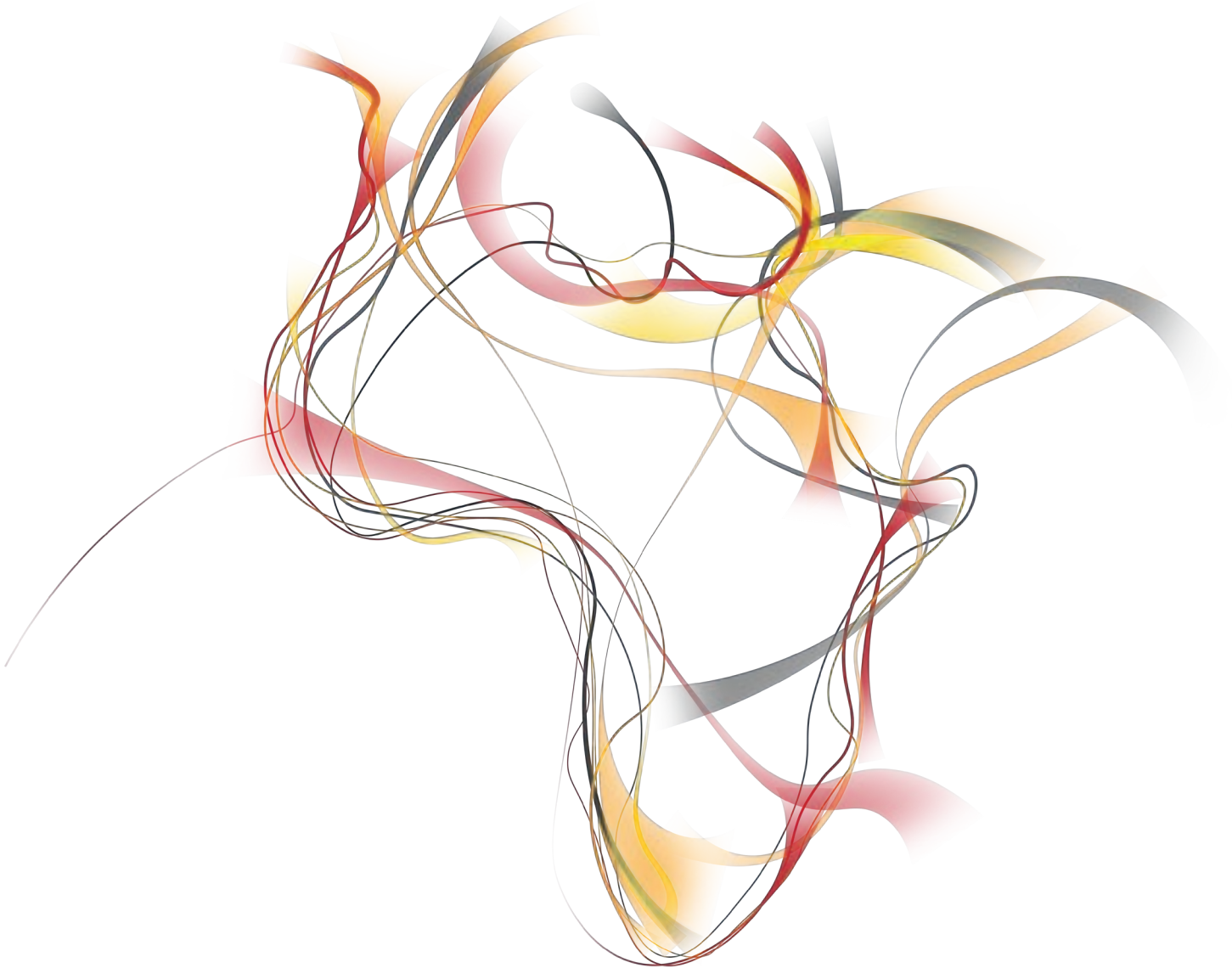




**ORIOLE**  
RESOURCES PLC



# ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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STOCK: ORR

Oriole Resources PLC is an AIM-listed exploration company, operating in Africa and Europe, focused on gold and high-value base metals.

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## INVESTMENT CASE

- Strong technical and corporate management team with proven track record
- A number of interests and royalties in companies operating throughout Africa and Turkey
- Quality exploration in gold-endowed terranes throughout Africa and Europe
- Joint venture partnership on Dalafin gold project in Senegal, reducing financial exposure
- Actively seeking further exploration opportunities





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# Highlights

## COMPANY RE-LAUNCH AND BOARD CHANGES

Repositioning of the Company during the year driven by a focused investment strategy, the appointment of a new Board of Directors and a rebrand to Oriole Resources PLC.

## BIBEMI AND WAPOUZÉ, CAMEROON

Signing of an earn-in agreement allowing the Company to earn up to a 90% interest in the Bibemi and Wapouzé licences in Cameroon. The earn-in agreement calls for spend of US\$3.12m over 4 years. During 2018 our local partner established a sample preparation laboratory in Cameroon, and we have completed a rock-chip sampling programme at Bibemi that demonstrated 'bonanza' grades. A Phase 1 trenching programme was started on the licence in late 2018 and initial results announced in March 2019 have confirmed multiple zones of orogenic-style gold mineralisation, including 6m @ 3.02 g/t Au, with individual veins returning up to 13.70 g/t Au.

## DALAFIN, SENEGAL

Signing of an earn-in agreement with IAMGOLD Corporation to fast-track exploration at the Dalafin gold project in Senegal. This licence is currently 85%-owned by Oriole. IAMGOLD can earn up to a 70% interest in the licence by spending US\$8m over 6 years and has already completed initial AC, RC and DD drilling programmes during 2018 and early 2019.

IAMGOLD is currently undertaking a c.13,000m Phase 2 AC and RC drilling programme on the southernmost Madina Bafé and Saroudia prospects as part of its year two earn-in.

## MURATDERE

Our Turkish partner, Lodos, at the Muratdere copper-gold porphyry project, has continued to invest into the project through the completion of an Environmental Impact Assessment and has informed us that we have been diluted below a 10% interest in the joint venture company. Lodos has advised us that they intend to exercise their option to convert our remaining shareholding into a 1.2% (post Turkish tax) net smelter return royalty and we are currently agreeing the necessary legal documents to do so.

## KARAAĞAC

Post year end the Company announced the triggering of a US\$0.5m success fee, receivable in instalments, from our Turkish partners on the Karaağac gold project. This supports the Company's focus on developing projects in conjunction with carefully chosen partners, which means that we can expose investors to significant exploration upside whilst also minimising the risk of dilution.

# Company information

## WHO WE ARE

Oriole Resources PLC is an exploration and development company focusing primarily on gold and high-value base metals.

The Company is incorporated and domiciled in the UK. The Company's shares are listed on the Alternative Investment Market (AIM) of the London Stock Exchange (company number: 05601091).

## OUR STRATEGY

The Company's strategic intent is to maximise shareholder value, through quality exploration in gold-endowed terranes throughout Africa (e.g. Birmanian and Archean) and Europe (Tethyan). This includes our new projects in Cameroon, where we are earning up to a 90% interest in the Bibemi and Wapouzé projects, and our 85%-owned Dalafin project in Senegal, where IAMGOLD has the option to spend US\$8m to acquire 70%.

We have interests and royalties in several projects in Turkey and Africa and are actively seeking further exploration opportunities, particularly in West Africa, to consolidate our existing geographic footprint.



## OBJECTIVES

- Fast-track exploration at Dalafin and reduce Oriole Resources' financial exposure through the conclusion of a joint-venture arrangement to bring in third-party funding and additional expertise;
- Earn-in or acquire interest in new projects where mineralisation has already been identified but where we can add value quickly through focused exploration, resource definition or expansion and progressive technical and economic studies;
- Continue to monitor its investments in other companies and support further exploration as appropriate;
- Continue with the realisation of value from existing lower-priority projects which are converting to royalty arrangements.

# Experienced management team



## TIM LIVESEY

Chief Executive Officer

- Geologist with three decades' experience in gold and base metals, with a focus on Africa, Europe and Asia
- Broad range of experience in management, exploration, advanced project development, stakeholder engagement, and government relations
- Strong track record of delivery, both at the technical and commercial level, within senior roles including exploration manager (Eurasia) for Barrick Gold Corp., Project Director (and later CEO) of Tethyan Copper Company Pty Ltd, Pakistan, COO of TSX.V-listed Reservoir Minerals Inc. and Managing Director of Rakita Exploration d.o.o., Serbia



## JOHN MCGLOIN

Non-Executive Chairman

- Geologist and graduate of Cambourne School of Mines
- Worked for many years in the mining industry before moving into consultancy
- John served as the Chairman and CEO of Amara Mining plc until 2016 when it was sold for US\$85m
- He is currently a Non-Executive Director to Caledonia Mining Corporation plc and to Perseus Mining Limited



## BOB SMEETON

Chief Financial Officer

- Trained as a chartered accountant with Price Waterhouse, qualifying in 1992, and has a BSc in Geography from Durham University
- Extensive experience of working for AIM-quoted companies, where he has been heavily involved in turnaround situations, fund raisings and acquisitions
- Previously Group Finance Director of AIM-quoted Universe Group plc and its main trading subsidiary, HTEC Limited



## DAVID PELHAM

Independent  
Non-Executive Director

- Mineral geologist with over 35 years' global exploration experience
- He has overseen the discovery and early evaluation of multiple deposits, including +6Moz Chirano Gold Mine in Ghana and Hummingbird's 4.2Moz Dugbe gold deposit in Liberia
- Non-Executive Director to AIM-quoted Cora Gold Ltd since May 2017

# Major projects

## PROJECTS

### Dalafin (Senegal):

- The Dalafin gold project lies in the Birimian-age Kédougou-Kéniéba gold belt in south-eastern Senegal;
- Oriole owns 85% through its joint-venture with local partner Energy & Mining Corporation S.A;
- Initial rotary air blast ('RAB') and aircore ('AC') drilling identified five geochemical targets at Dalafin. Follow-up trenching and reverse circulation ('RC') and diamond drilling ('DD') programmes identified promising intersections across the licence area, particularly at the Faré and Madina Bafé prospects;
- In March 2018, the Company signed a joint-venture agreement with Canadian mid-tier IAMGOLD Corporation, allowing it to earn into 51% of the Dalafin project by spending US\$4m over four years and a further 19% (total 70%) by spending an additional US\$4m over the subsequent two years;
- IAMGOLD's initial focus is on the Madina Bafé prospect, located within 10 km of its 2.49 Moz Boto gold project and on which it has at Boto reported a positive Feasibility Study. Mine permitting is expected to be approved in H1-2019;
- In H2-2018, a 2,528m AC drilling programme at Madina Bafé returned best results of 2.48 g/t Au and 0.66 g/t Au from quartz-tourmaline veins, and outlined a main >20 ppb Au WNW-trending anomaly over 1.5km in the south-east. A second 50-100 ppb Au anomaly extending over 400m was also defined 2.5km SW of an artisanal mining site;
- A follow-up programme of RC (2,260m) and DD (507m) drilling commenced in November to test these anomalies and to validate previous best intersections reported by the Company, namely 9.6m @ 16.08 g/t Au (MDBB-002) and 15m @ 16.10 g/t Au (MBRC-117). Results, announced in February 2019, confirmed orogenic-style mineralisation and delivered a best intersection of 8m @ 2.56 g/t Au;
- IAMGOLD is now progressing with its year-two earn-in for a planned c.US\$1m spend. The programme will include a Phase 2 AC (5,000m) and RC (4,000m) drilling programme at Madina Bafé, as well as a maiden AC (2,500m) and RC (1,600m) drilling programme at the Saroudia prospect, located c.2km to the NW.



### Bibemi and Wapouzé (Cameroon):

- Bibemi and Wapouzé are early-stage gold exploration projects, covering highly prospective Neoproterozoic Pan-African greenstone belts in north-eastern Cameroon;
- The Company's interests in the projects are held 100% by local company BEIG3 through its wholly-owned subsidiary, RMC Cameroon SARL, formerly held in JV with Reservoir Minerals Corporation;
- In June 2018, the Company entered into an option agreement to earn an initial 51% of both projects by funding US\$1.56m of exploration over two years. Thereafter, Oriole can earn a further 39% for an additional US\$1.56m exploration expenditure, or through the completion of a pre-feasibility study on at least one of the projects, over the subsequent two years;
- In July and August, Oriole undertook mapping and a rock-chip sampling programme on the central Bakassi area. A total of 454 rock chips samples were taken from quartz and quartz-tourmaline veins, and the host wall rock. Best results included 135.4 g/t Au, 119.7 g/t Au, 117.2 g/t Au and 107.2 g/t Au, with 16 samples returning >10 g/t Au and 43 samples assaying >1 g/t Au. The results have extended the previously defined NE-trending 'Zone 1' gold anomaly to more than 4km in strike, as well as defining parallel zones of mineralisation (100-200 m to the east) extending over 500 m;
- A Phase 1 trenching programme commenced in November to test two priority zones at Bakassi. Initial results (for 13 trenches) have confirmed multiple zones of orogenic-style gold mineralisation, including 6m @ 3.02 g/t Au, with individual veins returning up to 13.70 g/t Au;
- At the earlier-stage Wapouzé project, c.20km to the north-east, systematic soil sampling has recently been completed and results for 2,119 soil samples and 146 rocks samples are expected later this month.

## ROYALTIES & INVESTMENTS

### Thani Stratex Resources Ltd ('TSR') (Djibouti and Egypt):

- In 2014, Thani Emirates Resources Holdings and the Company combined their interests in North and East Africa. Each contributed US\$1million of working capital and the Company's initial share in the joint-venture was 40%;
- In Q1-2018, the Company increased its investment in TSR from 30.1% to 30.4% by committing further funding of £156k. In May 2018, TSR saw the cancellation of its licences in Ethiopia which resulted in the impairment of the carrying value of the licences (approximately US\$8.7 million) by TSR. The Company's share of this write-off was approximately US\$2.7 million and accordingly the carrying value of the Company's investment in TSR was reduced by this amount (Announcement dated 10 May 2018);
- The current portfolio comprises the following key projects:
  - **Anbat (Egypt):** Located within the Hodine licence, Anbat has a maiden Mineral Resource Estimate of 209,000 oz at 1.11 g/t Au within porphyry sills (Announcements dated 6 and 13 December 2017). No work was completed at Anbat during the year. The Hodine licence also includes the Hutite project which hosts a non-JORC compliant gold resource of 520,000oz.
  - **Pandora (Djibouti; 50% owned):** Located in the Afar epithermal province of the Rift Valley. In H1-2018, TSR completed Phase 2 drilling for 3,036.5 m in 18 holes. The aim of this drilling was to test the depth-extension of previously drilled mineralisation and identify potential higher-grade ore shoots within the system that could lead to the definition of a resource. Results have demonstrated broad zones of multi-gram gold mineralisation towards the north-western end of the main Pandora vein, as well as narrower zones of higher-grade mineralisation. Best results (recalculated by Oriole using a 0.2 g/t Au cut-off) included:
    - 8.30m @ 7.21 g/t Au from 144.55m, including 0.80m @ 26.10 g/t Au (Ok-D-25);
    - 10.00m @ 1.20 g/t Au from 130.00m including 5.85m @ 1.90 g/t Au (Ok-D-29);
    - 35.07m @ 1.28 g/t Au from 109.55m including 9.80m @ 3.06 g/t Au and 2.40m @ 1.75 g/t Au (Ok-D-31);
    - 1.10m @ 5.10 g/t Au from 42.00m including 0.50 m @ 9.91 g/t Au, and 1.22m @ 55.40 g/t Au from 50.38m (Ok-D-32);
    - 3.54m @ 2.35 g/t Au from 100.46m (Ok-D-33).

# Major projects

## CONTINUED

Importantly, hole OK-D-32 was drilled to intersect the west-northwest oriented Pyrrha vein, which appears to be part of the same structurally-controlled vein system as the Pandora vein, and returned 55.4 g/t Au over 1.22m from approximately 32m below surface (based on -50° drill hole inclination). The Pyrrha vein, though narrow on surface, has been mapped for over 400m and will be an important focus for additional drill testing. TSR plans to undertake preliminary metallurgical test work ahead of the next phase of drilling.

- **Assaleyta (Djibouti; 50% owned):** Located c.16 km to the north of Pandora, low-sulphidation epithermal gold occurs as high-grade veins and disseminated mineralisation in rhyolite domes. A maiden drilling programme in 2016 confirmed vertical continuity of the system to a depth of at least 175 m and returned best intercepts of 17.38 m @ 2.25 g/t Au from surface (AY-DD-01) and 1.58 m @ 8.67 g/t Au from 177.19 m (AY-DD-03). No work was completed during 2018.
- In February TSR announced its intention to spin-off of its Djibouti portfolio (Announcement dated 1 February 2018);
- Progress on the TSR licences has been limited in 2018 as the company has focused on securing alternative sources of finance to fund its exploration programmes in Egypt and Djibouti;
- At 31 December 2018, the Company's interest in TSR was 29.0%.

### Tembo Gold (Tanzania):

- The Tembo gold project is located adjacent to Acacia Mining's 20 million oz Bulyanhulu mine, within the prospective gold belt of Tanzania;
- Tembo has delivered strong drilling results in the past but, since the withdrawal of its major investor in 2014, the project was on care and maintenance until end-2018;
- In January 2018, the company's management outlined its strategy to restart the programme and this was supported by board-level changes in March 2018;
- In February 2019, the company announced a proposed raising of C\$1.5m to help deliver the new strategy. The proceeds raised from the financing will be used to support commencement of pre-feasibility study activities, utilising existing extensive drill hole data. This includes resource modelling, metallurgical testwork, preliminary process and mine design and financial modelling;
- Before the proposed financing, Oriole holds a 10.75% interest in TSX(V) quoted company Tembo Gold Corp.

### Aforo (Burkina Faso):

- In 2014, the Company signed a Purchase Agreement with Aforo Resources Limited for their Sinoe Gold Project in Liberia (Announcement dated 11 February 2014);
- Following preliminary exploration work and a total investment of £227,082, the Company decided not to invest further in Sinoe (Announcement dated 11 March 2015). The outstanding investment was converted into shares in Aforo and, following financings by Aforo in 2014 and 2015 to raise total funds of A\$130,400, the Company's interest stands at 7.84%;
- In Q1-2018, Aforo advised the Company that it has allowed the Sinoe licence to lapse and that it had sold its project in Cote d'Ivoire for gross proceeds of US\$225,000;
- During the year it also signed JV/Option agreements for three prospective Birimian-hosted gold projects in Burkina Faso:
  - Niare: a former Nordgold project ('Lagongo') with an historical resource of 98,000 oz at 1.36 g/t Au (calculated using a 0.5 g/t Au cut-off). Aforo deems there to be the potential for a significant deposit at Niare and is currently seeking to obtain historical data to confirm the existing resource estimate and to identify next steps needed to possibly expand on this resource;
  - Yamane: contiguous with the Niare licence and covers the same Sabce Shear Zone host structure. Multiple structures +10 km in length identified for immediate testing;
  - Sao: located within the highly prospective Houndé Greenstone Belt in the western part of the country, which hosts a number of multi-million ounce gold deposits and producing mines, including Semafo's 5.75 Moz Mana Mine producing 240,000 oz per annum. Licence-wide soil sampling during H2-2018 identified several weak gold anomalies; follow-up work is planned.
- Financing is currently being sought to progress exploration of the licences.

### Muratdere (Turkey):

- Muratdere is a substantial copper-molybdenum-gold porphyry system located west of Ankara with significant silver, molybdenum and rhenium credits. The project has a JORC-compliant resource of 186,000 tonnes Cu, 204,296oz Au, 3.9 million oz Ag, 6,390 tonnes Mo and 17,594kg;
- In March, Lodos confirmed that the Company's interest had fallen below 10%. This shareholding will be converted to a 1.2% (post Turkish tax) Net Smelter Return ('NSR') royalty once Lodos exercises its option to do so.



## Other Turkish projects:

### Karaağac Gold project:

- Karaağac is located 300 km west-south-west of Ankara. Mineralisation is hosted by an outcropping thrust zone and altered limestone;
- In February 2015, the Company signed an agreement with Turkish company Anadolu, 96%-owned by Istanbul-listed ODAŞ Elektrik, and the licence was transferred to Anadolu in return for a commitment by them to spend up to US\$1.5m on exploration and drilling at the project within two years. At the time of signing, the project had an inferred non-JORC resource of 156,789 oz Au and was valued in the Company's financial accounts at around £53,000 (Announcement dated 2 February 2015);
- Permitting delays led to an extension to the two-year exploration period (Announcement dated 21 December 2017) but in March 2019 Anadolu confirmed the definition of a JORC-2012 compliant Measured, Indicated and Inferred resource of 348,150 oz Au and 2,832,036 oz Ag (0.2 g/t cut-off);
- Under the terms of the Agreement, definition of this JORC-resource has triggered the payment by Anadolu of a US\$0.5m success-based fee. Oriole will now receive staged payments of US\$25,000 per month for a period of 20 months, with the first payment received for February 2019;
- On 10 September 2018, Anadolu submitted an Environmental Impact Assessment report to the Urban and Environment Ministry. Following review by the Ministry's technical committee and a period of public review (ended 9 November 2018 with no objections), the report is now pending final approval;

- Anadolu is yet to advise of its intentions regards to mine development but Oriole retains a 1.5% NSR royalty on any future mineral production.

### Hasançelebi and Doğala projects:

- Hasançelebi is a high-sulphidation epithermal gold-silver project located 500 km south-east of Ankara. Doğala is a grassroots exploration project, located approximately 225 km to the west of Hasançelebi. It is prospective for high-sulphidation gold mineralisation;
- In February 2018, the Company's wholly-owned subsidiary, Stratex Madencilik Sanayi ve Ticaret Limited Şirketi ('Stratex Madencilik'), signed an exploration agreement with TET Madencilik Ltd. Şti. ('TET') for the Hasançelebi and Dogala licences which will result in a US\$0.5m success-based payment on delivery of a minimum 100,000 oz indicated or measured JORC-compliant gold resource (with a 0.3 g/t cut off), defined within the oxide and transition zones, at Hasançelebi (Announcement dated 15 February 2018);
- The Company will also receive a 1.5% NSR royalty on any future precious metals production at the licences, and a 5% NSR royalty on future production of other metals or industrial raw minerals.

Further details on the above Oriole projects and investments can be found on the Company's website:

[www.orioleresources.com](http://www.orioleresources.com)

# Chairman's statement



**“We are confident we have achieved an efficient cost base model that allows us to focus our available funds on delivering shareholder value by maximising our exploration efforts.”**

**John McGloin**

Non-Executive Chairman

2018 has been a year of transformation for the Company. Within the space of 12 months, the Company has changed its name, appointed a whole new Board of Directors and implemented a new strategy focused on early-stage exploration, building on the core strengths of the Company's Directors and management team.

The Company's strategy is to develop a portfolio of exploration projects for gold and base metals, and identify potential partners to take them into the advanced exploration and mine development stages. To this end, we regularly review potential new projects and maintain an active dialogue with mining companies.

## New Management Team

Tim Livesey was appointed Chief Executive Officer on 1 March 2018, replacing Dr Bob Foster. Tim brings a wealth of experience in the sector having spent three decades working from generative exploration, through to operations and mine production. He has been involved in the exploration and advancement of several world class deposits, with roles including: Project Director and later CEO of Tethyan Copper Company (at the Reko Diq JV between Barrick and Antofagasta); Managing Director, Saudi Arabia for Barrick Gold; Chief Operating Officer at Reservoir Minerals Inc; and Managing Director of Rakita Exploration (at the Newsun 'Cukaru Peki' project). Tim has also successfully run his own consulting company and holds several Board and Advisory positions within the sector.

Following the retirement of Perry Ashwood, Bob Smeeton was appointed Chief Financial Officer on 4 June 2018 and three months later David Pelham and I completed the full refresh of the Board, with Peter Addison and Chris Worcester stepping down. We thank Peter, Perry and Chris for their service and are pleased to have retained the technical services of Dr Bob Foster on a consultancy basis.

The new Board brings many years of experience across the sector, and in global financial markets, and it is committed to delivering shareholder value. A key first step in that was to relaunch the Company under its new name, Oriole Resources PLC. This was accomplished in the General Meeting of the Company held on 4 September 2018.

## Operations

### Dalafin, Senegal

On 1 March 2018, the Company announced that it had successfully contracted with IAMGOLD Corporation ('IAMGOLD') for its Dalafin project in Senegal ('Dalafin'). Oriole currently holds 85% equity in the company that owns the Dalafin licence and the agreement with IAMGOLD allows them to earn a 70% interest in the licence over a 6-year period by spending US\$8.0m. Initial drilling work has commenced and the first year spend commitment of US\$0.5m has been reached and exceeded. Drilling results announced so far have confirmed mineralisation within multiple zones at the Madina Bafé target in the south of the licence area. This target is a priority for IAMGOLD as it falls within 10 kilometres of its 2.49Moz Boto gold project, where they have applied for a mining licence.

In February 2019, IAMGOLD outlined its year-two work programme. The US\$1m exploration programme will continue to focus on Madina Bafé and will include 5,000m regional AC drilling, to extend the previous 2018 campaign northwards, and 4,000m RC drilling to follow-up on best results from the 2018 AC, RC and diamond drilling programmes. They will also step north to test the Saroudia prospect, located c.2km north-west of Madina Bafé. An initial 2,500m AC drilling programme will test the most prospective area as defined previously by Oriole. Subject to results of the AC drilling, a 1,600m RC programme is planned to follow-up on any trends identified.

### Bibemi and Wapouzé, Cameroon

With the Dalafin project being operated by IAMGOLD from March, the Company's experienced exploration teams could focus on new projects and opportunities and on 12 June 2018, we were delighted to announce the completion of an earn-in agreement with Bureau d'Etudes et d'Investigations Géologique-minières, Géotechniques et Géophysiques SARL ('BEIG3'), a well-established Cameroonian company with strong in-country technical and logistic support, for its two early-stage gold exploration projects in northern Cameroon, Bibemi and Wapouzé. Strong progress has been made in Cameroon, with an in-country preparation lab established by BEIG3 and a steady stream of work, including rock-chip

sampling and an 8,742m Phase 1 trenching programme at Bibemi and a systematic soil sampling programme at Wapouzé.

At Bibemi, preliminary results have been encouraging, with bonanza grades reported on 27 November 2018 from the rock-chip sampling programme and initial results from the Phase 1 trenching confirming multiple zones of orogenic-style gold mineralisation, including 6m @ 3.02 g/t Au, and individual veins returning up to 13.70 g/t Au. The remaining results are anticipated in late Q1/early Q2 2019 and infill Phase 2 trenching is already underway on key zones for a planned 4,360m. At the Wapouzé project, results from the systematic soil sampling are expected later this month.

### Investments and Royalty positions

The new Board has inherited a range of investment and potential royalty positions from the previous management team. We take an active interest in managing these positions, including taking Board positions where appropriate, with an ultimate goal of maximising shareholder value. These positions provide a potential source of funding for the Group which we aim to use to minimise future equity fund raisings, although timing and quantum of proceeds are not easily predictable. The most significant positions are set out below.

#### Thani Stratex Resources Ltd ('TSR')

Oriole maintains a monitoring role in the management of TSR and has non-Executive Board representation. In Egypt, TSR has 100% ownership of the Anbat project located within the Hodine licence. In December 2017, it announced a maiden JORC 2012-compliant Mineral Resource Estimate of 209,000 oz at 1.11 g/t Au within porphyry sills (Announcements dated 6 and 13 December 2017). No work was completed at Anbat during the year. The Hodine licence also includes the Hutite project which hosts a non-JORC compliant resource of 520,000oz Au.

TSR also has a 50% interest in two epithermal gold projects, in Djibouti: Pandora and Assaleyta. In the first half of 2018, TSR completed phase 2 drilling for 3,036.5 m in 18 holes. Results have demonstrated broad zones of multi-gram gold mineralisation towards the north-western end of the main outcropping Pandora vein, with narrower zones

of higher-grade mineralisation (Announcement dated 19 April 2018).

Progress in both Egypt and Djibouti has been limited during 2018 as TSR has been seeking funding for the drill programmes that are required to progress each of the projects. We understand management are continuing to pursue potential funding sources and we await developments in this regard.

#### Karaağac

At the Company's former Karaağac gold project in Turkey, the current owner, Anadolu Export Maden Sanayi ve Ticaret Limited Şirketi ('Anadolu'), has confirmed an Indicated resource significantly in excess of the 50,000 ounces of gold necessary to trigger the success-based payment due to Oriole upon reaching of that milestone. A payment agreement of US\$25k per month over 20 months has been agreed and, with the payment for February 2019 having already been received, we expect to receive the majority of the US\$0.5m due under the agreement during 2019.

#### Muratdere

At the Muratdere gold project in Turkey, our joint-venture partner, Lodos Maden Yatırım Sanayii ve Ticaret A.Ş. ('Lodos'), has committed to ongoing expenditure throughout 2019, with a focus on developing the Environmental Impact Assessment programme. Consequently, we have been diluted to an interest of less than 10%, which enables Lodos to exercise an option to convert our position to a 1.2% (post Turkish tax) royalty, and that process is currently under way. Lodos has made good progress on the project and has been working on the Environmental Impact Assessment with a view to moving towards construction and mining over the next two years.

#### Hasançelebi and Doğala

At two of the Company's gold projects in Turkey, Hasançelebi and Doğala, the Company has signed an exploration agreement with Turkish private company TET Madencilik Ltd Sti ('TET'). Progress to date has been slow, however, we expect exploration work to increase during 2019. Oriole will manage the exploration programme and so its operational overheads in Turkey will be further reduced as costs will be recharged to TET.

# Chairman's statement

## CONTINUED

### Financial Review

Whilst we are reporting a loss for the year of £4.66m (2017: £5.40m), of that, £3.47m is related to our minority holding in TSR. Excluding TSR, the Group reported reduced administrative costs of £1.81m, 26% down on the prior year and a £0.52m credit relating to our successful VAT appeal.

Looking forward, the conclusion of the VAT situation will reduce advisor costs by approximately £0.17m. Additionally, we recently announced the successful application for Research and Developments credits, relating to 2016, on our exploration activities which brought £0.04m cash back in February 2019 and should bring further income going forward.

We are confident we have achieved an efficient cost base model that allows us to focus our available funds on delivering shareholder value by maximising our exploration efforts.

### Outlook

In 2019, we need to build on the foundations we have put in place during 2018. With a new Board and an excellent team of experienced geologists, there is a great opportunity for the Company to establish itself as a high-quality exploration company. Whilst funding has been difficult for the industry for many years, we have a good base of investment and royalty assets which we are gradually monetising, and exciting exploration projects in which to invest. We remain alert to other interesting projects that may become available and are encouraged by the recent rise in the gold price and potential opportunities arising from the merger of Barrick and Randgold, and the proposed acquisition of Goldcorp by Newmont.

On behalf of Oriole's Board of Directors, I would like to express our appreciation and thanks to all of our employees for their efforts and hard work during the past year.

**John McGloin**

Non-Executive Chairman

12 March 2019

# Strategic report

Oriole Resources PLC

Company number: 05601091

Registered office: 180 Piccadilly, London, W1J 9HF, UK

The Directors present their strategic report on the Group for the year ended 31 December 2018.

## Strategic management

Principal Activities:

The principal activity of the Group is the exploration and development of gold and other high-value base metals projects.

### Strategic approach:

The Board's strategy is to establish the Company as a leading value-adding project-generator in our chosen mineral specialisations and in our geographic areas of operation. We seek to acquire exposure to new frontier districts throughout Africa and Europe, and continually review new opportunities in order to add to our exploration portfolio. The Board is committed to developing a portfolio of projects that cover a range of mineral deposits across multiple jurisdictions, thus mitigating sovereign, technical and operational risks.

The Group finances its activities through the monetisation of more advanced projects and through periodic capital raisings.

### Organisation overview:

Following the shareholder requisition in November 2017, the Company needed to put the events of 2017 behind it. Consequently, the Company has undergone significant managerial change, a strategy review and a rebrand. Managerial change started on 1 March with the appointment of Tim Livesey as Chief Executive Officer and the subsequent appointments of Bob Smeeton, John McGloin and David Pelham saw a full refresh of the Board of Directors during the year. The Board remains ably supported by a management team who, for many years, have delivered successful exploration projects across Turkey and Africa.

### The Board of Directors

The Board is responsible for providing strategic direction for the Group, setting objectives and management policies and agreement on performance criteria. The Board monitors compliance with objectives and policies of the Group through monthly performance reporting, budget updates and operation reviews.

The current composition of the Board is two Executive Directors and two Non-Executive Directors. The Board believes the composition of the Board provides an appropriate mix to conduct the Group's affairs at the present time.

### The Audit Committee

The Audit Committee provides a formal review of the effectiveness of the internal control systems, the Group's financial reports and results announcements, and the external audit process. It comprises John McGloin (Non- Executive Chairman) and David Pelham (Independent Non-Executive Director). The external auditors and Bob Smeeton, the Chief Financial Officer, attend by invitation when appropriate.

No internal control issues requiring disclosure were identified during 2018.

### The Remuneration Committee

The Remuneration Committee provides a formal and transparent review of the remuneration of the Executive Directors and senior employees and makes recommendations to the Board on individual remuneration packages. This includes the award of non-contractual performance-related bonuses and share options. Remuneration packages are designed to reward, motivate, retain and recruit individuals. Bonuses are only paid in recognition of performance.

It comprises John McGloin (Non-Executive Director Chairman) and David Pelham (Independent Non-Executive Director). No Director took part in discussions concerning the determination of their own remuneration.

## Business environment

The price of gold fell 2% during the year, from an opening position of US\$1,303 per ounce, to US\$1,281 at 31 December 2018. During the year, the price fell as low as US\$1,177 per ounce in September but has rallied strongly since then and is above US\$1,300 at the time of this report. With continued economic uncertainty, gold's reputation as a safe haven is leading to upward pressure on its price. The junior sector will benefit from this increasing gold price. Since 2012, exploration budgets and teams have been cut in the major gold producers, and resource pipelines have not been replenished. The need to replenish resources will drive the need for funding into early-stage exploration. The junior exploration sector will benefit from this and with a rising gold price, we expect to see increased appetite for investment into our sector.

# Strategic report

## CONTINUED

### Principal risks and uncertainties

The Group's operations are exposed to a variety of risks, many of which are outside of the Company's control.

#### Exploration Industry Risks:

Mineral exploration is speculative in nature, involves many risks and is frequently unsuccessful. Following any discovery, it can take a number of years from the initial phases of drilling and identification of mineralisation until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish mineral reserves and to construct mining and processing facilities. As a result of these uncertainties, no assurance can be given that the exploration programmes undertaken by the Group will result in any new commercial mining operations being brought into operation. Government activity, which could include non-renewal of licences, may result in any income receivable by the Group being adversely affected. In particular, changes in the application or interpretation of mining and exploration laws and/or taxation provisions in the countries in which the Group operates could adversely affect the value of its interests.

These risks are mitigated as much as possible by building and maintaining a pipeline of projects at various stages of development, by employing highly experienced and highly trained geologists, both at Board level and at the operational level and by maintaining good relationships with the Governments of the countries in which we operate.

#### Political risks:

All of the Group's operations are located in a foreign jurisdiction. As a result, the Group is subject to political, economic and other uncertainties, including but not limited to, changes in policies or the personnel administering them, terrorism, nationalisation, appropriation of property without fair compensation, cancellation or modification of contract rights, foreign exchange restrictions, currency fluctuations, export quotas, royalty and tax increases and other risks arising from foreign governmental sovereignty over the areas in which these operations are conducted, as well as risks of loss due to civil strife, acts of war, guerrilla activities and insurrection.

The Board only conducts operations in those countries with a stable political environment and which have established acceptable mining codes. The Company adheres to all local laws and pays heed to local customs.

#### Financial and liquidity risks:

The main financial risks facing the Group are the availability of adequate funding and fluctuations in foreign exchange rates.

The Group's main source of finance is the monetisation of projects, supported where necessary, by the issue of share capital. Tight budgetary and financial controls are maintained across the Group. The Group only deals with high-quality banks. It does not hold derivatives, does not trade in financial instruments, does not engage in hedging arrangements and does not enter into binding commitments for exploration expenditure.

Tight budgetary and financial controls are maintained across the Group. The use of interest-bearing deposit accounts is maximised and cash flow forecasts are constantly updated and reviewed by the Board.

The financial exposure of the Group, for a number of its exploration projects, is substantially reduced by partnering with third parties in exploration joint ventures.

#### Foreign exchange risks:

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Turkish Lira, Euro and US Dollar.

The Group's exposure to foreign exchange movements is set out in Note 21 of the Accounts. Risks to exchange movements are mitigated by minimising the amount of funds held overseas. All treasury matters are handled centrally in the UK. All requests for funds from overseas operations are reviewed and authorised by Board members. The Group does not hedge its exposure to foreign currencies and recognises the profits and losses resulting from currency fluctuations as and when they arise.

As the Group does not operate within the European Union, the Directors currently anticipate that the impact on the business of the UK's exit from the European Union will be limited to the effects of potential increased foreign exchange fluctuations. As a result of these fluctuations, it is expected that the reported results of the Group may decline in the short-to medium-term. However, the Directors do not expect there to be any significant lasting impact.

#### Liquidity risk:

The Group's liquidity risk is considered to be insignificant.

The Group does not enter into binding commitments for exploration expenditure. Cash forecasts are updated continuously. The financial exposure of the Group is substantially reduced by partnering with third parties in exploration joint ventures.

## Business performance

The Group's main operations are split between active exploration projects and the management of our investment and royalty positions.

### Active Exploration projects:

The Group entered 2018 with one active exploration project, namely the Dalafin gold project in eastern Senegal. Exploration work in earlier years had advanced this project to the point where significant further exploration expenditure had become justified. On 1 March 2018, the Company signed an agreement with Canadian-listed gold miner IAMGOLD Corporation ('IAMGOLD'), giving them the option to earn up to 70% of the licence in a two-stage process by spending up to US\$8 million on exploration. The earn-in is progressing at an encouraging pace (announcements dated 31 May 2018, 25 October 2018, 6 February 2019 and 28 February 2019). The main exploration targets currently being pursued by IAMGOLD are in the south of the licence area, within 20 kilometres of their 2.49Moz Boto gold project, where they have recently applied for a mining licence (IAMGOLD Announcement 6 November 2018). IAMGOLD is in the second year of its earn-in, with a planned US\$1m exploration programme currently underway on the Madina Bafé and Saroudia prospects.

In line with the strategic intent to expand and diversify the exploration portfolio, on 12 June the Company signed an earn in agreement with BEIG3 to gain an interest in the Bibemi and Wapouzé licences in northern Cameroon. Early-stage exploration work has commenced on both licences, with the rock-chip sampling programme at Bibemi delivering high-grade gold (announcement dated 19 November 2018). Final results from a Phase 1 trenching programme at Bibemi are pending and results are also expected shortly from a recently-completed soil sampling programme at Wapouzé.

### Investment and royalty positions:

The Company invested a further £156k in **Thani Stratex Resources Ltd ('TSR')** during the year to maintain its c.30% shareholder interest. From June 2018 the Board decided not to continue funding TSR and accepted that its shareholding would be diluted down to 29% at the year end. Progress on the TSR licences has been limited in 2018 as the company has focused on securing alternative sources of finance to fund its exploration programmes in Egypt and Djibouti. We maintain a position on the TSR Board of Directors and actively engage with the management team to ensure we are fully aware of their plans and operations.

At the Company's former **Karaağac** gold project in Turkey, Anadolu Export Maden Sanayi ve Ticaret Limited Şirketi ('Anadolu') has confirmed a JORC 2012-compliant Indicated Resource of 156,798oz, which is the trigger for a success-based payment of US\$500k to Oriole. We have agreed payment terms for this debt and expect the majority to be received in 2019. Oriole also retains a 1.5% net smelter return royalty on any future mineral production. The Oriole team in Turkey are assisting with the exploration.

In February 2016, the Board took the decision not to contribute its pro rata share of financing in the **Muratdere** copper-gold project in northern Turkey.

Our joint-venture partner, Lodos Maden Yatırım Sanayii ve Ticaret A.Ş. ('Lodos') has continued to develop the project and we have consequently been diluted to below a 10% interest, which under the terms of the joint-venture agreement will trigger dilution to a royalty position, of 1.2% post-Turkish tax, once Lodos exercise their option to do so.

## Financial Review:

The Group's loss after tax for the year was £4,661k (2017: loss of £5,402k). This figure includes a loss of £2,042k arising from our investment in TSR, following the relinquishment of TSR's licences in Ethiopia in May. In addition, the Board has recognised an impairment provision of £1,430k against the carrying value of TSR.

Administration expenses of £1,806k (2017: £2,442k) were 26% lower than the previous year, reflecting the Group's reduced cost base and its return to a focus on earlier-stage exploration.

A number of one-off costs impacted the 2017 results, with £5,060k of one-off items recognised, somewhat offset by the recognition of £2,883k profit on the sale of the interest in the Altintepe mine in Turkey. The 2017 one-off items included a provision for a VAT repayment of £557k which was the subject of a long-running dispute with the UK tax authorities. This dispute has now been successfully resolved and £516k of that accrual has been released to the Income Statement in 2018, with the cash expected to be received from HMRC early in Q2 of 2019.

The Group ended the year with a cash balance of £1,287k, a decrease in the year of £752k. Incoming funds included a net £1,061k from the share placing in June 2018 and £821k from the repayment of the loan made to Crusader Resources Limited in 2017. £229k was invested into our early stage exploration projects in Cameroon. A further £156k was invested in TSR to maintain our c.30% interest early in the year, although the Board decided not to contribute to further funding rounds from June onwards.

# Strategic report

## CONTINUED

### Future developments

The Company regularly reviews potential new exploration projects at various stages of development, and based within the European and African time-zones.

### Key performance indicators

The Board monitors the following KPIs on a regular basis:

#### Finance related:

- Share price versus its peer group;
- Funding and cash flow forecasts;
- Overheads as a percentage of total expenditure.

#### Project related:

- Metres drilled;
- Acquisition of new licence areas;
- Exploration expenditure by project.

### Corporate Governance

The Chairman of the Board of Directors of Oriole Resources PLC ('Oriole' or 'the Company' or 'the Group' or 'we/our') has a responsibility to ensure that Oriole has a sound corporate governance policy and an effective Board.

The Board has adopted the Quoted Companies Alliance (QCA) Corporate Governance Code in line with the London Stock Exchange's recent changes to the AIM Rules requiring all AIM-quoted companies to adopt and comply with a recognised corporate governance code. The QCA code identifies ten principles to be followed in order for companies to deliver growth in long-term shareholder value, encompassing effective management with regular and timely communication to shareholders. This report follows the structure of those principles and explains how we have applied the guidance as well as disclosing any areas of non-compliance.

We will provide annual updates on our compliance with the code. The Board considers that the Group complies with the QCA code so far as is practicable having regard to the size, nature and current stage of development of the Company.

The sections below set out how the Group applies the ten principles of the QCA code and sets out areas of non-compliance.

Key governance changes during the year include the formal adoption of the QCA code.

### Principle 1: Establish a strategy and business model which promotes long-term value for shareholders

The Company is a gold and base metals exploration specialist, with operations in Africa and Turkey. Our goal is to deliver long-term value for our shareholders. We aim to do this by identifying good quality grassroots and early-stage exploration projects. Consequently we:

- use our expertise to identify those areas with economically feasible deposits;
- assess the business environment of the target country and its attractiveness for prospecting and eventual mining operation;
- understand existing interests in a licence area in order to ensure we can earn-in to existing interests on terms favourable to our shareholders.

Early-stage mineral exploration is by its nature speculative and we aim to reduce the risks inherent in the industry by careful application of funds throughout individual projects. We do that by:

- Reviewing existing exploration data;
- Establishing close in-country partnerships for our projects;
- Applying the most appropriate cost-effective exploration techniques in order to determine whether further work, using increasingly expensive exploration techniques, is justified; and
- Appreciating the likely realisation routes that will be available to us as the project moves towards development.

### Principle 2: Seek to understand and meet shareholder needs and expectations

The Company is committed to engaging with its shareholders to ensure that its strategy, operational results and financial performance are clearly understood. We engage with our shareholders via roadshows, attending investor conferences and through our regular reporting on the London Stock Exchange. Roadshows are typically timed to follow the release of interim and final results. The Company regularly takes part in investor conferences, both in the UK and internationally. LSE announcements include details of the website, Twitter page and include phone numbers to contact the Company and its professional advisors.



### Private shareholders

The AGM is the main forum for dialogue with retail shareholders and the Board. The Notice of Meeting is sent to shareholders at least 21 days before the meeting. All Directors attend the AGM and are available to answer questions raised by shareholders. For each vote, the number of proxy votes received for, against and withheld is announced at the meeting. The results of the AGM are announced via the London Stock Exchange. In addition, the Executive Directors regularly attend investor forums specific to the mining industry and engage with shareholders at those events. Investors can contact us via our website (<https://www.orioleresources.com>) or by email ([info@orioleresources.co.uk](mailto:info@orioleresources.co.uk)).

Retail shareholders also regularly attend investor evenings held by our brokers or other industry bodies and we publicise our attendance via LSE announcements and Twitter. In addition, our up-to-date corporate presentation is made available on our website.

### Institutional shareholders

The Directors actively seek to build a relationship with institutional shareholders. Shareholder relations are managed primarily by the Chief Executive Officer and Chief Financial Officer. The Chief Executive Officer and Chief Financial Officer make presentations to institutional shareholders and analysts throughout the year, mainly in London and Cape Town through events such as Mines and Money and 121 Group. We also have ad-hoc meetings with our shareholders via conference call and email. The Board as a whole is kept informed of the views and concerns of major shareholders by the Chief Executive Officer. Any significant investment reports from analysts are also circulated to the Board. The Non-Executive Chairman and Non-Executive Director are available to meet with major shareholders if required to discuss issues of importance to them and are considered to be Independent from the executive management of the Company.

#### **Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long term success.**

Aside from our shareholders, our most important stakeholder groups are our employees, local partners and those local communities that may be impacted by our exploration activities. The Board is regularly updated on stakeholder issues and their potential impact on our business to enable the Board to understand and consider these issues in decision-making. The Board understands that maintaining the support of all its stakeholders is paramount for the long-term success of the Company.

### Employees

We maintain only a small permanent staff across the UK, Africa and Turkey and as such employee engagement with the Executive Directors is frequent with a scheduled weekly team call as well as daily meetings and discussions. We aim to provide an environment which will attract, retain and motivate our team and monitor the effectiveness by regular one-on-one discussions and a recently introduced annual appraisal system. We have recently published a new employee handbook in order to provide a comprehensive document detailing all the policies and procedures covering all aspects of employment with Oriole Resources PLC. Our key value underpinning the Employee Handbook is to treat all employees fairly and equally and to promote ethical behaviour, diversity and non-discrimination.

Relevant, cost-effective training courses are available to all employees and are discussed during the bi-annual appraisal process.

### Local partners and communities

Our operations provide employment in remote areas of developing countries. Essential to our success is the establishment of close working relationships with local partners. We seek local partners who have a good understanding of the local exploration and mining industry and regulations within their country, and with the capacity and capability to assist with the management and maintenance of the project.

We are mindful of our obligations to the local environment and operate to high levels of health and safety in respect of both our local workers and the local community. Employee training focuses on operating safely and considerately in these communities. Engagement with local communities is dependent on jurisdiction and the stage of exploration but is typically by public forum or with local or regional leaders, including site visits and workshops. Social projects in the local communities are dependent on local need and also the stage of exploration/level of project investment. Examples of our previous social projects include drilling new boreholes for drinking water, provision of medical clinics, supply of equipment to a local school and building a new road.

As projects move forward, towards potential mining activities, we seek to bring in partners who can credibly make the investments to move towards mine production. In doing so we have regard for their ability and desire to move projects forward, their industry reputation and their commitment to treating the local communities fairly and protecting the environment. We enter agreements that allow us to monitor their activities and have monthly updates on project progress.

# Strategic report

## CONTINUED

### Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

#### Audit, risk and internal control

##### Financial controls

The Company has an established framework of internal financial controls, the effectiveness of which is regularly reviewed by the Executive Management, the Audit Committee and the Board. The key financial controls are:

- The Board is responsible for reviewing and approving overall Company strategy, approving new exploration projects and budgets, and for determining the financial structure of the Company including treasury, tax and dividend policy. Monthly results and variances from plans and forecasts are reported to the Board;
- The Audit Committee, comprising the two Non-Executive Directors, assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper internal business, and operational and financial controls;
- Regular budgeting and forecasting is performed to monitor the Company's ongoing cash requirements and cash flow forecasts are circulated to the Board on a monthly basis;
- Actual results are reported against budget and prior year and are circulated to the Board;
- The Company has an investment appraisal system that considers expected costs against a range of potential outcomes arising from the exploration opportunities that we are invited to participate in;
- Regular reviews of exploration results are performed as the basis for decisions regarding future expenditure commitment;
- Due to the international nature of the business there are, at times, significant foreign exchange rate movement exposures. Cash flow forecasting is done at the 'required currency' level and foreign currency balances are maintained to meet expected requirements; and
- For exploration projects, we manage the risk of failure to find economic deposits by low cost early stage exploration techniques, with detailed analysis of results. Moving projects to more expensive exploration techniques requires a rigorous review of results data prior to deciding whether to proceed with further work.

#### Non-financial controls

The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group. The principal elements of the Group's internal control system include:

- Close management of the day-to-day activities of the Group by the Executive Directors
- An organisational structure with defined levels of responsibility, which promotes entrepreneurial decision-making and rapid implementation while minimising risks; and
- Central control over key areas, such as capital expenditure authorisation and banking facilities.

The Group reviews at least annually the effectiveness of its system of internal control, whilst also having regard to its size and the resources available. As part of the Group's plans, we continue to review a number of non-financial controls covering areas such as regulatory compliance, business integrity, health and safety, and corporate social responsibility. All employees are aware of their obligations under anti-bribery and corruption legislation and detailed information is provided in the Employee Handbook. In addition, whistle-blowing procedures have been established and publicised to all employees.

### Principle 5: Maintaining the Board as a well-functioning, balanced team led by the Chair

The Board comprises the Non-Executive Chairman, two Executive Directors and one Non-Executive Director. During the current financial year, Peter Addison, Non-Executive Chairman, retired and was replaced by John McGloin, as Independent Non-Executive Chairman. David Pelham was appointed as an independent Non-Executive Director following the retirement of Chris Worcester from that role. Both Non-Executive Directors have extensive experience in the mining industry, are qualified geologists and have considerable experience of serving on the Board of public companies.

The Board is satisfied that it has a suitable balance between independence on the one hand, and knowledge of the Company and industry on the other, to enable it to discharge its duties and responsibilities effectively. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational.

The Board aim to meet at least monthly. The agenda is set by the Company Secretary in consultation with the Chairman and CEO. The standard agenda points include:

- Review of previous meeting minutes and actions arising there from;
- A report by the CEO covering all operational matters;
- A report from the CFO covering all financial matters;
- Any other business, including update of Register of Conflicts

#### Directors' conflict of interest

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board. A Register of Conflicts is maintained and is a standard agenda item at each Board Meeting. The Board has access to the Company's nominated adviser, its brokers and its lawyers. The advisors do not typically provide materials for Board meetings except if requested to do so for the purposes of discussing upcoming regulations and other issues.

Board meetings are deemed quorate if two Board members are present and providing 7 days' notice of such meeting has been given and waived by the non-attending Directors.

Directors and Officers Liability insurance is maintained for all Directors and key employees.

The table below sets out the attendance statistics for all current Board members through 2018:

	Meetings attended	Meetings held since appointment as a Director
Tim Livesey	12	12
Bob Smeeton	9	9
John McGloin	4	4
David Pelham	4	4

#### Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, particularly so in the area of gold and base metal exploration and development. All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings by the Company Secretary. Contracts are available for inspection at the Company's registered office and at the Annual General Meeting ('AGM').

New Directors are selected having regards to the Company's needs for a balance of operational, industry, legal and financial skills. Experience of the Mining industry, and in particular the exploration sector, is important but not critical, as is experience of running a public company.

All Directors retire by rotation at regular intervals in accordance with the Company's Articles of Association.

#### Appointment, removal and re-election of Directors

The Board makes decisions regarding the appointment and removal of Directors, and there is a formal, rigorous and transparent procedure for appointments. The Company's Articles of Association require that one-third of the Directors must stand for re-election by shareholders annually in rotation; that all Directors must stand for re-election at least once every three years; and that any new Directors appointed during the year must stand for re-election at the AGM immediately following their appointment.

#### Independent advice

All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense from lawyers, the nominated adviser, brokers and other professional advisers that they deem relevant. In addition, the Directors have direct access to the advice and services of the Company Secretary and Chief Financial Officer.

#### Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

During 2018 the Board of Directors has been fully refreshed. Over the next 12 months we intend to review the performance of the team as a unit to ensure that the members of the Board collectively function in an efficient and productive manner. Over the same period the Non-Executive Directors will be seeking to set clear and relevant objectives for the Executive Directors, and for the Board as a whole.

#### Principle 8: Promote a culture that is based on ethical values and behaviours

The Board aims to lead by example and do what is in the best interests of the Company. We operate in remote and under-developed areas and ensure our employees understand their obligations towards the environment and in respect of anti-bribery and corruption.

Details of the Company's values are set out in the Employee Handbook that was published to all employees during 2018. This document brings together various policies that have been distributed to all employees previously. A weekly call attended by all employees serves to refresh and re-iterate the Company's ethical standards as they apply to the operational issues that are discussed on that call.

# Strategic Report

## CONTINUED

**Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board**

### Board programme

The Board aims to meet monthly and as and when required. The Board sets direction for the Company through a formal schedule of matters reserved for its decision. During the year to December 2018, the Board met for twelve scheduled meetings. The Board and its Committees receive appropriate and timely information prior to each meeting; a formal agenda is produced for each meeting and Board and Committee papers are distributed by the Company Secretary several days before meetings take place. Any Director may challenge Company proposals and decisions are taken democratically after discussion. Any Director who feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting, which are then circulated to all Directors. Any specific actions arising from such meetings are agreed by the Board or relevant Committee and are then followed up by the Company's management.

### Roles of the Board, Chairman and Chief Executive Officer.

The Board is responsible for the long-term success of the Company. There is a formal schedule of matters reserved to the Board. It is responsible for overall Group strategy; approval of exploration projects; approval of the annual and interim results; annual budgets; dividend policy; and Board structure. It monitors the exposure to key business risks. There is a clear division of responsibility at the head of the Company. The Chairman is responsible for running the business of the Board and for ensuring appropriate strategic focus and direction.

The Chief Executive Officer ('CEO') is responsible for proposing the strategic focus to the Board, implementing it once it has been approved and overseeing the management of the Company. The CEO, together with the Chief Financial Officer ('CFO') and other senior employees, is responsible for establishing and enforcing systems and controls, and liaison with external advisors. The CEO has responsibility for communicating with shareholders, assisted by the CFO and other senior employees.

All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The business reports monthly on its headline performance against its agreed budget, and the Board reviews the monthly update on performance and any significant variances are reviewed at each meeting. Senior executives below Board level attend Board meetings when deemed appropriate by the CEO or Chairman, to present business updates.

### Board committees

The Board is supported by the Audit and Remuneration committees. Each committee has access to such resources, information and advice as it deems necessary, at the cost of the Company, to enable the committee to discharge its duties. The two committees comprise both of the Non-Executive Directors.

The Audit Committee provides a formal review of the effectiveness of the internal control systems, the Group's financial reports and results announcements and the external audit process. The Committee meets twice per year to review the published financial information and to meet with the Auditors.

The Remuneration Committee provides a formal and transparent review of the remuneration of the Executive Directors and senior employees and makes recommendations to the Board on individual remuneration packages. The Committee met once during the year.

The committees have not provided separate reports for the current financial period, but intend to do so for next year's report.

**Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year results announcements, the Annual General Meeting ('AGM') and one-to-one meetings with large existing or potential new shareholders. The Company regularly posts LSE announcements covering operational and corporate matters, such as drilling results and significant changes in ownership positions across historic projects in which it still retains an investment. A range of corporate information (including all Company announcements and a corporate presentation) is also available to shareholders, investors and the public on the Company's corporate website, [www.orioleresources.com](http://www.orioleresources.com) and also on its Twitter feed @OrioleResources.

The Board receives regular updates on the views of shareholders through briefings and reports from Investor Relations, the CEO, CFO and the Company's brokers. The Company communicates with institutional investors frequently through briefings with management. In addition, analysts' notes and brokers' briefings are reviewed to achieve a wide understanding of investors' views.

### Events after the Reporting Period

This Strategic Report was approved by the Board of Directors on 12 March 2019.

**Tim Livesy**  
Chief Executive Officer

# Directors' report

## Oriole Resources PLC

Company number: 05601091

The Directors present their report, together with the Financial Statements and auditor's report, for the year ended 31 December 2018.

## Change of Name

On 4 September 2018 the Company changed its name from Stratex International PLC to Oriole Resources PLC

## General Information

Certain information required by the Companies Act 2006 relating to the information to be provided in the Directors' Report is set out in the Group Strategic Report and includes: principal activities, future developments, principal risks and uncertainties and events after the end of the reporting period.

## Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Under that law the Directors have prepared the Group and Parent Company Financial Statements in accordance with International Financial Reporting Standards (IFRS's) as adopted by the European Union.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and Group as at the end of the financial year and of the profit and loss of the Group for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the Financial Statements comply with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business. The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the website is the responsibility of the Directors. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the information contained in the Financial Statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements and other information included in annual reports may differ from legislation in other jurisdictions.

The Company is compliant with AIM Rule 26 regarding the Company's website.

## Directors and their interests

The current Directors are listed on page 3. Changes to the Board are set out below:

Peter Addison (resigned 3 September 2018)

Dr Robert Foster (resigned 1 March 2018)

Perry Ashwood (resigned 4 June 2018)

Christopher Worcester (resigned 3 September 2018)

Tim Livesey (appointed 1 March 2018)

Robert Smeeton (appointed 4 June 2018)

John McGloin (appointed 3 September 2018)

David Pelham (appointed 3 September 2018)

In compliance with the Company's Articles of Association, Robert Smeeton, John McGloin and David Pelham, all having been appointed since the last AGM, will retire and, being eligible, offer themselves for re-election.

# Directors' Report

## CONTINUED

Those Directors serving at the end of the year, or at the date of this report, had beneficial interests in the issued share capital and share options of the Company as follows:

	As at 31 December 2018		As at 31 December 2017	
	Ordinary shares	Share options	Ordinary shares	Share options
Tim Livesey	4,746,800	6,000,000	–	–
Robert Smeeton	2,000,000	2,000,000	–	–
John McGloin	–	–	–	–
David Pelham	–	–	–	–
<b>Total</b>	<b>6,746,800</b>	<b>8,000,000</b>	–	–

The remuneration paid to Directors was:

2018	Salaries and other short-term benefits		Termination benefits	Post-employment benefits		Total £
	Salary £	Taxable benefits £	Severance pay £	Pension £	Share based payments £	
Peter Addison (resigned 3 September 2018)	26,320	–	9,750	–	–	36,070
Dr Bob Foster (resigned 1 March 2018)	2	–	–	24,998	–	25,000
Perry Ashwood (resigned 4 June 2018)	53,463	1,492	67,427	–	1,145	123,527
Chris Worcester (resigned 3 September 2018)	20,921	–	7,750	496	3,434	32,601
Tim Livesey (appointed 1 March 2018)	125,000	–	–	2,375	11,259	138,634
Robert Smeeton (appointed 4 June 2018)	66,923	–	–	1,338	2,276	70,537
John McGloin (appointed 3 September 2018)	12,000	–	–	–	–	12,000
David Pelham (appointed 3 September 2018)	9,333	–	–	–	–	9,333
<b>Total</b>	<b>313,962</b>	<b>1,492</b>	<b>84,927</b>	<b>29,207</b>	<b>18,114</b>	<b>447,702</b>

2017	Salaries and other short-term benefits			Termination benefits	Post-employment benefits		Total £
	Salary £	Bonus £	Taxable benefits £	Severance pay £	Pension £	Share based payments £	
Peter Addison	39,000	9,750	–	–	–	3,370	52,120
Dr Bob Foster (appointed 7 November 2017)	22,885	–	–	–	–	1,237	24,122
Perry Ashwood	128,312	32,078	3,529	–	–	3,880	167,799
Chris Worcester	31,000	7,250	–	–	382	7,637	46,269
Marcus Engelbrecht (resigned 6 November 2017)	169,744	50,000	–	100,000	3,197	48,084	371,025
Emma Priestley (resigned 17 October 2017)	21,496	6,750	–	–	282	3,321	31,849
<b>Total</b>	<b>412,437</b>	<b>105,828</b>	<b>3,529</b>	<b>100,000</b>	<b>3,861</b>	<b>67,529</b>	<b>693,184</b>

#### Substantial shareholdings

As at 12 March 2019, the Company was aware of the following holdings of 3% or more in the Company's issued share capital:

Shareholder	Number of shares	% of issued share capital
Preston Road Limited	53,710,219	7.65
Blackrock Investment Management	37,150,904	5.29
Teck Cominco Limited	35,727,487	5.09
Orion Trust	26,469,925	3.77
Hawk Investment Holdings Limited	26,000,000	3.71

#### Provision of information to Auditor

The Directors who held office at the date of this report confirm that, so far as they are individually aware, there is no relevant audit information of which the Company's auditors are unaware and the Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

#### Auditor

PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

Approved by the Board on 12 March 2019 and signed on its behalf.

**Robert Smeeton**

Company Secretary

# Independent auditor's report

## Opinion

We have audited the financial statements of Oriole Resources Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018 which comprise the Statement of Consolidated Comprehensive Income, the Statement of Consolidated and Parent Company Financial Position, the Statement of Consolidated and Parent Company Changes in Equity, the Statement of Consolidated and Parent Company Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

### In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2018 and of the Group's and parent company's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Our application of materiality

Group materiality 2018	Group materiality 2017	Basis for materiality
£250k	£250k	2% of gross assets

Our calculation of materiality has remained in line with 2017. Despite a decrease in the Group's assets, we consider there to be a lower level of inherent risk in the current year due to a decline in operations and exploration activities, as well as minimal changes in Group structure and shareholdings within the Group. We therefore consider that this level of materiality remains appropriate.

We consider gross assets to be the most significant determinant of the Group's financial position and performance used by shareholders, with the key financial statement balances being exploration and evaluation assets, investments in associates, and cash levels. The going concern of the Group is dependent on its ability to fund operations going forward, as well as on the valuation of its assets, which represent the underlying value of the Group. We have therefore based our assessment of materiality on the gross asset basis.

Whilst materiality for the financial statements as a whole was set at £250k, each significant component of the Group was audited to a headline materiality ranging between £35k - £250k with a performance materiality set at 70%. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. At the planning stage materiality is used to determine the financial statement areas that are included within the scope of our audit and the extent of sample sizes during the audit.



We agreed with the audit committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of £12.5k (2017: £12.5k). There were no misstatements identified during the course of our audit that were individually, or in aggregate, considered to be material.

### **An overview of the scope of our audit**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgements by the Directors and considered future events that are inherently uncertain. As in all of our audit, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

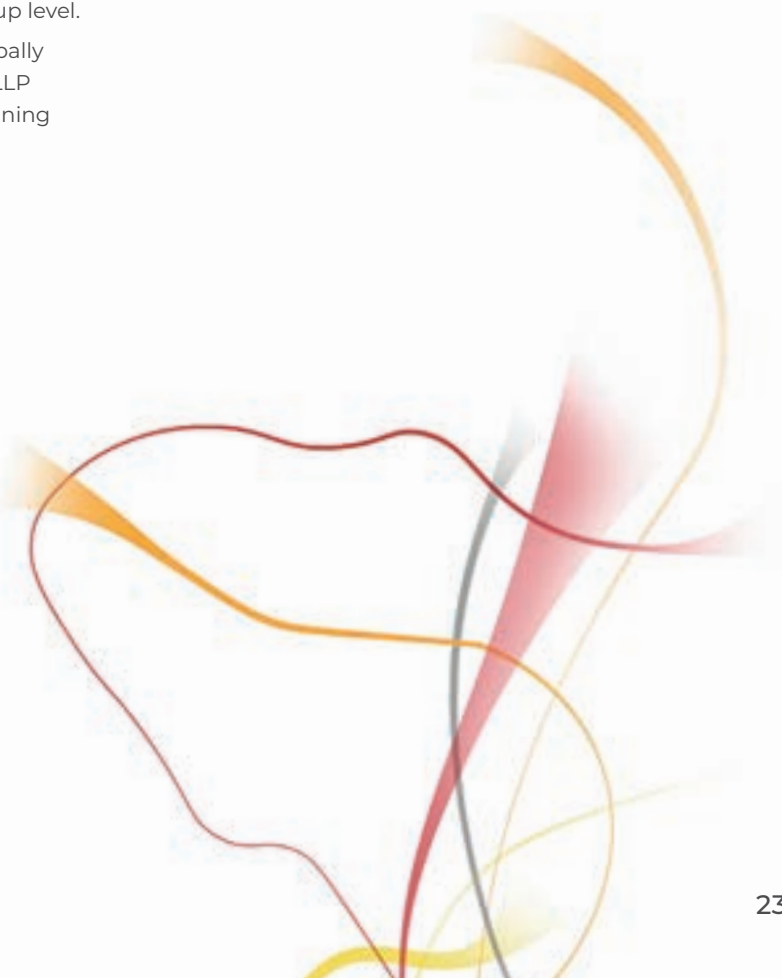
Our Group audit scope focused on the principal areas of operation, being East & West Africa, Turkey, and UK. The Group comprises 7 components and we assessed the significance of each component to the Group audit. On this basis, 4 components were subject to full scope audits. For the remaining 3 entities we performed specific audit procedures to address the significant and identified risks at Group level.

The audits of each of these components were principally performed in London, conducted by PKF Littlejohn LLP using a team with specific experience of auditing mining exploration entities and publicly listed entities.

The Turkish component was audited by a component auditor and the Group audit team issued group reporting instructions, reviewed and challenged their findings. Impairment considerations were performed at Group level for all entities and their underlying assets.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



# Independent auditor's report

## CONTINUED

### Key Audit Matter

Capitalisation and impairment of exploration and evaluation expenditure under IFRS 6

#### GROUP & COMPANY

The Group holds exploration and evaluation assets of £6.8m which relate to the Dalafin project in Senegal and the new Bibemi & Wapouzé projects in Cameroon in respect of which the Group has undertaken exploration work during the year.

There is a risk that the costs capitalised do not meet the recognition criteria under IFRS 6, and that the carrying value of exploration assets is overstated.

### How the scope of our audit responded to the key audit matter

Our work included the following:

- Reviewing the exploration and evaluation expenditures to assess their eligibility for capitalisation under IFRS 6 by corroborating to source documentation;
- Obtaining the current exploration licenses to ensure that they remain valid;
- Considering the Group's future plans for each license area and ensuring that activity and expenditure thereto was planned and in line with any minimum spend requirements;
- Enquiries of management over the future plans for each license, including obtaining cashflow projections where necessary and corroborating to minimum spend requirements attached to licences;
- Considering the indicators of impairment listed in IFRS 6 to ascertain whether these have been triggered;
- Reviewing costs incurred in relation to new projects in Cameroon during the year and ensuring these costs have been capitalised as exploration assets in accordance with the Group's accounting policy.

Based on the audit work performed we do not consider Intangible assets to be materially misstated in the financial statements and we consider the disclosures made thereon to be appropriate.

Valuation of investments in associates and subsidiaries (including intercompany receivables)

#### GROUP & COMPANY

There is a risk of material misstatement regarding the recoverability of investments in associates and investments in subsidiaries (including intercompany receivables i.e. the net investment in each subsidiary).

The carrying value of investments in associates and net investment in subsidiaries is ultimately dependent on the value of the underlying assets. Many of the underlying assets are exploration projects which are at an early stage of exploration making it difficult to definitively determine their value. Valuations for these sites are therefore based on judgments and estimates made by the Directors - which leads to a risk of misstatement.

Similar considerations apply to the recoverability of loans to Group undertakings disclosed as investments.

Our work included the following:

- Reviewing management's impairment considerations and calculations for all investments held and corroborating to supporting source documents;
- Reviewing the draft audit report of Thani Stratex Resources Limited (also audited by PKF Littlejohn LLP) and obtaining an understanding of the work performed, including corroborating information included in management's impairment assessment;
- Reviewing component auditor responses in relation to Stratex Madencilik to ensure that no impairment indicators exist;
- Reviewing the value of the net investment in subsidiaries against the underlying assets and corroborating the judgements/estimates used by management to assess the recoverability of investments and intercompany receivables; and
- Consideration of the IFRS 6 impairment indicators in relation to the exploration and evaluation assets on which the valuation of investments largely depends.

Based on the audit work performed we do not consider investment balances to be materially misstated.

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the Group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

# Independent auditor's report

## CONTINUED

### Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the Group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and parent company financial statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Joseph Archer**  
(Senior Statutory Auditor)

For and on behalf of PKF Littlejohn LLP  
Statutory Auditor  
1 Westferry Circus  
Canary Wharf  
London E14 4HD  
12 March 2019



# Statement of consolidated comprehensive income

Continuing operations	Notes	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Revenue		–	–
Administration expenses	9	(1,806)	(2,442)
Other (losses)/profits	7	(741)	(5,060)
<b>Operating loss</b>		<b>(2,547)</b>	<b>(7,502)</b>
Finance income		67	46
Share of losses of associates	15	(2,042)	(141)
Loss on change of ownership interest	6	(98)	(14)
Profit on sale of investment assets	8	–	2,883
<b>Loss before income tax</b>		<b>(4,620)</b>	<b>(4,728)</b>
Income tax charge	11	(41)	(20)
<b>Loss for the year from continuing operations</b>		<b>(4,661)</b>	<b>(4,748)</b>
Loss from discontinued operation, net of tax	17	–	(654)
<b>Loss for the year</b>		<b>(4,661)</b>	<b>(5,402)</b>
<b>Other comprehensive income for the year</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Exchange differences on translating foreign operations		134	(924)
<b>Items that may not be subsequently reclassified to profit or loss</b>			
Change in fair value of equity investments at fair value through other comprehensive income		(167)	–
<b>Other comprehensive income for the year, net of tax</b>		<b>(33)</b>	<b>(924)</b>
<b>Total comprehensive income for the year</b>		<b>(4,694)</b>	<b>(6,326)</b>
<b>Loss for the year attributable to:</b>			
Owners of the Parent Company		(4,574)	(5,282)
Non-controlling interests	26	(87)	(120)
<b>Loss for the year</b>		<b>(4,661)</b>	<b>(5,402)</b>
Total comprehensive income for the year attributable to:			
Owners of the Parent Company - continuing operations		(4,607)	(5,184)
Owners of the Parent Company - discontinued operations		–	(890)
Owners of the Parent Company		(4,607)	(6,074)
Non-controlling interests		(87)	(252)
<b>Total comprehensive income for the year</b>		<b>(4,694)</b>	<b>(6,326)</b>
Earnings per share for losses from continuing and discontinued operations attributable to the owners of the Company (expressed in pence per share).			
– basic and diluted, continuing operations	23	(0.77)	(1.01)
– basic and diluted, discontinued operations	23	–	(0.12)

The notes on pages 34 to 61 form part of these financial statements.

# Statement of consolidated financial position

Company number: 05601091

	Notes	As at 31 December 2018 £'000	As at 31 December 2017 £'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	14	27	8
Intangible assets	13	6,780	6,484
Investments in equity-accounted associates	15	2,250	5,524
Financial assets at fair value through other comprehensive income	16	414	–
Financial assets at fair value through profit and loss	16	–	–
Available-for-sale financial assets	16	–	581
Trade and other receivables	18	–	29
Deferred tax asset	19	111	198
		<b>9,582</b>	<b>12,824</b>
<b>Current Assets</b>			
Trade and other receivables	18	783	976
Cash and cash equivalents	20	1,287	2,039
		<b>2,070</b>	<b>3,015</b>
<b>Total Assets</b>		<b>11,652</b>	<b>15,839</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	22	4,908	4,673
Share premium	22	21,253	20,427
Other reserves	25	1,701	1,683
Retained earnings		(16,427)	(11,853)
<b>Total equity attributable to owners of the Company</b>		<b>11,435</b>	<b>14,930</b>
Non-controlling interest	26	(103)	(16)
<b>Total Equity</b>		<b>11,332</b>	<b>14,914</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Employee termination benefits		30	35
<b>Current Liabilities</b>			
Trade and other payables	27	290	890
<b>Total Liabilities</b>		<b>320</b>	<b>925</b>
<b>Total Equity and Liabilities</b>		<b>11,652</b>	<b>15,839</b>

The notes on pages 34 to 61 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 12 March 2019 and were signed on its behalf by:

**John McGloin**  
Non-Executive Chairman

**Robert Smeeton**  
Chief Financial Officer

# Statement of consolidated changes in equity

	Attributable to owners of the Company					Non-controlling interest £'000	Total equity £'000
	Share capital £'000	Share premium £'000	Other reserves (see note 25) £'000	Retained earnings £'000	Total £'000		
<b>Balance at 1 January 2017</b>	<b>4,673</b>	<b>20,427</b>	<b>2,589</b>	<b>(6,757)</b>	<b>20,932</b>	<b>2,860</b>	<b>23,792</b>
Loss for the year	–	–	–	(5,282)	(5,282)	(120)	(5,402)
Other comprehensive income	–	–	(792)	–	(792)	(132)	(924)
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>(792)</b>	<b>(5,282)</b>	<b>(6,074)</b>	<b>(252)</b>	<b>(6,326)</b>
Share-based payments	–	–	72	–	72	–	72
Share options cancelled	–	–	(186)	186	–	–	–
<b>Total contributions by and distributions to owners of the Company</b>	<b>–</b>	<b>–</b>	<b>(114)</b>	<b>186</b>	<b>72</b>	<b>–</b>	<b>72</b>
Transaction with Non-controlling interest	–	–	–	–	–	(2,624)	(2,624)
<b>Total changes in ownership interests in subsidiaries that do not result in a loss of control</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(2,624)</b>	<b>(2,624)</b>
<b>Total transactions with owners, recognised directly in equity</b>	<b>–</b>	<b>–</b>	<b>(114)</b>	<b>186</b>	<b>72</b>	<b>(2,624)</b>	<b>(2,552)</b>
<b>Balance at 31 December 2017 and 1 January 2018</b>	<b>4,673</b>	<b>20,427</b>	<b>1,683</b>	<b>(11,853)</b>	<b>14,930</b>	<b>(16)</b>	<b>14,914</b>
Loss for the year	–	–	–	(4,574)	(4,574)	(87)	(4,661)
Other comprehensive income	–	–	(33)	–	(33)	–	(33)
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>(33)</b>	<b>(4,574)</b>	<b>(4,607)</b>	<b>(87)</b>	<b>(4,694)</b>
Issue of share capital net of expenses	235	826	–	–	1,061	–	1,061
Share-based payments	–	–	51	–	51	–	51
<b>Total contributions by and distributions to owners of the Company</b>	<b>235</b>	<b>826</b>	<b>51</b>	<b>–</b>	<b>1,112</b>	<b>–</b>	<b>1,112</b>
<b>Balance at 31 December 2018</b>	<b>4,908</b>	<b>21,253</b>	<b>1,701</b>	<b>(16,427)</b>	<b>11,435</b>	<b>(103)</b>	<b>11,332</b>

The notes on pages 34 to 61 form part of these financial statements.

# Statement of consolidated cash flows

	Notes	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
<b>Cash flow from operating activities:</b>			
<b>Net cash used in operating activities</b>	28	<b>(2,259)</b>	<b>(2,593)</b>
<b>Cash flow from investing activities:</b>			
Purchase of property, plant and equipment	14	(25)	(7)
Proceeds from disposal of property, plant and equipment		2	–
Purchase of intangible assets	13	(229)	(32)
Investment in associate company	15	(156)	(451)
Costs related to aborted acquisition	7	–	(1,621)
Loan to third parties	18	787	(906)
Tax paid on former joint venture		–	(796)
Proceeds from sale of available-for-sale financial assets		–	6,047
Proceeds from disposal of discontinued operation	17	–	547
Interest received		67	46
<b>Net cash generated from investing activities</b>		<b>446</b>	<b>2,827</b>
<b>Cash flow from financing activities:</b>			
Funds from the issue of shares		1,061	–
Funds received from partners		–	116
<b>Net cash generated from financing activities</b>		<b>1,061</b>	<b>116</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(752)</b>	<b>350</b>
Cash and cash equivalents at beginning of the period		2,039	1,689
<b>Cash and cash equivalents at end of the period</b>	20	<b>1,287</b>	<b>2,039</b>

The notes on pages 34 to 61 form part of these financial statements.



# Statement of company financial position

Company number: 05601091

	Notes	As at 31 December 2018 £'000	As at 31 December 2017 £'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	14	25	2
Intangible assets	13	186	–
Financial assets at fair value through other comprehensive income	16	227	–
Available-for-sale financial assets	16	–	227
Investments in equity-accounted associates	15	1,458	1,302
Investment in subsidiaries	12	3,762	6,177
		<b>5,658</b>	<b>7,708</b>
<b>Current Assets</b>			
Trade and other receivables	18	665	986
Cash and cash equivalents	20	1,243	2,004
		<b>1,908</b>	<b>2,990</b>
<b>Total Assets</b>		<b>7,566</b>	<b>10,698</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	22	4,908	4,673
Share premium	22	21,253	20,427
Other reserves	25	527	476
Retained earnings	32	(19,296)	(15,570)
<b>Total Equity</b>		<b>7,392</b>	<b>10,006</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	27	174	692
		<b>174</b>	<b>692</b>
<b>Total Equity and Liabilities</b>		<b>7,566</b>	<b>10,698</b>

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company has not been separately presented in these accounts. The Parent Company loss for the year was £3,726,000 (2017: £12,760,000).

The notes on pages 34 to 61 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 12 March 2019 and were signed on its behalf by:

**John McGloin**  
Non-Executive Chairman

**Robert Smeeton**  
Chief Financial Officer

# Statement of company changes in equity

	Share capital £'000	Share premium £'000	Other Reserves (see note 25) £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 January 2017</b>	<b>4,673</b>	<b>20,427</b>	<b>590</b>	<b>(2,996)</b>	<b>22,694</b>
Comprehensive income for the year:					
- loss for the year	-	-	-	(12,760)	(12,760)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,760)</b>	<b>(12,760)</b>
Share-based payments	-	-	72	-	72
Share options cancelled	-	-	(186)	186	-
<b>Total contributions by and distributions to owners of the Company</b>	<b>-</b>	<b>-</b>	<b>(114)</b>	<b>186</b>	<b>72</b>
<b>Balance at 31 December 2017 and 1 January 2018</b>	<b>4,673</b>	<b>20,427</b>	<b>476</b>	<b>(15,570)</b>	<b>10,006</b>
Comprehensive income for the year:					
- loss for the year	-	-	-	(3,726)	(3,726)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,726)</b>	<b>(3,726)</b>
Issue of share capital net of expenses	235	826	-	-	1,061
Share-based payments	-	-	51	-	51
<b>Total contributions by and distributions to owners of the Company</b>	<b>235</b>	<b>826</b>	<b>51</b>	<b>-</b>	<b>1,112</b>
<b>Balance at 31 December 2018</b>	<b>4,908</b>	<b>21,253</b>	<b>527</b>	<b>(19,296)</b>	<b>7,392</b>

The notes on pages 34 to 61 form part of these financial statements.

# Statement of company cash flows

	Notes	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
<b>Cash flow from operating activities:</b>			
<b>Net cash used in operating activities</b>	28	<b>(1,771)</b>	<b>(1,591)</b>
<b>Cash flow from investing activities:</b>			
Purchase of property, plant and equipment	14	(25)	(5)
Investment in intangible assets	13	(186)	–
Funding of subsidiary exploration companies		(572)	(619)
Investment in associated company	15	(156)	(451)
Proceeds from sale of available-for-sale financial asset		–	547
Costs related to aborted acquisition		–	(1,620)
Loan to third party	18	821	(906)
Interest received		67	45
<b>Net cash used in investing activities</b>		<b>(51)</b>	<b>(3,009)</b>
<b>Cash flow from financing activities</b>			
Dividend received from subsidiary		–	5,076
Net proceeds from share issue		1,061	–
<b>Net cash generated from financing activities</b>		<b>1,061</b>	<b>5,076</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(761)</b>	<b>476</b>
Cash and cash equivalents at beginning of the period		2,004	1,528
<b>Cash and cash equivalents at end of the period</b>	20	<b>1,243</b>	<b>2,004</b>

The notes on pages 34 to 61 form part of these financial statements.

# Notes to the financial statements

## 1. GENERAL INFORMATION

The principal activity of Oriole Resources PLC ('the Company') and its subsidiaries (together 'the Group') is the exploration and development of precious and high-value base metals. The Company's shares are quoted on the AIM Market of the London Stock Exchange. The Company is incorporated and domiciled in the UK.

The address of its registered office is  
180 Piccadilly, London, W1J 9HF.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements were prepared under the historical cost convention as modified by the measurement of certain investments at fair value.

#### Going Concern

It is the prime responsibility of the Board to ensure the Company and the Group remains a going concern. At 31 December 2018 the Group had cash and cash equivalents of £1.3m and no borrowings. In early 2019, the Group expect to receive £0.5m from HMRC in relation to a VAT refund. Having considered the prepared cashflow forecasts and Group budgets and considering current cash levels following receipt of the VAT refund, the Directors consider it appropriate to continue to adopt the going concern basis in the preparation of the financial statements.

### Changes in Accounting Policies

#### a) New and amended standards adopted by the Group

The following IFRSs or IFRIC interpretations were effective for the first time for the financial year beginning 1 January 2018. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

Standards / interpretations	Application
IFRS 15	Revenue from contracts with customers
Annual Improvements	2014 – 2016 Cycle (IFRS 1 & IAS 28)
IFRIC 22 - revisions	Foreign Currency Transactions and Advance Consideration
IFRS 9	Financial Instruments
IFRS 2 amendments	Measurement of share-based payment transactions

	31 December 2017 as presented £'000	IFRS9 £'000	1 January 2018 as restated £'000
Financial assets at FVOCI	–	581	581
Available for sale financial assets	581	(581)	–

#### b) New and amended standards not yet adopted by the Group

Standards / interpretations	Application
IFRS 16	Leases: Effective 1 January 2019
IFRIC 23	Uncertainty over tax treatments: Effective 1 January 2019
IFRS 9 amendments	Prepayment Features with Negative Compensation: Effective 1 January 2019
IFRS 28 amendments	Long-term Interests in Associates and Joint Ventures: Effective 1 January 2019*
Annual Improvements	2015 – 2017 Cycle: Effective 1 January 2019*
IFRS 19 amendments	Plan Amendment, Curtailment or Settlement: Effective 1 January 2019*
IFRS 3 amendments	Business Combinations: Effective 1 January 2020*
IAS 1 & IAS 8 amendments	Definition of Material: Effective 1 January 2020*

\*Subject to EU endorsement

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company or Group.

## 2.2 Basis of consolidation

Oriole Resources PLC was incorporated on 24 October 2005 as Stratex International PLC. On 21 November 2005 the Company acquired the entire issued share capital of Stratex Exploration Ltd by way of a share-for-share exchange. The transaction was treated as a Group reconstruction and was accounted for using the merger accounting method.

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. The acquisition method is used to account for the acquisition of subsidiaries.

Any contingent consideration is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or a liability is recognised in accordance with IAS 39 either in profit or loss or as a change in other comprehensive income. The unwinding of the discount on contingent consideration liabilities is recognised as a finance charge within profit or loss.

Acquisition related costs are expensed as incurred.

The Group measures goodwill at the acquisition date as the excess of the fair value of the consideration transferred, plus the recognised amount of any non-controlling interests, less the recognised amount of the identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All significant intercompany transactions and balances between group entities are eliminated on consolidation.

When the Group ceases to consolidate a subsidiary as a result of losing control and the Group retains an interest in the subsidiary and the retained interest is an associate, the Group measures the retained interest at fair value at that date and the fair value is regarded as its cost on initial recognition. The difference between the net assets de-consolidated and the fair value of any retained interest and any proceeds from disposing of a part interest in the subsidiary is included in the determination of the gain or loss on disposal. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that subsidiary had directly disposed of the related assets or liabilities.

Associates are all entities over which the Group has significant influence but not control over the financial and operating policies.

References to joint venture agreements do not refer to arrangements which meet the definition of joint ventures under IFRS 11 "Joint Arrangements" and therefore these Financial Statements do not reflect the accounting treatments required under IFRS 11.

Investments in associates and jointly controlled entities are accounted for using the equity method of accounting and are initially recognised at cost. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses exceeds its interest in an equity-accounted investee the carrying amount of the investment, including any other unsecured receivables, is reduced to zero, and the recognition of further losses is discontinued, unless the Group has incurred obligations or made payments on behalf of the investee.

# Notes to the financial statements

## CONTINUED

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.2 Basis of consolidation (continued)

Unrealised gains on transactions between the Group and equity-accounted investees are eliminated to the extent of the Group's interest in the investee. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in equity-accounted investees are recognised in profit or loss.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Gains or losses on disposals to non-controlling interests are recorded in equity.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carry amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets of liabilities.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

#### 2.3 Foreign currency translation

##### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in sterling, which is the Group's presentation currency.

##### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

##### (c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position.
- income and expenses in profit or loss for each statement of comprehensive income presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income. On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are taken to other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on sale.

## 2.4 Intangible assets-Exploration and evaluation assets

The Group capitalises expenditure in relation to exploration and evaluation of mineral assets when the legal rights are obtained. Expenditure included in the initial measurement of exploration and evaluation assets and which are classified as intangible assets relate to the acquisition of rights to explore, research into the topographical, geological, geochemical and geophysical characteristics of the asset, exploratory drilling, trenching, sampling and activities to research the technical feasibility and commercial viability of extracting a mineral resource.

Exploration and evaluation assets are not amortised but are assessed for impairment, with an impairment test being required when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The assessment is carried out by allocating exploration and evaluation assets to cash generating units, which are based on specific projects or geographical areas. Whenever the exploration for and evaluation of mineral resources does not lead to the discovery of commercially viable quantities of mineral resources or the Group has decided to discontinue such activities of that unit, the associated expenditures are written off to profit or loss.

## 2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive Board of Directors.

## 2.6 Impairment of non-financial assets

A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

The Group considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss.

The carrying amount of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

In assessing the carrying values of its major exploration and evaluation assets, the Directors have used cash flow projections for each of the projects where a JORC-compliant resource has been calculated.

Certain of the other exploration projects are at an early stage of development and no JORC-compliant resource estimate has been completed. In these cases, the Directors have assessed the impairment of the projects based on future exploration plans and estimates of geological and economic data. The Board does not believe that the key assumptions will change so as to cause the carrying values to exceed the recoverable amounts.

To date impairment losses recognised have followed the decision of the Board not to continue exploration and evaluation activity on a particular project licence area where it is no longer considered an economically viable project or where the underlying exploration licence has been relinquished.

## 2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, and demand deposits with banks and other financial institutions.

# Notes to the financial statements

## CONTINUED

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.8 Financial instruments

##### (a) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). See Note 16 for further details.

##### (b) Recognition

Purchases and sales of financial assets are recognised on trade date (that is, the date on which the Group commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

##### (c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

##### Debt instruments

**Amortised cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

##### Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

##### (d) Impairment

From 1 January 2018, the Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

##### (e) Accounting policies applied until 31 December 2017

##### (i) Classification

The Group classifies its financial assets in the following categories: loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### – Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loan and receivables comprise Trade and Other Receivables and Cash and Cash Equivalents in the Statement of Financial Position.

##### – Available-for-sale financial asset

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the asset within 12 months of the end of the reporting period.



**(ii) Recognition and Measurement**

Regular purchases and sales of financial assets are recognised on the trade date, i.e. the date on which the Group commits to purchasing or selling the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred, and the Group has transferred substantially all of the risks and rewards of ownership.

Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted market prices in active markets for identical assets or liabilities
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss as “gains and losses from investment securities”.

**(iii) Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**(iv) Impairment of Financial Assets****– Assets Carried at Amortised Cost**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a Group of financial assets, is impaired. A financial asset, or a Group of financial assets, is impaired, and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset, or Group of financial assets, that can be reliably estimated.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset’s original effective interest rate. The asset’s carrying amount is reduced, and the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument’s fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

**– Assets Classified as Available-for-Sale**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a Group of financial assets, is impaired. A significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss are not reversed through profit or loss.

# Notes to the financial statements

## CONTINUED

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.9 Deferred taxation

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability settled. Deferred tax is charged or credited in profit or loss, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. No liability to UK corporation tax arose on ordinary activities for the current period or prior periods. The Group has losses to be carried forward on which no deferred tax asset is recognised. Deferred tax assets are recognised on tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Current and deferred tax is charged or credited in the profit or loss, except when it relates to items charged or credited directly to equity, in which case the related tax is also dealt with in equity.

#### 2.10 Share-based payments

The fair value of the services received from employees and third parties in exchange for the grant of share options is recognised as an expense. The fair value of the options granted is calculated using the Black-Scholes pricing model and is expensed over the vesting period. At each reporting period the Group revises its estimate of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

#### 2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

#### 2.12 Finance income

Finance income comprises bank interest receivable. Interest revenue is recognised using the effective interest method.

#### 2.13 Other income

Other income represents income from activities other than normal business operations. Royalty payments, arising from the involvement of exploration partners, are recognised as other income once payment has been received.

#### 2.14 Post-employment benefits

Retirement benefit costs are calculated by applying the Projected Unit Credit Method and the resulting adjustments are recognised in profit or loss.

#### 2.15 Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

### 3. RISK MANAGEMENT

#### 3.1 Financial risk management

The main financial risks facing the Group are the availability of adequate funding, movements in interest rates and fluctuations in foreign exchange rates. Constant monitoring of these risks ensures that the Group is protected against any potential adverse effects of such risks so far as it is possible and foreseeable. The Group only deals with high-quality banks. It does not hold derivatives, does not trade in financial instruments and does not engage in hedging arrangements.

In keeping with similar sized mineral exploration groups, its continued future operations depend on the ability to raise sufficient working capital. The Group finances itself through the monetisation of exploration assets and the issue of equity share capital and has no borrowings. Management monitors its cash and future funding requirements through the use of on-going cash flow forecasts. All cash, with the exception of that required for immediate working capital requirements, is held on short term deposit.

The Group's only exposure to interest rate fluctuations is restricted to the rates earned on its short-term deposits. These deposits returned an interest rate of between 0.1% and 1.15% during the past year.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Turkish Lira, Euro and US Dollar, (see note 21). Foreign exchange risk arises from future commercial transactions and net investments in foreign operations. The Group does not hedge its exposure to foreign currencies and recognises the profits and losses resulting from currency fluctuations as and when they arise.

The Group will continue to make substantial expenditures related to its exploration and development activities. The financial exposure of the Group has been substantially reduced as a result of entering into agreements with third parties.

#### 3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date, most importantly the carrying values assigned to intangible assets, associates, and financial assets designated as fair value through other comprehensive income. Actual results may vary from the estimates used to produce these financial statements. The most significant judgement for the Group is the assumption that exploration at the various sites will ultimately lead to a commercial mining operation, which includes the assumption that any licenses held will be renewed as required upon expiry. Failure to do so could lead to the write-off of the intangible assets relating to the particular site (see Note 2.6). It should be noted that certain licenses are due for renewal in 2019.

The Group is subject to income taxes in numerous jurisdictions. Judgement is required in determining the worldwide provision for such taxes. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the current and deferred income tax assets and liabilities in the period in which such determination is made. A deferred tax asset of £111,000 has been recognised in respect of temporary timing differences relating to the Group's intangible assets. Should these timing differences not reverse, the Group may need to revise the carrying value of this asset.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

# Notes to the financial statements

## CONTINUED

### 5. SEGMENT REPORTING

The Group's main exploration operations are located in Turkey, East Africa and West Africa. The Group's head office is located in the UK and provides corporate and support services to the Group and researches new areas of exploration opportunities. The management structure and the management reports received by the Directors and used to make strategic decisions reflect the split of operations.

#### a) The allocation of assets and liabilities by segment is as follows:

	Exploration			UK support & other	Group total
	Turkey	East Africa	West Africa		
	£'000	£'000	£'000		
<b>At 31 December 2018</b>					
Intangible assets	–	–	6,780	–	6,780
Property, plant and equipment	1	–	1	25	27
Investment in associate companies	–	2,250	–	–	2,250
Cash and other assets	203	187	284	1,921	2,595
Liabilities	(136)	–	(3)	(181)	(320)
Inter-segment	(2,422)	–	(1,967)	4,389	–
<b>Net assets</b>	<b>(2,354)</b>	<b>2,437</b>	<b>5,095</b>	<b>6,154</b>	<b>11,332</b>
Additions to property, plant and equipment	–	–	–	25	25

	Exploration			UK support & other	Group total
	Turkey	East Africa	West Africa		
	£'000	£'000	£'000		
<b>At 31 December 2017</b>					
Intangible assets	–	–	6,484	–	6,484
Property, plant and equipment	4	–	1	3	8
Investment in associate companies	–	5,524	–	–	5,524
Cash and other assets	263	354	240	2,966	3,823
Liabilities	(209)	–	(16)	(700)	(925)
Inter-segment	(2,010)	–	(1,468)	3,478	–
<b>Net assets</b>	<b>(1,952)</b>	<b>5,878</b>	<b>5,241</b>	<b>5,747</b>	<b>14,914</b>
Additions to property, plant and equipment	–	–	1	5	6

The capitalised cost of the principal projects and the additions during the year are as follows:

	Capitalised cost		Additions in year	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
<b>West Africa</b>				
Dalafin	6,551	6,484	67	–
Bibemi/Wapouzé	229	–	229	–
Homase/Akrokerrri	–	–	–	32
<b>Total Intangible assets</b>	<b>6,780</b>	<b>6,484</b>	<b>296</b>	<b>32</b>

## b) The allocation of profits and losses for the year by segment is as follows:

	Exploration			UK support & other	Group total
	Turkey	East Africa	West Africa		
	£'000	£'000	£'000		
<b>2018</b>					
Administration expenses	(281)	–	(197)	(1,324)	(1,802)
Depreciation charge	(1)	–	(1)	(2)	(4)
Other income/(losses)	120	(1,430)	–	698	(612)
Share of associate company losses	–	(2,140)	–	–	(2,140)
Exchange gains/(losses)	(65)	–	77	(74)	(62)
Inter-segment charges	(131)	–	(209)	340	–
Income tax	(41)	–	–	–	(41)
<b>Profit/(loss) for year</b>	<b>(399)</b>	<b>(3,570)</b>	<b>(330)</b>	<b>(362)</b>	<b>(4,661)</b>

	Exploration			UK support & other	Group total
	Turkey	East Africa	West Africa		
	£'000	£'000	£'000		
<b>2017</b>					
Administration expenses	(423)	–	(297)	(1,718)	(2,438)
Depreciation charge	(2)	–	(1)	(1)	(4)
Other income/(losses)	1,959	(14)	(1,754)	(2,132)	(1,941)
Share of associate company losses	–	(141)	–	–	(141)
Exchange gains/(losses)	45	–	(78)	(171)	(204)
Discontinued operation	–	–	(654)	–	(654)
Inter-segment charges	(101)	–	(402)	503	–
Income tax	(20)	–	–	–	(20)
<b>Profit/(loss) for year</b>	<b>1,458</b>	<b>(155)</b>	<b>(3,186)</b>	<b>(3,519)</b>	<b>(5,402)</b>

**6. LOSS ON CHANGE OF OWNERSHIP INTEREST**

	2018 £'000	2017 £'000
<b>Loss for the year on change of ownership interest</b>	<b>(98)</b>	<b>(14)</b>

Small changes to the Company's interest in Thani Stratex Resources Limited during the year have resulted in a loss of £98,000, which has been recognised in the consolidated statement of comprehensive income.

# Notes to the financial statements

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### 7. OTHER (LOSSES)/INCOME

	2018 £'000	2017 £'000
Exchange losses	(62)	(204)
Costs related to aborted acquisition	–	(1,621)
Write-off loan to related party	–	(1,261)
Miscellaneous tax on former joint venture	–	(796)
Impairment of investments (see note 15, 16)	(1,430)	(492)
VAT release/(provision)	631	(558)
Other profits/(losses)	120	(128)
<b>Net (loss)/profit for the year</b>	<b>(741)</b>	<b>(5,060)</b>

In the prior year, costs related to the aborted acquisition consist of associated fees and services for the planned Crusader acquisition, which was terminated on 1 November 2017.

In the prior year, related party loan balances with EMC SA were written off.

In the prior year, a tax balance was paid to the Turkish Tax Authorities to resolve a historic dispute with a previous operating partner over tax payments related to a former Oriole joint venture. Oriole is undertaking legal proceedings to reclaim this amount.

In the prior year a provision was made to reflect a VAT dispute with HMRC. In addition, VAT was expensed to the Income Statement to reflect HMRC's view that VAT was not recoverable. During the current year HMRC have agreed on the basis for VAT recovery and consequently the provision has been released and expensed VAT has been credited to the Income Statement.

### 8. PROFIT ON SALE OF INVESTMENT ASSETS

	2018 £'000	2017 £'000
<b>Profit for the year from disposal of available-for-sale assets</b>	<b>–</b>	<b>2,883</b>

### 9. EXPENSES BY NATURE

Administration expenses comprise:

	2018 £'000	2017 £'000
Personnel expenses (see note 10)	870	1,198
Legal and professional expenses	291	382
Amounts paid to the Company's auditors (see below)	40	151
Other exploration related expenses	224	156
Consultant geologists	131	127
Office costs	60	93
Travel costs	49	91
Contract staff fees	27	65
Depreciation expense	4	4
Other expenses	110	175
<b>Total for year</b>	<b>1,806</b>	<b>2,442</b>

During the year the Group obtained the following services from the Company's auditor:

	2018 £'000	2017 £'000
Auditor's remuneration:		
Fees payable for the audit of parent and consolidated financial statements	35	38
Fees payable for corporate finance services	–	109
Fees payable for tax compliance	5	4
<b>Total for year</b>	<b>40</b>	<b>151</b>

## 10. PERSONNEL EXPENSES

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Wages and salaries	683	905	454	707
Social security costs	56	100	56	88
Share options granted to Directors and employees	18	73	18	73
Employee benefits-in-kind	1	9	1	4
Employee termination benefits	(5)	5	–	–
Employee pensions	32	6	32	6
Compensation for loss of office	85	100	85	100
<b>Total for year</b>	<b>870</b>	<b>1,198</b>	<b>646</b>	<b>978</b>
Average number of employees, including Directors	<b>13</b>	<b>13</b>	<b>8</b>	<b>9</b>

Employee termination benefits relate to Stratex Madencilik Sanayi Ve Ticaret Ltd. Şti and has been calculated using the projected unit credit method.

Details of the Directors' remuneration is shown in the Directors' Report.

## 11. INCOME TAX

Analysis of income tax expense:

	2018 £'000	2017 £'000
Current taxation:		
UK Corporation tax charge for the year	–	–
Deferred taxation:		
Deferred tax charge for the year	(41)	(20)
<b>Total tax on loss for the year</b>	<b>(41)</b>	<b>(20)</b>

The Group does not anticipate a UK corporation tax charge for the year due to the availability of tax losses. The Group did not recognise deferred income tax assets of approximately £1,400,000 (2017: £1,000,000).

# Notes to the financial statements

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### 11. INCOME TAX (CONTINUED)

#### Reconciliation of tax charge:

	2018 £'000	2017 £'000
<b>Loss before tax</b>	<b>(4,620)</b>	<b>(5,382)</b>
Current tax credit at 19% (2017:20%)	878	1,076
<b>Effects of:</b>		
Expenses not deductible for tax purposes	(676)	–
Non-taxable income	–	–
Tax losses carried forward – UK	(15)	(1,076)
Tax losses carried forward – outside UK	(187)	–
Origination and reversal of temporary differences	(41)	(20)
<b>Tax credit</b>	<b>(41)</b>	<b>(20)</b>

### 12. INVESTMENT IN SUBSIDIARIES

The cost of shares in subsidiary companies is as follows:

<b>Company</b>	2018 £'000	2017 £'000
Cost of investment at 1 January	2,699	4,264
Impairment provision	(1,000)	–
Disposal	–	(1,565)
	1,699	2,699
Loans to subsidiary companies	2,063	3,478
<b>At 31 December</b>	<b>3,762</b>	<b>6,177</b>

During the year the Company made a provision for impairment against its investment in Oriole Exploration Limited. During the prior year the Company sold its interest in Goldstone Resources Limited (see note 17).

There are no significant restrictions in relation to the subsidiaries.



Investments in subsidiaries are stated at cost and are as follows:

	Country of incorporation	% owned by the Company	% owned by subsidiary	Nature of Business
Oriole Exploration Ltd	UK	100	–	Holding company
Stratex Gold AG	Switzerland	100	–	Holding company
Stratex West Africa Limited	UK	100	–	Exploration
Stratex Madencilik Sanayi Ve Ticaret Ltd. Şti	Turkey	–	100	Exploration
Stratex EMC SA	Senegal	–	85	Exploration

#### Registered office

Oriole Exploration Ltd	180 Piccadilly, London, W1J 9HF, UK
Stratex Gold AG	St Gallen, Goethestrasse 61 St Gallen, 9008, Switzerland
Stratex West Africa Limited	Wessex House, Upper Market Street, Eastleigh, Hampshire, SO50 9FD, UK
Stratex Madencilik Sanayi Ve Ticaret Ltd. Şti	Çukurambar Mahallesi 1458. Sokak, Elit Apt. No: 17/6, Ankara, Turkey
Stratex EMC SA	Wessex House, Upper Market Street, Eastleigh, Hampshire, SO50 9FD, UK

### 13. INTANGIBLE ASSETS

The Group's intangible assets comprise entirely of exploration assets.

	Group 2018 £'000	2017 £'000	Company 2018 £'000	2017 £'000
Cost at 1 January	6,484	10,491	–	–
Exchange movements	67	1	–	–
Additions	229	32	186	–
De-consolidation of Goldstone Resource Limited (see note 17)	–	(4,040)	–	–
<b>At 31 December</b>	<b>6,780</b>	<b>6,484</b>	<b>186</b>	<b>–</b>

Goldstone Resources Limited ("GRL") ceased to be accounted for as a fully consolidated subsidiary on 2 June 2017 and was subsequently sold.

# Notes to the financial statements

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### 14. PROPERTY, PLANT, AND EQUIPMENT

	Group				Company	
	Gold Samples	Motor Vehicles	Field Equipment	Office furniture and equipment	Total	Office furniture and equipment
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
<b>At 1 January 2017</b>	4	52	65	357	478	80
Exchange movements	-	(6)	(2)	(25)	(33)	-
Additions	-	-	-	7	7	5
Disposals	(4)	(16)	(44)	(133)	(197)	(4)
<b>At 31 December 2017</b>	-	30	19	206	255	81
Exchange movements	-	-	-	(25)	(25)	-
Additions	-	-	-	25	25	25
Disposals	-	-	-	(19)	(19)	-
<b>At 31 December 2018</b>	-	30	19	187	236	106
<b>Depreciation</b>						
<b>At 1 January 2017</b>	-	(52)	(65)	(347)	(464)	(80)
Exchange movements	-	6	2	24	32	-
Additions	-	-	-	(4)	(4)	(1)
Disposals	-	16	44	129	189	2
<b>At 31 December 2017</b>	-	(30)	(19)	(198)	(247)	(79)
Exchange movements	-	-	-	25	25	-
Additions	-	-	-	(4)	(4)	(2)
Disposals	-	-	-	17	17	-
<b>At 31 December 2018</b>	-	(30)	(19)	(160)	(209)	(81)
<b>Net Book Value</b>						
at 1 January 2017	4	-	-	10	14	-
at 31 December 2017	-	-	-	8	8	2
<b>at 31 December 2018</b>	-	-	-	27	27	25

## 15. INVESTMENT IN EQUITY-ACCOUNTED ASSOCIATES

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
At 1 January	5,524	5,758	1,302	851
Exchange movements	140	(536)	–	–
Share of losses	(2,042)	(151)	–	–
Additions	156	451	156	451
Loss on change of ownership interest	(98)	(365)	–	–
Provision for impairment	(1,430)	–	–	–
Transfer to assets held for sale	–	(952)	–	–
Fair value of subsidiary deconsolidated	–	1,319	–	–
<b>At 31 December</b>	<b>2,250</b>	<b>5,524</b>	<b>1,458</b>	<b>1,302</b>

The Company's shareholding interest in Thani Stratex Resources Limited ("TSRL") reduced from 30.1% to 29.0% during the course of the year. A further £156,000 (2017: £451,000) was invested in during the year.

The following entity has been included in the consolidated financial statements using the equity accounting method:

	2018			2017		
	%	Value £'000	Change £'000	%	Value £'000	2017 £'000
Thani Stratex Resources Limited	29.0	2,250	(3,274)	30.1	5,524	(141)
Other	–	–	–	–	–	(10)
<b>Total</b>		<b>2,250</b>	<b>(3,274)</b>		<b>5,524</b>	<b>(151)</b>

Thani Stratex Resources Limited has a reporting date of 31 December and its registered office is PO Box 173, Kingston Chambers, Road Town, Tortola, British Virgin Islands.

Summarised financial information for investments accounted for using an equity accounting method is shown below.

This information reflects the amounts presented in the draft financial statements of the associates (and not Oriole Resources PLC's share of those amounts) adjusted for differences in accounting policies between the Group and associates:

## Statement of financial position for Thani Stratex Resources Limited

	2018 £'000	2017 £'000
<b>As at 31 December</b>		
<b>Current Assets</b>		
Cash and equivalents	6	275
Net current assets/(liabilities)	(331)	(100)
<b>Total current assets</b>	<b>(325)</b>	<b>175</b>
<b>Non-current assets</b>		
Furniture, fittings and equipment	2	2
Intangible assets	14,834	20,291
Associated companies	2,322	1,860
<b>Total non-current assets</b>	<b>17,158</b>	<b>22,153</b>
<b>Non-current liabilities</b>	<b>(4,132)</b>	<b>(3,975)</b>
<b>Net assets</b>	<b>12,701</b>	<b>18,353</b>

# Notes to the financial statements

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### 15. INVESTMENT IN EQUITY-ACCOUNTED ASSOCIATES (CONTINUED)

#### Statement of comprehensive income for Thani Stratex Resources Limited

	2018 £'000	2017 £'000
<b>As at 31 December</b>		
Administration expenses	(353)	(472)
Depreciation	(1)	(45)
Other income	4	(137)
Exchange gains/(losses)	(1)	(8)
<b>Loss from continuing operations</b>	<b>(351)</b>	<b>(662)</b>
Income tax expenses	(1)	–
<b>Loss after tax for continuing operations</b>	<b>(352)</b>	<b>(662)</b>
Share of associated company loss	(121)	–
<b>Total comprehensive income</b>	<b>(473)</b>	<b>(662)</b>

### 16. FINANCIAL ASSETS AND LIABILITIES

#### a) Financial Assets

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Financial assets at amortised cost:				
Trade and other receivables	633	921	600	985
Deposits and guarantees	26	29	–	–
Cash and cash equivalents	1,287	2,039	1,243	2,004
Financial assets at fair value through other comprehensive income	414	–	227	–
Available for sale financial assets	–	581	–	227
<b>Total</b>	<b>2,360</b>	<b>3,570</b>	<b>2,070</b>	<b>3,216</b>

#### b) Financial Liabilities

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Financial liabilities at amortised cost:				
Trade creditors	87	41	87	32
Amounts due to related parties and employees	52	118	–	2
Social security and other taxes	30	19	20	11
Accrued expenses	151	712	67	648
<b>Total</b>	<b>320</b>	<b>890</b>	<b>174</b>	<b>693</b>

**c) Assets by quality**

Trade Receivables:

Trade receivables includes VAT due from the Turkish government of £9,000 (2017: £6,000) and receivables from exploration partners of £22,000 (2017: £Nil). None of the exploration partners have external credit ratings.

Cash and cash equivalents:

External ratings of cash at bank and short-term deposits:

	2018 £'000	2017 £'000
A	1,256	1,807
Ba, Bb & Bbb	31	232
Cash-in-hand	–	–
<b>Total</b>	<b>1,287</b>	<b>2,039</b>

**d) Financial assets previously classified as available for sale financial assets**

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
At 1 January	–	2,913	–	227
Exchange movements	–	52	–	–
Transfer from Associates	–	445	–	–
Impairment	–	(492)	–	–
Disposal	–	(2,337)	–	–
<b>At 31 December</b>	<b>–</b>	<b>581</b>	<b>–</b>	<b>227</b>

On the 23 April 2017 the Company completed the sale of its 45% shareholding in Altintepe Madencilik Sanayi ve Ticaret AS. A profit of £2,883,352 was realised on sale. An overall disposal of £1,891,830 was recognised.

In the prior year, the Directors recognised an impairment provision of £439,000 on its investment in Muratdere Madencilik Sanayi ve Ticaret SA, following the decision not to provide further funding to the Company. In addition, an impairment provision of £53,000 was recognised on the Company's holding in Tembo Gold Corporation following a prolonged reduction in the quoted value of its shares.

The available for sale assets at 31 December 2017 comprised:

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Tembo Gold Corporation – Listed Security	–	354	–	–
Aforo Resources Limited – Unlisted Security	–	227	–	227
<b>At 31 December</b>	<b>–</b>	<b>581</b>	<b>–</b>	<b>227</b>

Investments were classified as available for sale financial assets if they did not have fixed maturities and management intended to hold them for the medium to long term. The financial assets were presented as non-current assets unless they matured or management intended to dispose of them within 12 months of the balance sheet date. A security was considered to be impaired if there had been a significant or prolonged decline in the fair value below its cost.

**e) Financial Assets at Fair Value Through Other Comprehensive Income ('FVOCI')**

	Group		Company	
	2018 £'000	2017* £'000	2018 £'000	2017* £'000
At 1 January	581	–	227	–
Fair value adjustment	(167)	–	–	–
<b>At 31 December</b>	<b>414</b>	<b>–</b>	<b>227</b>	<b>–</b>

# Notes to the financial statements

## CONTINUED

### 16. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

#### e) Financial Assets at Fair Value Through Other Comprehensive Income ('FVOCI') (continued)

Equity investments at FVOCI comprise the following individual investments:

	Group		Company	
	2018 £'000	2017* £'000	2018 £'000	2017* £'000
Tembo Gold Corporation – Listed Security	187	–	–	–
Aforo Resources Limited – Unlisted Security	227	–	227	–
At 31 December	<b>414</b>	–	<b>227</b>	–

\*These investments were classified as available-for-sale in 2017, see (d) above.

Financial assets at fair value through other comprehensive income comprise:

- a 10.75% investment in Tembo Gold Corporation: and
- an 8% investment in Aforo Resources Limited.

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings. In the prior financial year, the Group had designated equity investments as available for sale where management intended to hold them for the medium to long term.

During the year the following losses were recognised in profit or loss and other comprehensive income:

	Group	
	2018 £'000	2017 £'000
Losses recognised in other comprehensive income (2017: relating to available for sale financial assets)	<b>167</b>	–

Information about the methods and assumptions used in determining fair value is provided in (g) below. The assets are held in non-sterling currencies but there are no significant exchange rate risks associated with these investments.

Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

#### f) Financial Assets at Fair Value Through Profit and Loss ('FVPL')

The Group classifies the following financial assets at fair value through profit or loss:

1. Equity instruments for which the entity has not elected to recognise fair value gains and losses through OCI.

The Group's investment in Muratdere Madencilik Sanayi ve Ticaret AS ('Muratdere') is held at £Nil (2017: £Nil) following its write down in 2017. Due to the decision in the prior year not to provide further funding for Muratdere, the Company's interest will revert to a 1.2% net smelter royalty. Muratdere has been treated as FVPL as the Group retains an option to contribute directly into the Company and are therefore actively involved in funding decisions.

**g) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under Accounting Standards, as set out and explained below:

**Recurring fair value measurements**

<b>As at 31 December</b>	<b>Level 1 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
Financial assets at fair value through other comprehensive income:			
Canadian listed equity securities	187	–	187
Australian unlisted equity securities	–	227	227
<b>Total Financial Assets</b>	<b>187</b>	<b>227</b>	<b>414</b>
At 31 December 2017			
Available for sale financial assets			
Canadian listed equity securities	354	–	354
Australian unlisted equity securities	–	227	227
<b>Total Financial Assets</b>	<b>354</b>	<b>227</b>	<b>581</b>

There were no transfers of assets between levels for recurring fair value measurements during the year. The Group has no level 2 financial instruments.

Level 1 – the fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are held at level 1.

Level 3 – if one or more of the significant valuation inputs is not based on observable market data, the instrument is held at level 3. This is the case for unlisted securities.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices either to provide:
  - Direct market pricing for Level 1 instruments;
  - Comparative pricing for Level 3 instruments when reviewed against comparable companies at similar stages of asset development.
- Cost of asset development work to date, together with a review of exploration results and a view of market values of similar companies.

**17. DISCONTINUED OPERATION**

In the prior year, on 2 June 2017, the Group's representation on the Board of Directors of Goldstone Resources Limited ("GRL") was reduced, at which point the Directors consider the Group had relinquished full control of the subsidiary and GRL was de-consolidated from the Group and measured at fair value as an equity-accounted associate. To this effect, a fair value of £1,318,884 was attributed to the investment in the associate, which was equal to the Group's share of the net assets of GRL at that date. On the same day, the Group's shareholding in GRL was diluted from 30.4% to 23.4%, which resulted in a loss of £79,493 and is recognised in the consolidated statement of comprehensive income.

# Notes to the financial statements

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### 17. DISCONTINUED OPERATION (CONTINUED)

On 1 July 2017, the Directors made the decision that the investment in GRL should be reclassified as an asset held-for-sale and measured at fair value less costs of disposal. The carrying value of the investment in associate of GRL was £951,858 and the Directors assessed the fair value, under level 1 of the fair value hierarchy at £444,761 based on the value of GRL shares on the AIM stock market on that date. This resulted in a loss of £507,097 being recognised in the Consolidated statement of comprehensive income.

Subsequently, a GRL fund raise resulted in a further dilution of the Group's shareholding to 13.7% and the investment was eventually disposed on 17 October 2017 for proceeds of £547,287. A profit on disposal of £96,703 was recognised in the consolidated statement of comprehensive income.

An analysis of the discontinued operation and the result of the above changes in ownership in the Group financial statements is as follows:

#### a) Net loss on disposal of discontinued operation

	Group	
	2018 £'000	2017 £'000
Operating loss from discontinued operations	–	(165)
Loss on dilution	–	(79)
Loss on reclassification as an asset held for sale	–	(507)
Profit on disposal of interest	–	97
<b>Loss on discontinued operation at 31 December</b>	<b>–</b>	<b>(654)</b>

#### b) Operating loss

	2018 £'000	2017 £'000
Revenue	–	–
Administration expenses	–	(158)
Other (losses)/income	–	3
Operating loss	–	(155)
Share of loss of associate	–	(10)
Loss before income tax	–	(165)
Income tax charge	–	–
<b>Operating Loss for the year</b>	<b>–</b>	<b>(165)</b>
Non-controlling interest	–	103
<b>Loss attributable to owners of the Parent Company</b>	<b>–</b>	<b>(62)</b>

#### c) Profit on disposal of interest

	2018 £'000	2017 £'000
Fair value on deconsolidation of subsidiary	–	1,319
Dilution of interest in Goldstone	–	(351)
Share of losses in period	–	(10)
Translation reserve	–	(6)
<b>Carrying value of associate at 30 June 2017</b>	<b>–</b>	<b>952</b>
Loss on reclassification as held-for-sale asset at 1 July 2017	–	(507)
<b>Value of held-for-sale asset after reclassification</b>	<b>–</b>	<b>445</b>
Proceeds from sale of interest in Goldstone at 17 October 2017	–	(547)
Eliminate translation reserve	–	5
<b>Profit from disposal of interest</b>	<b>–</b>	<b>(97)</b>



## 18. TRADE AND OTHER RECEIVABLES

The fair value of trade and other receivables equate to their carrying values, which also represents the Group's maximum exposure to credit risk. No collateral is held as security.

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Receivables from exploration partners	22	–	–	–
Deposits and guarantees given	26	29	–	–
Loans	46	906	–	906
Amounts due from Group companies	–	–	–	76
VAT recoverable	611	–	600	–
Pre-payments and other current assets	78	70	65	4
<b>Total</b>	<b>783</b>	<b>1,005</b>	<b>665</b>	<b>986</b>
Non-current	–	29	–	–
Current	783	976	665	986
<b>Total</b>	<b>783</b>	<b>1,005</b>	<b>665</b>	<b>986</b>

There were no receivables past due in 2018 (2017: nil).

During the year the loan advanced to Crusader Resources Limited totaling A\$1,500,000 was repaid along with 12% interest.

## 19. DEFERRED TAX ASSET AND LIABILITIES

Group	2018 £'000	2017 £'000
<b>Deferred tax assets</b>		
Temporary timing differences arising on:		
Intangible assets	95	181
Employee termination benefits	6	7
Other	10	10
<b>Total</b>	<b>111</b>	<b>198</b>

The movement in the year on the net deferred tax assets is:

	2018 £'000	2017 £'000
At 1 January	198	255
Exchange movements	(46)	(37)
Movement in year	(41)	(20)
<b>At 31 December</b>	<b>111</b>	<b>198</b>

## 20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Cash at bank and on hand	495	248	271	213
Short-term deposits	792	1,791	972	1,791
<b>Total</b>	<b>1,287</b>	<b>2,039</b>	<b>1,243</b>	<b>2,004</b>

# Notes to the financial statements

## CONTINUED

### 21. CURRENCY RISK

The Group's exposure to foreign currency is as follows:

In GBP £'000	2018			2017		
	US\$	AUD\$	Turkish Lira	US\$	AUD\$	Turkish Lira
Trade and other receivables	–	–	70	–	906	52
Cash and cash equivalents	179	–	22	470	–	13
Trade and other payables	–	–	(136)	–	–	(209)
Net exposure	<b>179</b>	<b>–</b>	<b>(44)</b>	<b>470</b>	<b>906</b>	<b>(144)</b>
The following year-end spot rates to sterling have been applied	1.2769	–	6.7529	1.35	1.73	5.11
A 20% fluctuation in the sterling exchange rate would have affected profit and loss as follows:	£'000	£'000	£'000	£'000	£'000	£'000
Profit/(loss) due to the strengthening of sterling	<b>(31)</b>	<b>–</b>	<b>(11)</b>	<b>508</b>	<b>226</b>	<b>(36)</b>
Profit/(loss) due to the weakening of sterling	<b>44</b>	<b>–</b>	<b>8</b>	<b>(18)</b>	<b>(151)</b>	<b>24</b>

The Group's exposure to foreign currency at 31 December 2017 was US\$ cash deposits and Turkish Lira receivables shown above.

### 22. SHARE CAPITAL AND SHARE PREMIUM

Group and Company	Number of Ordinary shares	Ordinary shares £'000	Deferred shares £'000	Share premium £'000	Total £'000
At 31 December 2017	467,311,276	4,673	–	20,427	25,100
Share split (see below)	–	(4,206)	4,206	–	–
Shares issued	234,490,000	235	–	938	1,173
Expenses of issue	–	–	–	(80)	(80)
Costs related to share issue	–	–	–	(32)	(32)
<b>At 31 December 2018</b>	<b>701,801,276</b>	<b>702</b>	<b>4,206</b>	<b>21,253</b>	<b>26,161</b>

On 19 April 2018 the Company sub-divided its existing 467,311,276 Ordinary 1p shares into 467,311,276 Ordinary 0.1p shares and 467,311,276 Deferred 0.9p shares. The new Ordinary 0.1p shares carry all the rights to voting and dividends previously vested in the old Ordinary 1p shares. The Deferred 0.9p shares carry limited rights except in the event of a return of capital upon a winding up.

On 19 June 2018 the Company issued 234,490,000 Ordinary 0.1p shares at a price of 0.5p.

## 23. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the loss attributable to the equity holders of the Company and a weighted average number of Ordinary shares in issue during the year, as follows:

	2018 £'000	2017 £'000
Loss attributable to owners of the Company from continuing operations	(4,574)	(4,958)
Loss attributable to owners of the Company from discontinued operation	–	(551)
Weighted average number of ordinary shares in issue	592,586,755	467,311,276
<b>Basic and diluted loss per share from continued operations (pence per share)</b>	<b>(0.77)</b>	<b>(1.01)</b>
<b>Basic and diluted loss per share from discontinued operations (pence per share)</b>	<b>–</b>	<b>(0.12)</b>

There is no difference between basic and diluted loss per share as the effect on the exercise of the options would be to decrease the earnings per share.

At 31 December 2018 there were 25,755,144 (2017: 17,755,144) share options and 13,470,000 warrants that could potentially dilute the earnings per share in the future.

Deferred shares have no rights to dividends or retained profits and are excluded from the calculation of earnings per share.

## 24. SHARE OPTIONS AND WARRANTS

### Share options

The Directors have discretion to grant options to Group employees to subscribe for Ordinary Shares up to a maximum of 10% of the Company's issued share capital. The Company runs two schemes, one is the Enterprise Management Incentive scheme and the other is the Unapproved Share Option scheme.

As at 31 December 2018, the Company had in issue 8,678,000 (2017: 10,801,567) options to Group employees granted under the Enterprise Management Incentive scheme and 1,950,000 (2017: 1,950,000) to Group employees granted under the unapproved scheme. In addition, there are 15,227,144 (2017: 5,003,577) unexercised options held by past employees. All options vest over one to three years from the grant date and lapse on the tenth anniversary of the grant date.

The granting of the share options has been accounted for as equity-settled share-based payment transactions. The total expenses recognised in the loss for the year arising from share-based payments was £51,000 (2017: £ 73,000). The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2018		2017	
	Number of options	Weighted average exercise price pence	Number of options	Weighted average exercise price pence
<b>Group and Company</b>				
Outstanding at 1 January	17,775,144	3.0	30,005,144	2.8
Cancelled	–	–	(35,615,562)	3.7
Granted	8,000,000	0.8	23,365,562	0.8
<b>Outstanding at 31 December</b>	<b>25,775,144</b>	<b>2.4</b>	<b>17,755,144</b>	<b>3.0</b>
Exercisable at 31 December	16,843,811	3.1	15,882,478	3.2

# Notes to the financial statements

## CONTINUED

### 24. SHARE OPTIONS AND WARRANTS (CONTINUED)

The weighted average contractual life of the outstanding options at 31 December 2018 was 4.7 years (2017: 3.6 years).

Details of share options outstanding at 31 December 2017 are as follows:

Life of option		Outstanding 31 December 2018	Option Price pence
Start date	Expiry date		
30 April 2009	30 April 2019	10,446,000	3.0
28 September 2009	28 September 2019	24,000	4.3
1 June 2011	1 June 2021	1,117,144	7.0
12 March 2013	12 March 2023	300,000	4.4
5 December 2014	5 December 2024	2,984,000	2.7
4 June 2015	4 June 2025	150,000	1.5
2 September 2016	2 September 2026	2,734,000	2.0
1 March 2018	1 March 2028	6,000,000	0.9
4 June 2018	4 June 2028	2,000,000	0.62
<b>Total options outstanding</b>		<b>25,755,144</b>	

During the year 6,000,000 share options were issued at a price of 0.9p per option share with a fair value of 0.37p per option share and 2,000,000 share options were issued at a price of 0.62p per option share with a fair value of 0.26p per option share. The fair value for these options has been measured by use of the Black-Scholes pricing model, using a price volatility of 35% and a risk-free interest rate of 3%. The expected volatility was determined by calculating the historical volatility of the Company's share price over the previous two years.

#### Share Warrants

On 13 June 2018 the Company issued 13,470,000 warrants to Turner Pope Investments in connection with the June share placement. The warrants are exercisable at a price of 0.5p per warrant share any time before 13 June 2021 at which point they lapse. The fair value for these warrants has been measured as 0.24p by use of the Black-Scholes pricing model, using a price volatility of 35% and a risk-free interest rate of 3%. The expected volatility was determined by calculating the historical volatility of the Company's share price over the previous two years. The resultant warrant charge of £32,000 has been recognised in full in 2018 and debited to the Share Premium Account.

### 25. OTHER RESERVES

Group	Merger reserve £'000	FVOCI reserve £'000	Share option reserve £'000	Translation reserve £'000	Total £'000
<b>At 1 January 2017</b>	<b>(485)</b>	<b>–</b>	<b>590</b>	<b>2,484</b>	<b>2,589</b>
Share based payments	–	–	72	–	72
Share options cancelled	–	–	(186)	–	(186)
Other comprehensive income	–	–	–	(792)	(792)
<b>At 31 December 2017</b>	<b>(485)</b>	<b>–</b>	<b>476</b>	<b>1,692</b>	<b>1,683</b>
Share based payments	–	–	51	–	51
Other comprehensive income	–	(167)	–	134	(33)
<b>At 31 December 2018</b>	<b>(485)</b>	<b>(167)</b>	<b>527</b>	<b>1,826</b>	<b>1,701</b>

Company	Share option reserve £'000	Total £'000
<b>At 1 January 2017</b>	<b>590</b>	<b>590</b>
Share based payments	72	72
Share options cancelled	(186)	(186)
Other comprehensive income	–	–
<b>At 31 December 2017</b>	<b>476</b>	<b>476</b>
Share based payments	51	51
Other comprehensive income	–	–
<b>At 31 December 2018</b>	<b>527</b>	<b>527</b>

The Merger reserve arose on consolidation as a result of the merger accounting for the acquisition of the entire issued share capital of Stratex Exploration Limited during 2005 and represents the difference between the nominal value of shares issued for the acquisition and that of the share capital and share premium account of Stratex Exploration Limited.

The Translation reserve comprises the exchange differences from translating the net investment in foreign entities and of monetary items receivable from subsidiaries for which settlement is neither planned nor likely in the foreseeable future (see Note 2.3).

The Share option reserve balance relates to the fair value of outstanding share options measured using the Black Scholes method.

The Group has elected to recognise changes in the fair value of certain investments in equity securities through Other Comprehensive Income, as explained in Note 16 and the accounting policies. These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

#### Available-for-sale financial assets – until 31 December 2017

Changes in the fair value of investments that were classified as available-for-sale financial assets (equity securities) were recognised in OCI and accumulated in a separate reserve within equity. Amounts were reclassified to profit or loss when the associated assets were sold or impaired.

## 26. NON-CONTROLLING INTEREST

Effect on equity of transactions with Non-controlling interests:	Goldstone Resources Limited £'000	Stratex EMC SA £'000	Total £'000
<b>Balance attributable to NCI</b>			
<b>At 1 January 2017</b>	<b>2,859</b>	<b>1</b>	<b>2,860</b>
Exchange movements	(132)	–	(132)
Losses for the year	(103)	(17)	(120)
Share capital increase	(2,624)	–	(2,624)
<b>At 31 December 2017</b>	<b>–</b>	<b>(16)</b>	<b>(16)</b>
Losses for the year	–	(87)	(87)
<b>At 31 December 2018</b>	<b>–</b>	<b>(103)</b>	<b>(103)</b>

# Notes to the financial statements

## CONTINUED

### 27. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade payables	87	41	87	32
Amounts due to subsidiary company	–	–	–	–
Amounts due to related parties and employees	52	118	–	2
Social security and other taxes	30	19	20	11
Accrued expenses	121	712	67	647
<b>At 31 December</b>	<b>290</b>	<b>890</b>	<b>174</b>	<b>692</b>

All financial liabilities, except those for accrued expenses, are stated where material at amortised cost.

### 28. CASH FLOW FROM OPERATING ACTIVITIES

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
<b>(Loss)/profit before income tax</b>	(4,620)	(5,382)	(3,726)	(12,760)
<b>Adjustments for:</b>				
Issue of share options	51	72	51	72
Depreciation	4	4	2	1
Impairment write-offs on intangible assets	1,430	–	1,000	–
Fixed asset write-offs	–	2	–	2
Share of losses of associates	2,141	151	–	–
Net (gain)/loss on sale of related companies	–	(1,674)	–	1,018
Increase in Employee termination benefit fund	(5)	5	–	–
Other (Income) and deductions	(67)	4,549	(67)	(2,471)
Interest income on intercompany indebtedness	–	–	(230)	(433)
Intercompany management fees	–	–	(140)	(64)
Write-off intercompany balances	–	–	2,400	13,231
Foreign exchange movements on operating activities	46	(404)	85	(78)
<b>Changes in working capital, excluding the effects of exchange differences on consolidation:</b>				
Trade and other receivables	(639)	188	(661)	33
Trade and other payables	(600)	(104)	(485)	(142)
<b>Cash used in operations</b>	<b>(2,259)</b>	<b>(2,593)</b>	<b>(1,771)</b>	<b>(1,591)</b>

### 29. RELATED PARTY TRANSACTIONS

#### a) Transactions with operational partners:

	Transaction value for the year ended 31 December		Receivable/(Payable) as at 31 December	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Energy and Mining Corporation SA	206	178	46	–
TET Madencilik Sti	64	–	21	–
Anadolu Export Maden Sanayi ve Ticaret A.Ş.	36	–	(38)	(116)

Energy and Mining Corporation SA is the operational partner for the Dalafin project in Senegal. Anadolu Export Maden Sanayi ve Ticaret A.Ş. is the operational partner for the Karaağac project in Turkey. TET Madencilik is the operational partner for the Hasaңelebi and Dogla projects in Turkey.

**b) Transactions with non-controlling interests:**

There have been no transactions with non-controlling interests during the year. (2017: £Nil.)

**c) Parent company and ultimate controlling party:**

In the opinion of the Directors there is no ultimate controlling party.

**d) Amounts provided to subsidiaries:**

During the year the Company provided funds amounting to £571,000 (2017: £180,000) to its subsidiaries and charged its subsidiary companies £140,000 (2017: £64,000) for the provision of management services. The total net receivable from subsidiaries at 31 December 2018 was £4,462,000 (2017: £3,520,000).

**e) Transactions with Directors and Key Management Personnel:**

During the year the Directors were remunerated for services performed on behalf of the Company. Details of this remuneration are included in the Directors' report. All Directors during the year were remunerated through the UK payroll.

There are not considered to be any key management personnel other than Directors.

### 30. CONTINGENCIES AND CAPITAL COMMITMENTS

There are no contingencies or capital commitments at 31 December 2018.

### 31. LEASE COMMITMENTS

There are no future commitments under Finance or Operating leases.

### 32. PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

As permitted by section 408 of the Companies Act 2006, the statement of comprehensive income of the parent company is not presented as part of these financial statements.

# Notice of annual general meeting

The Annual General Meeting of Oriole Resources PLC (the "Company") will be held at the offices of Grant Thornton UK LLP, 30 Finsbury Square, London, EC2P 2YU on 16 May 2019, at 3:00pm. The business of the meeting will be to consider and, if thought fit, pass the following resolutions:

## Ordinary resolutions

1. To receive the Directors' Report and Financial Statements for the year ended 31 December 2018.
2. To re-elect Director John McGloin, who was appointed during the period and retires in accordance with the Company's Articles of Association, and being eligible, offers himself for re-appointment.
3. To re-elect Director David Pelham, who was appointed during the period and retires in accordance with the Company's Articles of Association, and being eligible, offers himself for re-appointment.
4. To re-elect Director Robert Smeeton, who was appointed during the period and retires in accordance with the Company's Articles of Association, and being eligible, offers himself for re-appointment.
5. To re-appoint PKF Littlejohn LLP as auditors and to authorise the Directors to fix their remuneration.
6. THAT, in addition to the existing authorities, and in accordance with section 551 of the Companies Act 2006 (the "Act") the Directors be and they are hereby generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or convert any securities into rights ("Rights") up to an aggregate nominal amount of £230,000 and such power shall expire (unless previously revoked, varied or extended by the Company at a general meeting) at the conclusion of the next Annual General Meeting, save that the Company may before such expiry make an offer or agreement which would or might require shares or Rights to be granted in pursuance of such offer or agreement as if the power conferred hereby had not expired.

## Special resolution

7. THAT, in addition to the existing authorities, the Directors be and they are hereby empowered to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by the previous resolution as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £70,000 and such power shall expire (unless previously revoked, varied or extended by the Company at a general meeting) at the conclusion of the next Annual General Meeting, save that the Company may before such expiry make an offer or agreement which would or might require such equity securities to be granted in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By order of the Board

**Robert Smeeton**

Company Secretary

180 Piccadilly, London, W1J 9HF

12 March 2019



**Notes:****Eligibility to attend and vote**

1. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of determining the number of votes a member may cast), members must be entered on the Register of Members of the Company by 3:00pm on 14 May 2019

**Appointment of proxies**

2. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
5. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

**Appointment of proxy using hard copy proxy form**

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be completed and signed and sent or delivered to the Company's registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR, to be received by Share Registrars Limited no later than 3:00pm on 14 May 2019. Proxy forms may also be faxed to 01252 719232 or emailed to [voting@shareregistrars.uk.com](mailto:voting@shareregistrars.uk.com)
7. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

**Appointment of proxy by joint members**

8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

**Changing proxy instructions**

9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above.

Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

**Termination of proxy appointments**

10. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:
  - By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR.
  - In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
  - Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. In either case, the revocation notice must be received by Share Registrars Limited no later than 3:00pm on 14 May 2019.
  - If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid. Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

# Notice of annual general meeting

## CONTINUED

### Communication

11. Except as provided above, members who have general queries about the Meeting should contact Share Registrars Limited on 01252 821390 or by email enquiries@shareregistrars.uk.com (no other methods of communication will be accepted).
12. You may not use any electronic address provided either in this notice of Annual General Meeting or any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

### Documents available for inspection

13. The following documents will be available for inspection during normal business hours at the Company's registered office up until the date of the Annual General Meeting and at the place of the meeting from 1:00pm on 16 May 2019 until: the end of the meeting:
  - the audited consolidated accounts of the Company for the financial period ended 31 December 2018;
  - the Register of Directors' interests in the capital of the Company and copies of the service contracts of the Directors of the Company.

# Advisors & Offices

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