Orogen Gold plc

Annual Report
for year ended
31 December 2014

Contents

CHAIRMAN'S STATEMENT

During 2014 natural resource prices were generally in decline although, gold having fallen back in 2013 was relatively stable in price terms at between US$1,200 and US$1,300 per oz. Share prices of exploration companies were under pressure and raising new capital in equity markets was and continues to be challenging for junior exploration companies.

Mutsk, Armenia
Our focus has been on developing the Mutsk gold exploration project in southern Armenia to follow-up on the epithermal gold mineralisation discovery that we made in 2013. We completed 27 diamond-drilling holes totalling 4,120 metres which has confirmed and expanded the discovery. We agreed with our drilling contractor to make part payment for the drilling programmes in equity in order to preserve the Company's cash and this has proven to be a workable and efficient financing method.

Mutsk presents a new and exciting gold discovery with significant resource potential. The project requires further infill and deeper drilling programmes to prove up a resource for development. There are also significant outlying targets from the main discovery zone that merit further follow-up.

We are currently reviewing options for financing the work to be done including the possibility of introducing a project partner.

Deli Jovan, Serbia
We are continuing working towards introducing a new partner to advance the work on the Deli Jovan gold property in Serbia.

Corporate
Anthony Venus was appointed to the board as non-executive Director in July 2014. Anthony brings with him a strong recent background in relation to advice and investment in minerals projects, as well as general entrepreneurial experience.

In September 2014, the Company raised £1,125,000 before costs through the placing of 1,022,727,272 new ordinary shares of £0.001 each at 0.11p per share with investors. In October 2014, the Directors subscribed £75,000 for 65,217,391 new ordinary shares of £0.001 each at 0.115p per share and 76,648,400 new ordinary shares of £0.001 each were issued to the Company's drilling contractor as part payment for drilling services at 0.2p per share. The drilling contractor has undertaken not to dispose of the latter shares within a period of two years from the date of issue.

In December 2014, at a general meeting of the Company, the existing ordinary shares of 0.1p each in the Company were sub-divided into one ordinary share of 0.01p each and one deferred share of 0.09p each. Every 10 deferred shares so created were then consolidated into one deferred share of 0.9p each in line with the issue price of existing deferred shares already in issue. Subsequent to the general meeting and at the year-end 2014 the issued ordinary share capital of the Company comprised 3,560,432,183 ordinary shares of 0.01p each.

Under the terms of the Mutsk joint venture agreement, the Company exercised its continuation notice on the project in December 2014 and subsequent to year end, in February 2015, allotted ordinary shares in the Company to the value of US$100,000 to our joint venture partner. A total of 110,886,804 new ordinary shares of 0.01p each in the Company were issued. A further 36,350,350 new ordinary shares of 0.01p each were issued in March 2015 to the Company's drilling contractor at an issue price of 0.2p per share to complete the issue of shares for drilling services completed during 2014.

In November 2014, we appointed Cairn Financial Advisers LLP as Nominated Adviser and, in March 2015, Beaufort Securities Limited as broker to the Company.

At 31 December 2014, the Group held cash resources of £1,118,000 (2013: £1,208,000).

Outlook

The difficult environment for junior exploration companies means that we have to be very careful to preserve and make best use of our cash resources. We have already made several initiatives to reduce corporate costs during 2015 and while we will continue with close involvement in our exploration projects we are seeking to introduce new partners to share in the cost of developing these to resource definition status. In addition we will seek new opportunities with accretive value potential for our Company and our shareholders.

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Adam Reynolds
Chairman

Date: 8 May 2015

STRATEGY AND OBJECTIVES

The principal activity of Orogen Gold plc ("Orogen" or the "Company") is the development of mineral exploration and production projects in Europe, with an emphasis on gold exploration and project development. Orogen's strategy is to acquire prospective early-stage growth opportunities at a low entry cost within the European arena. The three steps in the Orogen strategy are to:

(1) Identify and secure low entry cost gold projects in underexplored and frontier locations in Europe,
(2) Undertake an efficient cost controlled programme of project evaluation and appraisal,
(3) Move to establish gold resources at an early stage.

Orogen currently operates two gold exploration projects.

The Mutsk Gold Project ("Mutsk") is located in the Syunik Province in southern Armenia 210km southeast of the capital city Yerevan at about 2,000m elevation. Orogen has an exclusive Joint Venture agreement with Georaid CJSC ("Georaid"), an Armenia registered company, to earn an 80% interest in Mutsk by incurring a total of US$2.5m in exploration expenditure on the project by the end of August 2016. Limited historic exploration had been carried out until drilling by Georaid in 2011, which intersected low sulphidation epithermal-type pyrite-gold mineralisation in altered and brecciated tuffs. The presence of high level diatremes at Mutsk may be suggestive of low sulphidation gold occurrences which are analogous to Montana Tunnels (Montana – USA, approximately 44 million tonnes @ 0.55 g/t Au), Rosia Montana (Romania, 214.9 million tonnes @ 1.46 g/t Au) and Kelian (Indonesia, 55 million tonnes @ 2.0 g/t Au).

The Company's other gold exploration project, the Deli Jovan Gold Project ("Deli Jovan"), is located in the Zajecar municipality in eastern Serbia approximately 250 kilometres from Belgrade. Orogen holds a 60% interest in Deli Jovan with the remaining 40% interest held by Reservoir Minerals Inc. ("Reservoir"), a company listed on the TSX Venture Exchange (ticker: RMC). Deli Jovan is an historic gold mining camp which was last in production prior to World War II with the major part of gold production taking place during the period from 1900 to 1912. There are two former gold mines within the Deli Jovan exploration permit area.

REVIEW OF BUSINESS

Mutsk Gold Project

In February 2014 Orogen signed a comprehensive Joint Venture Agreement (the "JV Agreement") with Georaid covering the Mutsk property. The JV Agreement incorporates the terms of the previous Memorandum of Understanding and sets out detailed terms for all work on the property, up to and including a Feasibility Study, if warranted.

The 2014 field work season commenced with the completion of a geophysical programme which comprised Induced Polarisation, Resistivity and Magnetic surveys. The aim was to trace zones of pyritic sulphide mineralisation which can be gold-bearing, as well as zones of weak magnetism indicative of hydrothermal alteration associated with the wider transport and emplacement of gold within the property. The programme was completed across the 2.5 square kilometre core target area of the Mutsk project in June 2014. Follow up drilling focussed on delineation of both high grade and more extensive low-grade gold mineralisation, as well as follow-up of targets defined by the geophysical surveying. The magnetic survey data assisted considerably in the interpretation of fault structures which may exert control over distribution of mineralisation.

The 2014 diamond drilling programme commenced in July. A minimum programme of 3,000 metres was planned and was later extended to 4,000m following strong initial drilling results which included step out holes confirming the wide zones of gold mineralisation with intercepts up to 60m @ 1.21g/t Au, including 10m @ 3.11 g/t Au.

The drilling programme was completed in late November 2014 as winter snow set in. In all, a total of 4,120m was drilled in 27 holes. The results of the 2014 drilling programme have significantly increased our confidence in the continuity of the gold mineralisation within a 250m by 100m zone which has been drilled in some detail. Drilling along strike has continued to extend the limits of the hydrothermal system which has still not been closed off. A second mineralised zone has been identified and occurs about 200m to the north of the main zone. Drilling to date has been to depths of up to 200m and all mineralised targets remain open below the depths drilled.

Under the terms of the JV Agreement the Company has exercised its rights to continue exploration work on the project beyond 31 December 2014.

Deli Jovan Gold Project
The earn-in phase of the project has now been completed with Orogen holding a 60% interest in the project. Limited field work was completed in the current season.

Financial
The loss for the year amounted to £1,859,000 (2013: £4,176,000). The loss for the year comprises general and administrative expenses of £548,000 (2013: £493,000), impairment charge of £1,318,000 (2013: £3,702,000) and finance income of £7,000 (2013: £20,000). The impairment charge is as a result of a review performed on the carrying value of the exploration and evaluation assets related to the Deli Jovan Gold Project.

FUTURE DEVELOPMENTS
Mutsk Gold Project
An independent geological review report was received in early 2015. It concludes that gold mineralisation at Mutsk overlies a large hydrothermal system of which only a small portion has been explored to date. The independent geological overview report confirms our optimism regarding the potential scale of the discovery and points towards some additional drill targets, related to structural junctions and possible high grade gold zones at deeper levels. Analogies with other large-scale low-sulphidation epithermal deposits also help to highlight the potential of the project.

Orogen has used the winter months to compile all exploration data for the property and to develop a geological model which will drive the planning of future field work. In addition the Company is reviewing options available for financing development of the project including the possibility of introducing a joint venture partner.

Deli Jovan Gold Project
The Deli Jovan exploration licence runs to 12 March 2016. No significant field work is currently planned on the project. Orogen in conjunction with our JV partner, Reservoir, are actively seeking a partner to advance the project.

KEY PERFORMANCE INDICATORS
The key indicators of performance for the Group is its success in identifying, acquiring and developing and divesting of investment in exploration projects so as to create shareholder value. The Group carries out its operations by way of execution of operational plans that are approved and budgeted in advance by the Board. Operational progress is reviewed by the Board on a regular basis and actual costs are compared to budgets.

Control of bank and cash balances is a priority for the Group and these are budgeted and monitored closely to ensure that the Group maintains adequate liquidity to meet financial commitments as they arise. At 31 December 2014 the Company held £1,118,000 of cash resources.

The Company initially secured an exclusive option to earn-in the Mutsk Gold Project in January 2013 and has subsequently signed a full joint venture earn-in agreement in February 2014. The Company was highly encouraged by the results received during project exploration in 2013 and 2014. During the current year the Company incurred £924,000 of exploration costs on Mutsk. The Company remains on track to complete the project earn-in by incurring US$2.5m of exploration expenditure on the project by 20 August 2016. At year-end 2014, approximately 70% of qualifying earn-in expenditure has been incurred.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group considers that the principal risks to the achievement of its business plans are as follows:

Operational

In common with other businesses operating in gold exploration, the Group's activities are speculative and are inherently subject to a high degree of risk.

The Group's operational work involves geological exploration and the implementation of geological work programmes. Interpretation of the results of these programmes is dependent upon judgements and assessments that by their very nature are speculative; these interpretations are applied in designing further work programmes to which the Group can commit significant resources. Work programmes often involve excavation of former mine workings, drilling operations and other geological work that present significant engineering challenges which are subject to unexpected operational problems. The actual cost of programmed operations can vary significantly from planned levels as a result of unexpected issues arising.

Climate

The Group's activities take place in remote locations that can be subject to severe climate events, particularly during the winter season. Severe winter weather can cause delays in implementation of planned programmes and can have cost consequences in recovering from damage caused by climatic events.

Political, economic, legal, regulatory and social

The Group operates in different countries where political, economic, legal, regulatory and social uncertainties are potential risk factors. The Group has restricted its activities to Europe where such risks could be considered to be less than in many developing countries in other parts of the world.

Tax risk

The Group endeavours to be fully tax compliant and to manage its tax affairs efficiently in every jurisdiction in which it operates. In a complex and ever changing European tax and VAT environment, some uncertainty is inherent in estimating the Group’s liabilities. The Group is exposed to changes in legislation and interpretation of existing policies across the countries in which operations take place. The Company is in discussions with HMRC in relation to the VAT recoverability position of Orogen Gold plc (see note 19). The Company exercises judgement in assessing the required level of provision for risks identified.

Organisational

The Group is dependent on the experience and skills of the Directors and senior management to successfully execute its strategy; the loss of such key contributors would present a risk to the business. Staffing levels and development of business processes and policies are kept under regular review to ensure that they are appropriate and adequate for the scale and growth of the Group's business.

Financial
The Group's projects are at an early stage and currently do not generate any cash flow to support the exploration activities. The valuation and future earnings of the Company are exposed to movements in the market price of gold which is sold in US$. Orogen is also subject to exchange rate risk with the Company's accounts in GBP while the Company's projects require funding in US$ and CAD$. The operating entities of the projects to which Orogen has earn-in agreements incur substantial costs in Armenian Dram and Serbian Dinar.

Insurance
The Group has in place insurance protection, including a directors and officers liability policy, to insure against risks of loss where management deems appropriate and cost effective; however in some cases risks cannot be effectively covered by insurance and the cover in place may not be sufficient to cover the extent of potential liabilities.

Health and safety
Health and safety of all those working in and visiting the Group's installations is a priority. The Group's operations can take place in dangerous environments particularly where underground mining and exploration activities are being pursued. The Group has in place a comprehensive health and safety policy alerting all concerned to the risks involved and to the required precautions that staff and visitors to the Group's operations must take. Staff and authorised visitors are only permitted access to underground facilities when safety inspection has been completed and certificates issued by the appropriate and competent authority.

Environment and community
The Company recognises its social responsibilities and seeks to adopt the best contemporary practice applicable to each country and region of operation. To ensure this standard is met the Company aims to:

- plan and conduct exploration activities in a manner that complies with legislation pertaining to the protection of the environment and employees;
- in the absence of legislation, apply best contemporary practice relating to the protection of the environment;
- undertake internal environmental reviews associated with operational fieldwork;
- train staff to apply best contemporary practices;
- engage in research to study the impact of mining activities on the locality and implement technologies that are environmentally friendly;
- participate in the development of environmental legislation to ensure a balance is attained between protecting the environment and developing practical laws;
- inform government, employees, local communities and other stakeholders of our activities, and encourage joint venture partners and suppliers to adopt the principles of this statement.

Ed Slowey	**Alan Mooney**
Director	Director

Date: 8 May 2015

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, Optibiotix Health plc, Premaitha Health plc, Verdes Management plc and HubCo Investments plc and a director of Autoclenz Holdings Limited.

Ed Slowey – Chief Executive Officer

Ed Slowey has worked throughout his career as an economic geologist in the minerals sector. Apart from his role with Orogen Gold, he was previously responsible as Managing Director of Silvrex Limited for the acquisition and initial gold discovery at the Dalafin project in Senegal and also acted as technical consultant to Stratex International Plc on the same project. He was attached for several years to the CSA Consultancy Group working out of London and Dublin as Project Manager responsible for independent review, valuation and due diligence in mining and exploration, covering base metals, bulk commodities, precious metals and diamonds in Europe, Africa, Asia and America. Work included completion of Competent Person's Reports and 43-101 independent reports for the AIM, ISDX and TSX markets. Other roles undertaken in a consultancy capacity include Exploration Manager, Russia for AIM-listed Eurasia Mining Plc, as well as minerals project management through feasibility studies, including at the giant Sukhoi Log gold deposit in Siberia (>12Moz). He has also worked in the Balkans on a range of minerals projects, primarily in Macedonia and Kosovo.

Previously, he managed the Irish exploration arm of Rio Tinto over a 12-year period, focussing on base and precious metals in carbonate, volcanic and metamorphic terrain. This work led to the discovery of the small, high-grade Cavanacaw gold deposit in Northern Ireland. Prior to that, he worked as an exploration geologist in Ireland for a Canadian junior company and as an underground mine geologist at the world-class Navan zinc-lead deposit. Ed holds a geology degree from University College, Dublin and is a professional member of the Institute of Geologists of Ireland and the European Federation of Geologists.

Alan Mooney – Finance Director

Alan Mooney has worked in the natural resource sector since 2001. He has worked with Fastnet Oil & Gas Plc, Cove Energy Plc, Tiger Resource Finance plc, GoldQuest Mining Corp, Rathdowney Resources Limited and Aventine Resources Plc. He was previously divisional CFO at Sonae SA, Portugal's largest commercial group. Prior to that he worked with Continental AG the German tyre manufacturer, and was Finance Director of their operations in the UK and in Portugal. He also worked as Head of Group Accounting and Mergers and Acquisitions at Continental AG's headquarters in Hanover, Germany and formally as Chief Accountant at their Irish tyre manufacturing plant. He trained with PWC in Dublin and is a Chartered Accountant and MBA.

Michael Nolan – Non-Executive Director

A director since 2010, Michael Nolan is a Chartered Accountant having worked in practice with Deloitte in Dublin. He is currently CFO and a Director of Discover Exploration Limited an international oil and gas exploration company with operations in East Africa and New Zealand. From 2009 to 2012 he was a Director and a member of the management team of Cove Energy plc which was sold to PTTEP of Thailand in August 2012. He acts as a non-executive director of Vancouver based, Rathdowney Resources Limited, a private natural resource company operating in Europe and supported by the Hunter Dickinson group and listed on TSX-V. He is also a Director of AIM quoted companies, Tiger Resource Finance plc and Fastnet Oil & Gas plc. He acted as chief executive officer of AIM listed, mining company, Minmet plc from 1999 to 2007. He also serves on the Board of several resource exploration and investment companies.

Anthony Venus – Non-Executive Director

Anthony Venus is an entrepreneur with over 20 years of international experience in building businesses, having lived and worked in four continents. He is the managing director of Meridian Challenge Limited, a business incubation and advisory company.

He is a director of Meridian Resource Investments and has advised and invested in natural resource transactions in Australia, the United States and Brazil. Previously in his career, Anthony was involved in information, technology and financial sectors where he founded, built and sold a number of successful businesses. He holds a Bachelors Degree in Economics from the University of Queensland. Anthony is member of the Young President's Organization.

The Directors present their report and the consolidated financial statements for the year ended 31 December 2014.

Results and dividends

The Group loss after tax for the year ended 31 December 2014 amounts to £1,859,000 (2013: £4,176,000). The Directors are not recommending payment of a final dividend for the year (2013 £nil).

Directors

The Directors of the Company are:

- Adam Reynolds
- Ed Slowey
- Alan Mooney
- Michael Nolan
- Anthony Venus

Anthony Venus was appointed to the Board as a non-executive Director on 24 July 2014.

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 with the longest serving to offer themselves for re-election first. 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.

Alan Mooney and Adam Reynolds retire from the board by rotation and offer themselves for re-election at the next Annual General Meeting of the Company. Anthony Venus as a new Director appointed since the previous Annual General Meeting is required to seek re-election at the next Annual General Meeting.

Shares and listing

The Company's ordinary shares are listed on the Alternative Investment Market ("AIM") of the London Stock Exchange (ticker: ORE.L). Details of the nominated advisor and brokers are presented on the Company Information at the end of this annual report. The closing mid-price of the Company's shares at 31 December 2014 was 0.05 pence (2013: 0.25 pence).

Substantial shareholdings

As at 31 March 2015 the following held 3% or more of the share capital of the Company:

Rank	Shareholder	No of shares at 31 March 2015	% Issued Capital[1]
1	HSDL Stockbrokers	402,045,413	10.84
2	Barclays Stockbrokers	362,318,493	9.77
3	TD Waterhouse Stockbrokers	328,911,049	8.87
4	Hargreaves Lansdown Stockbrokers	256,886,577	6.93
5	Investor Nominees Limited	234,880,429	6.33
6	Jim Nominees Limited	187,412,823	5.05
7	XCAP Securities Stockbrokers	186,209,346	5.02
8	Ed Slowey	140,896,071	3.80
9	Anton Bilton	140,330,000	3.78
10	DEM Geosciences SAL	112,998,750	3.05

1 Based on 3,707,669,337 ordinary shares at 31 March 2015

Corporate governance

The Directors are committed to maintaining a high standard of corporate governance. 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. Orogen Gold's application of the QCA code is detailed on the Company's website: www.orogengold.com.

Remuneration policy

The Board has established a remuneration committee. The Remuneration Committee comprises of Adam Reynolds as Chairman and Michael Nolan who review the performance of the executive Directors and determine their terms and conditions of service, including their remuneration and the granting of options, having due regard to the interests of shareholders.

The Remuneration Committee meets no less than once every year.

The Group has 2 employees in addition to the Directors the Group. Operational services are provided by competent suppliers on a contract basis the terms of which are negotiated in advance and approved by the executive Directors.

Directors' remuneration

Details of emoluments received by Directors of the Company for the year ended 31 December 2014 are as follows:

	Base emoluments £	Annual bonus £	Total £
Ed Slowey	90,000	22,500	112,500
Alan Mooney	62,500	22,500	85,000
Adam Reynolds	35,000	22,500	57,500
Michael Nolan	25,000	22,500	47,500
Anthony Venus	7,177	10,000	17,177
Total	**219,677**	**100,000**	**319,677**

Directors and their interests

The Directors of the Company held the following beneficial interests in the shares and share options of Orogen Gold plc at 31 December 2014 and at the date of this report:

		Share Options	
	Ordinary shares of £0.0001 each	Ordinary shares of £0.0001 each	Option exercise price
Ed Slowey	140,896,071	40,000,000	0.60p
Michael Nolan	110,110,907	40,000,000	0.60p
Alan Mooney	104,610,907	40,000,000	0.60p
Adam Reynolds	62,040,580	40,000,000	0.60p
Anthony Venus	6,521,739	—	—

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 Group has an earn-in option on a gold exploration project in Armenia and has a 60% interest in a gold project in Serbia. The Group acts as operator on these projects which gives it flexibility in managing the Group's resources and exploration programmes.

Events after the reporting period
Further information on events after the reporting period is set out in note 20.

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

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 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 Company will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the 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 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 auditor of the 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

Each Director confirms that, so far as that he is aware, there is no relevant audit information of which the Company's auditors is 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 Company's auditors is aware of that information.

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Ed Slowey **Alan Mooney**

Director Director

Date: 8 May 2015

Independent Auditors' report to the members of Orogen Gold plc

We have audited the financial statements of Orogen Gold plc for the year ended 31 December 2014, 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. 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 2014 and of the Group's loss and Group's and Parent Company's cash flows for the year then ended;
- the consolidated 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

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

Opinion on other matter prescribed by the Companies Act 2006
In our opinion 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.

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 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.

David Warren BA FCA
SENIOR STATUTORY AUDITOR
For and on behalf of Jeffreys Henry LLP, Statutory Auditor

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

Date: 8 May 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	**2014** **£'000**	2013 £'000
Continuing operations			
Revenue		**—**	—
Operational costs		**—**	—
Gross profit		**—**	—
General and administrative expenses		**(548)**	(493)
Share based payments	15	**—**	(1)
Impairment of exploration and evaluation assets	9	**(1,318)**	(3,702)
Group operating loss		**(1,866)**	(4,196)
Finance income	5	**7**	20
Loss on ordinary activities before taxation		**(1,859)**	(4,176)
Tax on loss on ordinary activities	7	**—**	—
Loss for the year from continuing operations		**(1,859)**	(4,176)
Attributable to:			
Equity holders of the parent		**(1,657)**	(4,175)
Non-controlling interests		**(202)**	(1)
Group loss for the year		**(1,859)**	(4,176)
Exchange translation differences		**(3)**	16
Total comprehensive loss for the year		**(1,862)**	(4,160)
Attributable to:			
Owners of the parent		**(1,660)**	(4,159)
Non-controlling interests		**(202)**	(1)
		(1,862)	(4,160)
Loss per share:			
Loss per share – basic and diluted, attributable to ordinary equity holders of the parent (pence)	8	**(0.06)**	(0.19)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Notes	**2014** **£'000**	2013 £'000
Assets			
Non-current assets			
Exploration and evaluation assets	9	**1,811**	2,136
Property, plant and equipment	10	**3**	22
Total non-current assets		**1,814**	2,158
Current assets			
Trade and other receivables	12	**58**	82
Cash and cash equivalents	13	**1,118**	1,208
Total current assets		**1,176**	1,290
Total assets		**2,990**	3,448
Equity and liabilities			
Equity			
Share capital	14	**4,222**	3,057
Share premium		**11,827**	11,704
Other reserves		**760**	625
Retained earnings	16	**(14,088)**	(12,431)
Equity attributable to owners of the parent		**2,721**	2,955
Non-controlling interests		**200**	402
Total equity		**2,921**	3,357
Current liabilities			
Trade and other payables	17	**69**	91
Total current liabilities		**69**	91
Total liabilities		**69**	91
Total equity and liabilities		**2,990**	3,448

The financial statements were approved and authorised for issue by the Board of Directors on 8 May 2015 and were signed on its behalf by:

______________________ ______________________

Ed Slowey
Director

Alan Mooney
Director

Company Number: 5379931

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	**2014 £'000**	2013 £'000
Cash flows from operating activities			
Group operating loss		**(1,866)**	(4,196)
Decrease in trade and other receivables		**35**	289
Increase in trade and other payables		**18**	14
Impairment of exploration and evaluation assets	9	**1,318**	3,702
Share based payments	15	**—**	1
Net cash flow from operating activities		**(495)**	(190)
Cash flow from investing activities			
Expenditure on exploration and evaluation assets and project earn-ins		**(893)**	(852)
Bank interest received	5	**7**	20
Net cash flow from investing activities		**(886)**	(832)
Cash flow from financing activities			
Net proceeds from issue of equity instruments		**1,288**	595
Net cash flow from financing activities		**1,288**	595
Net change in cash and cash equivalents		**(93)**	(427)
Net foreign exchange difference		**3**	14
Cash and cash equivalents at beginning of year	13	**1,208**	1,621
Cash and cash equivalents at end of year	13	**1,118**	1,208

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	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**
Balance at 1 January 2013		2,841	11,325	712	—	(8,377)	17	**6,518**	403	**6,921**
Loss for the year		—	—	—	—	(4,175)	—	**(4,175)**	(1)	**(4,176)**
Share based payments	15	—	—	(120)	—	121	—	**1**	—	**1**
Foreign exchange translation reserve		—	—	—	—	—	16	**16**	—	**16**
Issue of share capital	14	216	379	—	—	—	—	**595**	—	**595**
Balance at 31 December 2013		3,057	11,704	592	—	(12,431)	33	**2,955**	402	**3,357**
Balance at 1 January 2014		3,057	11,704	592	—	(12,431)	33	**2,955**	402	**3,357**
Loss for the year		—	—	—	—	(1,657)	—	**(1,657)**	(202)	**(1,859)**
Shares to be issued		—	—	—	138	—	—	**138**	—	**138**
Foreign exchange translation reserve		—	—	—	—	—	(3)	**(3)**	—	**(3)**
Issue of share capital	14	1,165	123	—	—	—	—	**1,288**	—	**1,288**
Balance at 31 December 2014		4,222	11,827	592	138	(14,088)	30	**2,721**	200	**2,921**

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 issue expenses comprise a proportion of the costs incurred in respect of new shares issued in the year.

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 (see note 20).

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 2014

	Notes	**2014 £'000**	2013 £'000
Assets			
Non-current assets			
Investments	11	**—**	—
Loans to subsidiaries	11	**1,850**	3,346
Total non-current assets		**1,850**	3,346
Current assets			
Trade and other receivables	12	**177**	24
Cash and cash equivalents	13	**340**	43
Total current assets		**517**	67
Total assets		**2,367**	3,413
Equity and liabilities			
Equity			
Share capital	14	**4,222**	3,057
Share premium		**11,827**	11,704
Other reserves		**730**	592
Retained earnings	16	**(14,514)**	(11,986)
Total equity		**2,265**	3,367
Current liabilities			
Trade and other payables	17	**102**	46
Total current liabilities		**102**	46
Total liabilities		**102**	46
Total equity and liabilities		**2,367**	3,413

The financial statements were approved and authorised for issue by the Board of Directors on 8 May 2015 and were signed on its behalf by:

______________________ ______________________

Ed Slowey
Director

Alan Mooney
Director

Company Number: 5379931

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	**2014 £'000**	2013 £'000
Cash flows from operating activities			
Operating loss		**(2,528)**	(4,196)
(Increase)/decrease in trade and other receivables	12	**(153)**	191
Increase in trade and other payables	17	**56**	10
Impairment of investments and loans to subsidiaries	11	**2,500**	4,000
Share based payments	15	**—**	1
Net cash flow from operating activities		**(125)**	6
Cash flow from investing activities			
Bank interest received		**—**	—
Net cash flow from investing activities		**—**	—
Cash flow from financing activities			
Net proceeds from issue of equity instruments		**1,288**	595
Funds advanced to subsidiary companies		**(866)**	(598)
Net cash flow from financing activities		**422**	(3)
Net change in cash and cash equivalents		**297**	3
Cash and cash equivalents at beginning of year	13	**43**	40
Cash and cash equivalents at end of year	13	**340**	43

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Share to be issued reserve £'000	Retained earnings £'000	**Total equity £'000**
Balance at 1 January 2013		2,841	11,325	712	—	(7,911)	**6,967**
Loss for the year		—	—	—	—	(4,196)	**(4,196)**
Issue of share capital	14	216	379	—	—	—	**595**
Share based payments	15	—	—	(120)	—	121	**1**
Balance at 31 December 2013		3,057	11,704	592	—	(11,986)	**3,367**
Balance at 1 January 2014		3,057	11,704	592	—	(11,986)	**3,367**
Loss for the year		—	—	—	—	(2,528)	**(2,528)**
Issue of share capital	14	1,165	123	—	—	—	**1,288**
Shares to be issued		—	—	—	138	—	**138**
Balance at 31 December 2014		4,222	11,827	592	138	(14,514)	**2,265**

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 issue expenses comprise a proportion of the costs incurred in respect of new shares issued in the year.

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 (see note 20).

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

1 General information

Orogen Gold plc (the "Company") is a company incorporated and domiciled 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's offices are in London and Dublin. The Company is listed on the AIM market of the London Stock Exchange (ticker: ORE.L). The principal activity of the Company is gold and mineral exploration and production in Europe.

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 Gold 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.

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 year. New standards and amendments to IFRS effective as of 1 January 2014 have been reviewed by the Group and there has been no material impact on the financial statements as a result of these standards and amendment. The Group has not early adopted any amendment, standard or interpretation that has been issued but is not yet effective.

Standards issued but not yet effective

There were a number of standards and interpretations which were in issue at 31 December 2014 but were either not effective at 31 December 2014 or have not been applied in preparing these Financial Statements. The Directors have assessed the full impact of these accounting changes on the Company. To the extent that they may be applicable, the Directors have concluded that none of these pronouncements will cause material adjustments to the Group's Financial Statements. They may result in consequential changes to the accounting policies and other note disclosures.

Accounting policies

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

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 depreciation. 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 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 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 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 Company intends to settle its current tax assets and liabilities 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 Company has a present obligation as a result of a past event, and it is probable that the 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 Company at the statement of financial position date approximated their fair values, due to relatively short term nature of these financial instruments.

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.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of the consolidated financial statements requires management to make estimates and assumptions concerning the future that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The resulting accounting estimates will, by definition, differ from the related actual results.

Exploration and evaluation assets (Note 9)

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.

Impairment of investments (Note 9, 11)

Investments held are subject to impairment review. The Group's management undertakes an impairment review annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

The Directors have carried out a detailed impairment review in respect of investments. The Group assesses at each reporting date whether there is an indication that an asset may be impaired, by considering the net present value of discounted cash flows forecasts which have been discounted. The cash flow projections are based on the assumption that the Group can realise projected sales. A prudent approach has been applied with no residual value being factored.

3 Segmental information

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

The Group's primary reporting format is determined by the geographical segment according to the location of the exploration asset. There are currently three geographic reporting segments: Armenia and Serbia involved in Gold exploration and development and the United Kingdom & Ireland being the head and administrative offices.

Segment information of the business is presented below:

	2014				2013			
	United Kingdom & Ireland £'000	**Serbia £'000**	**Armenia £'000**	**Total £'000**	United Kingdom & Ireland £'000	Serbia £'000	Armenia £'000	Total £'000
Income statement								
Revenue	**—**	**—**	**—**	**—**	—	—	—	—
General and administrative expenses	**(529)**	**(19)**	**—**	**(548)**	(491)	(2)	—	(493)
Share based payments	**—**	**—**	**—**	**—**	(1)	—	—	(1)
Impairment charge	**—**	**(1,318)**	**—**	**(1,318)**	—	(3,702)	—	(3,702)
Group operating loss	**(529)**	**(1,337)**	**—**	**(1,866)**	(492)	(3,704)	—	(4,196)
Finance revenue	**7**	**—**	**—**	**7**	20	—	—	20
Group loss before tax	**(522)**	**(1,337)**	**—**	**(1,859)**	(472)	(3,704)	—	(4,176)
Assets and liabilities								
Segment assets	**1,168**	**511**	**1,311**	**2,990**	1,221	1,840	387	3,448
Segment liabilities	**(50)**	**(19)**	**—**	**(69)**	(72)	(19)	—	(91)
	1,118	**492**	**1,311**	**2,921**	1,149	1,821	387	3,357

4 Operating loss

	2014 £'000	2013 £'000
Operating loss is stated after charging:		
Directors' emoluments	**320**	300
Services provided by the Company's auditors:		
– Audit fees and expenses	**16**	19
– Tax compliance	**2**	2
– Other services pursuant to legislations	**—**	1
Foreign currency loss	**3**	1

5 Finance income

	2014 £'000	2013 £'000
Bank interest received	**7**	20

6 Employees

	2014	2013
	£'000	£'000
Aggregate Directors' emoluments including consulting fees	**320**	300
Wages and salaries	**12**	35
Social security costs	**3**	5
Total	**335**	340

The Group has two employees in addition to the Directors of the Group.

7 Income tax benefit / (expense)

	Group		**Company**	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Loss on ordinary activities before taxation	**(1,859)**	(4,176)	**(2,528)**	(4,196)
Tax at the UK corporation tax rate of 21%/23%	**(390)**	(960)	**(531)**	(965)
Tax effect of expenses not deductible for tax	**277**	851	**525**	920
Tax effect of utilisation of previously unrecognised tax losses	**113**	109	**6**	45
Tax on loss on ordinary activities	**—**	—	**—**	—

The Group has tax losses of £1,350,000 (2013: £1,875,000) to carry forward against future taxable profits. The deferred tax asset on these tax losses at 21% of £283,000 (2013: £394,000) has not been recognised due to the uncertainty of the recovery.

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:

	2014	2013
Loss after tax attributable to equity holders of the parent (£'000)	**(1,657)**	(4,175)
Weighted average number of ordinary shares in issue (share in millions)	**2,723**	2,220
Fully diluted average number of ordinary shares in issue (share in millions)	**2,723**	2,220
Basic and diluted loss per share (pence)	**(0.06)**	(0.19)

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 2014 totalled 225,000,000 (2013: 225,000,000) and are potentially dilutive.

9 Exploration and evaluation assets

	Armenia £'000	Serbia £'000	Total £'000
Cost			
At 1 January 2013	—	4,986	4,986
Additions	387	465	852
At 31 December 2013	387	5,451	5,838
Impairment			
At 1 January 2013	—	—	—
Impairment charge	—	3,702	3,702
At 31 December 2013	—	3,702	3,702
Carrying value 31 December 2013	**387**	**1,749**	**2,136**
Cost			
At 1 January 2014	387	5,451	5,838
Additions	924	69	993
At 31 December 2014	1,311	5,520	6,831
Impairment			
At 1 January 2014	—	3,702	3,702
Impairment charge	—	1,318	1,318
At 31 December 2014	—	5,020	5,020
Carrying value 31 December 2014	**1,311**	**500**	**1,811**

As part of the annual impairment review of asset carrying values a charge of £1,318,000 (2013: £3,702,000) was recorded in relation to the Deli Jovan project in Serbia.

10 Property, plant and equipment

	Freehold Land £'000	Office and Field Equipment £'000	Total £'000
Cost			
At 1 January 2013	2	26	28
Additions	—	1	1
At 31 December 2013	2	27	29
Accumulated depreciation			
At 1 January 2013	—	5	5
Depreciation charge	—	2	2
At 31 December 2013	—	7	7
Carrying value 31 December 2013	**2**	**20**	**22**
Cost			
At 1 January 2014	2	27	29
Disposals	—	(25)	(25)
At 31 December 2014	2	2	4
Accumulated depreciation			
At 1 January 2014	—	7	7
Disposals	—	(6)	(6)
At 31 December 2014	—	1	1
Carrying value 31 December 2014	**2**	**1**	**3**

11 Non-current assets
Investments in subsidiaries and associates:

	Group		Company	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Cost as at 1 January	**—**	—	**7,346**	6,748
Additions	**—**	—	**1,042**	598
Cost at 31 December	**—**	—	**8,388**	7,346
Impairment as at 1 January	**—**	—	**4,000**	—
Impairment charge	**—**	—	**2,500**	4,000
Impairment at 31 December	**—**	—	**6,500**	4,000
Carrying value as at 31 December	**—**	—	**1,850**	3,346

Break down of carrying value of investment:

	Group		Company	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Emotion Fitness Mag Kft – investment	**339**	339	**339**	339
Emotion Fitness Mag Kft -impairment	**(339)**	(339)	**(339)**	(339)
Medavinci Gold Limited - investment	**—**	—	**3,370**	3,370
Medavinci Gold Limited - impairment	**—**	—	**(3,370)**	(3,370)
Investments	**—**	—	**—**	—
Medavinci Gold Limited – loan	**—**	—	**4,980**	3,976
Medavinci Gold Limited – loan provision	**—**	—	**(3,130)**	(630)
Loans to subsidiaries	**—**	—	**1,850**	3,346
Total non-current assets	**—**	—	**1,850**	3,346

As part of the annual impairment review of asset carrying values a charge of £2,500,000 (2013: £630,000) was recorded in relation to the Company's intercompany receivable from Medavinci Gold Limited. This follows the review of the carrying value of the Deli Jovan project (see note 9). Medavinci Gold Limited operates as a holding company of Orogen Gold Limited an Irish registered company with gold exploration interests in Serbia and 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 company is now the landlord to an independent tenant operating a fitness centre from the premises. 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.

Main operating subsidiary companies	Incorporation	Holding	**% holding 2014**	% holding 2013
Deli Jovan Exploration d.o.o.	Serbia	Indirect	**60**	55
Orogen Gold Limited	Ireland	Indirect	**100**	100
Orogen Gold (Serbia) Limited	Ireland	Indirect	**100**	100
Orogen Gold (Armenia) Limited	Ireland	Indirect	**100**	100

12 Trade and other receivables

	Group		Company	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
VAT recoverable	**50**	66	**18**	12
Other receivables and prepayments	**8**	16	**3**	12
Receivables from Group Companies	**—**	—	**156**	—
Trade and other receivables	**58**	82	**177**	24

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

13 Cash and cash equivalents

	Group		Company	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Cash at bank	**1,118**	1,208	**340**	43
Cash and cash equivalents	**1,118**	1,208	**340**	43

14 Share capital
Details of ordinary and deferred shares issued are in the table below:

		Ordinary Shares (£0.001/£0.0001)		**Deferred Shares (£0.009)**	
Date	**Details**	**Number of shares**	**Issue Price £**	**Number of shares**	**Issue Price £**
At 1 Jan 2013	Opening Balance	**2,179,172,453**		**73,599,817**	
24 Oct 2013	Share placing - £595,000	216,666,667	**0.003**		
At 31 Dec 2013		**2,395,839,120**		**73,599,817**	
10 Sept 2014	Share placing - £1,125,000	1,022,727,272	**0.0011**		
16 Oct 2014	Share placing to Directors - £75,000	65,217,391	**0.00115**		
20 Oct 2014	Drill for equity agreement	76,648,400	**0.002**		
19 Dec 2014	Capital reorganisation	(3,560,432,183)			
19 Dec 2014	Capital reorganisation	3,560,432,183	**0.001**	356,043,218	**0.009**
At 31 Dec 2014		**3,560,432,183**		**429,643,035**	

On 19 December 2014, the Company effected a capital reorganisation of the existing share capital whereby each holding of 1 existing ordinary shares (par value £0.001), were subdivided into one new ordinary share (par value £0.0001) and one deferred share of £0.0009. Every 10 deferred shares so created were then consolidated into one deferred share of £0.009 each in line with the issue price of existing deferred shares already in issue.

15 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. Each share option converts into one ordinary share of Orogen Gold 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.

	2014		2013	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
Balance at 1 January	**225,000,000**	**0.68p**	265,000,000	0.67p
Lapsed during the year	**—**	**—**	(40,000,000)	0.60p
Balance at 31 December	**225,000,000**	**0.68p**	225,000,000	0.68p
Exercisable at 31 December	**225,000,000**	**0.68p**	225,000,000	0.68p

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 nil (2013: £1,000).

16 Retained earnings

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Opening balance	**(12,431)**	(8,377)	**(11,986)**	(7,911)
Loss for the year	**(1,657)**	(4,175)	**(2,528)**	(4,196)
Adjustment for forfeited share options	**—**	121	**—**	121
Closing balance	**(14,088)**	(12,431)	**(14,514)**	(11,986)

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 £2,528,000 (2013: loss £4,196,000).

17 Trade and other payables

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Trade payables	**16**	18	**9**	8
Accruals and deferred income	**32**	60	**27**	36
Amounts due to Directors	**21**	13	**4**	2
Payable to Group Companies	**—**	—	**62**	—
Trade and other payables	**69**	91	**102**	46

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

18 Related party transactions
See the Directors report for details of remuneration of Directors. Subsidiary information is presented in note 11; transactions between Group entities have been eliminated on consolidation and are not disclosed.

Shares purchased by Directors

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

	Subscription shares Oct 2014	Subscription shares Oct 2013
Adam Reynolds	14,673,913	6,666,667
Alan Mooney	14,673,913	6,666,667
Ed Slowey	14,673,913	6,666,667
John Barry	—	6,666,667
Michael Nolan	14,673,913	6,666,667
Anthony Venus	6,521,739	—
Total	**65,217,391**	**33,333,335**

On 16 October 2014 McNolan Venture Limited, a company owned by Michael Nolan, a director of the Company, purchased 5,500,000 ordinary shares of 0.1p each in Orogen Gold plc through the market at a price of 0.1p per share.

Other transactions with Directors

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

	2014 £	2013 £
Office facilities and administration	**6,000**	6,000
Total	**6,000**	6,000

Parent transactions with Group companies

During the year the Company advanced £1,004,000 (2013: £598,000) to Medavinci Gold Limited by way of intercompany loans for exploration activities. The balance outstanding from Medavinci Gold Limited at 31 December 2014 is £4,980,000 (2013: £3,976,000). The Company made a provision against this receivable in the current year (see note 11).

19 Contingent liabilities

The Company is in discussion with HMRC regarding the recoverability of VAT by Orogen Gold plc. The Company is cooperating fully with HMRC on the matter. The Company has recovered a total of £240,000 in VAT for the periods up to 31 December 2014. Notwithstanding the enquiries HMRC continues to refund the VAT recovery claims being made by the Company.

20 Events after the reporting period

Under the terms of the joint venture agreement (the “Agreement”) with Georaid CJSC (“Georaid”) in relation to the Mutsk project the Company is required to allot Ordinary shares in the Company to the value of US$100,000 if it wishes to continue exploration on the Mutsk property beyond 31 December 2014. Orogen has exercised its continuation rights and has issued a total of 110,886,804 new ordinary shares of 0.01p each in the Company, in accordance with the Agreement on 3 February 2015.

On 27 March 2015, the Company issued 36,350,350 new ordinary shares of 0.01p each in the Company at an issue price of 0.2p to DEM Geosciences SAL. This represents the final share issue in relation to drilling services provided during 2014.

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 Executive Directors 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:

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 at 31 December 2014 of these assets was as follows:

	Total	Financial assets on which interest is earned	Financial assets on which interest in not earned
	£'000	£'000	£'000
31 December 2014			
UK Sterling	**1,086**	721	365
Euro	**78**	22	56
Canadian Dollar	**1**	1	—
Serbian Dinar	**8**	—	8
US Dollar	**3**	3	—
	1,176	747	429
31 December 2013			
UK Sterling	**1,179**	1,113	66
Euro	**40**	1	39
Canadian Dollar	**22**	1	21
Serbian Dinar	**49**	—	49
	1,290	1,115	175

The Group earned interest on its interest bearing financial assets at rates between 0.15% and 1.1% (2013: 0.9% and 2%) 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 2013 was prepared under the same assumptions.

	2014		2013	
	Increase in 1% £'000	**Decrease of 1% £'000**	Increase in 1% £'000	Decrease of 1% £'000
Instruments bearing interest	**10**	**(10)**	13	(13)

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 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**	**CAD**	**USD**	**RSD**
Average 2014	1.242	1.819	1.644	144.8
At 31 December 2014	1.278	1.806	1.554	154.0
Average 2013	1.179	1.621	1.568	132.54
At 31 December 2013	1.198	1.763	1.649	136.60

(EUR = Euro; CAD = Canadian Dollar, USD = United States Dollar and RSD = Serbian Dinar)

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.

Registered office	Finsgate 5-7 Cranwood Street London EC1V 9EE
Registered number	5379931, England and Wales
Dublin office	18 Fitzwilliam Place Dublin 2
Directors	Adam Reynolds – Non-executive Chairman Ed Slowey – Chief Executive Alan Mooney – Finance Director Michael Nolan – Non-executive Director Anthony Venus – Non-executive Director
Secretary	Ross Crockett
Auditors	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street London EC1V 9EE
Banker	Coutts & Co 440 Strand London EC3V 3ND Allied Irish Bank Ashford House Tara Street, Dublin 2
Nominated advisor	Cairn Financial Advisers LLP 61 Cheapside London EC2V 6AX
Broker	Beaufort Securities Limited 131 Finsbury Pavement London EC2A 1NT
Registrars	Capita Asset Services The Registry, 34 Beckenham Road Beckenham Kent BR3 4TU
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