

QUARTERLY REPORT FOR THE PERIOD ENDING 31 DECEMBER 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 - Legal Rep.

REGISTERED OFFICE

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HIGHLIGHTS

- ❖ Newcrest fulfils minimum commitment and agrees to fund initial drilling at Topacio
- ❖ Infill soil geochemistry confirms Rebeca-Sahino Zone as high priority target for drilling
- ❖ Rebeca Vein will be focus of initial 1,650m drill program
- ❖ Objective is discovery of a new low sulphidation epithermal gold system with potential for a multi-million ounce resource
- ❖ Drilling to commence in first quarter following final approvals

Oro Verde Limited (ASX: OVL) ("Oro Verde" or "the Company") is pleased to provide its quarterly report for the period ending 31 December 2016. The December quarter saw Oro Verde and **Newcrest Limited (ASX: NCM)** (Newcrest) complete Stage 1 of the exploration program on the Topacio Gold Project in southeastern Nicaragua (Figure 5). Newcrest subsequently confirmed it would proceed to fund the first phase of drilling at the Project.

Under the US\$7.9 million Farm-In Agreement executed at the end of November 2015¹, Newcrest and Oro Verde aim to discover multi-million ounce, high grade, epithermal gold (Au) deposits at the Topacio Gold Project. By funding exploration, Newcrest can earn up to 75% of the Project.

A diamond drilling program is scheduled for the first quarter of 2017 and will focus on the highly prospective, and previously undrilled, Rebeca Vein.

Low temperature mapped vein textures, combined with favourable geophysical features and characteristic geochemical signatures from soil sampling provide strong indications that the Rebeca Vein could contain an extensive, low sulphidation, epithermal gold system, concealed beneath a broad, but thin, silicified cap.

The initial drill program will incorporate seven diamond drill holes for a total of 1,650m along a 2.5 kilometre strike length of the Rebeca Vein.

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

NEWCREST – ORO VERDE EXPLORATION PROGRAM

Newcrest's US\$500,000 Minimum Commitment (1 year) phase of exploration at Topacio, under the Farm-in Agreement, was completed successfully in November 2016. Year 1 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 the system's gold potential.

Newcrest and Oro Verde have now commenced the second year of the Agreement after Newcrest confirmed that it would fund drilling to test the highest priority target – the Rebeca Vein. To earn the right to 51% equity in the Project, Newcrest must first spend an additional US\$2.2 million on exploration before 25 August 2017. Consequently, 2017 will be an active year on the Topacio Project.

Oro Verde is managing the project and exploration activities (until Newcrest satisfies all conditions required to earn its 51% interest in the project), taking advantage of Oro Verde's existing team, contacts, local knowledge and infrastructure that have been established in Nicaragua. Newcrest is providing technical assistance to the Oro Verde team during this phase. For full details of the Agreement, refer to ASX release dated 30 November 2015¹.

GEOCHEMICAL SAMPLING PROGRAM

An extensive soil sampling program was completed by Oro Verde's geologists during 2016², initially on a 400m x 400m offset grid. Results highlighted the Rebeca-Sahino Zone as the priority area of interest. An **infill soil sampling program** was designed to cover this zone, which is approximately 3km x 4km in area, located 2km to the southeast of the main Topacio resource area and contains a number of veins predominantly striking NW-SE and flanking the overlying silica cap of El Sahino (Figure 1).

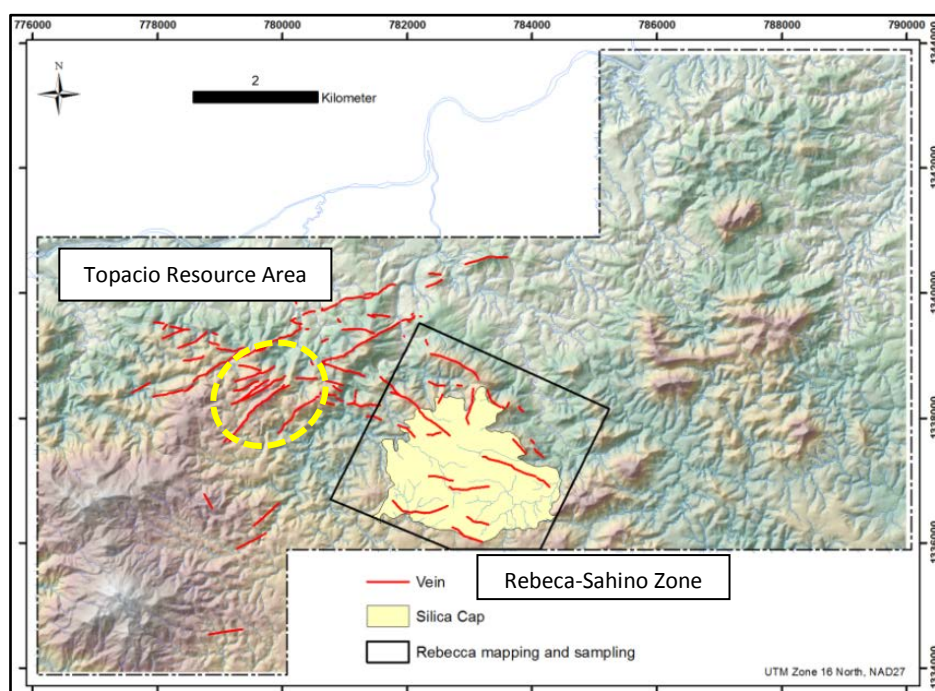


Figure 1 Topacio: Priority zone – Rebeca Zone and Sahino Silica Cap

A review of the key infill soil geochemistry results indicates that gold (Figure 2) is anomalous in the north and northwest of the Rebeca-Sahino Zone, where the Rebeca, La Palmita and other veins are better exposed at surface. Thallium (Tl) displays a similar pattern³. Thallium can be a diagnostic trace element in gold exploration and is a favourable pathfinder element for epithermal mineralisation. Both Au and Tl have similar characteristics in low temperature solutions and therefore can be transported together.

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

³ Refer to ASX announcement dated 7 December 2016 "Drilling of Rebeca Zone Planned – Gold Potential Enhanced by Infill Soils"

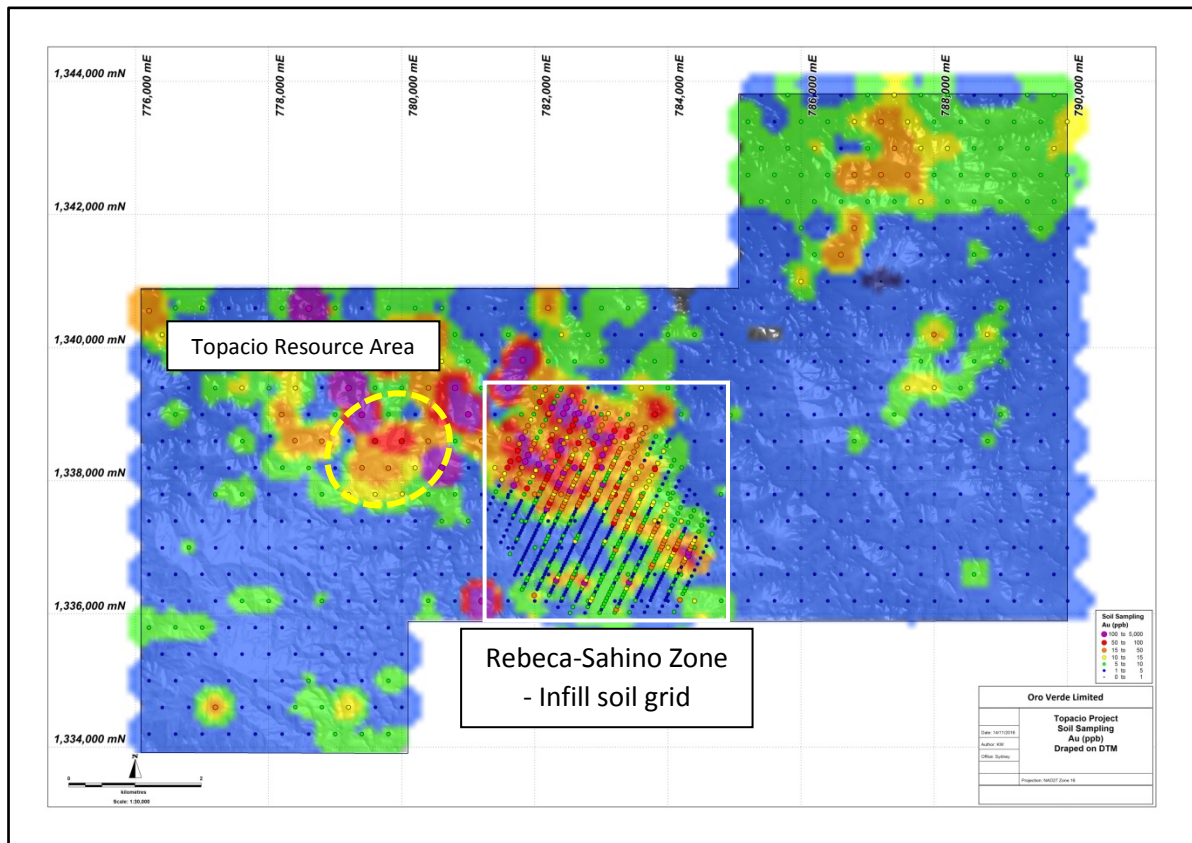


Figure 2 Topacio Gold Project - Soil geochemistry: Gold

Low temperature epithermal indicators – arsenic, antimony and tungsten – are all anomalous within the northern half of the Sahino silica cap [Figures 3(a) to (c)], including above the strike extension of the Rebeca Vein. The prospectivity of the Rebeca-Sahino Zone is enhanced by the coincidence of strong arsenic and antimony anomalism, as shown in Figure 3. These elements can be representative of “upflow” or “outflow” zones from a buried source in an epithermal system.

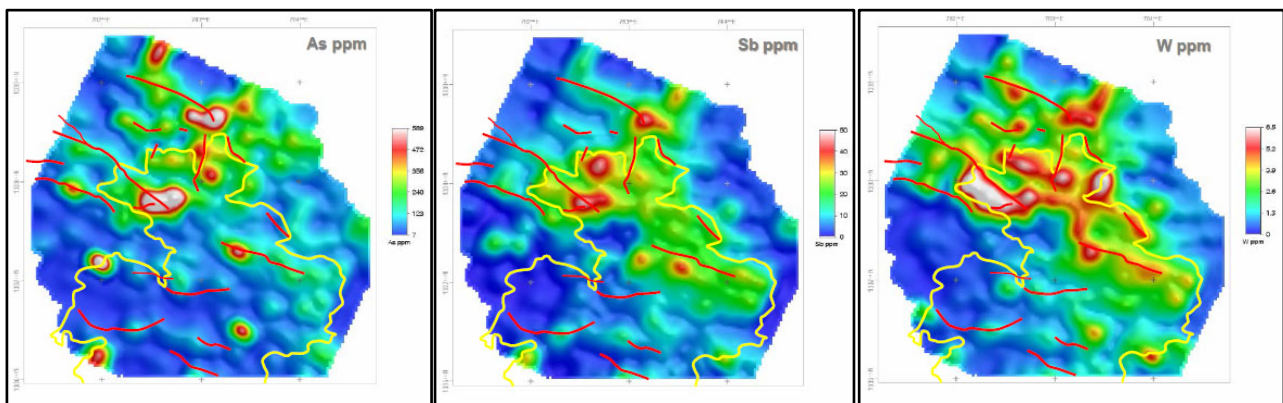


Figure 3 Rebeca-Sahino Zone (see Figure 2) – Infill soil geochemistry

(a) Arsenic

(b) Antimony

(c) Tungsten

The historical Topacio gold resource has been characterised as a low sulphidation epithermal vein system, estimated to contain over 340,000 ounces of gold⁵, with veins exposed at surface and in a number of artisanal workings. In contrast, the Rebeca-Sahino Zone (Figure 1) has fewer artisanal workings and they are concentrated at the northwestern end where the Rebeca vein is well exposed.

The results from the infill soil geochemistry reinforce the model that suggests that the Rebeca-Sahino Zone has potential for buried low sulphidation epithermal gold mineralisation, in addition to the gold resources already estimated on the nearby Topacio veins. It indicates that the broader Topacio epithermal vein system has a significant footprint nearing 7km x 4km in area.

PROPOSED DRILLING

Rebeca Vein

The fertile Rebeca-Sahino Zone (Figure 1) has been identified, on the basis of strong epithermal vein textures and coincident geophysical and geochemical anomalies, as a **high priority target area** for drilling, with the potential to host a multi-million ounce gold resource.

The proposed drilling will focus on a vein that cuts through the Rebeca-Sahino Zone, which incorporates a number of exposed veins as well as an extensive silica cap zone, masking the underlying geology. Historically, three veins named Isabella, Rebeca and Jose Hernandez were mapped, however recent work has indicated that the three veins are likely to be connected along strike, resulting in a continuous strike length of approximately 3 kilometres, trending NW-SE (Figure 4). This vein will be referred to collectively as the Rebeca Vein.

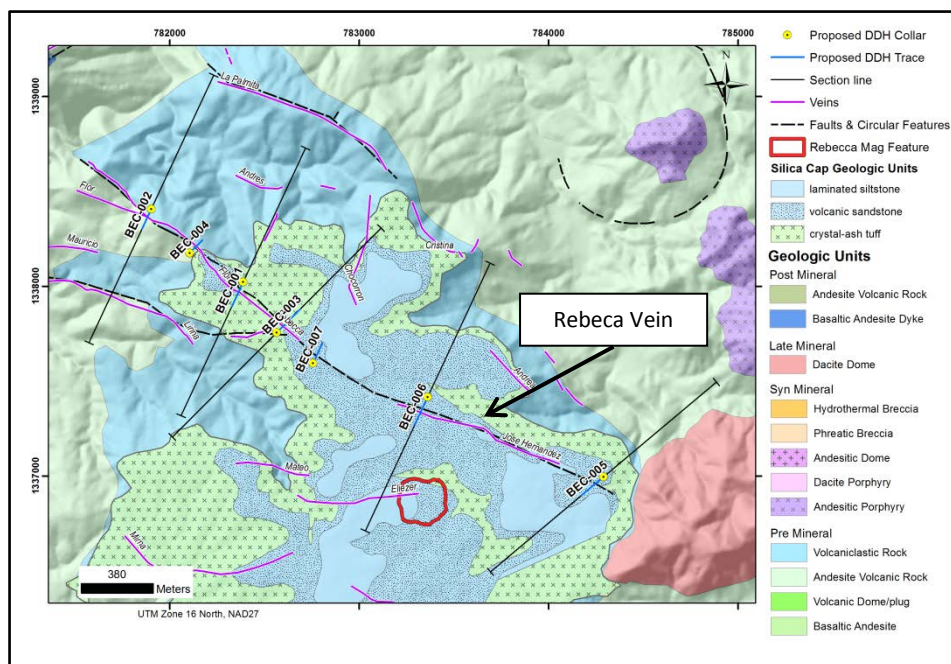


Figure 4 Rebeca Vein: Proposed drill hole locations and section orientations

The initial drill program will incorporate seven diamond drill holes for a total of 1,650m along the Rebeca Vein. The proposed drill holes are angled to intersect the interpreted epithermal vein system at depth below the surface expression of the vein and also below the silica cap (Figure 4). The details of each hole are presented in Table 1 (below).

Planning is advanced for drilling of the Rebeca Vein, expected in early 2017. Oro Verde holds a current environmental permit allowing drilling on the concession. Drill contractors, program logistics and water sources for drilling are currently being finalised.

Table 1 Rebeca Vein: Proposed drill hole details

Diamond Hole	Easting (m)	Northing (m)	Azimuth (deg)	Dip (deg)	Depth (m)
BEC-001	782,388	1,338,023	205	-55	250
BEC-002	781,903	1,338,407	205	-55	200
BEC-003	782,564	1,337,756	45	-55	300
BEC-004	782,105	1,338,175	45	-50	150
BEC-005	784,289	1,336,995	230	-60	300
BEC-006	783,361	1,337,416	205	-50	250
BEC-007	782,756	1,337,595	25	-55	200

Co-ordinate system UTM Zone 16 and datum NAD27 Central

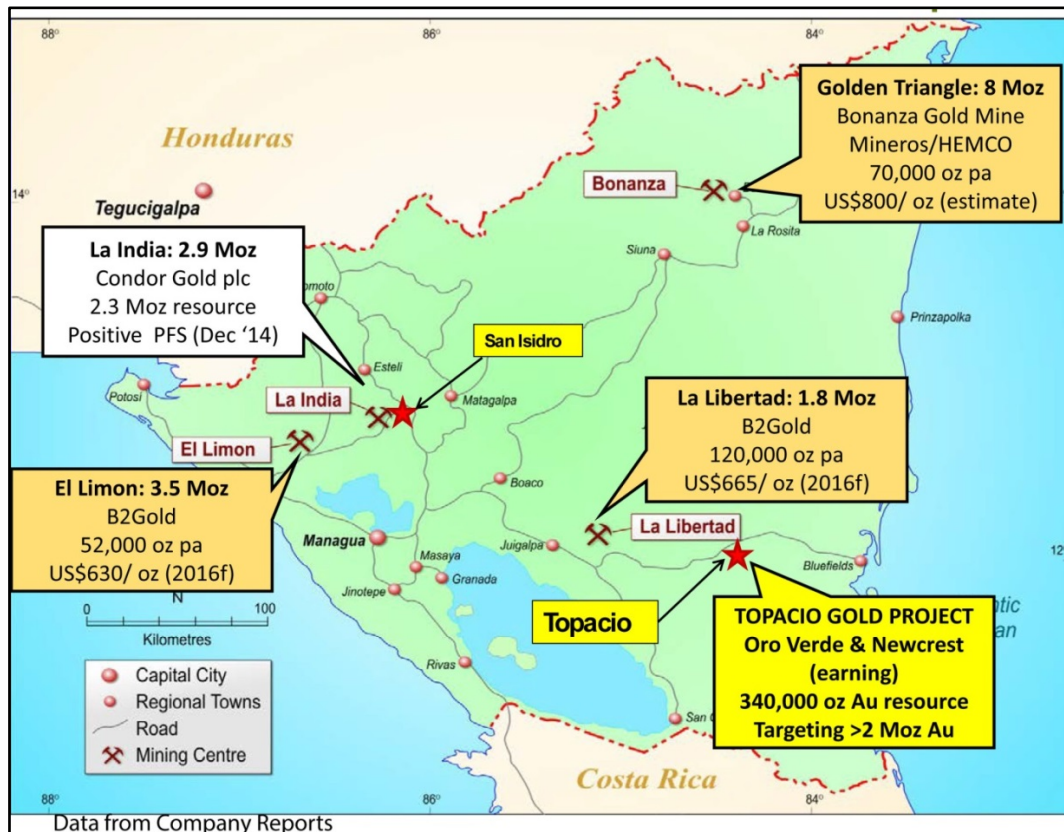


Figure 5 Major Nicaraguan Gold Projects and the Topacio Gold Project

TOPACIO PROJECT BACKGROUND

On 27 February 2015⁴, 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 5). 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-off⁵

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 2015¹.

SAN ISIDRO GOLD PROJECT

The San Isidro Gold Project, located in northwestern Nicaragua (Figure 5), consists of a 25km² mining concession held by Minera San Cristóbal S.A. (MSC), a 100% owned 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 December quarter.

⁴ Refer to ASX announcement dated 27 February 2015 “Oro Verde Proceeds to Acquire Topacio Gold Project”

⁵ Refer to ASX announcement dated 11 November 2014 “Acquisition of High Grade Gold Project”

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 2015¹, the majority of exploration expenditure during the quarter was funded by Newcrest as exploration activities continued. During the quarter Newcrest contributed approximately A\$135,000 towards its earn-in obligations on the Topacio project.

On 23 November, Oro Verde held its Annual General Meeting in Perth. All resolutions were passed unanimously with a show of hands.

During the quarter, the Company raised \$93,000 through the exercise of unlisted options. As at 31 December 2016, Oro Verde held cash and cash equivalents to the value of \$677,000 (see Appendix 5B).

Schedule of Mining Tenements Owned

Common name	Location	Nature of Interest	Interest at beginning of quarter	Interest at end of quarter
HEMCO-SID (San Isidro) – 1351	Nicaragua	Owned	100%	100%
Presillitas (Topacio) - 39	Nicaragua	Option	0%	0%
Iguanas	Nicaragua	Application	0%	0%
Galeano	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. 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")
31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(176)	(604)
(b) development		
(c) production		
(d) staff costs	(143)	(316)
(e) administration and corporate costs	(138)	(180)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	2
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
1.9 Net cash from / (used in) operating activities	(456)	(834)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1)	(1)
(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)	-	-
2.6 Net cash from / (used in) investing activities	(1)	(1)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
3. Cash flows from financing activities			
3.1	Proceeds from issues of shares	93	933
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)
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)	-	-
3.10	Net cash from / (used in) financing activities	93	885
4. Net increase / (decrease) in cash and cash equivalents for the period			
4.1	Cash and cash equivalents at beginning of period	1,016	543
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(456)	(834)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(1)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	93	885
4.5	Effect of movement in exchange rates on cash held	25	84
4.6	Cash and cash equivalents at end of period	677*	677*

* Note that cash at the end of the quarter includes approximately \$73,000 which has been advanced by Newcrest Mining Limited and is quarantined for use solely on the Topacio project.

5. Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	983
5.2	Call deposits	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)	1,016

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	105
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 \$77,500 in fees to executive directors; \$5,000 in fees to non-executive directors; \$4,875 in superannuation payments; and \$17,500 met by the issue of shares for accrued directors fees as approved at the 2016 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 <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	300
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	500

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: 30 January 2017

Print name:

Brett Dickson