



ASX Announcement

29 October 2018

QUARTERLY REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2018

HIGHLIGHTS

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

Brett Dickson - Finance Dir

Non-Executive

Wolf Martinick - Chairman
Tony Rovira
Brad Farrell

CHIEF EXECUTIVE OFFICER

Doug Bright

MANAGEMENT - NICARAGUA

David Turner - Country Mgr.
Jacques Levy - Legal Rep.

REGISTERED OFFICE

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WEBSITE

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- ❖ Signed Topacio Option Extension agreement.
- ❖ Sold part of San Isidro Concession in area reduction move.
- ❖ Commenced new Topacio resource estimation.

Oro Verde Limited (ASX: OVL) ("Oro Verde" or "the Company") is pleased to provide its Quarterly Report for the period ending **September 30, 2018**. Key activities and milestones in Nicaragua during the Quarter were:

- **Topacio Option Extension agreement signed.**

The Vendor of the Topacio Project, local Nicaraguan company Topacio S.A., has agreed to extend the term of the Option, with the new Exercise Date pushed out from 19 August 2018 to **February 19, 2019**. Immediate benefits for the Company are:

- It defers the US\$1.5 million Option Exercise Payment to February 19, 2019;
- It defers payment of the US\$55,000 Vendor Fee until February 19, 2019.
- It allows Oro Verde time to conduct a more thorough technical assessment of the project, in view of delays beyond the Company's control caused by civil unrest.

- **Partial sale of San Isidro Concession**

On **July 23**, agreement was reached with local prospecting company PESJ, regarding the sale of 95.9 Ha of the 2,500 Ha HEMCO-SID (**San Isidro**) Concession (**Figure 1**) for \$42,000, of which 50% is due upon signing of the sale agreement and the final 50% due once DGM-MEM (Department of Mines) has finalised the excision of the sold area from MSC's San Isidro Concession.

- **Commencement of new Topacio resource estimation**

The majority of work during the Quarter involved finalizing compilation of the various disparate exploration databases from previous operators of the Topacio Project into the Oro Verde standardized formats. A full re-evaluation of the 2012 FDG resource calculations and a new Topacio resource re-calculation has commenced and is expected to be in final form at or around the end of October or early-November.

Signing of Topacio Option Extension Agreement

On **March 1**, Oro Verde commenced negotiations with **Topacio S.A.** ("TopSA"), the Vendor of the Nicaraguan Presillitas Concession which contains the Topacio Project, regarding Extension of the **Option to Purchase Agreement** ("the Option") to acquire 100% of the **Topacio Gold Project**, then due to expire on **August 19, 2018**.

On **August 16**, Oro Verde announced to ASX that it had reached agreement with TopSA for a further **6-month extension** to the term of the Option, with the new Exercise Date pushed out from 19 August 19, 2018 to **February 19, 2019**. This extension has a number of immediate benefits for the Company:

- It defers the US\$1.5 million Option Exercise Payment to **February 19, 2019**;
- It defers payment of the US\$55,000 vendor fee until **February 19, 2019**;
- It allows Oro Verde time to conduct a more thorough technical assessment of the project, especially important in view of delays beyond the Company's control caused by civil unrest.

Further details:

Under the original terms of the three-year Option, announced on **February 27 2015**¹, the Company committed to the following key conditions:

1. A minimum exploration expenditure of US\$2,000,000 over 3 years [**This has been exceeded**];
2. Payments of US\$40,000 to the vendor each six months during the Option period (for a total of US\$240,000) [**These payments have been completed**];
3. The Company may exercise the Option by making a payment of US\$1,500,000 plus, at the Vendor's election, either a 2% NSR royalty or a payout of US\$1/oz gold for either JORC or NI43-101 compliant resources (measured and indicated) [**Exercise deadline now extended a second time by a further six months**]; and
4. Oro Verde may withdraw from the Agreement at any time.

Under the latest extension agreement, there are no additional conditions other than:

1. The Option extension is to **February 19, 2019**;
2. The vendor consideration of US\$55,000 for the Extension only becomes due on **December 20, 2018** and, if Oro Verde decides to withdraw from the Option agreement before that date (i.e. any time up to and including **December 19, 2018**), then no vendor payment is required;
3. The January surface tax payment only becomes due if Oro Verde does not withdraw prior to **December 31, 2019**;
4. No other payments are or will become due pursuant to the Option or Option Extension agreements.

Partial Sale of San Isidro Concession

On **July 23**, agreement was reached with local prospecting company PESJ, regarding the sale of **95.9 Ha** of the 2,500 Ha HEMCO-SID (**San Isidro**) Concession (**Figure 1**, below) for **US\$42,000**, with 50% due upon signing of the sale agreement between the Purchaser and Oro Verde, and the final 50% due once DGM-MEM (Department of Mines) has finalised the excision of the sold area from Oro Verde's San Isidro Concession.

The legal process and steps to complete the deal were further advanced in **August**, with the sale agreement between PESJ and MSC being signed on **September 5** and the first 50% payment (**US\$21,000**) deposited into the MSC account on the same day.

The area sold-off from the San Isidro Concession has been evaluated geologically by Oro Verde and it is not considered prospective. PESJ wish to use the land for construction of a tailings re-treatment operation. The sale benefits Oro Verde not only financially but also, following identification of non-prospective zones in the Concession area, it is in line with the Company's ongoing area reduction strategy to reduce holding costs.

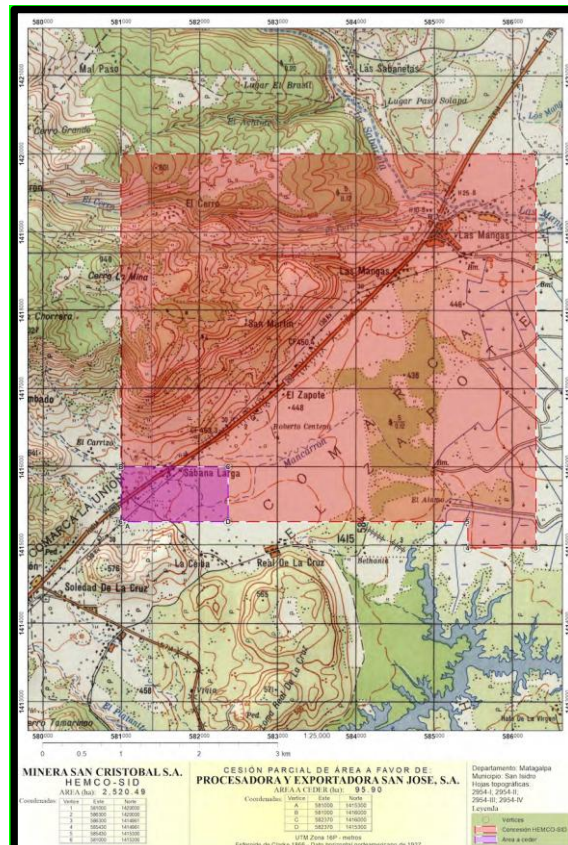


Figure 1: Location map for 95.9 Ha of HEMCO-SID Concession (in magenta) sold & to be transferred to PESJ

Nicaraguan Civil Unrest - Update

On **April 16**, official public notice was given by the Nicaraguan Government relating to its proposal to increase social security (INSS) withholdings from both employees and employers, while at the same time reducing pensions to retired workers, beginning in **July 2018**.

This created much civil unrest in Nicaragua, beginning on **April 19**, with numerous roadblocks, protests and riots. While the proposed changes to the social security regime have since been withdrawn by the Government, sometimes violent unrest and demonstrations have been ongoing, many demanding the removal of President Daniel Ortega and his wife, Vice President Rosario Murillo. While gradually diminishing in extent and frequency since the end of **July**, unrest continued right through to the end of **September**, with occasional minor flare-ups still being reported into **mid-October**.

An unofficial 6PM curfew was in place in Managua up to **mid-August** although, with the removal of roadblocks in **mid-July**, this has become a less significant consideration as the police have emerged once again to ostensibly protect the public, meaning that some access to the Company's Topacio and San Isidro Projects has been possible since **mid-August**.

The police are now out in full force at time of writing, protecting all major roundabouts, ensuring that no marches or protests can get under way. The latest report available cites the arrest by Nicaraguan Police of 38 protesters on **October 14**.

For Oro Verde, this unfortunate political turn of events has meant that the Company has not been able to practicably access either of its Topacio or San Isidro Projects for over **6 months**, including the bulk of the **September Quarter**, and the Company has confined its activities largely to its city office and, only more recently with the removal of road-blocks, on brief visits to its field office at Muelle de los Bueyes and both project exploration sites.

New Opportunities

Oro Verde maintains an active project seek-and-review process for additional resource opportunities to enhance the existing portfolio, especially gold-silver-copper projects, both within and beyond the immediate existing Nicaraguan project areas.

Table 1 Summary - Oro Verde Mineral Tenement Interests

Common concession name	Location	Nature of Interest	Interest at beginning of Quarter	Interest at end of Quarter
HEMCO-SID (San Isidro) – 1351	Nicaragua	Owned	100%	100%
Presillitas (Topacio) - 39	Nicaragua	Option	0%	0%
Iguanas	Nicaragua	Approval pending	0%	0%
Galeano	Nicaragua	Approval pending	0%	0%
Tigre	Nicaragua	Approval pending	0%	0%

TOPACIO GOLD PROJECT BACKGROUND

On **February 27, 2015**¹, Oro Verde announced the completion of a positive due diligence and acceptance of an **Option to Purchase Agreement** (“the Option”) over the high grade Topacio Gold Project in south-eastern Nicaragua (**Figures 2 & 3**, following).

The project hosts 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^{2 & 3}.

Oro Verde and Newcrest entered into a farm-in Agreement in **November 2015**². After one and a half years of exploration, the Agreement was terminated and Newcrest withdrew in **August 2017**⁴ and Oro Verde resumed total control of exploration of the Topacio Project during the September Quarter, 2017.

Note:

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 in accordance with the Australian JORC code. A defined Competent Person has not yet undertaken sufficient work to classify this foreign estimate as a mineral resource in accordance with the Australian JORC Code and, at this stage, it cannot be stated with certainty that, following evaluation and/or further exploration work, the foreign estimate will be able to be reported as a mineral resource in accordance with the JORC code.

¹ Refer to ASX announcement dated 27 February 2015 “Oro Verde Proceeds to Acquire Topacio Gold Project”

² Refer to ASX announcement dated 11 November 2014 “Acquisition of High Grade Gold Project”

³ Refer note relating to National Instrument 43-101, above

⁴ Refer to ASX announcement dated 11 August 2017 “Oro Verde Resumes Exploration Control of High Grade Topacio Gold Project”

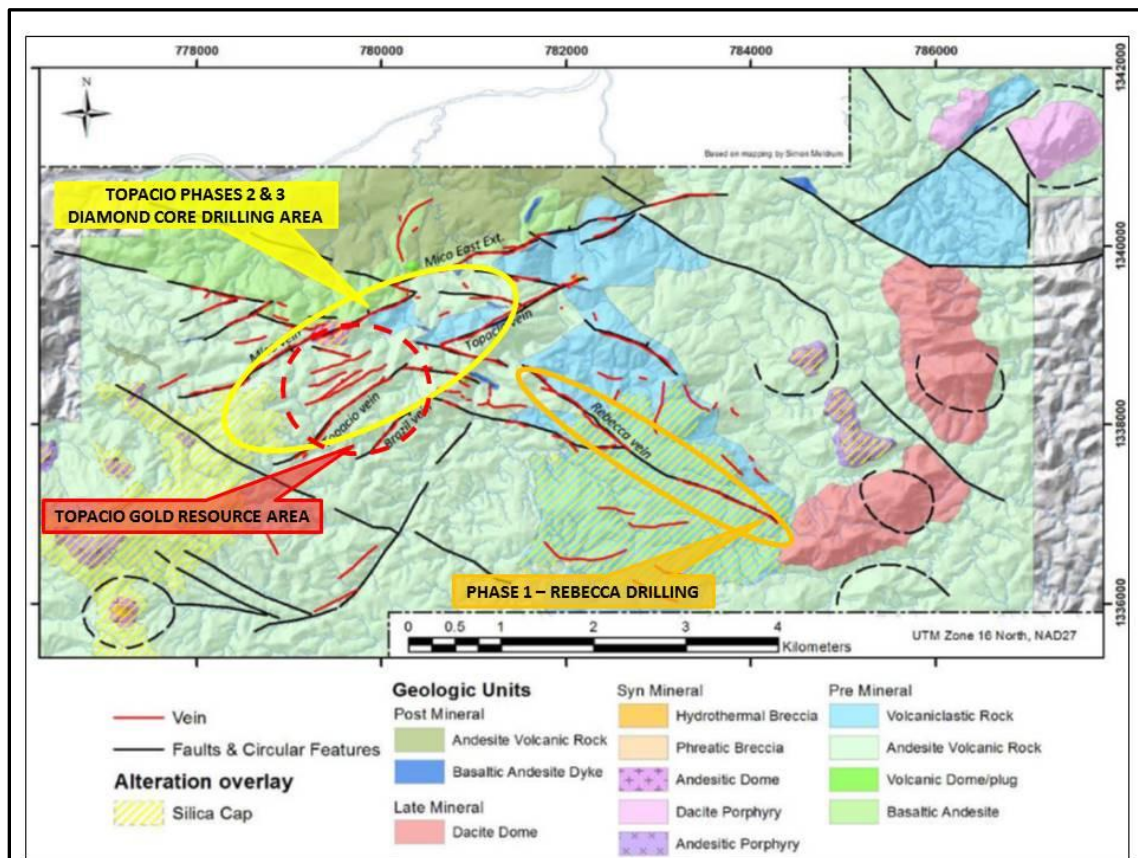


Figure 2 - Topacio Gold Project: Phases 1-3 Diamond-core drilling areas

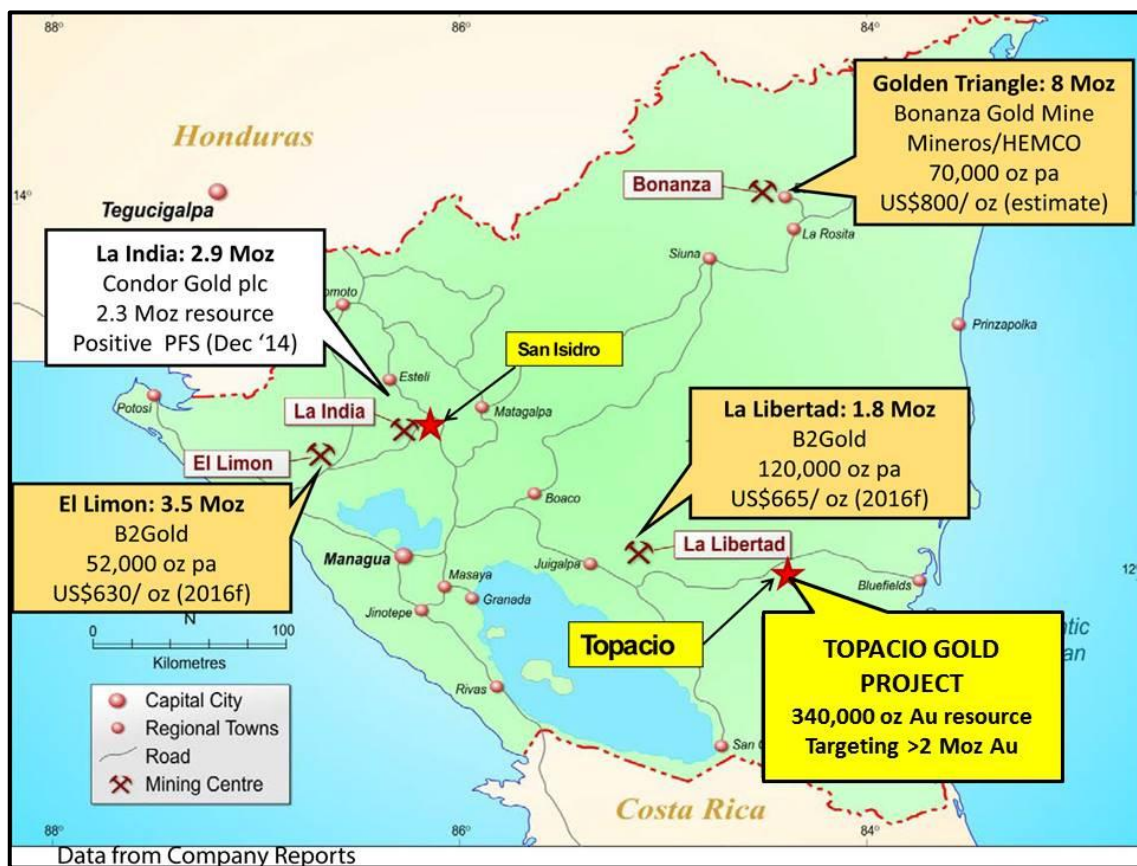


Figure 3 - Major Nicaraguan Gold Projects and the Oro Verde projects (yellow)

For enquiries contact:

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Mr Brett Dickson
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 NI 43-101 compliant Inferred Mineral Resource of 340,000 ounces of gold. Oro Verde also holds 100% of the early-stage San Isidro Gold Project in Nicaragua, located adjacent to the 2.3 million ounce La India gold project.*

COMPETENT PERSON STATEMENT

The information in this report that relates to previously reported Exploration Results has been referred to throughout the report to the date that it was originally reported to ASX. 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. 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 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(128)	(128)
(b) development	-	-
(c) production	-	-
(d) staff costs	(89)	(89)
(e) administration and corporate costs	(105)	(105)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(3)	(3)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other - JV Advances	-	-
1.9 Net cash from / (used in) operating activities	(324)	(324)
2. Cash flows from investing activities		
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)	29	29
(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)	-	-
2.6 Net cash from / (used in) investing activities	29	29

Consolidated statement of cash flows		Current quarter	Year to date (3 months)
		\$A'000	\$A'000
3. Cash flows from financing activities			
3.1	Proceeds from issues of shares	1,425	1,425
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	(92)	(92)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(100)	(100)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,233	1,233
4. Net increase / (decrease) in cash and cash equivalents for the period			
4.1	Cash and cash equivalents at beginning of period	323	323
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(324)	(324)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	29	29
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,233	1,233
4.5	Effect of movement in exchange rates on cash held	(55)	(55)
4.6	Cash and cash equivalents at end of period	1,206	1,206
5. Reconciliation of cash and cash equivalents			
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,173	290
5.2	Call deposits	33	33
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,206	323

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	55
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 directors fees, superannuation and executive services;

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 <i>Add notes as necessary for an understanding of the position</i>		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	50
9.2 Development	-
9.3 Production	-
9.4 Staff costs	80
9.5 Administration and corporate costs	50
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	180

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 Table 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: 29 October 2018

Print name:

Brett Dickson