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18 February 2014

Orinoco to acquire Sertão gold mine and leases from Troy

Trafford Resources Limited (ASX: TRF) is pleased to inform the market of today's announcement by Orinoco Gold Limited.

Orinoco Gold is to acquire the Sertão and Antena Mining Leases from Troy Resources Limited. Previous operations on these leases have produced 280,144oz at 16.7g/t gold.

The acquisition of the Sertão Mining Lease provides an opportunity to fast-track processing of ore extracted from Orinoco's Cascavel Gold Project.

See below for Orinoco's ASX announcement.

Trafford is currently a major shareholder in Orinoco Gold Limited.

Ian Finch

Managing Director

Trafford Resources Limited



Orinoco to fast-track Brazil development after acquiring former Sertão gold mine from Troy

Acquisition of leases covering former high-grade gold mine provides fast-track option for Cascavel plant construction.

- Orinoco reaches agreement with Troy Resources Limited (ASX: TRY) and Amazônia Mineração Ltda to acquire the leases encompassing the former Sertão gold mine in Brazil.
- The Sertão Mining Lease provides an opportunity to fast-track processing of ore extracted from OGX's flagship Cascavel Gold Project:
 - *Leases located just 5 and 28km by road from Cascavel; and*
 - *Significant potential time and cost savings for development of Cascavel;*
- The Sertão gold mine is located to the south of Cascavel, on the same shear zone, with the Mining Leases having combined historic production of 280,144oz @ 16.7g/t Au from predominately oxide ore.
- Historical Troy drilling beneath the Sertão pit highlighted Cascavel-style strike and dip extensions to the mineralised zone that remain largely untested, with results including:
 - *0.7m @ 48.2g/t gold ~ 100m down dip from Sertão open pit (GVD 029); and*
 - *0.33m @ 119.6g/t gold ~750m down dip from Sertão open pit (GVD080).*

Orinoco Gold Limited (ASX: OGX) is pleased to announce that it has reached agreement with leading Australian-based international gold producer Troy Resources Limited (ASX: TRY) and their Brazilian partner to acquire the Mining Leases encompassing Troy's former highly successful **Sertão gold mine** in central Brazil.

The acquisition by Orinoco of 100% of the share capital of Sertão Mineração Ltda (SML), the entity that owns the Sertão and Antena Mining Leases, represents a major strategic coup for Orinoco.

The leases, which are located just 5 and 28km from by road from Orinoco's high-grade Cascavel Gold Project, will form a key part of the Company's broader 70%-owned Faina Goldfields Project and specifically its plans to fast track development of Cascavel.

Having previously been the site of open cut mining operations and, in the case of the Sertão Mining Lease, the site of a gravity and CIL gold circuit, minimal work is required to return the leases to full operational status.

ASX Release

18 February 2014

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Issued Capital

85,975,001 Ordinary Shares

15,000,000 Performance Shares

12,500,000 Listed Options

17,900,000 Unlisted Options

ASX Code

OGX (Ordinary Shares)

OGXO (Listed Options)



The Mining Leases complement the Extraction Licence already held by Orinoco at Cascavel, and Orinoco will now include the Mining Leases in an evaluation of potential options for processing material extracted from its planned exploration decline at Cascavel. The potential cost benefits of locating a plant at the Sertão Mining Lease, to treat Cascavel ore, stem from the fact that the Sertão mine site has existing grid power, haul roads, earth works and licencing.

Orinoco also has a Toll Treatment Agreement in place with Cleveland Mining (ASX: CDG) at the Premier Gold Mine.

Orinoco's Exploration Licence at Cascavel currently allows for the extraction of 50,000 tonnes of ore (and may be subsequently renewed), but does not allow for the use of water in the processing of ore.

In addition to the significant operational benefits that the Mining Leases will bring to Orinoco, there is significant potential for the leases to host mineralisation in addition to the oxide mineralisation previously extracted by Troy.

Historical drilling highlights the potential for extensions of the Sertão mineralisation beneath the existing open pit. Sertão is located 22km south-east of Cascavel (28km by road) along the same shear zone. Like Cascavel, the hard rock gold mineralisation at Sertão occurs in structurally controlled quartz veins, is generally coarse and plunges at approximately 25-35 degrees to the west.

Intersections including 0.7m @ 48.2 g/t gold (GVD 029) and 0.33m @ 119.6g/t gold (GVD080), which are respectively ~100m and ~750m down-plunge from the pit floor, illustrate the continuity of the structure previously mined at Sertão.

An existing haul road runs between the Antena Mining Lease (which is 5km from Cascavel) and Sertão. It will require some maintenance before being re-used as a haul road.

Preliminary metallurgical test work commissioned by Troy on the gold bearing fresh rock ore at Sertão showed that a significant proportion of gravity gold (53%) can be recovered from the ore while conventional cyanidation of the ore resulted in overall gold recoveries of 87%. Further optimisation work is required, and/or investigation of alternative process treatment routes, to determine whether this gold recovery can be increased.

Commercial Terms

In consideration for the purchase of 100% of the issued capital of SML, Orinoco will:

- Issue Troy (70%) and Amazônia Mineração Ltda (30%) a total of 7,000,000 unlisted options with a three-year term from the date of issue and an exercise price of \$0.25;
- Pay an amount of BR\$495,000 (approximately A\$236,000) to the Brazilian taxation office representing a disputed item from SML's 2008 tax return. This payment will fall due at an undetermined future date;
- Share equally with the vendors the future benefit of tax credits that currently exist within SML. Existing tax credits are estimated to be in the order of BR\$7.5 million (A\$3.5 million);
- Pay the following royalties to the Vendors in relation to gold produced from the Mining Leases currently owned by SML:
 - *a 2% Net Smelter Return on the first 90,000oz of gold produced from the Mining Leases;*
 - and*

- a 0.75% Net Smelter Return on the next 90,000oz of gold produced from the Mining Leases.

The agreement is subject to several conditions precedent including:

- The signing of the Binding Terms Sheet by Amazônia;
- The affirmation of the Sertão Mining Lease by the National Department of Mineral Production Brazil following the recent submission by SML of a (non JORC compliant) Reserve calculation at Sertão; and
- Orinoco shareholder approval of the option issue.

Amazônia has accepted in writing the terms of the agreement, and is only awaiting the translation and notarisation of a Power of Attorney to execute the Binding Terms Sheet.

“The addition of these Mining Leases to our project portfolio in central Brazil represents a major step forward in our strategy of becoming a near-term, high-grade gold producer,” said Orinoco’s Managing Director, Mark Papendieck.

“We now have several options for processing material from the decline at Cascavel, including toll treatment and the establishment of a mobile plant at Sertão, while we apply for a full-scale Mining Lease at Cascavel.”

“The other really significant dimension to this purchase is that the historical drill results show that there is clearly the potential to define additional ounces immediately beneath the Sertão open pit and for us to add a second high grade project to our portfolio with great exploration upside. The Sertão mine was a very successful high grade producer with strong geological similarities to Cascavel.”

“This is a major coup for the Company and we are pleased that part of the consideration includes the issue of options which we hope will see Troy Resources, a well-known and successful gold producer, join our securities register,” Mr Papendieck added.

-ENDS-

For further information, please contact:

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ORINOCO GOLD LIMITED (ASX: OGX) has also released a webcast with the following details:

Orinoco buys gold mine from Troy Resources next door to its flagship Cascavel Project

Speaker: Mr Mark Papendieck, Managing Director

Live date: Tue, 18 Feb 2014 10:30am AEST

Access this webcast at www.brrmedia.com/event/120588

Access other OGX webcasts at www.brrmedia.com/asx/OGX

Competent Person's Statement: The information in this presentation that relates to Exploration Results is based on information compiled by Dr Klaus Petersen who is a member of the Australasian Institute of Mining and Metallurgy and CREA. Dr Klaus Petersen is an employee of Orinoco Gold Limited and has sufficient experience, which is relevant to the style of mineralisation under consideration and to the activity that they are undertaking to qualify 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 Klaus Petersen consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Forward-Looking Statements:

This Announcement includes "forward-looking statements" as that term within the meaning of securities laws of applicable jurisdictions. Forward-looking statements involve known and unknown risks, uncertainties and other factors that are in some cases beyond Orinoco Gold Limited's control. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this presentation, including, without limitation, those regarding Orinoco Gold Limited's future expectations. Readers can identify forward-looking statements by terminology such as "aim," "anticipate," "assume," "believe," "continue," "could," "estimate," "expect," "forecast," "intend," "may," "plan," "potential," "predict," "project," "risk," "should," "will" or "would" and other similar expressions. Risks, uncertainties and other factors may cause Orinoco Gold Limited's actual results, performance, production or achievements to differ materially from those expressed or implied by the forward-looking statements (and from past results, performance or achievements). These factors include, but are not limited to, the failure to complete and commission the mine facilities, processing plant and related infrastructure in the time frame and within estimated costs currently planned; variations in global demand and price for coal and base metal materials; fluctuations in exchange rates between the U.S. Dollar, the Brazilian Real and the Australian dollar; the failure of Orinoco Gold Limited's suppliers, service providers and partners to fulfil their obligations under construction, supply and other agreements; unforeseen geological, physical or meteorological conditions, natural disasters or cyclones; changes in the regulatory environment, industrial disputes, labour shortages, political and other factors; the inability to obtain additional financing, if required, on commercially suitable terms; and global and regional economic conditions. Readers are cautioned not to place undue reliance on forward-looking statements. The information concerning possible production in this announcement is not intended to be a forecast. They are internally generated goals set by the board of directors of Orinoco Gold Limited. The ability of the company to achieve any targets will be largely determined by the company's ability to secure adequate funding, implement mining plans, resolve logistical issues associated with mining and enter into any necessary off take arrangements with reputable third parties. Although Orinoco Gold Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. Any information relating to the exploration target should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

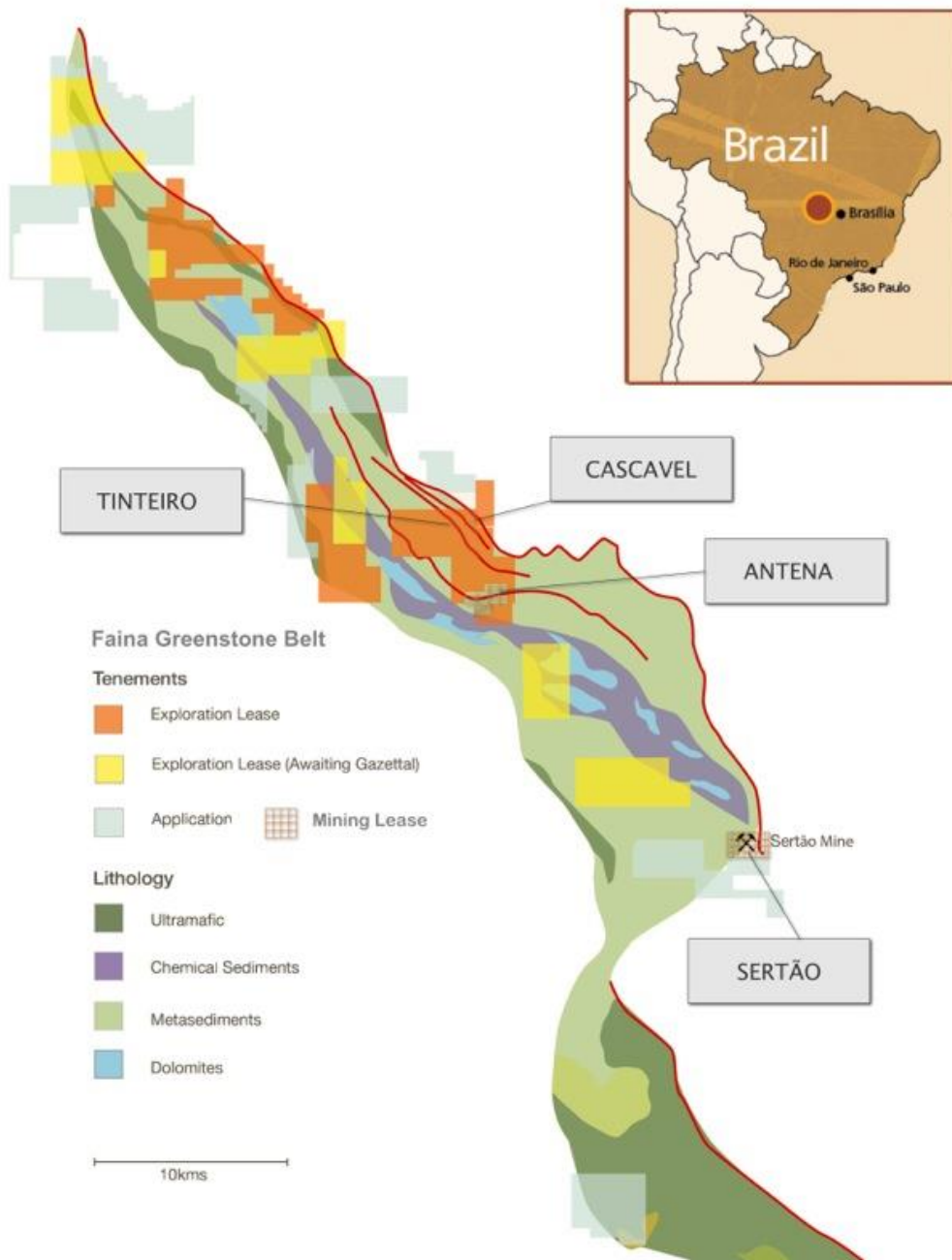


Figure 1. Location Map showing location of all Orinoco's leases including the Sertão and Antena mining leases.



Figure 2. Sertão circa 2005. Note that the plant and equipment visible at the top (NE) of the photo does not remain on site, and **does not** form part of the transaction.

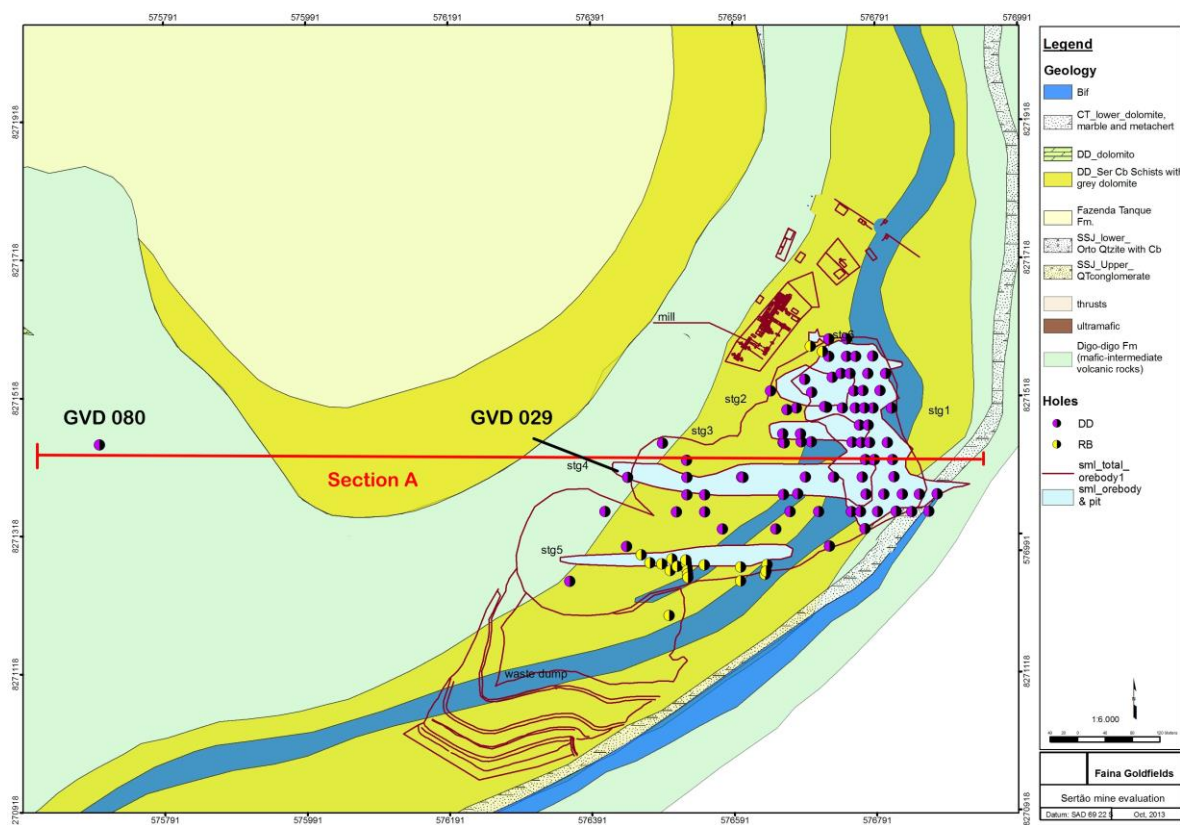


Figure 3. Map of the Sertão open pit. All holes shown on the map other than GVD 080 and GVD 029 (shown on section A over page) were in areas mined as part of Troy Resources open pit operations. Further holes, not shown on this map, were drilled outside the open pit, and Orinoco is currently compiling this information for future release.

CROSS SECTION A

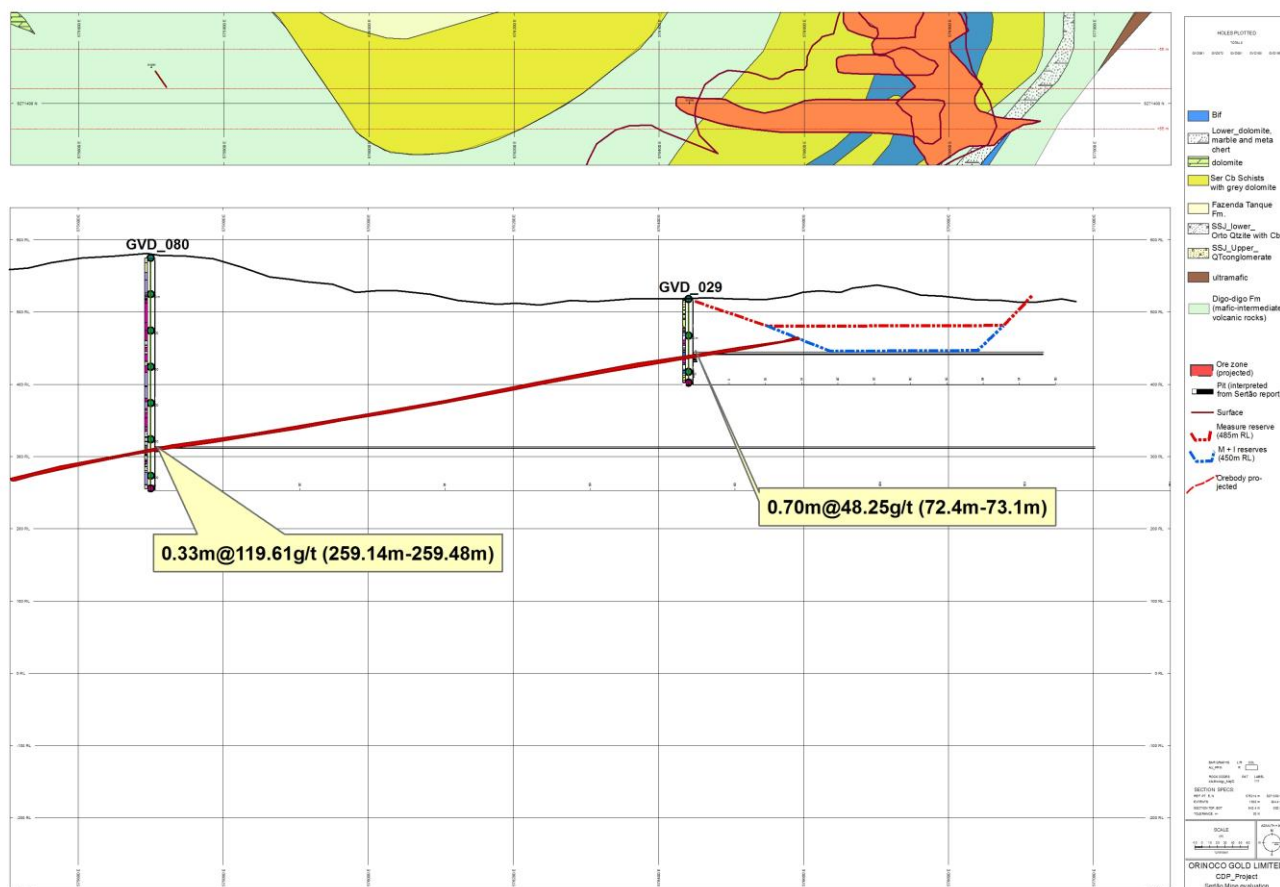


Table 1. Detail of Drillhole intersections shown on Cross Section A (historic drilling undertaken by Troy and WMC. 'Depth', 'From', 'To' and 'Intersection' values are in meters. Holes commencing with the prefix GVD are diamond drill holes.)

HoleID	UTM_E	UTM_N	UTM_RL	Depth	ZoneID	Projection	Date Drilled	From	To	Intersection	Au (g/t)
GVD029	576441.75	8271400.34	514.50	115.00	22L	Corrego Alegre	13-Nov-97	72.40	73.10	0.70	48.25
GVD080	575699.91	8271449.88	571.08	317.90	22L	Corrego Alegre	03-Oct-98	259.15	259.48	0.33	119.61

Section 1 Sampling Techniques and Data

(All information in this section has been compiled from historic reports and is not the work of Orinoco Gold Limited)

Criteria	Commentary
<i>Sampling techniques</i>	<p>Diamond Drill core sampling: drill core was sawn in half with a diamond core saw and sampled every 1m or along geological boundaries in the ore zone. Half of the core was sent to the lab and the other remains in the box. Sampling places are marked on the core tray with the sample number. The core trays are also marked with the blanks and standards samples (Source: historical reports WMC/TROY).</p> <p>Gold Mineralisation at Sertão Mine: The Sertão deposit is hosted within the Sertão horizon of the Digo-Digo formation, Santa Rita group, of the Goiás-Faina greenstone belt. The Sertão horizon comprises tholeiitic metabasaltic rocks with intercalations of banded ironstone, chert, carbonaceous schist, and dolomitic marble, cut by lamprophyre dykes. The package is approximately 100 m thick and dips gently to the west.</p> <p>Gold mineralisation at the Antena mine: The Antena deposits includes Xupé, Antena, Antena View, Antena West, and Antena South, all of which are hosted within the Digo-Digo formation of the Goiás- Faina greenstone belt. Gold mineralisation in the Antena Cluster is generally hosted in a weathered sequence of chlorite-quartz rich and chlorite-sericite rich schist. The mineralised zones strike approximately east-west and dip gently towards the south.</p>
<i>Drilling techniques</i>	<p>A mix of RAB, RC and Diamond Drilling was conducted historically. The majority of drillholes are vertically oriented although a small number are inclined at angles ranging between -50° and -80° in order to optimize the intersection angle. Collars were surveyed by theodolite</p> <p>Prior to 2004, SML contracted DDH drilling programmes with Boart Longyear GeoServ Brazil. The majority of RC drilling by SML has been undertaken using SML's own drill rig imported from Australia in 2004 and operated by SML staff. The rig uses 4.5 m drill rods and 4.5 inch diameter drill bits. The drilling was largely conducted dry. SML surveyed drillhole collars by theodolite and conducted downhole survey measurements in deeper drillholes using a Fotobor survey tool. Resource definition drilling was conducted on 20 m by 20 m centers whereas exploration target drilling was conducted on variably spaced drill centers.</p> <p>All percussion drilling was completed prior to 2004 by contract drilling companies including Serterp Ltda and Toniolo Busnello, S.A. Post 2004, SML began operating two company-owned drill rigs. A small Toyota vehicle mounted rig that uses 1.5 m drill rods, a downhole hammer, and drill bits between 3.5 and 4.5 inches in diameter. This rig is connected to a separate truck mounted compressor operating at 750 cfm. A second truck mounted Cobrasper RAB rig manufactured in Brazil using 3 m drill rods, a downhole hammer with 4.5 inch diameter drill bits was also used. The rig was also connected to a separate truck mounted compressor operating at 950 cfm.</p>
<i>Drill sample recovery</i>	Fire Assay is mainly used for gold assays (from historical reports WMC/TROY).
<i>Logging</i>	<p>The core samples are geologically logged in an appropriate level of detail for future calculation of mineral resources, mining studies and metallurgical studies (source: historical reports WMC/TROY)</p> <p>Main Hydrothermal Alteration minerals are logged quantitatively in the logging spread sheet (source: historical reports WMC/TROY).</p>
<i>Sub-sampling techniques and sample preparation</i>	RC samples were collected over intervals ranging between 0.5 m and 1.0 m. The drilled interval material was collected in a plastic bag at the main cyclone. The material from the interval was quartered and the quarter divided into two samples. One of the samples was quartered further until a volume of approximately 1.5 kg was produced, and sent to the Nomos Laboratory in Rio de Janeiro for analysis. Whenever a composite sample returned an assay of greater than 0.20 g/t Au or was of geological interest, SML submitted the corresponding 1 m sample intervals for assay. The

Criteria	Commentary
	<p>collection of both the composite and 1 m samples was completed by SML employees under the supervision of either a senior field technician or geologist.</p> <p>Diamond drill core samples: Selective sampling of altered lithologies followed geological contacts with interval lengths ranging from 0.3 m to 1.5 m. Core was split and sent to the Nomos Laboratory for analysis. After cutting, one half was placed in a plastic bag with the sample number recorded on it and processed for analysis, and the other half was returned to the core tray and stored at the exploration farm.</p>
<i>Quality of assay data and laboratory tests</i>	<p>Fire Assay is mainly used for gold assays (from historical reports WMC/TROY).</p> <p>Troy maintained QA/QC program for assay results.</p>
<i>Verification of sampling and assaying</i>	<p>Exploration quality control samples are routinely submitted at a rate of one in 30 samples, including standards, blanks, and duplicate samples. Field technicians or geologists indicate the type of QAQC sample required and allocate the sample number while the drilling is in progress. The QAQC samples are then inserted at the preparation laboratory. Standards are purchased from Gannet Holding Pty Ltd in Australia. Duplicate pulps are prepared for every fifth exploration sample. Any assays returning extremely high grades or unexpectedly low values are submitted for reanalysis initially at the SML laboratory. Samples still returning unexpected or highly variable results are sent to independent laboratories either in Brazil or internationally for further analysis. Field duplicates may be collected for round robin analysis, which comprise riffle splits from the bulk RC sample or a quarter sample of DDH core.</p>
<i>Location of data points</i>	<p>The grid systems used by WMC were UTM Corrego Alegre - Zone 22 L and UTM SAD 69 – Zone 22L.</p>
<i>Data spacing and distribution</i>	<p>Details regarding this information were not historically reported by previous project owners for the results reported in this announcement.</p>
<i>Orientation of data in relation to geological structure</i>	<p>The majority of drillholes are vertically oriented although a small number are inclined at angles ranging between -50° and -80° in order to optimize the intersection angle. Collars were surveyed by theodolite. The mineralised structure at Sertão is a shallow dipping shear zone structure (25-35°)</p>
<i>Sample security</i>	<p>All exploration control samples were secured by SML staff at all times.</p>
<i>Audits or reviews</i>	<p>An independent Geological consultancy conducted an audit of all SML data in May 2007, after the Sertão mine had closed.</p>

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Commentary
<i>Mineral tenement and land tenure status</i>	<p>The Sertão and Antena tenements will be 100% hold by Orinoco Gold Ltd subject to successful completion of all conditions precedent outlined in this announcement.</p> <p>Some locations within the project may have archaeological sites that are required to be mapped and photographed prior to removal of the sites.</p> <ul style="list-style-type: none"> • The tenement 860096/1986 (Sertão) and 860368/1995 (Antena) are mining leases and 760742/1996 (Xupé) has a mining lease application. • The remaining reserves of the Sertão and Antena Mining Leases are currently being restated to the Department of Mines (DNPM) with acceptance of the reserves by the DNPM pending. • The landholders on the mine leases and applications are private owners and a land use

Criteria	Commentary
	<p>agreement will need to be renewed.</p> <ul style="list-style-type: none"> • All mining rights are subject to environmental licence renewal.
<i>Exploration done by other parties</i>	<p>Exploration for oxide gold deposits was well developed within the belt during the last 20 years, in different cycles and by different companies. A reasonable amount of surface exploration was carried out. Soil, stream sediments and chip sampling (for gold) are relatively widespread along and around both belts. Those surface surveys detected several gold and arsenic anomalies (about 64 anomalies are described). Some of those anomalies were tested with drilling, frequently with positive results. However drilling was generally very shallow RAB drilling targeting at surface oxide deposits.</p>
<i>Geology</i>	<p>Gold mineralisation is widely distributed on the Faina Greenstone Belt, occurring on the ultramafics, felsic and mafic volcanics, on the clastic metasedimentary sequence and particularly at the chemical metasedimentary rocks.</p> <p>Golden trends seem to be very continuous also along the strike, mostly associated with the main regional scale shear zones.</p> <p>Mineralisation styles are varied on the belt. Most part of the gold mineralisation can be classified as Orogenic, mainly hosted in chemical and volcanoclastic sedimentary units. The following models can be considered, according to the available data: Shear Hosted (Orogenic) associated with carbonaceous/BIF hosts, mafic volcanic and volcanoclastic units. Paleo Placer/Conglomerate Hosted: associated with meta-conglomerates within the Proterozoic (Paleo?) transgressive clastic sequence. Au rich VHMS: hosted by younger Meso-Proterozoic intrusives in the volcanosedimentary rocks sequence in the Goiás Block, potentially in the Faina greenstone. The silver-tungsten-copper mineralisation at Cascavel has been interpreted as a carbonate replacement deposit due to the strong relationship to the impure limestone unit and crosscutting faults. Tinteiro Target shows features so far interpreted as potentially related to a late IOCG system.</p>
<i>Drill hole Information</i>	<p>All relevant data relating to the historic drill holes reported in this announcement is contained in the attached table.</p>
<i>Data aggregation methods</i>	<p>Details regarding this information were not historically reported by previous project owners for the results reported in this announcement.</p>
<i>Relationship between mineralisation widths and intercept lengths</i>	<p>A wide range of drilling was conducted by previous owners of Sertão. Generally speaking, where vertical drill holes were completed, these intersections are interpreted to represent approximately 110% of the true width, whilst angled holes appear to have been designed to intersect the mineralisation perpendicularly and will generally represent a true width intersection.</p>
<i>Diagrams</i>	<p>Diagrams relating to the results discussed in this announcement are attached to the current announcement.</p>
<i>Balanced reporting</i>	<p>This announcement is a comprehensive report of data currently available to the Company.</p>
<i>Other substantive exploration data</i>	<p>Orinoco is still working through the historical data to determine if there further substantive information exists pertaining to un-mined mineralisation.</p>
<i>Further work</i>	<p>The company is currently considering the most appropriate exploration strategy for Sertão.</p>