



**Orogen plc (formerly Orogen Gold plc)**

**Annual Report  
For the year ended  
31 December 2016**

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## **CHAIRMAN'S STATEMENT**

On 21 March 2017, the Company announced that it had completed a review of its operations and had concluded that it was no longer in Shareholders' interests for the Company to continue to provide financial support for its mineral exploration activities. The Board proposed to dispose of the Company's mineral exploration interests and change the Company's business strategy. The Company became an AIM Rule 15 cash shell on 7 April 2017.

On 26 May 2017, the Company announced that it had agreed heads of terms with Thread 35 Limited ("Thread") to acquire Thread's entire issued share capital, subject to certain conditions and due diligence. This acquisition would constitute a reverse transaction under the AIM rules. Thread operates an e-commerce womenswear brand under the brand name "Sosandar".

As at the date of this report, discussions are continuing the disposal of the mineral interests and the other subsidiaries of Orogen.

I am delighted with the progress we are making with regards to the due diligence process relating to the acquisition of Thread. I believe we have identified a very exciting acquisition, with a strong and experienced management team in a market sector that is growing rapidly. I look forward to reporting back to shareholders in due course.

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**Adam Reynolds**  
Chairman

Date: 28 June 2017

## STRATEGIC REPORT

### REVIEW OF BUSINESS

#### **Mutsk Gold Project, Armenia**

##### *Exercise of Earn-in Option*

During the year, Orogen completed the earn-in exploration expenditures of US\$2.5 million on the Mutsk property prior to the required date of 31 August 2016. On completion of the earn-in expenditure Orogen exercised its option to acquire an 80% interest in Georaid CJSC, the Armenian registered company which holds the exploration licence covering the Mutsk property. Orogen received its 80% interest during the year. An additional £125,000 of exploration expenditure was incurred on the project after the option exercise date in the period to 31 December 2016. As the Company's partners on the project have not contributed to this expenditure as is required to maintain their 20% interest in the project, Orogen's interest in the project increased to approximately 82% by the year end.

##### *2016 Exploration Programme*

Diamond drilling at the Mutsk gold property recommenced in early July 2016 with the aim of extending the footprint of the gold deposit. An initial programme of seven holes totalling 1,015 metres directed towards the east was completed in early September 2016. The holes were focussed to the east and south of the main gold zone at Mutsk. Six of the seven holes completed cut sections of hydrothermal alteration with associated gold-bearing intervals.

A further step-out drilling programme was undertaken in October-November 2016 comprising of four step-out diamond drill holes to assess the potential strike extent of the Mutsk gold deposit. All holes were drilled at 50 degrees towards the east.

Overall, management was very encouraged by the outcome of a relatively limited drilling programme in 2016. This has demonstrated that a substantial gold deposit has been discovered with open pit potential. The strike length of the Mutsk deposit has been substantially increased in the current year from 0.5km to 1.3km, with the deposit still open to the south. In addition, drilling to the east of the original discovery has located further multiple gold bands, almost doubling the mineralisation footprint from east to west. There is also potential for additional discoveries further to the east, as well as at depth. The drilling has given an indication of the potential scale of the project.

#### **Silverton, Nevada**

The Silverton project is located northeast of Tonopah in the central Pancake Range in Nevada, USA. Over the last three decades multiple companies have explored the property for gold and silver.

In June 2016 Orogen signed an agreement with Galileo Resources plc ("Galileo") pursuant to which Orogen has the right to earn-in to a 51% interest in the project by way of exploration expenditure of US\$400,000 (the "First Expenditure") within 18 months and thereafter the possibility to spend an additional US\$1,500,000 (the "Second Expenditure") within 30 months to earn-in a further 24% interest, in total 75%, in the project. Galileo will have the right to participate pro rata after the First Expenditure; should it exercise this right it would retain a 49% equity interest in Silverton (as opposed to being diluted down to 25%).

In October 2016, Orogen completed a total of 1,274m of reverse circulation drilling in five holes on two targets within the Silverton claim area. Holes were targeted primarily at testing the Silverton Fault Zone at depth beneath previous shallower vertical drilling that had intercepted moderate to low grade gold and silver mineralisation over significant widths in the fault hanging-wall. The Silverton Fault appeared to be a potential feeder to widespread shallow gold mineralisation.

## STRATEGIC REPORT

The holes generally confirmed earlier results, with low-grade gold occurring in a package of iron-stained and pyrite-bearing felsitic tuff and quartzite within the hanging-wall sequence above the fault structure. Three of the four holes aimed at the fault zone intersected gold mineralisation, however the intercepts were not enhanced compared to the shallower historic holes. While the geology was much as expected, no significant gold mineralisation was encountered.

### CHANGE OF NAME AND STRATEGY

While the 2016 drilling results at Mutsik were encouraging in that they extended the gold deposit footprint, an independent study of the deposit has concluded that the current resource lies well below the target of 1,000,000 ounces of gold for the project. The Company believes that there is scope to add to the resource through additional exploration and infill drilling, albeit that the overall gold grade of circa 1 g/t is low and will therefore require significant additional tonnage to move the project forward to a commercial mine. As the Company has limited capital resources, and the Board does not consider that the Company will be able to raise the relatively significant level of new funds on acceptable terms to finance the further exploration that is needed to delineate the target orebody, it has been decided that a sale or joint venture of this project to a larger and more financially robust entity gives the project the opportunity to move forward and gives the Company some expectation of recovering part of its investment.

The drilling results at Silverton in Nevada were disappointing. A low grade zone has been encountered on the Silverton fault zone, but there is no sign of gold enhancement at depth. The Board does not consider that these results provide a strong case for further drilling.

On 21 March 2017, Orogen announced details of a proposed new strategy and consequent restructuring of its operations. The Board has completed a review of its operations and has concluded that it is no longer in shareholders' interests for the Company to continue to provide financial support for its mineral exploration activities. It is therefore seeking to dispose of its interests in its mineral exploration projects, and to conclude an acquisition which would constitute a reverse takeover under the AIM Rules. The Company has decided to cap further expenditure on its existing mineral exploration projects at £75,000 and to put them on care and maintenance programmes whilst buyers are sought for the Company's interests in these assets.

As an initial step in the above restructuring, the Company proposed to undertake a share consolidation and sub-division in order to increase the price at which the Company's shares trade on AIM and to enable the Company to raise funds through the issue of new shares. As part of the proposals that were put to a shareholder vote on 7 April 2017, up to £3.47m of new funds were to be introduced to the company to implement the new strategy and the Company's name was to be changed to Orogen plc.

All resolutions put to shareholders were approved at a general meeting on 7 April 2017. Accordingly, the capital reorganisation and change of the Company name to Orogen plc were completed.

The decision to cease the Company's mineral exploration activities represents a fundamental change of business under Rule 15 of the AIM Rules. Following the resolutions being passed, the Company is deemed to be an AIM Rule 15 cash shell, which means that the Company must make an acquisition or acquisitions which constitute a reverse takeover under Rule 14 of the AIM Rules within six months of the general meeting, otherwise the trading of the Company's shares on AIM will be suspended. If the Company has not made an acquisition or acquisitions which constitute a reverse takeover under Rule 14 of the AIM Rules within six months of such suspension, the admission of the Company's shares to trading on AIM will be cancelled.

### FINANCIAL AND CORPORATE

The loss for the year amounted to £3,083,000 (2015: £890,000). The loss for the year comprises an impairment charge of £2,691,000 (2015: £534,000), general and administrative expenses of £375,000 (2015: £356,000), share based payment charge of £20,000 (2015: £5,000) and finance income of £3,000 (2015: £5,000). The impairment charge is as a result of a review performed on the carrying value of the exploration and evaluation assets related to the Mutsik Gold Project (£2,515,000) and Silverton project (£168,000). A further £8,000 (2015: £534,000) was impaired on the Deli Jovan project and has been included in the loss on discontinued operations.

Following the completion of the capital reorganisation and placing on 7 April 2017 there was a total of 262,728,022 ordinary shares in issue. The Company raised gross proceeds of approximately £3.47 million, through an open offer, placing and second placing which added 231,364,011 ordinary shares to the 31,364,011 ordinary shares in existence after the capital reorganisation.

Immediately following the general meeting on 7 April 2017, Colin Bird, Edward Slowey, Michael Nolan and Alan Mooney resigned from the Board and Steven Metcalfe and Mark Collingbourne were appointed as non-executive directors of the Company with immediate effect. In addition, the Company appointed Turner Pope Investments (TPI) Ltd as sole broker with immediate effect.

### PRINCIPAL RISKS AND UNCERTAINTIES

The success of the Company is dependent on its ability to identify appropriate acquisitions and to attract sufficient funding to successfully develop them. The Company considers that the principal risks to the achievement of its business plans are as follows:

- **Implementation risk:** The Company's future success is largely dependent upon its ability to identify and execute a successful acquisition or acquisitions which constitutes a reverse takeover under Rule 14 of the AIM Rules. At the date of this report, whilst the Directors and have identified a number of potential acquisition opportunities that might be suitable for further consideration, the Directors have not carried out any due diligence on any acquisition opportunities or entered into any discussions or agreements in relation to any opportunity. There can be no assurance that the Company will be able to identify opportunities that are suitable or conclude agreements with any target business in the future. In addition, the Company may face competition for acquisitions from other organisations which may be larger and/or better funded. The Company cannot accurately predict how long it will take to deploy the capital available to it, if at all. Precise timings will depend on, among other things, the availability of suitable acquisitions, due diligence, negotiations with counterparties and investment structuring considerations.
- **Due diligence risk:** The due diligence process that the Company will undertake in connection with the strategy may not reveal all facts that may be relevant in connection with a proposed acquisition. Before investing, the Company is expected to conduct due diligence on a potential acquisition, including valuation analysis in order to identify material issues which might affect an investment decision. In many cases, the Company will rely on third parties and public information to conduct any such due diligence. The due diligence process may at times be subjective and only limited information may be available. In addition, the Company expects that any third party due diligence, feasibility, valuation or similar analyses will be subject to a number of qualifications and may be based on assumptions that could prove to be incorrect. Accordingly, the Company cannot assure investors that the due diligence investigation that it or any third party will carry out with respect to any future development will reveal or highlight all relevant risks associated with such an acquisition. Due diligence may also be insufficient to reveal all of the past and future liabilities relating to the operations and objectives of the target. The Company may lose all or part of the value of such acquisition, which could have a

## STRATEGIC REPORT

material adverse effect on the Company's financial condition and results of operations and which could reduce the value of the Company's ordinary shares.

- Financial risk: There is a risk that the Company may incur substantial legal, financial and advisory expenses arising from unsuccessful transactions. The net proceeds of the April 2017 placing are likely to be insufficient to fund in full all suitable acquisitions identified by the Board. Accordingly, the Company expects to seek additional sources of financing to implement its strategy. There can be no assurance that the Company will be able to raise those funds, whether on acceptable terms or at all. If further financing is obtained by issuing equity securities or convertible debt securities, existing shareholders may be diluted and the new securities may carry rights, privileges and preferences superior to existing ordinary shares. The Company may seek debt finance to fund all or part of any future acquisition. There can be no assurance that the Company will be able to raise those debt funds, whether on acceptable terms or at all. If such funding is unavailable, the Company may be required to reduce the scope of its operations or anticipated expansion. If debt financing is obtained, the Company's ability to raise further finance and its ability to operate its business may be subject to restrictions imposed by the providers of such funding.

For and on behalf of the board:

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**Adam Reynolds**

Director

Date: 28 June 2017

## BOARD OF DIRECTORS

### Biographical details of the Directors

#### ***Adam Reynolds – Non-Executive Chairman***

Adam began his career as a stockbroker before moving into investor relations. In 2000, he established Hansard Group plc, a financial PR firm, admitting its shares to trading on AIM in November 2000, before jointly leading a management buy-out of the business in 2004. Adam is also a non-executive director of EKF Diagnostics plc and HubCo Investments plc and a director of Wilton International Marketing Limited and Autoclenz Holdings Limited.

#### ***Steven Metcalfe - Non-Executive Director***

Steven is a former stockbroker with more than 28 years' experience in the financial industry. In 2005, as Head of UK Equities at Hichens Harrison, he was involved in the management buyout and then subsequent sale to Religare Capital Markets. For the last seven years, he has been involved with institutions, hedge funds and high net worth individuals within the regulated arena. Since leaving Investment Banking in mid-2016, he is now using his substantial background and history within the financial and corporate world and has set up a consultancy business that advises SMEs on finance, strategy and growth within their chosen area.

#### ***Mark Collingbourne - Non-Executive Director***

Mark is a qualified accountant with significant experience in financial management, particularly in the area of publicly quoted companies. He has dealt with all aspects of PLC development from bringing small companies to flotation to supervising the on-going accountancy and ensuring the good governance of international businesses.

During his ten year tenure with ViaLogy plc (now Premaitha Health plc), Mark was a key member of the team that arranged its transformation from a private US organisation to an AIM company, via a merger with Original Investments PLC. He also played a major part in arranging the financial details of ViaLogy's restructuring.

Previously, after periods with ITV Network Centre and Mechanical Copyright Protection Society Limited, Mark was appointed Finance Director of Curtis Brown Group Limited, one of the UK's leading literary agencies, in 1996, where he managed the financial implications of the management buyout in 2001.

Mark is currently Finance Director of React Group Plc and Chief Finance Officer of Optibiotix Health PLC. Mark also holds board positions on a number of small private companies.

## GROUP DIRECTORS' REPORT

The Directors present their report and the consolidated financial statements for the year ended 31 December 2016.

### Change of Name and Strategy

On 7 April 2017 at a general meeting of the Company, Orogen shareholders voted to adopt resolutions to effect a change of strategy and to change the name of the Company from Orogen Gold plc to Orogen plc. Trading on AIM commenced under the new Company name on 10 April 2017.

The decision to cease the Company's mineral exploration activities represents a fundamental change of business under Rule 15 of the AIM Rules. The Company is deemed to be an AIM Rule 15 cash shell, which means that the Company must make an acquisition or acquisitions which constitute a reverse takeover under Rule 14 of the AIM Rules within six months of the 7 April 2017 general meeting, otherwise the trading of the Company's shares on AIM will be suspended. If the Company has not made an acquisition or acquisitions which constitute a reverse takeover under Rule 14 of the AIM Rules within six months of such suspension, the admission of the Company's shares to trading on AIM will be cancelled.

### Results and dividends

The Group loss after tax for the year ended 31 December 2016 amounts to £3,083,000 (2015: £890,000). The Directors are not recommending payment of a final dividend for the year (2015: £nil).

### Directors

The Directors who served on the Board during the year and to the date of this report are as follows:

Adam Reynolds  
Colin Bird (resigned on 7 April 2017)  
Ed Slowey (resigned on 7 April 2017)  
Alan Mooney (resigned on 7 April 2017)  
Michael Nolan (resigned on 7 April 2017)  
Steven Metcalfe (appointed 7 April 2017)  
Mark Collingbourne (appointed 7 April 2017)

Under the terms of the articles of association all Directors must retire by rotation every three years and may seek re-election to the Board at the Annual General Meeting of the Company. The articles also provide for one-third of the Directors to retire by rotation. All new Directors appointed since the previous Annual General Meeting must seek re-election at the next Annual General Meeting in order to ratify their appointment to the Board by the members.

The Directors required to seek re-election at the next Annual General Meeting are Steven Metcalfe and Mark Collingbourne as directors appointed since the previous AGM and Adam Reynolds by rotation.

### Shares and listing

During the period the Company had two classes of share capital, ordinary shares of 0.01p each and deferred shares of 0.9p each. On 7 April 2017, every 250 existing ordinary shares of par value 0.01p in the Company at close of business on 7 April 2017 became 1 new ordinary share of par value 0.01p and 249 new deferred shares of par value 0.01p. The rights attaching to the new ordinary shares of 0.01p will be identical in all respects to those of the old ordinary shares of 0.01p.

Similar to the old deferred shares of 0.9p each, the new deferred shares of 0.01p created are effectively valueless as they will not carry any rights to vote or dividend rights. In addition, holders of deferred shares will only be entitled to a payment on a return of capital or on a winding up of the

## GROUP DIRECTORS' REPORT

Company after each of the holders of new ordinary shares of 0.01p each have received a payment of £10,000,000 on each such share. The new deferred shares are not and will not be listed or traded on AIM or any other investment exchange and are only transferable in limited circumstances.

The Company's new ordinary shares of 0.01p are listed on the Alternative Investment Market ("AIM") market of the London Stock Exchange (ticker: ORE.L). At the date of this report, 264,728,022 new ordinary shares of 0.01p each were in issue (see note 23 for further information). Details of share issues and changes to the capital structure during the year are set out in note 16 and 23. Details of the nominated advisor and brokers are presented on the Company Information at the end of this annual report.

### Substantial shareholdings

As at 26 June 2017 the following held 3% or more of the share capital of the Company:

Rank	Shareholder	No of shares at 26 June 2017	% Issued Capital
1	Spreadex Limited	27,784,866	10.50
2	Christopher Potts	13,333,333	5.04
3	Axiom Wealth Management Limited	12,333,333	4.66
4	Epsilon Investments pte Limited	10,000,000	3.78

<sup>A</sup> Based on 264,728,022 ordinary shares on 26 June 2017.

### Corporate governance

The Company is subject to the UK City Code on Takeovers and Mergers.

The Quoted Companies Alliance Code ("QCA Code") adopts key elements of the UK Corporate Governance Code, current policy initiatives and other relevant guidance and then applies these to the needs and particular circumstances of small and mid-size quoted companies on a public market. Focusing on 12 principles and a set of minimum disclosures, the QCA Code encourages companies to consider how or whether they should apply each principle to achieve good governance and provide quality explanations to their shareholders about what they have done.

### Committees of the Board

The Directors have established Audit and Remuneration Committees.

#### *The Audit Committee*

The Audit Committee currently comprises Steven Metcalfe as Chairman and Adam Reynolds and has primary responsibility for monitoring the quality of internal controls ensuring that the financial performance of the Company is properly measured and reported on and reviewing reports from the Company's auditors relating to the Company's accounting and internal controls, in all cases having due regard to the interests of Shareholders. The Audit committee meets at least twice a year.

#### *The Remuneration Committee*

The Remuneration Committee currently comprises Adam Reynolds as Chairman and Steven Metcalfe who review the performance of the executive directors and determine their terms and conditions of service, including their remuneration and the grant of options, having due regard to the interests of Shareholders. The Remuneration Committee meets no less than once every year.

## GROUP DIRECTORS' REPORT

### Directors' remuneration

Details of emoluments received by Directors of the Company for the year ended 31 December 2016 are as follows:

	2016 Total £	2015 Total £
Edward Slowey	60,000	79,750
Colin Bird	20,000	5,000
Adam Reynolds	15,000	29,625
Alan Mooney	15,000	21,875
Michael Nolan	15,000	21,875
Anthony Venus	—	13,875
<b>Total</b>	<b>125,000</b>	<b>172,000</b>

### Directors and their interests

The Directors of the Company held the following beneficial interests in the shares and share options of Orogen plc at 31 December 2016 and 31 December 2015:

	Ordinary shares of 0.01p each	Share Options		
		Ordinary shares of 0.01p each	Option exercise price	Expiry
Edward Slowey	663,584	160,000 <sup>B</sup>	£1.50	15/2/2021
Michael Nolan	540,443	160,000 <sup>B</sup>	£1.50	15/2/2021
Alan Mooney	518,443	160,000 <sup>B</sup>	£1.50	15/2/2021
Colin Bird	400,000	720,000 <sup>B</sup>	£0.0875	30/9/2022
Adam Reynolds	348,162	160,000	£1.50	15/2/2021

<sup>A</sup> The share numbers, options and option exercise prices have been adjusted by a factor of 250 to take into account the 250 to 1 share consolidation that took place on 7 April 2017.

<sup>B</sup> These options lapsed on 7 April 2017 following the board changes that were effective on that date as a result of the change of company strategy.

### Going concern

After making appropriate enquires, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. As part of their enquiries the Directors have reviewed cash forecasts for the company's operations for the 12 months from the date of approval of the financial statements. The Company has adequate cash to cover its corporate overheads and management costs over this period. The Company raised £3.47m before costs in a share placing in April 2017 and will cap expenditure on exploration projects at £75,000 after the change of strategy date of 7 April 2017. The Group acts as operator on its projects, which gives it flexibility in managing the Group's exploration programmes.

### Events after the reporting period

Further information on events after the reporting period is set out in note 23.

### Principal risks and uncertainties

The principal risks and uncertainties of the business are discussed in the Strategic Report and in note 21.

### Overseas branches

The Company has no overseas branches.

## **GROUP DIRECTORS' REPORT**

### **Directors' responsibilities**

The Directors are responsible for preparing the Group Directors' report and financial statements in accordance with applicable law and International Financial Reporting Standards.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted for use in the European Union that give a true and fair view of the state of the affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing these financial statements the Directors are required to:

- Select suitable accounting policies and apply them consistently; and
- make judgements and estimates that are reasonable and prudent; and
- state whether the Group and Company financial statements have been prepared in accordance with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

### **Auditors**

The Board are recommending Jeffreys Henry LLP for re-appointment as auditors of the Group and Company. Jeffreys Henry LLP have expressed their willingness to accept this appointment and a resolution re-appointing them will be submitted to the forthcoming Annual General Meeting.

### **Disclosure of information to the auditors**

At the date of approving this report, each Director confirms that, so far as that he is aware, there is no relevant audit information of which the Group and Company's auditors are unaware and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

For and on behalf of the board:

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**Adam Reynolds**

Director

Date: 28 June 2017

## **INDEPENDENT AUDITORS' REPORT**

### **Independent Auditors' report to the members of Orogen plc**

We have audited the financial statements of Orogen plc for the year ended 31 December 2016, which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Cash Flows, Company Statement of Cash Flows and the related notes. 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.

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 auditors' 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.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out in the Group Directors' Report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition we read all financial and non-financial information in the Chairman's Statement, the Strategic Report and Group Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion:

- the financial statements give a true and fair view, of the state of the Group's and Parent Company's affairs as at 31 December 2016 and of the Group's loss and Group's and Parent Company's cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRS's as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

## INDEPENDENT AUDITORS' REPORT

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter 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 in the Group Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Group Directors' Report has been prepared in accordance with the legal requirements.

In addition, in light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Group Directors' Report.

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

We have nothing to report in respect of the following matters where 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 audit have not been received from branches not visited by us; or
- the parent company's 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.

### **SACHIN RAMAIYA**

#### **(SENIOR STATUTORY AUDITOR)**

For and on behalf of Jeffreys Henry LLP, Chartered Accountants, Statutory Auditor

Finsgate  
5-7 Cranwood Street  
London  
EC1V 9EE  
United Kingdom

Date: 28 June 2017

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 £'000	2015 <sup>1</sup> £'000
<b>Continuing operations</b>			
Revenue		—	—
Operational costs		—	—
<b>Gross profit</b>		—	—
General and administrative expenses		(334)	(356)
Share based payments	17	(20)	(5)
Impairment of exploration and evaluation assets	9	(2,683)	—
<b>Group operating loss</b>	4	(3,037)	(361)
Finance income	5	3	5
Loss on ordinary activities before taxation		(3,034)	(356)
Tax on loss on ordinary activities	7	—	—
<b>Loss for the year from continuing operations</b>		(3,034)	(356)
<b>Discontinued operations</b>			
Loss for the year from discontinued operations	11	(49)	(534)
<b>Total loss for the year</b>		(3,083)	(890)
<b>Attributable to:</b>			
Equity holders of the parent		(2,609)	(677)
Non-controlling interests		(474)	(213)
<b>Group loss for the year</b>		(3,083)	(890)
Exchange translation differences		66	(2)
<b>Total comprehensive loss for the year</b>		(3,017)	(892)
<b>Attributable to:</b>			
Owners of the parent		(2,543)	(679)
Non-controlling interests		(474)	(213)
		(3,017)	(892)
<b>Loss per share:</b>			
Loss per share – basic and diluted, attributable to ordinary equity holders of the parent (pence)	8	(10.3)	(4.2)
Loss per share - basic and diluted, from continuing operations (pence)	8	(10.1)	(2.2)

1 - The comparatives have been restated to reflect the reclassification of Deli Jovan Exploration d.o.o. and Orogen Gold (Serbia) Limited as discontinued operations. The changes in presentation and the circumstances surrounding them are described in Note 2 – Accounting policies and Note 11 – Discontinued operations.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

	Notes	2016 £'000	2015 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Exploration and evaluation assets	9	—	1,577
Property, plant and equipment	12	—	2
<b>Total non-current assets</b>		—	1,579
<b>Current assets</b>			
Trade and other receivables	14	46	22
Cash and cash equivalents	15	342	921
<b>Total current assets</b>		388	943
<b>Total assets</b>		388	2,522
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	16	4,651	4,418
Share premium	16	12,268	12,181
Other reserves		676	625
Retained earnings	18	(17,367)	(14,765)
<b>Equity attributable to owners of the parent</b>		228	2,459
Non-controlling interests		3	—
<b>Total equity</b>		231	2,459
<b>Current liabilities</b>			
Trade and other payables	19	157	63
<b>Total current liabilities</b>		157	63
<b>Total liabilities</b>		157	63
<b>Total equity and liabilities</b>		388	2,522

The financial statements were approved and authorised for issue by the Board of Directors on 28 June 2017 and were signed on its behalf by:

\_\_\_\_\_  
**Adam Reynolds**  
 Director

Company Number: 5379931

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 £'000	2015 <sup>1</sup> £'000
<b>Cash flows from operating activities</b>			
Group loss for the year – continuing operations		<b>(3,034)</b>	(356)
Group loss for the year – discontinued operations		<b>(49)</b>	(534)
<b>Group loss for the year</b>		<b>(3,083)</b>	(890)
Finance income	5	<b>(3)</b>	(5)
Share based payments	17	<b>20</b>	5
Profit on disposal of subsidiary	11	<b>(25)</b>	—
Impairment of exploration and evaluation assets	9	<b>2,691</b>	534
Working capital adjustments:			
Change in trade and other receivables		<b>91</b>	36
Change in trade and other payables		<b>(32)</b>	(4)
<b>Net cash flow from operating activities</b>		<b>(341)</b>	(324)
<b>Cash flow from investing activities</b>			
Expenditure on exploration and evaluation assets and project earn-ins		<b>(568)</b>	(292)
Outflow on disposal of subsidiary	11	<b>(4)</b>	—
Inflow on acquisition of subsidiary	10	<b>11</b>	—
Bank interest received	5	<b>3</b>	5
<b>Net cash flow from investing activities</b>		<b>(558)</b>	(287)
<b>Cash flow from financing activities</b>			
Net proceeds from issue of equity instruments	16	<b>320</b>	411
<b>Net cash flow from financing activities</b>		<b>320</b>	411
<b>Net change in cash and cash equivalents</b>		<b>(579)</b>	(200)
Net foreign exchange difference		<b>—</b>	3
Cash and cash equivalents at beginning of year	15	<b>921</b>	1,118
<b>Cash and cash equivalents at end of year</b>	15	<b>342</b>	921

<sup>1</sup> - The comparatives have been restated to reflect the reclassification of Deli Jovan Exploration d.o.o. and Orogen Gold (Serbia) Limited as discontinued operations. The changes in presentation and the circumstances surrounding them are described in Note 2 – Accounting policies and Note 11 – Discontinued operations.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Shares to be issued reserve £'000	Retained earnings £'000	Foreign currency translation reserve £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
<b>Balance at 1 January 2015</b>		4,222	11,827	592	138	(14,088)	30	2,721	200	2,921
Loss for the year		—	—	—	—	(677)	—	(677)	(213)	(890)
Foreign exchange translation reserve		—	—	—	—	—	(2)	(2)	—	(2)
Total comprehensive income		—	—	—	—	(677)	(2)	(679)	(213)	(892)
Other movements		—	—	—	—	—	—	—	13	13
Shares based payments	17	—	—	5	—	—	—	5	—	5
Issue of share capital	16	196	354	—	(138)	—	—	412	—	412
<b>Balance at 31 December 2015</b>		4,418	12,181	597	—	(14,765)	28	2,459	—	2,459
<b>Balance at 1 January 2016</b>		4,418	12,181	597	—	(14,765)	28	2,459	—	2,459
Loss for the year		—	—	—	—	(2,609)	—	(2,609)	(474)	(3,083)
Foreign exchange translation reserve		—	—	—	—	—	66	66	—	66
Total comprehensive income		—	—	—	—	(2,609)	66	(2,543)	(474)	(3,017)
Acquisition of a subsidiary	10	—	—	—	—	—	—	—	477	477
Disposal of a subsidiary		—	—	—	—	—	(28)	(28)	—	(28)
Transfer of shares based payment reserve		—	—	(7)	—	7	—	—	—	—
Shares based payments	17	—	—	20	—	—	—	20	—	20
Issue of share capital	16	233	87	—	—	—	—	320	—	320
<b>Balance at 31 December 2016</b>		4,651	12,268	610	—	(17,367)	66	228	3	231

Share capital is the amount subscribed for shares at nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of those shares net of share issue expenses.

Share based payments reserve relate to the charge for share based payments in accordance with International Financial Reporting Standard 2.

Shares to be issued reserve represents the deferred share consideration in relation to services performed in 2014 for which shares were issued in 2015.

Retained earnings represent the cumulative loss of the Group attributable to equity shareholders.

Foreign currency translation reserve represents the retranslation of foreign subsidiaries.

Non-controlling interests represent the share of ownership of subsidiary companies outside the Group.

**COMPANY STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016**

	Notes	2016 £'000	2015 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	13	—	—
Loans to subsidiaries	13	100	2,063
<b>Total non-current assets</b>		<b>100</b>	<b>2,063</b>
<b>Current assets</b>			
Trade and other receivables	14	62	61
Cash and cash equivalents	15	64	301
<b>Total current assets</b>		<b>126</b>	<b>362</b>
<b>Total assets</b>		<b>226</b>	<b>2,425</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	16	4,651	4,418
Share premium	16	12,268	12,181
Other reserves		610	597
Retained earnings – prior periods	18	(14,860)	(14,514)
Retained earnings – current year	18	(2,581)	(346)
<b>Total equity</b>		<b>88</b>	<b>2,336</b>
<b>Current liabilities</b>			
Trade and other payables	19	138	89
<b>Total current liabilities</b>		<b>138</b>	<b>89</b>
<b>Total liabilities</b>		<b>138</b>	<b>89</b>
<b>Total equity and liabilities</b>		<b>226</b>	<b>2,425</b>

The financial statements were approved and authorised for issue by the Board of Directors on 28 June 2017 and were signed on its behalf by:

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**Adam Reynolds**  
Director

Company Number: 5379931

**COMPANY STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 £'000	2015 £'000
<b>Cash flows from operating activities</b>			
Loss for the year – continuing operations		(2,525)	(157)
Loss for the year – discontinued operations		(63)	(189)
<b>Loss for the year</b>		<b>(2,588)</b>	<b>(346)</b>
Impairment of investments and loans to subsidiaries	13	2,197	200
Impairment of exploration and evaluation assets	9	168	—
Share based payments	17	20	5
Working capital adjustments:			
Change in trade and other receivables	14	(1)	116
Change in trade and other payables	19	49	(13)
<b>Net cash flow from operating activities</b>		<b>(155)</b>	<b>(38)</b>
<b>Cash flow from investing activities</b>			
Expenditure on exploration and evaluation assets and project earn-ins	9	(168)	—
<b>Net cash flow from investing activities</b>		<b>(168)</b>	<b>—</b>
<b>Cash flow from financing activities</b>			
Net proceeds from issue of equity instruments	16	320	549
Funds advanced to subsidiary companies	13	(234)	(550)
<b>Net cash flow from financing activities</b>		<b>86</b>	<b>(1)</b>
<b>Net change in cash and cash equivalents</b>		<b>(237)</b>	<b>(39)</b>
Cash and cash equivalents at beginning of year	15	301	340
<b>Cash and cash equivalents at end of year</b>	15	<b>64</b>	<b>301</b>

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Share to be issued reserve £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 January 2015</b>		4,222	11,827	592	138	(14,514)	<b>2,265</b>
Loss and total comprehensive loss for the year		—	—	—	—	(346)	<b>(346)</b>
Issue of share capital	16	196	354	—	(138)	—	<b>412</b>
Shares based payments	17	—	—	5	—	—	<b>5</b>
<b>Balance at 31 December 2015</b>		4,418	12,181	597	—	(14,860)	<b>2,336</b>
<b>Balance at 1 January 2016</b>		4,418	12,181	597	—	(14,860)	<b>2,336</b>
Loss and total comprehensive loss for the year		—	—	—	—	(2,588)	<b>(2,588)</b>
Issue of share capital	16	233	87	—	—	—	<b>320</b>
Transfer of share based payment reserve		—	—	(7)	—	7	<b>—</b>
Shares based payments	17	—	—	20	—	—	<b>20</b>
<b>Balance at 31 December 2016</b>		4,651	12,268	610	—	(17,441)	<b>88</b>

Share capital is the amount subscribed for shares at nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of those shares net of share issue expenses.

Share based payments reserve relate to the charge for share based payments in accordance with International Financial Reporting Standard 2.

Shares to be issued reserve represents the deferred share consideration in relation to services performed in 2014 for which shares were issued in 2015.

Retained earnings represent the cumulative loss of the Company attributable to the equity shareholders.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1 General information

Orogen plc (formerly Orogen Gold plc) (the "Company") is a company incorporated in England and Wales. Details of the registered office, the officers and advisers to the Company are presented on the Company Information page at the end of this report. The Company is listed on the AIM market of the London Stock Exchange (ticker: ORE.L).

The principal activity of the Company during the year was gold and mineral exploration and production in Europe and the USA. At a general meeting of the Company on 7 April 2017, a change of strategy was approved by the shareholders of the Company. The Company is now classified as an AIM Rule 15 cash shell.

### 2 Significant accounting policies

#### **Basis of preparation**

The consolidated financial statements consolidate those of the Company and its subsidiaries (together the "Group" or "Orogen"). The consolidated financial statements of the Group and the individual financial statements of the Company are prepared in accordance with applicable UK law and International Financial Reporting Standards ("IFRS") as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The Directors consider that the financial information presented in these Financial Statements represents fairly the financial position, operations and cash flows for the period, in conformity with IFRS.

#### **Consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries and associated undertakings. All consolidated subsidiaries have a reporting date of 31 December.

Subsidiaries are all entities over which Orogen plc has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### ***Comparative Information***

There have been a number of developments which have changed the presentation of the comparative information and these are summarised as follows:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- On 8 September 2016, a liquidation process commenced for Deli Jovan Exploration d.o.o. a 60% owned Serbian subsidiary of the Company. All results and cash flows of the subsidiary for the year ended 31 December 2015 have been reclassified as discontinued.
- Orogen Gold (Serbia) Limited holds the Group's 60% interest in Deli Jovan Exploration d.o.o. It doesn't have any other activities. All results and cash flows of the subsidiary for the year ended 31 December 2015 have been reclassified as discontinued.
- The segmental information for 31 December 2015 has been restated to include the above changes within discontinued operations.

Except as indicated above, the Group financial statements have been prepared on a basis consistent with that reported for the year ended 31 December 2015.

### **Functional and presentation currency**

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Pounds Sterling (£), which is the Group's presentation currency and the Company's functional currency.

Foreign currency transactions are translated into the functional currency using 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 the income statement.

The results and financial position of all Group entities (none of which has the currency of a hyper-inflationary 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 for each income statement 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 rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### **Changes in accounting policies and disclosures**

The accounting policies adopted are consistent with those of the previous financial period. New standards and amendments to IFRS effective as of 1 January 2016 have been reviewed by the Group. These standards and amendments principally relate to clarifications and presentation and there has been no material impact on the financial statements as a result. The new standards include:

- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IFRSs: Annual Improvements 2012-2014 Cycle

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- Disclosure Initiative (Amendments to IAS1)
- Amendment to IAS27: Equity Methods in Separate Financial Statements
- Amendment to IFRS 11: Accounting for Acquisitions of Interest in Joint Ventures
- Clarification of Acceptable Methods of Depreciation and Amortisation: Disclosure Initiative
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception.

### Standards issued but not yet effective

There were a number of standards and interpretations which were in issue at 31 December 2016 but were not effective at 31 December 2016 and have not been adopted for these Financial Statements. The Directors have assessed the impact of these accounting changes on the Company.

The new standards include:

IFRS 9	Financial Instruments <sup>2</sup>
IFRS 15	Revenue from Contracts with Customers <sup>2</sup>
IFRS 16	Leases <sup>3</sup>
Improvements to IFRSs	Annual Improvements 2014-2016 Cycle <sup>2,3</sup>
Amendments to IAS 40	Transfers of Investment Property <sup>2</sup>
Amendments to IAS 12	Recognition of deferred tax assets for unrealised losses <sup>1</sup>
Amendments to IAS 7	Disclosure Initiative <sup>1</sup>
Clarifications to IFRS 15	Revenue from Contracts with Customers <sup>2</sup>
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>2</sup>
IFRIC 23	Uncertainty over Income Tax Treatments <sup>3</sup>
IFRIC 22	Foreign Currency Transactions and Advance Consideration <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019

### Critical accounting judgements and key sources of estimation uncertainty

The preparation of Financial Statements in conformity with IFRS requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the period end and the reported amounts of revenues and expenses during the reporting period. 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.

The Group's accounting policy descriptions set out the areas that involve significant estimation, uncertainty and critical judgement. The most significant of which are exploration and evaluation expenditure, business combinations and impairment of intangible assets and investments.

### Principal accounting policies

The principal accounting policies are summarised below. They have been consistently applied throughout the period covered by the Financial Statements.

#### **Business combinations**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. In the consolidated Financial Statements, acquisition costs incurred are expensed and included in general and administrative expenses.

### Exploration and evaluation assets

Exploration and evaluation assets are measured using the cost method of recognition. Exploration and evaluation expenditure is capitalised and recognised as an exploration and evaluation asset when the rights to an area of interest are current, the expenditures are expected to be recouped through successful development and exploitation activities and the operations are current and have not reached such a stage that a reasonable assessment of recoverable reserves can be made.

Exploration and evaluation expenditure includes:

- acquisition of rights to explore
- researching, analysing and collating of historical data
- exploratory drilling, sampling and trenching
- evaluation of technical feasibility and commercial viability
- administrative and general overheads related to an area of interest

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely either from future exploration or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in the statement of profit or loss and other comprehensive income in the period when the new information becomes available.

### Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Property, plant and equipment comprises office and field equipment and freehold land. Freehold land is not depreciated. Office and field equipment are depreciated over 3 to 10 years.

### Equity

Equity instruments issued by the Company are recorded at the value of the proceeds received, net of direct issue costs, allocated between share capital and share premium.

### Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill to each business segment in each country in which it operates.

### Impairment of non-financial assets

At each statement of financial position date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### **Taxation**

#### ***Income tax***

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the same income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group and Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

#### ***Deferred tax***

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally 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. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and Company intends to settle its current tax assets and liabilities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

on a net basis.

### Share based compensation

The fair value of the employee and suppliers services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting year is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each statement of financial position date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

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.

The fair value of share based payments recognised in the income statement is measured by use of the Black Scholes model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted; based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share price volatility percentage factor used in the calculation is based on management's best estimate of future share price behaviour and is selected based on past experience, future expectations and benchmarked against peer companies in the industry.

### Provisions

Provisions are recognised when the Group and Company has a present obligation as a result of a past event, and it is probable that the Group and Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the statement of financial position date, and are discounted to present value where the effect is material.

### Financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transactions costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

### Fair values

The carrying amounts of the financial assets and liabilities such as cash and cash equivalents, receivables and payables of the Group and Company at the statement of financial position date approximated their fair values, due to relatively short term nature of these financial instruments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Trade payables and other non-derivative financial liabilities

Trade payables and other creditors are non-interest bearing and are measured at cost.

### Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

### 3 Segmental information

In the opinion of the Directors, during the year, the Group had one class of business being the exploration for, and development and production of gold and other related activities.

The Group's primary reporting format was determined by the geographical segment according to the location of the exploration asset. At 31 December 2016, there were four geographic reporting segments: Armenia and USA involved in Gold exploration and development, discontinued operation in Serbia and the United Kingdom & Ireland being the head and administrative offices.

Segment information of the business for the year ending 31 December 2016 is presented below:

	UK & Ireland £'000	USA £'000	Armenia £'000	Discontinued operations £'000	Total £'000
<b>Income statement</b>					
General and administrative expenses	(314)	—	(20)	(41)	(375)
Share based payments	(20)	—	—	—	(20)
Impairment charge	—	(168)	(2,515)	(8)	(2,691)
Group operating loss	(334)	(168)	(2,535)	(49)	(3,086)
Finance revenue	3	—	—	—	3
<b>Group loss before tax</b>	<b>(331)</b>	<b>(168)</b>	<b>(2,535)</b>	<b>(49)</b>	<b>(3,083)</b>
<b>Assets and liabilities</b>					
Segment assets	371	—	17	—	388
Segment liabilities	(124)	—	(33)	—	(157)
	<b>247</b>	<b>—</b>	<b>(16)</b>	<b>—</b>	<b>231</b>

Segment information of the business for the year ending 31 December 2015 is presented below:

	UK & Ireland £'000	USA £'000	Armenia £'000	Discontinued operations £'000	Total £'000
<b>Income statement</b>					
General and administrative expenses	(356)	—	—	—	(356)
Share based payments	(5)	—	—	—	(5)
Impairment charge	—	—	—	(534)	(534)
Group operating loss	(361)	—	—	(534)	(895)
Finance revenue	5	—	—	—	5
<b>Group loss before tax</b>	<b>(356)</b>	<b>—</b>	<b>—</b>	<b>(534)</b>	<b>(890)</b>
<b>Assets and liabilities</b>					
Segment assets	940	—	1,577	5	2,522
Segment liabilities	(47)	—	—	(16)	(63)
	<b>893</b>	<b>—</b>	<b>1,577</b>	<b>11</b>	<b>2,459</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4 Operating loss

	2016 £'000	2015 £'000
<b>Operating loss is stated after charging/(crediting):</b>		
Directors' emoluments	125	172
Services provided by the Company's auditors:		
– Audit fees and expenses	16	16
– Tax compliance	2	2
– Other services pursuant to legislations	—	—
Foreign currency (gain)/loss	(9)	3

### 5 Finance income

	2016 £'000	2015 £'000
Bank interest received	3	5

### 6 Employees

	2016 £'000	2015 £'000
Aggregate Directors' emoluments including consulting fees	125	172
Wages and salaries	34	—
Social security costs	13	—
<b>Total</b>	<b>172</b>	<b>172</b>

Including the Directors, the Group's average number of employees during the year was 8 (2015: 5).

Including the Directors, the Company's average number of employees during the year was 5 (2015: 5).

### 7 Income tax benefit / (expense)

No corporation tax charge arises in the year ended 31 December 2016 and the year ended 31 December 2015. A reconciliation of the expected tax benefit computed by applying the tax rate applicable in the primary jurisdiction, the UK, to the loss before tax to the actual tax credit is as follows:

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Loss on ordinary activities before taxation	(3,083)	(890)	(2,588)	(346)
Tax at the UK corporation tax rate of 20%	(617)	(178)	(518)	(69)
Expenses not deductible for tax purposes	539	107	477	40
Losses unutilised	64	49	41	29
Differences in overseas taxation rates	14	22	—	—
<b>Tax on loss on ordinary activities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

The Group has estimated tax losses of £3,185,000 (2015: £2,798,000) to carry forward against future taxable profits. The deferred tax asset on these tax losses at 20% amounts to £637,000 (2015: £560,000) and has not been recognised due to the uncertainty of the recovery. Due to the post year end fundamental change in the Company's business following the exit of the mineral exploration industry, tax losses carried forward may not be fully available for use against the future profits of the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 8 Loss per share

Basic loss per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period:

	2016	2015
Loss after tax attributable to equity holders of the parent from continuing operations (£'000)	(2,560)	(356)
Loss after tax attributable to equity holders of the parent from discontinued operations (£'000)	(49)	(321)
Loss after tax attributable to equity holders of the parent (£'000)	(2,609)	(677)
Weighted average number of ordinary shares in issue	25,702,809	16,007,144
Fully diluted average number of ordinary shares in issue	25,702,809	16,007,144
<b>Basic and diluted loss per share (pence) – continuing operations</b>	<b>(10.1)</b>	<b>(2.2)</b>
<b>Basic and diluted loss per share (pence) – discontinued operations</b>	<b>(0.2)</b>	<b>(2.0)</b>
<b>Basic and diluted loss per share (pence)</b>	<b>(10.3)</b>	<b>(4.2)</b>

<sup>A</sup> The ordinary share numbers at 31 December 2016, have been adjusted by a factor of 250 to take into account the 250 to 1 share consolidation that took place on 7 April 2017.

Basic and diluted earnings per share are the same, since where a loss is incurred the effect of outstanding share options and warrants is considered anti-dilutive and is ignored for the purpose of the loss per share calculation. The share options outstanding as at 31 December 2016 totalled 380,000,000 (2015: 380,000,000) and are potentially dilutive.

### 9 Exploration and evaluation assets

	GROUP				COMPANY	
	USA £'000	Armenia £'000	Serbia £'000	Total £'000	USA £'000	Total £'000
<b>Cost</b>						
At 1 January 2015	—	1,311	5,520	6,831	—	—
Additions	—	266	34	300	—	—
At 31 December 2015	—	1,577	5,554	7,131	—	—
<b>Impairment</b>						
At 1 January 2015	—	—	5,020	5,020	—	—
Impairment charge	—	—	534	534	—	—
At 31 December 2015	—	—	5,554	5,554	—	—
<b>Carrying value 31 December 2015</b>	<b>—</b>	<b>1,577</b>	<b>—</b>	<b>1,577</b>	<b>—</b>	<b>—</b>
<b>Cost</b>						
At 1 January 2016	—	1,577	5,554	7,131	—	—
Additions	168	938	8	1,114	168	168
Discontinued operations	—	—	(5,562)	(5,562)	—	—
At 31 December 2016	168	2,515	—	2,683	168	168
<b>Impairment</b>						
At 1 January 2016	—	—	5,554	5,554	—	—
Impairment charge	168	2,515	8	2,691	168	168
Discontinued operations	—	—	(5,562)	(5,562)	—	—
At 31 December 2016	168	2,515	—	2,683	168	168
<b>Carrying value 31 December 2016</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

As part of the annual impairment review of asset carrying values a charge of £2,515,000 (2015: nil) was recorded in relation to the Mutsk project in Armenia.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As part of the annual impairment review of asset carrying values a charge of £168,000 (2015: nil) was recorded in relation to the Silverton project in USA. During the year, the Company decided to terminate the Deli Jovan project and relinquish the exploration permit.

### **Annual Impairment Review**

The Group's policy in relation to exploration and evaluation expenditure is to capitalise the expenditure when the rights to an area of interest are current, the expenditures are expected to be recouped through successful development and exploitation activities and the operations are current and have not reached such a stage that a reasonable assessment of recoverable reserves can be made.

The Company believes that sufficient information was available at the reporting date (including disappointing exploration results, no substantive expenditure forecast on the assets and a depressed share price) which suggested that the recovery of expenditure on the Mutsik and Silverton areas of interest was unlikely, therefore the amounts which were capitalised in respect of these assets were written off to the statement of comprehensive income.

After year end, at a General Meeting of the Company on 7 April 2017, shareholders approved a change of strategy and an exit from mineral exploration. The Company has decided to cap further expenditure on its existing mineral exploration projects at £75,000 and to put them on care and maintenance programmes whilst buyers are sought for the Company's interests in these assets.

As a result of the above the Directors determined that there were facts and circumstances which indicated at year end that the Group's assets were impaired and accordingly the assets were written off. The actions undertaken by the Company since the year end reflect the resulting impact of the underlying issues which had begun to affect the Group prior to the year end.

## **10 Business combinations and non-controlling interests**

### *Acquisition of Georaid CJSC*

On 31 August 2016, the Group earned a 80% interest in the Armenia company Georaid CJSC following the completion of US\$2.5 million (£1,907,000) exploration financing of the Mutsik gold project. At the date of acquisition non-controlling interests have been measured at their proportionate interest in the book values of the subsidiary net assets as adjusted for the accounting policies of the Group (the total subsidiary net assets after accounting policy and fair value adjustments was £2,384,000).

Assets acquired and liabilities assumed:

	At date of acquisition £'000
<b>Assets</b>	
Exploration and evaluation assets (see note below)	2,390
Cash and cash equivalents	11
Trade and other receivables	18
<b>Total assets</b>	<b>2,419</b>
<b>Liabilities</b>	
Trade and other payables	35
<b>Total liabilities</b>	<b>35</b>
 Total net assets	 2,384
Non-controlling interest	477
<b>Purchase consideration</b>	<b>1,907</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At the acquisition date a fair value uplift was made to the exploration and evaluation assets, which resulted in a total value of £2,390,000 at the acquisition date, to reflect the value of the Group's investment in the Mutsk gold project.

An additional £125,000 of exploration expenditure was incurred to 31 December 2016 on the Mutsk gold project after the 80% earn-in date. As the Company's partners on the project have not contributed to this expenditure as is required to maintain their 20% interest in the project, Orogen's interest in the project increased to approximately 82% by the year end. Shares in Georaid CJSC for the increased interest in the project have not yet been issued to Orogen.

### 11 Discontinued operations

#### Serbian gold exploration operations

On 8 September 2016, a liquidation process commenced for Deli Jovan Exploration d.o.o. a 60% owned Serbian subsidiary of the Company. All results and cash flows of the subsidiary for the year ended 31 December 2015 have been reclassified as discontinued.

Orogen Gold (Serbia) Limited holds the Group's 60% interest in Deli Jovan Exploration d.o.o. It doesn't have any other activities. All results and cash flows of the subsidiary for the year ended 31 December 2015 have been reclassified as discontinued.

#### Armenia and USA gold exploration operations

On 21 March 2017, the Company announced its proposals to dispose of the Company's mineral exploration interests and change the Company's business strategy. At a general meeting on the 7 April 2017, the Company's shareholders approved resolutions for a change of strategy resulting in the Company being classified as an AIM Rule 15 cash shell. The Company has decided to cap further expenditure on its existing mineral exploration projects at £75,000 and to put them on care and maintenance programmes whilst buyers are sought for the Company's interests in these assets. The Board does not believe that all the conditions to classify the Armenian and USA gold exploration operations as discontinued and available for sale were met at 31 December 2016. Therefore, these operations have been included as continuing at 31 December 2016.

Results for discontinued operations:

As indicated above, the liquidation process for Deli Jovan Exploration d.o.o. commenced in 2016. As a consequence of this, the results and cash flows of the subsidiary and its holding Company, Orogen Gold (Serbia) Limited, for the year ended 31 December 2015 have been reclassified as discontinued.

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Revenue	—	—	3	11
General and administrative costs	(41)	—	(66)	—
Impairment charges	(8)	(534)	—	(200)
Loss on discontinued operations before tax	(49)	(534)	(63)	(189)
Tax	—	—	—	—
Loss for the period from discontinued operations	(49)	(534)	(63)	(189)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Loss per share from discontinued operations:

	2016 Pence	2015 Pence
Loss per share from discontinued operations:		
Basic and diluted <sup>A</sup>	<b>(0.2)</b>	<b>(2.0)</b>

<sup>A</sup> The share number used in the LPS calculation is the post period end share consolidation amount – see note 16 for details.

The net cash flows incurred are as follows:

	Group	
	2016 £'000	2015 £'000
Operating	<b>(11)</b>	(14)
Investing	<b>(4)</b>	(26)
Financing	—	—
Net cash (outflow)/inflow	<b>(15)</b>	(40)

### 12 Property, plant and equipment - Group

	Freehold Land £'000	Office and Field Equipment £'000	Total £'000
<b>Cost</b>			
At 1 January 2015	2	2	4
Additions	—	—	—
At 31 December 2015	2	2	4
<b>Accumulated depreciation</b>			
At 1 January 2015	—	1	1
Additions	—	1	1
At 31 December 2015	—	2	2
<b>Carrying value 31 December 2015</b>	<b>2</b>	<b>—</b>	<b>2</b>
<b>Cost</b>			
At 1 January 2016	2	2	4
Discontinued operations	(2)	(2)	(4)
At 31 December 2016	—	—	—
<b>Accumulated depreciation</b>			
At 1 January 2016	—	2	2
Discontinued operations	—	(2)	(2)
At 31 December 2016	—	—	—
<b>Carrying value 31 December 2016</b>	<b>—</b>	<b>—</b>	<b>—</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 13 Non-current assets

#### Investments in subsidiaries and associates:

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Cost as at 1 January	—	—	9,102	8,689
Additions	—	—	234	413
<b>Cost at 31 December</b>	<b>—</b>	<b>—</b>	<b>9,336</b>	<b>9,102</b>
Impairment as at 1 January	—	—	7,039	6,839
Impairment charge	—	—	2,197	200
<b>Impairment at 31 December</b>	<b>—</b>	<b>—</b>	<b>9,236</b>	<b>7,039</b>
<b>Carrying value as at 31 December</b>	<b>—</b>	<b>—</b>	<b>100</b>	<b>2,063</b>

#### Break down of carrying value of investment:

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Emotion Fitness Mag Kft – investment	—	339	—	339
Emotion Fitness Mag Kft -impairment	—	(339)	—	(339)
Medavinci Gold Limited - investment	—	—	3,370	3,370
Medavinci Gold Limited - impairment	—	—	(3,370)	(3,370)
<b>Investments</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Medavinci Gold Limited – loan	—	—	5,627	5,393
Medavinci Gold Limited – loan provision	—	—	(5,527)	(3,330)
<b>Loans to subsidiaries</b>	<b>—</b>	<b>—</b>	<b>100</b>	<b>2,063</b>
<b>Total non-current assets</b>	<b>—</b>	<b>—</b>	<b>100</b>	<b>2,063</b>

As part of the annual impairment review of asset carrying values a charge of £2,197,000 (2015: £200,000) was recorded in relation to the Company's intercompany receivable from Medavinci Gold Limited. This follows the review of the carrying value of all exploration assets (see note 9). Medavinci Gold Limited operates as a holding company of Orogen Gold Limited an Irish registered company with gold exploration interests in Armenia.

#### *Emotion Fitness Mag Kft*

The Group's investment in Emotion Fitness Mag Kft (a Hungarian registered company) represents a 47% interest in that company. Emotion Fitness Mag Kft discontinued the operation of a fitness centre from its Budapest premises in 2011. The Directors consider it is unlikely that the Company will recover any value from this investment and accordingly have fully impaired the value of the investment.

Subsidiary companies	Incorporation	Holding	Type of share held	% Holding <sup>1</sup> 2016	% Holding <sup>1</sup> 2015
Deli Jovan Exploration d.o.o.	Serbia	Indirect	Ordinary shares	—	60
Medavinci Gold Limited	UK	Direct	Ordinary shares	100	100
Emotion Fitness Limited	UK	Direct	Ordinary shares	100	100
Orogen Gold Limited	Ireland	Indirect	Ordinary shares	100	100
Orogen Gold (Serbia) Limited	Ireland	Indirect	Ordinary shares	100	100
Orogen Gold (Armenia) Limited	Ireland	Indirect	Ordinary shares	100	100
Georaid CJSC	Armenia	Indirect	Ordinary shares	80	—

<sup>1</sup> Percentage of share type held and overall voting rights

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### List of registered offices:

Company	Registered Office Address
Deli Jovan Exploration d.o.o.	Ustanička 128 a, Beograd-Voždovac
Medavinci Gold Limited	Finsgate, 5-7 Cranwood Street, London, EC1V 9EE
Emotion Fitness Limited	Finsgate, 5-7 Cranwood Street, London, EC1V 9EE
Orogen Gold Limited	18 Fitzwilliam Place, Dublin 2
Orogen Gold (Serbia) Limited	18 Fitzwilliam Place, Dublin 2
Orogen Gold (Armenia) Limited	18 Fitzwilliam Place, Dublin 2
Georaid CJSC	8H.Qochar,apt.16, Yerevan

### 14 Trade and other receivables

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
VAT recoverable	15	16	10	5
Other receivables and prepayments	31	6	22	4
Receivables from Group Companies	—	—	30	52
<b>Trade and other receivables</b>	<b>46</b>	<b>22</b>	<b>62</b>	<b>61</b>

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

### 15 Cash and cash equivalents

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Cash at bank	342	921	64	301
<b>Cash and cash equivalents</b>	<b>342</b>	<b>921</b>	<b>64</b>	<b>301</b>

### 16 Share capital

Details of ordinary shares issued are in the table below:

Ordinary Shares (£0.001)					
Date	Details	Number of shares	Issue Price £	Total Share Capital £'000	Total Share Premium £'000
At 1 Jan 2015	Opening Balance	3,560,432,183		356	11,827
27 Jan 2015	Mutsk continuation notice	110,886,804	0.000597	11	55
25 Mar 2015	Drill for equity agreement	36,350,350	0.002	4	69
30 Oct 2015	Share placing - £450,000	1,800,000,000	0.00025	180	230
At 31 Dec 2015		5,507,669,337		551	12,181
9 Aug 2016	Share placing - £350,000	2,333,333,333	0.00015	233	87
At 31 Dec 2016		7,841,002,670		784	12,268

Details of deferred shares issued are in the table below:

Deferred Shares (£0.009)			
Date	Number of shares	Total Share Capital £'000	Total Share Premium £'000
At 1 Jan 2015, 31 Dec 2015 and 31 Dec 2016	429,643,035	3,867	—

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

On 7 April 2017, every 250 existing ordinary shares of par value 0.01p in the Company at close of business on 7 April 2017 became 1 new ordinary share of par value 0.01p and 249 new deferred shares of par value 0.01p. The rights attaching to the new ordinary shares of 0.01p will be identical in all respects to those of the old ordinary shares of 0.01p.

Similar to the old deferred shares of 0.9p each, the new deferred shares of 0.01p created are effectively valueless as they will not carry any rights to vote or dividend rights. In addition, holders of deferred shares will only be entitled to a payment on a return of capital or on a winding up of the Company after each of the holders of new ordinary shares of 0.01p each have received a payment of £10,000,000 on each such share. The new deferred shares are not and will not be listed or traded on AIM or any other investment exchange and are only transferable in limited circumstances.

### 17 Share based payments

The Group has a share ownership compensation scheme for senior executives of the Group. In accordance with the provisions of the plan, as approved by shareholders at a previous general meeting, senior executives may be granted options to purchase ordinary shares in the Company.

The Group has on occasion issued warrants, or share options to third parties by way of settlement of liabilities to strategic suppliers and consultants. Each share option converts into one ordinary share of Orogen plc upon exercise. No amounts are paid or payable by the recipient of the option for the option. The options carry neither rights to dividends nor voting rights at shareholders meetings.

	2016		2015	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Balance at 1 January	380,000,000	0.369p	225,000,000	0.68p
Lapsed during the year	—	—	(25,000,000)	0.80p
Issued during the year	—	—	180,000,000	0.035p
<b>Balance at 31 December <sup>B</sup></b>	<b>380,000,000</b>	<b>0.369p</b>	<b>380,000,000</b>	<b>0.369p</b>
<b>Exercisable at 31 December</b>	<b>200,000,000</b>	<b>0.60p</b>	<b>200,000,000</b>	<b>0.60p</b>

<sup>A</sup> See note 16 in relation to the post year end share reorganisation. All existing rights attached to share options were amended to reflect the new share structure. The rights are now over new ordinary shares of 0.01p, with the original units divided by a factor of 250 and the original exercise price increased by a factor of 250.

<sup>B</sup> 300,000,000 of these options lapsed on 7 April 2017 following the board changes that were effective on that date as a result of the change of company strategy.

The fair value of equity based share options granted is estimated at the date of grant using the Black-Scholes pricing model, taking into account the terms and conditions upon which the options have been granted. The calculated fair value of share options and warrants charged to the Group and Company financial statements in the year is £20,000 (2015: £5,000). The total fair value of the share options granted during 2015 is £41,000.

The following are the inputs to the model for the options granted during the prior year:

Share Options 2015	
Strike price	0.035p
Total units	180,000,000
Underlying asset price	0.035p
Time (days)	2,555
Volatility	110%
Interest rate p.a.	1.25%

<sup>A</sup> See note 16 in relation to the post year end share reorganisation.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 18 Retained earnings

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Opening balance	(14,765)	(14,088)	(14,860)	(14,514)
Loss for the year	(2,609)	(677)	(2,588)	(346)
Transfer from share based payment reserve	7	—	7	—
<b>Closing balance</b>	<b>(17,367)</b>	<b>(14,765)</b>	<b>(17,441)</b>	<b>(14,860)</b>

In accordance with the provisions of the Companies Act 2006, the Company has not presented a statement of profit or loss and other comprehensive income. The Company's loss for the year was £2,588,000 (2015: loss £346,000).

### 19 Trade and other payables

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Trade payables	15	8	13	6
Accruals and deferred income	126	42	93	36
Amounts due to Directors	16	13	8	8
Payable to Group Companies	—	—	24	39
<b>Trade and other payables</b>	<b>157</b>	<b>63</b>	<b>138</b>	<b>89</b>

Amounts due to Directors are unsecured, interest free and are current liabilities.

### 20 Related party transactions

See the Directors report for details of remuneration of Directors.

#### Shares purchased by Directors

Shares in Orogen plc were acquired by the Directors of the Company as part of share placings as follows:

	Subscription shares October 2015
Colin Bird	100,000,000
Adam Reynolds	25,000,000
Ed Slowey	25,000,000
Alan Mooney	25,000,000
Michael Nolan	25,000,000
<b>Total</b>	<b>200,000,000</b>

<sup>A</sup> See note 16 in relation to the post year end share reorganisation.

There were no shares purchased via share placings by directors during 2016.

#### Other transactions with Directors

The following amounts were charged during the year to the Company by entities related to the Directors:

	2016	2015
	£'000	£'000
Office facilities and administration	10	9
<b>Total</b>	<b>10</b>	<b>9</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Office facilities and administration costs include £10,000 (2015: £9,000) in relation to office licence fees. The office licence fees were charged on an arm's length basis.

### **Silverton Agreement with Galileo Resource plc ("Galileo")**

In June 2016, Orogen executed an earn-in agreement with Galileo covering the Silverton gold-silver property in Nevada, USA ("Silverton"). Under the earn-in agreement Orogen secured the right to earn-in to an initial 51% interest in Silverton by spending US\$400,000 within 18 months and thereafter the possibility to spend an additional US\$1,500,000 within 30 months to earn-in a further 24% interest. At the time of the transaction, Colin Bird was a director of both Galileo and Orogen and had shareholdings of 24.81% and 1.82% respectively.

### **Parent transactions with Group companies**

During the year the Company advanced £234,000 (2015: £413,000) to Medavinci Gold Limited by way of intercompany loans for exploration activities. The balance outstanding from Medavinci Gold Limited at 31 December 2016 is £5,627,000 (2015: £5,393,000). The Company made a provision of £2,197,000 (2015: £200,000) against this receivable in the current year (see note 13). The intercompany loans are interest free and unsecured.

As at the 31 December 2016 the Company had trade receivable balances of £30,000 (2015: £51,000) with Orogen Gold (Armenia) Limited and nil (2015: £1,000) with Orogen Gold (Serbia) Limited. Intercompany trade receivable balances are payable within 30 days of the invoice date. The Company's total intercompany income for the year was £144,000 (2015: £181,000).

As at the 31 December 2016 the Company had a trade payable balance of £24,000 (2015: £39,000) with Orogen Gold Limited. Intercompany trade payable balances are payable within 30 days of the invoice date. The Company's total intercompany recharges incurred for the year was £106,000 (2015: £150,000).

### **21 Financial instruments – risk management**

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

#### **General objectives, policies and processes**

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining responsibility for them it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives regular updates from the management team through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The Company's operations expose it to some financial risks arising from its use of financial instruments, the most significant ones being cash flow interest rate risk, foreign exchange risk, liquidity risk and capital risk. Further details regarding these policies are set out below:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk from its deposits of cash and cash equivalents with banks. The cash balances maintained by the Group are proactively managed in order to ensure that attractive rates of interest are received for the available funds but without affecting the working capital flexibility the Group requires. The Group is not at present exposed to cash flow interest rate risk on borrowings as it has no debt. No subsidiary company of the Group is permitted to enter into any borrowing facility or lease agreement without the prior consent of the Company.

### Interest rates on financial assets

The Group's financial assets consist of cash and cash equivalents, loans, trade and other receivables. The interest rate profile of these assets was as follows:

	Total £'000	Financial assets on which interest is earned £'000	Financial assets on which interest is not earned £'000
<b>31 December 2016</b>			
UK Sterling	264	184	80
Euro	29	—	29
US Dollar	88	61	27
Other currencies	7	1	6
	<b>388</b>	<b>246</b>	<b>142</b>
<b>31 December 2015</b>			
UK Sterling	897	588	309
Euro	25	—	25
US Dollar	19	19	—
Other currencies	2	—	2
	<b>943</b>	<b>607</b>	<b>336</b>

The Group earned interest on its interest bearing financial assets at rates between 0.05% and 0.75% (2015: 0.05% and 0.9%) during the year.

A change in interest rates on the statement of financial position date would increase/ (decrease) the equity and the anticipated annual income or loss by the theoretical amounts presented below. The analysis is made on the assumption that the rest of the variables remain constant. The analysis with respect to 31 December 2015 was prepared under the same assumptions.

	2016		2015	
	Increase in 1% £'000	Decrease of 1% £'000	Increase in 1% £'000	Decrease of 1% £'000
Instruments bearing interest	7	(7)	6	(6)

It is considered that there have been no significant changes in cash flow interest rate risk at the reporting date compared to the previous year end and that therefore this risk has had no material impact on earnings or shareholders' equity.

### Foreign exchange risk

Foreign exchange risk may arise because the Group has operations located in various parts of the world where the local currency is not the same as the functional currency in which the Company operates.

Only in exceptional circumstances will the Group consider hedging its net investments in overseas operations, as generally it does not consider that the reduction in foreign currency exposure warrants

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

the cash flow risk created from such hedging techniques. It is the Group's policy to ensure that individual Group entities enter into local transactions in their functional currency wherever possible and that surplus funds over and above immediate working capital requirements are held in Sterling deposits.

The Group considers this policy minimises any unnecessary foreign exchange exposure. In order to monitor the continuing effectiveness of this policy the Board through their approval of both corporate and capital expenditure budgets and review of the currency profile of cash balances and management accounts, considers the effectiveness of the policy on an on-going basis.

The following table discloses the major exchange rates of those currencies utilised by the Group:

Foreign currency units to £1 UK Sterling (rounded)	EUR	USD
Average 2016	1.225	1.351
At 31 December 2016	1.174	1.235
Average 2015	1.374	1.528
At 31 December 2015	1.357	1.480

(EUR = Euro and USD = United States Dollar)

### Liquidity risk

Liquidity risk arises from the Group's management of working capital; it is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The principal obligations of the Group arise in respect of committed expenditure in respect of its on-going exploration work. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its obligations when they become due. To achieve this aim, it seeks to maintain readily available cash balances (or agreed facilities) to meet expected requirements and to raise new equity finance to meet the next phase of exploration and where relevant development expenditure.

The Board receives cash flow projections on a monthly basis as well as information on cash balances. The Board will not commit to material expenditure in respect of its on-going exploration work prior to being satisfied that sufficient funding is available to the Group to finance the planned programmes. For cash and cash equivalents, the Company only uses recognised banks with medium to high credit ratings.

### Capital risk

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

## 22 Capital commitments and contingencies

### Capital Commitments

Following the approval of the change in strategy on 7 April 2017, Orogen will withdraw from mineral exploration and will not commit further substantial expenditure on its exploration assets in the meantime. All costs incurred to 31 December 2016 in respect of the Company's work programmes have been accrued for. Going forward the Group has liabilities in respect of general overheads in relation to its exploration projects, £50,000 in the period to 7 April 2017, and has decided to cap further expenditure, after the change of strategy date, on its mineral exploration projects at £75,000 whilst buyers are sought for the Company's interest in these assets. The Company estimates that total future costs in relation to mineral exploration after 31 December 2016 should not exceed £125,000 in aggregate.

### **Contingent liabilities**

#### ***Georaid CJSC ("Georaid") Mutsk Gold Project Joint Venture Agreement***

Under the Joint Venture Agreement with Georaid if a positive bankable feasibility study is obtained on the Mutsk gold project, then Orogen will issue ordinary shares in the Company to the former Georaid principals to the value of US\$300,000. The US\$300,000 share based payment is contingent on the Company (1) exercising its option to acquire an 80% interest in the project (this option was exercised in August 2016); (2) the project partners undertaking further substantial exploration work on the project and (3) a feasibility study being commissioned which is both positive in its outcome and bankable.

### **23 Events after the reporting period**

#### ***Change of Name and Strategy***

On 7 April 2017 at a general meeting of the Company, Orogen shareholders voted to adopt resolutions to effect a change of strategy and to change the name of the Company from Orogen Gold plc to Orogen plc. Trading on AIM commenced under the new Company name on 10 April 2017.

The decision to cease the Company's mineral exploration activities represents a fundamental change of business under Rule 15 of the AIM Rules. The Company is deemed to be an AIM Rule 15 cash shell, which means that the Company must make an acquisition or acquisitions which constitute a reverse takeover under Rule 14 of the AIM Rules within six months of the 7 April 2017 general meeting, otherwise the trading of the Company's shares on AIM will be suspended. If the Company has not made an acquisition or acquisitions which constitute a reverse takeover under Rule 14 of the AIM Rules within six months of such suspension, the admission of the Company's shares to trading on AIM will be cancelled.

#### ***Capital Restructuring and Issue of Shares***

On 7 April 2017, every 250 existing ordinary shares of par value 0.01p in the Company at close of business on 7 April 2017 became 1 new ordinary share of par value 0.01p and 249 new deferred shares of par value 0.01p. The rights attaching to the new ordinary shares of 0.01p will be identical in all respects to those of the old ordinary shares of 0.01p.

On 7 April 2017 the Company raised gross proceeds of approximately £3.47 million, through an open offer, placing and second placing which added 231,364,011 ordinary shares to the 31,364,011 ordinary shares in existence after the capital reorganisation.

#### ***Directorate Changes***

Following the general meeting on 7 April 2017, Colin Bird, Edward Slowey, Michael Nolan and Alan Mooney resigned from the Board and Steven Metcalfe and Mark Collingbourne were appointed as directors of the Company with immediate effect.

#### ***Issue of Equity***

On 3 May 2017, the Company issued 2,000,000 new ordinary shares of 0.01p at 1.5p in settlement of professional fees. Following the issue of the new ordinary shares, the total number of ordinary shares in issue is 264,728,022.

#### ***Silverton Agreement Withdrawal***

On 8 May 2017, Orogen issued formal notice to Galileo Resources plc of its withdrawal from the Silverton Agreement. As permitted under the agreement, Orogen has withdrawn without recourse with all interests in the Silverton property reverting back to Galileo.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### ***Suspension, Loan and Potential Acquisition***

On the 26 May 2017, the Company announced that it had agreed heads of terms with Thread 35 Limited ("Thread") to acquire Thread's entire issued share capital, subject to certain conditions and due diligence. Thread operates an e-commerce womenswear brand under the brand name "Sosandar". This acquisition would constitute a reverse transaction under the AIM Rules. Consequently, the Company has requested that trading in its shares is temporarily suspended, pending either the publication of an admission document or until the proposed acquisition negotiations are terminated.

As part of the proposed transaction Orogen has made a secured loan of up to £250,000 ("Loan") to Thread. The Loan is interest free and may be drawn down in two tranches. The first tranche of £100,000 may be drawn down immediately, whilst the second tranche may only be drawn down on the condition that letters of intent are obtained by the Company from Thread's shareholders to accept the terms of an offer to acquire their shares. On 14 June 2017, the second tranche of the Loan was drawn down.

## COMPANY INFORMATION

WEBSITE: [WWW.OROGEN.CO.UK](http://WWW.OROGEN.CO.UK)

Registered office	Finsgate 5-7 Cranwood Street London EC1V 9EE
Registered number	5379931, England and Wales
Directors	Adam Reynolds – Non-executive Chairman Steven Metcalfe – Non-executive Director Mark Collingbourne – Non-executive Director
Secretary	Mark Collingbourne
Auditors	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street London EC1V 9EE
Nominated advisor	Cairn Financial Advisers LLP Cheyne House Crown Court 62-63 Cheapside London EC2V 6AX
Broker	Turner Pope Investments 6 <sup>th</sup> Floor, Becket House 36 Old Jewry London EC2R 8DD
Registrars	Capita Asset Services The Registry, 34 Beckenham Road Beckenham Kent BR3 4TU
Solicitors	BPE Solicitors LLP St. James' House St. James' Square Cheltenham GL50 3PR
Public Relations	Walbrook PR Limited 4 Lombard Street London EC3V 9HD

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting (“Meeting”) of Orogen plc (“the Company”) will be held at Finsgate, 5-7 Cranwood Street, London EC1V 9EE on 27 July 2017 at 4pm for the following purposes:

### **ORDINARY BUSINESS**

1. To receive and adopt the report of the Directors and the financial statements of the Company for the year ending 31 December 2016, together with the report of the auditors thereon. (Ordinary Resolution)
2. To re-elect Adam Reynolds as a Director of the Company in accordance with the Company’s articles of association. (Ordinary Resolution)
3. To re-elect Steven Metcalfe as a Director of the Company in accordance with the Company’s articles of association. (Ordinary Resolution)
4. To re-elect Mark Collingbourne as a Director of the Company in accordance with the Company’s articles of association. (Ordinary Resolution)
5. To re-appoint Jeffrey Henry LLP as auditors of the Company and to authorize the Directors to fix their remuneration. (Ordinary Resolution)

### **SPECIAL BUSINESS**

To consider and, if thought fit, to pass the following resolutions which will be proposed as an ordinary resolution as to resolution 6 and as a special resolution as to resolution 7:

6. THAT the Directors be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (“Act”) to exercise all and any powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any securities into shares in the Company (“Rights”) up to an aggregate nominal amount of £26,472, provided that the authority hereby conferred shall operate in substitution for and to the exclusion of any previous authority given to the Directors pursuant to section 551 of the Act and shall expire on the date falling 12 months from the date of the passing of this resolution (or, if later, the next annual general meeting of the Company following the passing of this resolution) unless such authority is renewed, varied or revoked by the Company in general meeting save that the Company may at any time before such expiry make an offer or agreement which might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights in pursuance of such offer or agreement as if the authority hereby conferred had not expired. (Ordinary Resolution)
7. THAT subject to and conditional upon passing of resolution 6 the Directors be and they are hereby empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash as if section 561 (1) of the Act did not apply to any such allotment PROVIDED THAT such power shall be limited to:

## NOTICE OF ANNUAL GENERAL MEETING

a. the allotment of equity securities in connection with a rights issue or any other pre-emptive offer in favour of holders of equity securities (as required by the rights of such securities) in proportion (as nearly as may be) to the respective amounts of equity securities held by them subject only to such exclusions or other arrangements as the Directors may consider appropriate to deal with treasury shares, fractional entitlements, record dates or legal or practical difficulties under the laws of any territory or the requirements of any recognised regulatory body or stock exchange in any territory or otherwise;

b. the allotment (otherwise than pursuant to sub paragraph (a) above) of equity securities up to an aggregate nominal amount of £13,236,

and the power hereby conferred shall operate in substitution for and to the exclusion of any previous power given to the Directors pursuant to section 561 (1) of the Act and shall expire on the date falling 12 months from the date of the passing of this resolution (or, if later, the next annual general meeting of the Company following the passing of this resolution) unless such power is renewed, varied or revoked by the Company in general meeting except that the Company may before the expiry of any power contained in this Resolution make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired. (Special Resolution)

By Order of the Board

Mark Collingbourne  
Company Secretary  
Orogen plc  
Finsgate  
5 – 7 Cranwood Street  
London EC1V 9EE

Date: 28 June 2017

## NOTICE OF ANNUAL GENERAL MEETING

### NOTES:

#### Entitlement to attend and vote

- 1 In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those shareholders entered on the relevant register of members (**Register**) for certificated or uncertificated shares of the Company (as the case may be) at close of business on 25 July 2017 (**Specified Time**) will be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register after the Specified Time will be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting. Should the Annual General Meeting be adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Annual General Meeting. Should the Annual General Meeting be adjourned for a longer period, then to be so entitled, members must be entered on the Register at the time which is 48 hours before the time fixed for the adjourned Annual General Meeting or, if the Company gives notice of the adjourned Annual General Meeting, at the time specified in the notice.

#### 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 or via CREST 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 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

- 5 The notes to the Proxy Form explain how to direct your proxy to vote on each resolution or withhold their vote.
- 6 To appoint a proxy using the Proxy Form, the form must be:
  - completed and signed;
  - sent or delivered to Capita Asset Services at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and
  - received by Capita Asset Services no later than 4pm on 25 July 2017.
- 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.
- 8 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

- 9 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 Register in respect of the joint holding (the first-named being the most senior).

#### Changing proxy instructions

- 10 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.
- 11 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 Capita Asset Services on 0871 664 0300.

## NOTICE OF ANNUAL GENERAL MEETING

Calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. Capita are open between 09:00-17.30, Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the resolutions proposed nor give any financial, legal or tax advice.

- 12 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

- 13 In order to revoke a proxy instruction (other than a CREST Proxy instruction) you will need to inform Capita Asset Services by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Asset Services at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU. 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.
- 14 The revocation notice must be received by Capita Asset Services no later than 9am on 23 May 2017. 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.
- 15 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.

### Appointment of proxy via CREST

- 16 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.
- 17 In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (**CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must in order to be valid, be transmitted so as to be received by Capita Asset Services (ID RA10) by no later than 4pm on 25 July 2017. No such message received through the CREST network after this time will be accepted. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- 18 CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- 19 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

## FORM OF PROXY

I/We the undersigned, being a member/members of Orogen plc (the "Company"), appoint

Name:.....or,

failing him, the Chairman of the meeting, as my/our proxy to vote on my/our behalf at the Annual General Meeting of the Company ("Meeting") to be held on 25 July 2017 at 4pm at Finsgate, 5-7 Cranwood Street, London EC1V 9EE and at any adjournment thereof. The proxy will vote on the under mentioned resolutions, as indicated.

(PLEASE INDICATE WITH AN "X" IN THE BOXES BELOW)

ORDINARY RESOLUTIONS	For	Against	Abstain
1. To receive and adopt the report of the Directors and the financial statements of the Company for the year ending 31 December 2016 together with the report of the auditors thereon.			
2. To re-elect Adam Reynolds as a Director of the Company.			
3. To re-elect Steven Metcalfe as a Director of the Company.			
4. To re-elect Mark Collingbourne as a Director of the Company.			
5. To re-appoint Jeffreys Henry LLP as auditor and to authorise the Directors to fix their remuneration.			
6. To grant the Directors authority to allot shares generally.			
<b>SPECIAL RESOLUTION</b>			
7. To disapply statutory pre-emption provisions.			

*If this form is signed and returned without any indication as to how the proxy shall vote, the proxy will exercise his discretion both as to how he votes (and whether or not he abstains from voting).*

Enter number of ordinary shares in relation to which your proxy is authorised to vote or leave blank to authorise your proxy to act in relation to your full entitlement

Please also tick this box if you are appointing more than one proxy

☐

**PRINT NAME:** .....

**SIGNATURE:** .....

**DATE:** .....2017

Completed proxy forms should be delivered before 4pm on 25 July 2017 to the Company's registrars:  
**Capita Asset Services, PXS, 34 Beckenham Road, Kent, BR3 4TU**

## FORM OF PROXY

### Notes:

1. To appoint as a proxy a person other than the Chairman of the Meeting insert the full name of that person in the space provided. To appoint more than one proxy you may photocopy the form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. A proxy need not be a member of the Company.
2. Unless otherwise indicated the proxy will vote as he thinks for or, at his discretion, abstain from voting.
3. The Form of Proxy over must arrive at Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU during usual business hours accompanied by any Power of attorney under which it is executed (if applicable) no later than 4pm on 25 July 2017.
4. A member which is a company must execute the Form of Proxy under its common seal or signed on its behalf by an officer of the Company.
5. Any power of attorney or other authority under which the Form of Proxy is signed (or duly certified copy of such power or authority) must be included with the Form of Proxy.
6. The Form of Proxy is for use in respect of the shareholder account specified above only and should not be amended or submitted in respect of a different account.
7. The vote 'Withheld' option is provided to enable you to abstain on any particular resolution. Such a vote is not a vote in law and will not be counted in the vote 'For' and 'Against' a resolution.
8. Corporate Representatives must make themselves known to the Company prior to the start of the Meeting.
9. Shares held in uncertificated form (i.e. in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST Manual.