ACQUISITION OF TIMON PROJECT, CHILE

- Timon Project acquired in the giant porphyry copper belt of northern Chile
- Target is a porphyry copper deposit associated with the Domeyko Fault Zone system similar to other large deposits on trend such as El Salvador and Escondida
- Exploration target is a 4 to 5km, north-south trending, highly leached lithocap which is the surface expression of a significant and substantial porphyry copper/gold/molybdenum system at depth
- The lithocap has a large, open ended IP anomaly coincident with anomalous copper in stream sediments, lithogeochemistry and mineralogy
- Easy access and near to established infrastructure

Oro Verde Limited (ASX:OVL) (“the Company or OVL”) is pleased to announce to shareholders the acquisition of the Timon Project which lies on the eastern margin of the southern extension of the Late Eocene to Oligocene giant porphyry copper belt of Chile, refer Figure 3.

Managing Director, Dr Wolf Martinick commented, “We are very excited by this acquisition in the part of Chile that contains its giant porphyry copper deposits. Timon’s large open IP anomaly and associated copper (chalcopyrite and chalcocite) mineralogical anomalies provides a walk up drill target that we will test as soon as possible. All available data suggests that the Timon porphyry copper target has the potential to be very substantial in size.

In addition the project is close to established infrastructure of water, power and sealed roads with established tracks providing good access into the various project areas whilst the terrain lends itself to low cost construction of additional tracks and drill pads. Timon along with the recently acquired Alma project adds to an exciting portfolio of projects being assembled by Oro Verde.”

Project Acquisition Details

The 50km² Timon Project area is located 75km southeast of the city of Copiapo, refer Figure 1. It comprises 18 granted Exploration Concessions, 5 granted Exploitation Concessions and 20 Mensura (mining) applications over granted exploration concessions, refer Figure 2. All concessions are under an Option to Purchase Agreement between OVL’s Chilean operating subsidiary Green Mining Ltda (“GML”) and the owner-vendor, Elias Hawas Isa. Table 1 below summarises the Option to Purchase Agreement. GML obtains 100% ownership of the concessions after making progressive annual payments that total $US10.0 million over a 48 month period and granting the owner-vendor a residual 2.0% Net Smelter Return (NSR). GML has no exploration expenditure commitments on the project area only the obligation is to maintain the concessions in good legal standing for the period of the option.

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Geological Setting of Timon Project

Regionally, the Timon Project area lies on the eastern margin of the southern extension of the Late Eocene to Oligocene giant porphyry copper belt, refer Figure 3. It is underlain by a sequence of folded and faulted Triassic to Eocene volcanics and sediments intruded by Palaeocene and Eocene intrusive complexes, just west of the bounding, northeast trending fault components of the Domeyko Fault system. The project targets a porphyry Cu-(Au/-Mo) deposit associated with the Domeyko Fault Zone system similar to other large deposits on trend to the north such as El Salvador and Escondida.

Project Exploration Targets

Main Lithocap Ridge

The main area of interest is a 5km long portion of the Sierra El Timon ridge at 3,200m elevation which has a moderate to strongly leached lithocap, lying within an argillic and silica altered area of rhyodacite tuffs of the Upper Cretaceous Sierra La Dichosa Formation, refer Figures 4 and 5. Lithocaps are leached “gossanous iron oxide” caps that usually define and overlie the shallow oxide parts of porphyry copper sulphide systems typically above the main Cu-(Au/-Mo) zone.

It is known that a number of companies over the years have examined the Timon Project area, specifically the lithocap, with little progression of status of the project to a drillable situation until very recently. The reason for this is; there is no visible Cu mineralisation in the area and the tenor of the Cu and Mo lithogeochemical patterns are low in comparison with other known porphyry systems in the belt, notwithstanding clay alteration mineralogy of samples collected suggests a high temperature hydrothermal system being present and the Cu and Mo lithogeochemical patterns of these results appear to relate to the model for porphyry Cu-Au-Mo mineralisation.

The current owner-vendor, has held the concessions for a number of years and in January 2013 acting on geological advice, commissioned well regarded geophysical consultants, Argali Geofisica, to carry out a 10.2 line kilometre, reconnaissance Induced Polarisation (IP) survey over the ridge lithocap target. Two east-west lines of 4,800m and 5,400m, separated by a north-south distance of 1,000m were laid out in the central portion of the 5km long ridge target and time-domain IP data was acquired to “see” to a vertical depth of 800m, refer Figure 4.

The resulting IP data at Timon has outlined a strong, moderately, western dipping, chargeability (>15mv/v) anomaly that is over 1,000m wide and greater than 1,000m long, ie open to both the south and north. Moderate chargeabilities flank the southern line, generating a total anomaly width here of approximately 2,000m, refer Figure 7. The chargeability anomalies are hosted primarily within high-resistivity material, commence at 100 to 200m depth and appear to extend to depths of 800m or more. A low-resistivity conductive layer is typically present immediately above the chargeable zone that probably is associated with leached and oxidised, mineralised rock material overlying interpreted sulphide mineralisation that produces the chargeability anomaly.

The IP anomalies observed at Timon are considered to be consistent with expected anomalies over a lithocap over a copper or copper-gold porphyry system at depth in this geologic belt with the probable chargeable source being sulphide mineralisation. But, given the relatively high, up to 21mv/v chargeabilities in the core of the anomalies, it is very probable that pyrite is present and possibly dominant over copper sulphides. This is supported by the nature of the leached cap at surface and lithogeochemical results to date. How much chalcopyrite is present with pyrite is a point that can only be determined by drilling as copper sulphides in general are less chargeable than pyrite and could be present within any of the chargeable areas on the profiles. However, OVL has carried out a stream sediment sampling programme over the ridge area as part of its diligence, and a Cu anomaly is present over the ridge, specifically over the area of the central IP anomaly. Another favourable plus for the presence of copper sulphides in the chargeable IP source is Shell Billiton’s mineragraphic results from year 2000. Seven of 12 leached, iron oxide, lithocap samples, taken from mainly the western side of the ridge over 4km of strike, revealed the presence of scarce to trace remanent, fine grained copper sulphide minerals (chalcopyrite and occasional secondary chalcocite) within the iron oxides, refer Figures 2 and 4. The presence of secondary chalcocite is important within the highly
leached lithocap as the noted low-resistivity conductive layer present in the IP immediately above the chargeable zone may represent the geophysical expression of an enrichment blanket of chalcocite over primary sulphides, refer Figure 7.

The main lithocap ridge is now confirmed as a substantial porphyry Cu target with the possibility of a significant chalcocite enrichment blanket over primary sulphides. There is good correspondence of Cu stream sediment and chalcopyrite (chalcocite) mineralogical anomalies over at least 4km of the lithocap and these anomalies are specifically coincident with the central IP anomaly, that is 1,000m long, and open to the south and north along the ridge; and is over 1,000m wide extending to 800m depth, refer Figures 2 and 4. It is proposed to close off the lithocap target with further geophysics (magnetics and IP) before commencing a drilling program in September 2013 to confirm the existence of a porphyry Cu system of economic interest under the lithocap. If present, an infill program of further IP will be carried out before the commencement of a phase of broad definition drilling to outline the extent of the porphyry Cu mineralisation.

Intrusive Targets SE Project area

In the southeast of the project area are two areas of advanced argillic alteration with iron oxides in the area of general alteration over the Triassic La Terna Formation equivalent volcanics and sediments. These 1.5 to 2km² circular features are possibly the expression of buried intrusives of similar age to the main ridge target, and are a secondary target, refer Figures 2, 4 and 6. These targets will be the subject of a reconnaissance IP program before drilling the lithocap. If IP anomalies are present consideration will be given to drill testing the anomalies concurrently with the lithocap drilling program.

*** ENDS ***

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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).
Figure 1. Location Timon Project.
Figure 3. Porphyry copper belts (including selected epithermal deposits) in northern Chile.
Fig 4 Timon Geology  Portion 1:100,000 La Guardia Map

STRATIGRAPHY AND INTRUSIVES

TPECv  Palaeocene - Eocene andesites, sediments
Ksvs1  Cretaceous Superior - Formation Quebrada Seca volcanics
Ksvs2  Cretaceous Superior - Formation Sierra La Dichosa tuffs, andesites
Kis    Cretaceous Inferior - Formation Quebrada Monardes clastics.
TRvs   Triassic - Formation La Ternera equiv. volcanics and sediments
TEg    Eocene - Pluton El Gato equiv. (40-45Ma) granodiorites.
TPg    Paleocene - Pluton Cabeza de Vaca equiv. (65-55Ma) monzonites.

- Cpy±Cc in Fe Oxides
- Alteration
- Leached Lithocap Target
- Other Targets
- Cu 100+ ppm Stream Sediments
- Cu 80+ ppm Stream Sediments

Line 69290000N
Line 69280000N
2.5 kilometres
Figure 5. Timon central area looking south along the main target, the prominent lithocap ridge with alteration (argillic, silicification and iron oxides). In the valley of the Rio Jorquera in the southwest foreground are secondary targets (refer below).

Figure 6. Timon Project, southeast in the valley of the Rio Jorquera looking north, secondary exploration target prominent alteration (argillic with iron oxides) in Triassic volcanics representing a buried intrusive porphyry.
Figure 7 Timon IP Chargeability Sections (line separation 1,000m)

Possible chalcocite blanket overlying primary sulphides