

8 August 2014



ORO VERDE EXPANDS INTO NICARAGUA

HIGHLIGHTS

- **Oro Verde acquires Nicaraguan-focused gold and copper explorer Goldcap Resources Limited**
- **Goldcap's San Isidro project located immediately adjacent to and along mineralised strike from a 2.4 million ounce gold resource**
- **Additional projects currently being reviewed**

Oro Verde Limited (ASX" OVL") ("**Oro Verde**" or "**the Company**") is pleased to advise that it has acquired Goldcap Resources Limited ("**Goldcap**") a private mineral exploration company specifically established to take advantage of emerging opportunities in Central America. The current focus of Goldcap is in Nicaragua, a safe, stable and democratic country with a strongly growing economy.

Goldcap is an Australian entity which has over the past 24 months established a presence in Nicaragua, through its wholly owned subsidiary, and has formed excellent relationships in that country.

Commenting on the Goldcap acquisition, Oro Verde Chairman, Dr Wolf Martinick stated;

"This is very exciting for Oro Verde as there is tremendous potential in Central America and particularly in Nicaragua which has been underexplored over the past thirty years and where we now have the opportunity, through Goldcap's initial project and the strong relationships they have established, to build a significant project portfolio leading to a successful mining development."

Nicaragua has a long history of gold mining since the Spanish Conquistadors in the 1600's, however for political reasons there has been little exploration activity there over the past 40 years. Under a new pro-business government, gold mining and exploration activity has resumed with three mines re-opening. However there has been almost no modern exploration outside of the areas immediately surrounding these mines, and the country is ripe for new gold discoveries. For further information on Nicaragua refer to Appendix 1.



SAN ISIDRO PROJECT

The 100%-owned, 25 km² San Isidro property is situated 70 kilometres due north of Managua (see figure 1), the capital city of Nicaragua. Road access is excellent, first by driving north along the sealed Pan American Highway and then for 20km southwest on a two lane sealed road which passes directly through the project area to the town of La India.

The concession falls within the La India Gold Mining District where Tertiary-age island arc volcanic rocks host Bonanza-type, low-sulphidation epithermal gold-silver mineralisation. Exploration by other companies has identified over 20 strike kilometres of gold mineralised quartz-carbonate veins in the district. Gold mineralisation is focused in high grade shoots within the quartz veins, with structural repetition often causing stacked sets of mineralised quartz veins up to 25 metres wide.

The La India Gold Mining District hosts the historical La India Gold Mine which processed an estimated 1.7Mt at 13.4g/t Au, producing 576,000oz gold between 1938 and 1956. In addition to this historical gold production, the La India Gold Project, held by AIM-listed Condor Gold Plc, currently hosts several deposits.



Figure 1: Nicaragua and the location of the San Isidro project

San Isidro adjoins the eastern boundary of Condor Gold Plc’s La India Project (See Figure 2). One of Condor’s deposits is the historical Cristalito gold mine on which a small, high grade gold deposit has been identified. Hosted within quartz veins and shear zones, this mineralised zone appears to trend north-easterly into the San Isidro property.

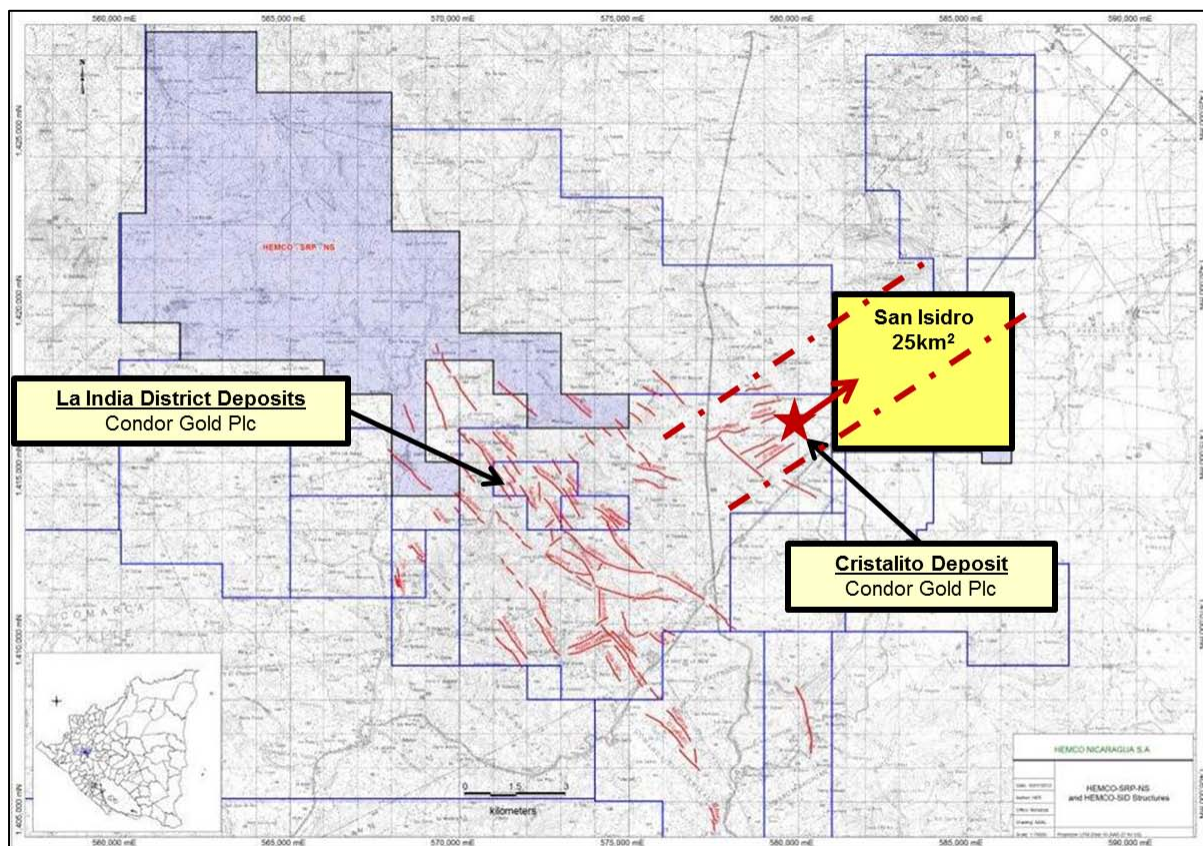


Figure 2: San Isidro Project

ACQUISITION

Settlement of the acquisition has occurred and consideration for the acquisition of Goldcap is:

1. Issue of 15,000,000 fully paid shares at \$0.008 each;
2. Issue of 66,000,000 3 year options exercisable at 1.0 cent each; and
3. Issue of 66,000,000 5 year options exercisable at 5.0 cents each.

The issue of the 15 million fully paid ordinary shares has been completed as it is within the Company’s current 15% placement capacity. The issue of the options will require shareholder approval and a notice of meeting will be issued shortly.

**** ENDS ****

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APPENDIX 1
ABOUT NICARAGUA

Nicaragua is the largest nation in Central America and is located in the heart of the isthmus between North and South America. It is bordered by Honduras to the north and Costa Rica to the south. Spanish is the official language, though English is widely spoken.

Originally a colony, Nicaragua claimed its independence from Spain and became a republic in 1821. It is a constitutional democracy with Executive, Legislative, Judicial and Electoral branches of government. It has had a democratically elected government for the past 20 years and is considered to have low sovereign risk. It is a safe country with the Economist Intelligence Unit rating it safer than Brazil, on par with Chile and significantly safer than Columbia.

Location of Nicaragua



Nicaragua was the 8th largest gold producer in the 1950's, but due to its civil war in the 1970's and 1980's exploration and production virtually ceased. As a result it has missed all the resource and exploration booms that have occurred over the last 40-50 years. The gold mining industry is the second largest exporter by value for the country and enjoys significant government support.

Foreign Investment

Nicaragua has made important progress in the improvement of its investment climate in an effort to continue attracting high-quality foreign direct investments. The main legislation that governs foreign investment consists of Law No. 344 for the Promotion of Foreign Investments which establishes a series of solid legal guarantees for foreign investors, such as:

- Full currency convertibility.
- Freedom to repatriate all capital and profits, dividends or earnings generated in the national territory.
- No minimum or maximum amount established for investment.
- Full foreign ownership permitted.
- There is no discrimination against foreign investors, whether it be on total ownership of the company or as shareholders.
- Access to national loans through local banks, according to their terms and conditions of approval.

- Security and property protection. Nicaraguan law recognises and guarantees the rights of national and foreign investors equally.
- Income tax rate of 30%.
- Mining royalty rate of 3%.

Mining Sector

Nicaragua has had a long mining history, and the country's overall mineral endowment easily outstrips that of all other countries in Central America. At least five deposits containing over 1 million ounces of gold have been discovered in Nicaragua, and the country's total recorded gold production is over 14 million ounces.

While Nicaragua's historic base metal production is not very significant, the country's geology certainly favours the occurrence of undiscovered copper, zinc, and nickel deposits. Significant deposits of these metals are present in Honduras and El Salvador to the north and Costa Rica and Panama to the south.

During the 1980's gold-boom that occurred throughout most of the Americas, Nicaragua was in the middle of a civil war. As a consequence mineral exploration and mining in Nicaragua languished. When a new government was voted into power in the early 1990's, the attraction of foreign capital and expertise to help resurrect the country's mining industry was a stated goal.

To that end, Nicaragua enacted modern mining and business laws in 1992 that are among the most favourable in all of Latin America. These laws, combined with the country's rich mineral endowment and a lack of modern exploration give Nicaragua a higher probability for exploration success than any other country in the region.

Windows of opportunity have now opened within Nicaragua's mining and exploration sector, offering some of the best prospects in Central America for companies that want to participate in the region's current mining and exploration expansion.

Summary of the Nicaraguan Mining Law

The Nicaraguan Civil Code recognises the right of the owner of property to enjoy and dispose of it within the limitations established by law. Natural resources are property of the State and only the State is authorised to grant mining exploitation concessions and rights. A concession holder's main legal obligations are to:

1. Obtain permission from the owner of the land;
2. Obtain an environmental permit;
3. Pay royalties and surface rents; and
4. File annual reports.

Types of Mining Titles

Since 2001 all Nicaraguan mining activities have been governed by a single type of mining concession known as a Concession for Exploration and Exploitation.

(a) Terms and Conditions governing grant

The Ministry of Development Industry and Commerce (Ministerio de Formento, Industria y Comercio - MIFIC) issues mining concessions to entities that file an application before the Natural Resources Directorate General (a division of MIFIC).

(b) Rights attached to Exploration License

Mining concession holders have the exclusive rights of exploitation, exploration and the establishment of facilities for collection and processing of minerals.

(c) Standard Conditions for Mining Concessions

Standard conditions apply to all Mining Concessions. In addition to those stated below in this item they include the obligation on the concession holder to:

- Pay income taxes annually;
- Provide an annual report on activities and if requested by the request of MIFIC;
- Facilitate the inspections carried out by MIFIC representatives;
- Comply with procedures issued for labour, security and environmental protection;
- Within 30 days from the date the concession is issued, register it with the Public Registry and have it published in the official Gazette;
- Obtain permission from the owners of the properties within the concession area prior to the commencement of activities; and
- Facilitate artisanal mining activities which will not exceed 1 per cent of the total area of the concession.

(d) Surface rent

A concession holder is to pay surface rent in advance every six months. Payments per hectare or part thereof are shown in the table below.

Surface Tax Payments Due per Hectare per Year on Exploration Concessions in Nicaragua (Year)	Amount per Hectare per Annum (USD)
1	0.25
2	0.75
3 & 4	1.50
5 & 6	3.00
7 & 8	4.00
9 & 10	8.00
11+	12.00

Royalties Payable

Concession holders pay a royalty on the value of the extracted substances. The value is determined by subtracting the transportation expenses from the sale value of the substance. The percentage that must be paid is 3% of the value of the mineral exploited. The royalty payment is considered an expense and can be deducted from Income Tax obligations.

Term

The mining concessions are granted for an initial 25 year period, and are renewable for a further term of 25 years.

Transfer and Assignment

The Mining Law states that concessions may be divided, assigned, totally or partially transferred or leased and also allows for concessions to be mortgaged.

Relations with Landowners

A mining concession holder cannot commence its mining activities until it has authorisation from the owner of the property. The authorisation must set out the terms and compensation for the use of the private property and infrastructure. A mining concession holder who acts without authority commits a serious violation and will be fined an equivalent to USD10,000.00.

Conflict between surface property rights and mining rights must be taken into consideration at the time of considering a mining project, particularly in areas where other commercial projects may be developed on the surface of the land. The holder of the mining concession may need to acquire, lease or take easements over the surface property.

Environmental Issues

Any person who wishes to initiate mining-related activities (exploration and exploitation) must first obtain an environmental permit from the Ministry of Environment and Natural Resources (MARENA). A failure to obtain a permit is a breach of a standard term of the mining title and the mining concession may be cancelled.

Two types of permit are required, an initial authorisation for prospecting obtained from the Regional Authority which permits activities such as rock chip, soil sampling and trenching, and a permit to carry out exploration activity from the National Authority to allow drilling and other more extensive work.

Applicable Legislation

All rights and obligations derived from the mining concession must comply with Nicaraguan legislation and submit to the jurisdiction of Nicaraguan courts. Disputes arising over the title of a mining concession are heard by the Civil District Courts. The Natural Resources Directorate General may act as a mediator between the parties, if the parties agree.

Other

- The area of the exploration concession must be identified by a polygon with sides oriented north, south, east and west, according to the system of UTM.
- The concession has a maximum area of 50,000 hectare
- Exploration must begin within 4 years of grant.