

ORO VERDE LIMITED

ABN 84 083 646 477

HALF YEAR FINANCIAL REPORT

31 December 2012

ORO VERDE LIMITED
HALF YEAR FINANCIAL REPORT 31 December 2012

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The information 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 Australasian Institute of Mining and Metallurgy).

ORO VERDE LIMITED

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Corporate Directory

ABN 84 083 646 477

Directors

W G Martinick	Executive Chairman and Managing Director
B L Farrell	Technical Director
G R O'Dea	Non-Executive Director
D H Ward	Non-Executive Director

Company Secretary

B D Dickson

Registered Office and Principal Place of Business

Level 1
30 Richardson Street
West Perth WA 6005
Telephone: 08 9481 2555
Fax: 08 9485 1290

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

Auditors

Hewitt, Turner & Gelevitis
Suite 4, 1st Floor
63 Shepperton Road
Victoria Park WA 6100

Bank

National Australia Bank
96 High Street
Fremantle WA 6160

ORO VERDE LIMITED

HALF YEAR FINANCIAL REPORT 31 DECEMBER 2012

Directors' Report

The Directors present their report together with the consolidated financial report for the six months ended 31 December 2012 and the independent review report thereon.

DIRECTORS

The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

W G Martinick
B L Farrell
G R O'Dea
D H Ward

REVIEW OF OPERATIONS

During the period the Company continued its evaluation of the drilling results at the Chuminga and Vega Projects, as well as examining new exploration and development opportunities in Chile, the result of which was the acquisition of the Pintue Aculeo Project, south of Santiago and the pegging of the Rapel Prospect, a porphyry copper/gold.

Chuminga Copper / Gold Project

Oro Verde holds a 20% interest in SCM Chumi, title holder of the Chuminga Copper-Gold Project, situated on a coastal location, approximately 120 kilometres south of Antofagasta in the Second Region of Chile. The Company had the right to acquire the remaining 80% interest in SCM Chumi by 8 December 2012 but due to the equivocal results from drilling the Company did not take up its right.

The Company completed a first phase drilling program in June 2012 of 12 holes for 2,140 metres, to test on 4 sections an approximate strike of 300 metres of the easterly dipping, mineralised breccia target, in the environs of surface trenching and exploratory tunnels transecting the mineralised body. The aim of the program was to establish the true width, grade and depth potential of the mineralisation. Drilling was halted in mid-June 2012 after drilling four vertical holes.

Drilling has revealed complex faulting and compartmentisation of the breccia ore body at this location and a conclusion reached that the existence of a significant economic body of copper/gold mineralisation at this location on the Chuminga property is not attainable.

Vega Gold Project

Oro Verde holds a 100% interest in the Vega Project, located 22 kilometres north of the famous El Indio Gold Mining Centre in the Fourth Region of Chile.

In late February 2012, Oro Verde completed a first phase RC drilling program on eight targets identified from previously undertaken lithogeochemical and CSAMT geophysical surveys. The drilling was unsuccessful in identifying the presence of any significant mineralisation.

Further investigations are required at Vega to ascertain the significance of the unexpected discovery of an older truncated epithermal system represented by a weakly copper and molybdenum mineralised, basal porphyry system. These investigations including further field work is now scheduled in the summer months in the March 2013 quarter as the prospect is inaccessible because of snow cover.

Following appraisal of the results, a decision may be made to re-enter some or all of the target holes to explore deeper Cu-Mo porphyry potential of the Infiernillo Intrusives in the project area after carrying out more detailed electrical geophysics.

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Pintue Aculeo Project

A field crew completed a geological mapping and geochemical sampling program which involved stream sediment coverage of the 17 km² project area (81 samples); soil traverses over prominent alteration areas, inclusive of the Cerro El Penon breccia (149 samples); and channel sampling along the perimeter of an old mining pit (29 samples).

Under the Acquisition Agreement, this program was a Precursor to the Main Program to commence on 8 January 2013, which was expected to lead to geophysical programs and early drilling. Regrettably the main large Cerro El Penon colour anomaly with associated historical anomalous Cu, Mo, Pb and Au geochemistry, which suggested the presence of a possible large target of economic interest, was downgraded by the exploration work carried out. Other Cu-Au, Au mineralisations detected and examined during the program were minor, restricted to fault zones or within and on the periphery of hydrothermal breccia outcrops. The remaining potential for the presence of a company sized mineral deposit of economic interest is low and the agreement with the vendors was terminated on January 8.

Rapel Prospect

The Company has pegged 7 Exploration Concessions (17km²) in Region 4 of Chile, 40km by road from the city of Ovalle. Target is a porphyry Cu-Au system, and associated hydrothermal breccia Cu-Au systems present in the prospect area.

The prospect lies in area of moderate altitude (850 to 1,120m), with good all year round access and is close to infrastructure. It lies 45km SE of Teck's Andacollo Mine, a large 60,000tpd open cut heap leach-SEX cathode Cu and conventional Cu in concentrates operation, with mineral resources of 7.2 bill tons at 0.42% Cu, 0.12 g/t Au currently producing ~76,000 tpa Cu, ~54,000 ozs Au. The regional geology is similar to the Andacollo Mine setting, mapped as being dominated by Paleocene-Eocene volcanics and intrusives including monzonites, granodiorites, diorites, gabbros, with porphyry, rhyolites and dacites present. Onlapping this sequence is series of Upper-Lower Cretaceous volcano-sedimentary units

New Project Development

Oro Verde is continuing to evaluate further new mineral exploration and development opportunities in Chile.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires the Company's auditors, Hewitt, Turner & Gelevitis to provide the Directors with a written independence declaration in relation to their review of the financial report for the half year ended 31 December 2012. The written auditor's independence declaration is attached at page 15 and forms part of this Directors' report.

Signed in accordance with a resolution of directors.



W G Martinick
Executive Chairman
Perth 26 February 2013

ORO VERDE LIMITED
HALF YEAR FINANCIAL REPORT 31 DECEMBER 2012

Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 December 2012

	Note	CONSOLIDATED	
		31 December 2012	31 December 2011
		\$	\$
Continuing operations			
Interest income		37,476	21,956
Dividends Received		-	27,293
Profit on sale of available-for-sale investments		-	100,032
		<u>37,476</u>	<u>149,281</u>
Depreciation		(1,413)	(916)
Salaries and wages		(313,720)	(141,021)
Directors' Fees		(114,450)	(94,783)
Travel and accommodation		(37,009)	(55,838)
Promotion		(260)	(32,915)
Consultants		(111,300)	(241,298)
Insurance		(9,515)	(11,500)
Legal fees		(49,520)	(167,839)
Administration expenses		(14,089)	(48,797)
Other		(83,492)	(146,403)
Change of business expenses		-	(132,174)
Exploration expense		(617,536)	(525,280)
Share based payments		-	(2,407,532)
Impairment in investments	3	(1,186,508)	-
Provision against receivable		(124,673)	-
Share of net loss of associate accounted for using the equity method		(6,316)	-
Profit /(Loss) from continuing operations before Income tax		<u>(2,632,325)</u>	<u>(3,857,015)</u>
Income tax credit/(expense)		-	(314,643)
Profit /(Loss) from continuing operations after income tax		<u>(2,632,325)</u>	<u>(4,171,658)</u>
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Changes to available-for-sale financial assets, net of tax		323	(734,166)
Exchange differences in translating foreign controlled entities		(5,395)	(58,522)
Other comprehensive income net of tax		<u>(5,072)</u>	<u>(792,688)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>(2,637,397)</u>	<u>(4,964,346)</u>
<i>Earnings per share for loss attributable to the ordinary equity holder of the parent:</i>			
Basic earnings per share (cents per share)		(3.01)	(6.87)
Diluted earnings per share (cents per share)		(3.01)	(6.87)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

ORO VERDE LIMITED

HALF YEAR FINANCIAL REPORT 31 DECEMBER 2012

Balance Sheet

AS AT 31 December 2012

	Note	CONSOLIDATED	
		31 December 2012	30 June 2012
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	4	1,768,182	3,207,391
Receivables		14,118	130,652
Other		14,352	6,645
Total Current Assets		1,796,652	3,344,688
Non-current Assets			
Investments accounted for using the equity method	5	-	1,192,824
Available for sale financial assets	6	23,884	23,561
Property, plant and equipment		8,284	9,610
Exploration & Evaluation expenditure		960,033	941,918
Total Non-current Assets		992,201	2,167,913
TOTAL ASSETS		2,788,853	5,512,601
LIABILITIES			
Current Liabilities			
Payables		70,428	167,275
Provisions		30,608	20,112
Total Current Liabilities		101,036	187,387
TOTAL LIABILITIES		101,036	187,387
NET ASSETS		2,687,817	5,325,214
EQUITY			
Contributed equity	7	16,331,404	16,331,404
Reserves		4,252,634	4,257,706
Accumulated losses		(17,896,221)	(15,263,896)
TOTAL EQUITY		2,687,817	5,325,214

The above Balance Sheet should be read in conjunction with the accompanying notes.

ORO VERDE LIMITED

HALF YEAR FINANCIAL REPORT 31 DECEMBER 2012

Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

CONSOLIDATED							
	Ordinary shares	Convertible notes Reserve	Available for sale Assets Reserve	Share option Reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$	\$	\$
At 1 July 2011	12,081,365	136,403	1,274,234	1,058,200	(15,363)	(8,113,951)	6,420,888
Loss for the period	-	-	-	-	-	(4,171,658)	(4,171,658)
Other comprehensive loss	-	-	(734,166)	-	(58,522)	-	(792,688)
Total comprehensive loss for the period	-	-	(734,166)	-	(58,522)	(4,171,658)	(4,964,346)
Transactions with owners in their capacity as owners							
Shares issued during the period	300,512	-	-	-	-	-	300,512
Transaction Costs	(640,296)	-	-	-	-	-	(640,296)
Share based payments	-	-	-	2,407,532	-	-	2,407,532
At 31 December 2011	11,741,581	136,403	540,068	3,465,732	(73,885)	(12,285,609)	3,524,290

CONSOLIDATED							
	Ordinary shares	Convertible notes Reserve	Available for sale Assets Reserve	Share option Reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$	\$	\$
At 1 July 2012	16,331,404	136,403	(3,732)	4,071,394	53,641	(15,263,896)	5,325,214
Loss for the period	-	-	-	-	-	(2,632,325)	(2,632,325)
Other comprehensive loss	-	-	323	-	(5,395)	-	(5,072)
Total comprehensive loss for the period	-	-	323	-	(5,395)	(2,632,325)	(2,637,397)
Transactions with owners in their capacity as owners							
Shares issued during the period	-	-	-	-	-	-	-
At 31 December 2012	16,331,404	136,403	(3,409)	4,071,394	48,246	(17,896,221)	2,687,817

The above statement of changes in equity should be read in conjunction with the accompanying notes.

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Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Note	CONSOLIDATED 31 December 2012 \$	31 December 2011 \$
Cash flows from operating activities			
Payments to suppliers and employees		(821,615)	(1,280,639)
Exploration expenditure		(631,473)	(525,280)
Interest received		37,476	21,956
Net cash flows used in operating activities		<u>(1,415,612)</u>	<u>(1,783,963)</u>
Cash flows from investing activities			
Purchase of plant and equipment		(87)	(7,146)
Purchase of mineral property		(18,115)	(35,629)
Proceeds from sale of available-for-sale investments		-	732,376
Net cash flows from investing activities		<u>(18,202)</u>	<u>689,601</u>
Cash flows from financing activities			
Proceeds from application for shares, net of transaction costs		-	2,292,423
Net cash flows from financing activities		<u>-</u>	<u>2,292,423</u>
Net increase/(decrease) in cash and cash equivalents		(1,433,814)	1,198,061
Cash and cash equivalents at beginning of period		3,207,391	1,519,421
Effect of exchange rate changes on cash and cash equivalents		(5,395)	(11,093)
Cash and cash equivalents at end of period	4	<u>1,768,182</u>	<u>2,706,389</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

ORO VERDE LIMITED

HALF YEAR FINANCIAL REPORT 31 DECEMBER 2012

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 December 2012

1 BASIS OF PREPARATION

These general purpose financial statements for the interim half year reporting period ended 31 December 2012 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134 *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Oro Verde Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2012 together with any public announcements made during the half year.

Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Consolidated Entity has incurred a net loss after tax for the half year ended 31 December 2012 of \$2,632,325 (2011: \$4,171,658) and experienced net cash outflows from operating activities of \$1,415,612 (2011: \$1,783,963). At 31 December 2012, the Consolidated Entity had net current assets of \$1,695,616 (30 June 2012: \$3,157,301).

The Directors believe there are sufficient funds to meet the Company's working capital requirements and as at the date of this report the Consolidated Entity believes it can meet all liabilities as and when they fall due. However the Directors recognise that additional funding either through the issue of further shares, convertible notes or a combination of both will be required for the Consolidated Entity to continue to actively explore its mineral properties.

The Directors have reviewed the business outlook and the assets and liabilities of the Consolidated Entity and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Company will continue to be successful in securing additional funds through debt or equity issues or partial sale of its mineral properties as and when the need to raise working capital arises.

Should the directors not achieve the matters set out above, there is significant uncertainty whether the Consolidated Entity will continue as a going concern and therefore whether it will realise its assets and liabilities in the normal course of business.

The financial report does not include any adjustments that may be necessary if the Consolidated Entity is unable to continue as a going concern.

Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2012, except for the adoption of new standards and interpretations as of 1 July 2012, noted below:

ORO VERDE LIMITED

HALF YEAR FINANCIAL REPORT 31 DECEMBER 2012

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 December 2012

1 BASIS OF PREPARATION (Cont'd)

New standards, interpretations and amendments thereof, adopted by the Group

- **AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applicable for annual reporting periods commencing on or after 1 January 2012).**

This standard makes amendments to AASB112: Income Taxed and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112. Under current AASB112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or selling it. The amendments introduce a presumption that an investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

This amendment did not impact the Group.

- **AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 January 2012).**

The main change arising from this Standard is the requirement for entities to group items presented in Other Comprehensive Income on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This standard affected presentation only.

AASB 2011-9 also amends AASB 101 to change the title of the “Statement of Comprehensive Income” to “Statement of Profit or Loss and Other Comprehensive Income”.

2 OPERATING SEGMENT

The Group has based its operating segment on the on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group does not have production and is only currently involved in exploration activities. As a consequence, activities in the operating segment are identified by management based on the manner in which resources are allocated and the nature of the resources provided.

Based on this criterion, management has determined that the Group has one operating segment, being exploration, and the segment operations and results are the same as the Groups results.

During the 2012 and 2011 years the Company conducted its activities across three geographic locations, Australia, Chile and Mauritania.

31 Dec 2012	Australia	Chile	Mauritania
	\$	\$	\$
Revenues	37,476	-	-
Non-current assets	23,930	68,271	900,000
31 Dec 2011			
Revenues	149,281	-	-
Non-current assets	1,944,495	1,053,974	900,000

ORO VERDE LIMITED

HALF YEAR FINANCIAL REPORT 31 DECEMBER 2012

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 December 2012

3 SIGNIFICANT COMPONENTS OF LOSS AND OTHER COMPREHENSIVE INCOME

	31 December 2012 \$	31 December 2011 \$
Loss for the half year includes the following items that are unusual because of their nature, size or incidence:		
Impairment of Investments (refer note 5)	(1,186,508)	-
Other Comprehensive Income:		
Available for sale financial assets		
Gain (loss) arising during the year	323	(734,166)

4 CASH AND CASH EQUIVALENTS

For the purpose of the half-year condensed statement of cash flows, cash and cash equivalents are comprised of the following:

Cash at bank and in hand	1,734,681	3,173,890
Short-term deposits	33,501	33,501
	<u>1,768,182</u>	<u>3,207,391</u>

5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Shares in associate	-	1,192,824
Movements in carrying amounts		
Carrying amount at the beginning of the financial period	1,192,824	-
Re-classification from available-for-sale investments	-	942,660
Additions	-	300,511
Exchange differences	-	11,540
Provision for impairment	(1,186,508)	-
Share of losses after tax	(6,316)	(61,887)
Carrying amount at the end of the financial year	<u>-</u>	<u>1,192,824</u>

Shares in associate represents an unlisted investment in a Chilean based company that holds the mineral licences for the Chuminga project, a company project in which the Group has the acquired an initial 20% interest. The Group had an option to acquire the balance it did not own, however that option expired in December 2012.

The only asset held by the associate is the Chuminga exploration concession which directors have assessed as having no value. Accordingly a provision for impairment of the full book value of \$1,186,508 has been made.

2012	Ownership	Assets	Company's share of:		
	Interest %		Liabilities	Revenues	Losses
Minera Chuminga	20	555,694	-	-	6,316

Minera Chuminga is incorporated in Chile.

ORO VERDE LIMITED

HALF YEAR FINANCIAL REPORT 31 DECEMBER 2012

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 December 2012

6 AVAILABLE FOR SALE FINANCIAL ASSETS

	31 December 2012 \$	30 June 2012 \$
Listed shares at fair value		
China Africa Resources plc	23,884	23,561
Unlisted Investments at cost (b)	-	-
Total available-for-sale assets	<u>23,884</u>	<u>23,561</u>

During the half year, the balance movement was as follows:

Opening balance 1 July 2012	23,561
Purchases	-
Sales	-
Fair value adjustment to reserve	323
Closing balance 31 December 2012	<u>23,884</u>

7 SHARE CAPITAL

	Shares	\$
Balance at 1 July 2011	181,569,497	12,081,365
Balance after 1:3 share consolidation on 8 Dec 2011	60,523,536	12,081,365
23 Dec 2012 issued for Chuminga project acquisition	2,003,406	300,512
Share issue expenses (a)	-	(640,296)
Balance as at 31 December 2011	<u>62,526,942</u>	<u>11,741,581</u>
Balance at 1 July 2012	87,582,417	16,331,404
Movement during the period	-	-
Balance at 31 December 2012	<u>87,582,417</u>	<u>16,331,404</u>

(a) Share Issue Expenses were incurred in relation to a prospectus issued on 2nd November 2011 which raised \$2,396,636. The 11,983,181 shares were issued as result of this raising were issued on 11 January 2012.

9 EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the group in future financial years.

10 COMMITMENTS AND CONTINGENT LIABILITIES

There has been no change in Commitments and Contingent Liabilities since the end of the last annual reporting period.

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Directors' Declaration

The directors of the company declare that:

- a) the financial statements and notes of the consolidated entity as set out in the accompanying pages are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*
- b) In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This decision is made in accordance with a resolution of the board of directors



W G Martinick
Executive Chairman
Perth, 26 February 2013

ORO VERDE LIMITED HALF YEAR FINANCIAL REPORT 31 DECEMBER 2012

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To the Directors of Oro Verde Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2012 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Oro Verde Limited and the entities it controlled during the period.



HEWITT TURNER & GELEVITIS
Audit Assurance Division



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ORO VERDE LIMITED HALF YEAR FINANCIAL REPORT 31 DECEMBER 2012

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ORO VERDE LIMITED

Report on the Half Year Financial Report

We have reviewed the accompanying half-year financial report of Oro Verde Limited and controlled entities (the consolidated entity) which comprises the consolidated condensed statement of financial position as at 31 December 2012, the consolidated condensed statement of profit or loss and comprehensive income, the consolidated condensed statement of changes in equity, the consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Half Year Financial Report

The directors of Oro Verde Limited (the company) are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of an Interim Report Performed by the Independent Auditor of the Entity in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half year ended on that date, and complying with Australian Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Oro Verde Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of Oro Verde Limited and controlled entities for the half year ended 31 December 2012 which may be included on the website of Oro Verde Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

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ORO VERDE LIMITED HALF YEAR FINANCIAL REPORT 31 DECEMBER 2012

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ORO VERDE LIMITED (continued)

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Oro Verde Limited and controlled entities is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half year ended on that date; and
- (b) complying with AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our conclusion, we draw attention to note 1 to the financial report which indicates that the group incurred a net loss of \$2,632,325 for the six months ended 31 December 2012, and for the six month period the group experienced net cash outflows from operating activities of \$1,415,612. These conditions along with other matters as set out in Note 1 to the financial report indicate the existence of a material uncertainty which may cast doubt on the entity's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Signed at Perth this 26th day of February 2013.

**HEWITT TURNER & GELEVITIS
AUDIT ASSURANCE DIVISION**

**TIMOTHY TURNER
REGISTERED COMPANY AUDITOR**

HEWITT
TURNER &
GELEVITIS

