city of Jinja, located approximately 60 km from the project area.
Workforce	Available from nearby villages and townships

Earn-in Agreement Executed

The Company has executed an earn-in agreement with Rwenzori Rare Metals Limited (“**RRM**”) and Rare Earth Elements Africa (“**REEA**”), whereby Oro Verde can earn in up to 60% of RRM and thereby the Makuutu REE project. The earn-in agreement is subject to the following conditions precedent:

1. Oro Verde obtaining shareholder approval for the transaction. The shareholder meeting for this approval is scheduled for 19 August 2019, as advised in the notice of meeting posted on 15 July 2019;
2. The Rwenzori shareholders agreement has become unconditional; and
3. Rwenzori has received approval from the relevant Ugandan authority that a modified work plan for RL 1693 that shows completion of a Scoping Study (SS) /Preliminary Economic Assessment (PEA) is satisfactory for further retention of the licence area.

Transaction Details

As previously announced to the market (refer to ASX announcement of 5 July 2019), the Makuutu Rare Earth Elements project is owned 100% by Ugandan registered Rwenzori Rare Metals Limited (**RRM**) which in turn is owned 85% by South African registered Rare Earth Elements Africa Proprietary Limited (**REEA**). Oro Verde has entered into a binding option agreement with both companies that enables it to acquire up to a 60% direct interest in RRM, and thereby up to a 60% indirect interest in the project by:

1. the payment of US\$10,000 for a 30-day exclusive option period;
2. Upon exercise of the option, the payment of US\$100,000 cash and issuing US\$150,000 in Oro Verde shares, at a 30-day VWAP in return for an immediate 20% interest in RRM;
3. OVL to contribute US\$1,700,000 of expenditure by 1 October 2020 to earn up to a 51% staged interest in RRM as follows:

Spend	Interest earned	Cumulative Interest earned
Exercise of Option US\$100,000 as in 2 above	20%	20%
Expenditure contribution of US\$650,000	11%	31%
Expenditure contribution of further US\$800,000	15%	46%
Expenditure contribution of further US\$250,000	5%	51%

4. Oro Verde to fund to completion of a bankable feasibility study to earn an additional 9% interest for a cumulative 60% interest in RRM.
5. During the earn-in phase there are milestone payments, payable in cash or Oro Verde shares at the election of the Vendor, as follows:
 - US\$750,000 on the Grant of Retention licence over RL1693 which is due to expire in November 2020;
 - US\$375,000 on production of 10 kg of mixed rare-earth product from pilot or demonstration plant activities; and
 - US\$375,000 on conversion of existing licences to mining licences.
6. At any time should Oro Verde not continue to invest in the project and project development ceases for at least two months RRM has the right to return the capital sunk by Oro Verde and reclaim all interest earned by Oro Verde.

Planning of Project Development Activities

The Company, together with Rwenzori, has commenced planning of future project development activities, including drilling, geological modelling and resource estimation to a JORC standard, as well as metallurgical process development and testing.

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For enquiries contact:
Dr Marc Steffens
Director
+61 8 9481 2555

Mr Brett Dickson
Company Secretary
+61 8 9481 2555

