

16 May 2012

CHUMINGA PROJECT CHILE

Update on Drilling Operations

Highlights

Hole SC1 completed intersecting 79.3 metres of copper mineralisation

Oro Verde Limited (ASX:OVL) ("the Company or OVL") is pleased to announce the intersection of 79.3 metres of copper mineralisation in the third diamond drill hole, SC1, in the Chuminga Project.

Hole SC1, on Section C, (7268850mN 343573mE, 696m ASL elevation, a vertical hole) targeted the same copper-iron oxide breccia mineralisation seen in the first diamond core hole SB1 on Section B, 32 metres to the south of SC1, which assayed 61 metres @ 0.90% Cu, 0.15 g/t Au and was noted to be thickening down dip from surface to the east.

SC1 was completed at 143.55 metres depth on Monday 14 May 2012, and intersected 79.3 metres of well developed copper and iron oxide breccia mineralisation in a highly altered granodiorite from 55.4 metres to 134.7 metres depth. Visual grade of the mineralised zone approximates 1% Cu. On completion of the hole logging and sampling all samples over the mineralised interval will be sent to Activation Laboratories in Coquimbo, Chile.

Drilling is now underway on the fourth diamond drill hole SD2 on Line D. Drill hole SD2 (7268785mN 343560mE 692m ASL elevation) is a vertical hole targeting, the same copper-iron oxide breccia mineralisation seen in the first diamond core hole SB1 on Section B, 41 metres to the northeast of SD1.

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The information contained 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 Australian Institute of Mining and Metallurgy).



Summary Overview of the Chuminga Project

- Oro Verde Limited (“OVL”) has a current 20% interest with a right to acquire a 100% interest in the advanced Chuminga Copper-Gold Project, in the Second Region of Chile, through an agreement with the owners of SCM Compania Minera Chuminga, a member company of a group of companies controlled by a branch of the well known Chilean mining family, Errazuriz Hochschild.
- Chuminga is a well mineralised hydrothermal copper-gold stock work breccia developed at a coastal location, approximately 120km south of Antofagasta. It lies on the western contact of a granodiorite stock on a mountain side at 600m to 700m above sea level. Expectation based on prospecting to date by previous exploration companies is an exploration target of 50 to 60 million tonnes of 1.0 to 1.1% Cu; 0.30 to 0.40g/t Au; 0.9 to 1.0% Zn¹. The mineralized body is generally tabular, dipping 60° to 70° to the east, and from various reports has the following dimensions; a width of 60m to 150m and a 800m to 1,200m strike in a north-south direction.(Refer Note at end of above announcement).
- Sericite-chlorite-amphibole-magnetite-haematite-tourmaline alteration forms a halo around a central copper mineralized core. Mineralisation consists of a sulphide association dominated by chalcopyrite-chalcocite-incipient bornite with pyrrhotite-pyrite-sphalerite-magnetite which is present as disseminations and fracture fillings. These sulphides have been oxidized to both iron oxides (haematite-goethite-limonite) and copper oxides (atacamite-chrysocolla) which occurs in fracture fillings.
- The project has been prospected by historical and recent surface trenching on an outcrop area measuring 250m by 100m between 550m to 650m above sea level. The weighted average results of the three historical cross strike trenches being 1.21% Cu and 0.41g/t Au and the recent strike trenching being 190m @ 1.07% Cu and 0.20 g/t Au. Most of the recognized mineralized strike of the body is scree covered as rock debris is continually moving down a 40° mountain slope. The historical trenching results led to prospecting of the mineralised breccia below the outcrop area by tunnels at 630m and 543m above sea level. These tunnels did not transect the full width of the mineralised breccia. Weighted average sampling results returned were 115m @ 0.90% Cu and 0.48 g/t Au for the upper level. Subsequent historical re-sampling has indicated an increase in weighted mean values for the body to 1.4% Cu, 0.40 g/t Au and 1% Zn.
- The current first phase 10 hole / 1,950 metres drilling program is testing an approximate strike of 300m of the mineralised breccia exploration target on 3 sections in the environs of the surface trenching and exploratory tunnels transecting the mineralised body with the aim of establishing the true nature of the conceptual target previously identified, in particular the true width, grade and depth potential of the mineralisation leading to the determination of the bulk tonnage potential of the breccia mineralisation at this location.
- First core hole in the program, SB2, returned 61m @ 0.90% Cu, 0.15 g/t Au for the copper and iron oxide breccia mineralisation intersected over the interval 65 to 126 metres. The mineralisation appears to be thickening down dip from the surface.
- Second core hole in the program, SA1, intersected 26m of copper and iron oxide breccia mineralisation over the interval 97 to 123 metres. Results are pending from the laboratory.

1. The potential quantity and grade of the target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.