



**Orogen Gold plc**

**Interim Report 2012**

## Contents

	Page
Chairman's and Chief Executive's report	2
Group statement of comprehensive income	4
Group statement of financial position	5
Group cash flow statement	6
Group statement of changes in equity	7
Notes to the interim results	8
Company information	12

## **Chairman's and Chief Executive's report**

We are pleased to report significant and encouraging progress on the Deli Jovan gold exploration project in Eastern Serbia. The initial drilling programme, currently underway has confirmed continuity of the shear zone, with associated high grade gold bearing quartz veins located at depth and along strike at the former Gindusa mine.

### **Deli Jovan Earn-in with Reservoir Minerals Inc.**

In June 2012 we completed the 55% earn-in on the Deli Jovan gold exploration project in Serbia following our completion of CAD1.5 million exploration financing of the project.

The 55% earn-in was completed on schedule and the expenditures incurred to date were in line with our original budget for the work programme that we set out when initiating the project. The payments made under the terms of the earn-in agreement with Reservoir Minerals Inc. were applied to acquire a 55% interest in Deli Jovan Exploration d.o.o, the Serbian company operating the Deli Jovan project. Deli Jovan Exploration d.o.o. has been included as a subsidiary in the Group's consolidated results from the acquisition date.

We have now entered the second phase of the earn-in agreement where we can earn an additional 20% of the project by committing to a further CAD2 million exploration spend by end December 2013.

### **Deli Jovan Work Programme**

During the first half of 2012 we completed the opening of the former mine shafts at Gindusa and Rusman. These were de-watered and made safe and we carried out a mapping and sampling programme of the old mine workings extending down to 60 metres on two levels at Gindusa and 80m on three levels at Rusman during May 2012.

The results of this work were encouraging, particularly in relation to Gindusa. They confirmed historic reports and identified the presence of four mineralised quartz vein structures in the Gindusa underground workings. These are sub-parallel, trending NW-SE, dip from near vertical to steeply to the NE and they occur within a shear corridor at least 80m wide. High grade gold-mineralised quartz-pyrite veins and lenses occur as pinches and swells along the fault structures, with individual lenses up to 30m in horizontal extent and 60m+ in vertical extent. Typically these are 30-70 centimetres in width, up to in excess of 1m locally.

Assay results confirmed the presence of very high grade values in the Gindusa vein system, ranging from trace gold up to 63.4g/t Au over 1m width in channel sampling and up to 133.0g/t Au in more selective chip sampling. Sampling at Rusman also yielded anomalous gold results, albeit within more restricted mineral lenses.

In May 2012 we commenced a diamond drilling campaign to test the continuity of the mineralised vein structures uncovered in the former mine workings. The drilling campaign was also planned to test anomalous gold zones identified from soil sampling and trenching programmes completed earlier in the year and ongoing.

In late August the Company announced further encouraging results from the initial drilling programme at the Gindusa mine. Assay results from the first 15 holes appear to confirm that the mapped fault/vein system continues to at least 60m vertically beneath the old workings (120m+ below surface) and perhaps deeper, with low-grade gold haloes occurring marginal to the main lodes. Assay values from this zone (down hole depths, uncorrected for intersection angle) include 16.25 g/t Au over 0.5m within a wider interval of 8.3 g/t Au over 1.0m (DE-1), 6.13 g/t Au over 0.6m within a wider interval of 3.4 g/t Au over 1.2m (DE-2), 14.55 g/t Au over 0.5m within a wider interval

## **Chairman's and Chief Executive's report**

of 4.97 g/t Au over 2.5m (DE-3), 9.73 g/t Au over 1.0m within a wider interval of 2.98 g/t Au over 4.7m (DE-4).

In addition, a new 'blind' zone of particularly strong shearing up to about 20m wide was encountered in several deeper holes between approximately 200-280m depth, with irregular multiple gold-bearing quartz/pyrite veins and lenses seen. Gold bearing intersections in this zone include 13.3 g/t over 1.0m within a wider interval of 4.05 g/t Au over 3.9m (DE-14), 22.2 g/t Au over 0.5m within a wider zone of 8.15 g/t Au over 1.7m (DE-15), 10.85 g/t Au over 0.5m (also DE-15).

Considerable further work is required in interpreting and modelling the structural information gathered from logging of the drill core at Gindusa in order to establish the true width, continuity and geometry of the structural zones and the associated mineralised lodes, with the aim of developing a 3-D model of the deposit. This will help guide future drilling on the project.

Sampling and assaying of core from the final three holes of the drill programme at the historic Gindusa mine remain to be completed. Drilling of additional targets on the Deli Jovan shear belt is now in progress. Results of this work will be reported when they are received and interpreted.

### **Financial Report**

The loss for the 6 months to 30 June 2012 amounted to £263k (6 months to 30 June 2011 £553k). Cash at bank at 30 June 2012 amounted to £1.5 million (31 December 2011: £2 million, 30 June 2011: £1.5 million).

The Company has sufficient cash resources to finance the current drilling programme; however both completion of the second phase CAD2 million earn-in programme at Deli Jovan and any further expansion of the business will require additional funding.

### **Growth of the business**

We have been actively reviewing several projects in near-Asia and Europe over the past 18 months and we will continue to seek out attractive further opportunities for the Company over the coming months.

### **Corporate**

Alan Mooney was appointed Company Secretary on 19 June 2012 following resignation of Paul Foulger. We would like to thank Paul Foulger for his most valuable and appreciated service to the Company.

### **Outlook**

We are enthusiastically looking forward to results from the remaining holes of the current drilling campaign at Deli Jovan and the further advancement of the project.

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**John Barry**

Chairman

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**Ed Slowey**

Chief Executive

Date: 14 September 2012

**Group statement of comprehensive income**  
**For the six months ended 30 June 2012**

	Notes	Unaudited 6 months to 30 June 2012 £'000	Unaudited 6 months to 30 June 2011 £'000	Audited 12 months to 31 December 2011 £'000
<b>Continuing operations</b>				
Revenue		—	—	—
Operational costs		—	—	—
<b>Gross loss</b>		—	—	—
General and administrative		(182)	(212)	(372)
Share based payments		(106)	(215)	(511)
AIM re-admission costs		—	(129)	(136)
Impairment of investments in subsidiaries and associates		—	—	(200)
<b>Group operating loss</b>		<b>(288)</b>	<b>(556)</b>	<b>(1,219)</b>
Interest received		25	3	5
Loss on ordinary activities before taxation		(263)	(553)	(1,214)
Tax on loss on ordinary activities		—	—	—
<b>Loss for the year from continuing operations</b>		<b>(263)</b>	<b>(553)</b>	<b>(1,214)</b>
<b>Attributable to:</b>				
Equity holders of the parent		(262)	(553)	(1,214)
Non-controlling interests		(1)	—	—
		<b>(263)</b>	<b>(553)</b>	<b>(1,214)</b>
<b>Loss per share:</b>				
Loss per share – basic and diluted, attributable to ordinary equity holders of the parent	3	(0.01)	(0.04)	(0.07)
<b>Other comprehensive income</b>				
Group loss for the period		(263)	(553)	(1,214)
Exchange translation differences		3	—	—
<b>Total comprehensive loss for the year</b>		<b>(260)</b>	<b>(553)</b>	<b>(1,214)</b>
<b>Attributable to:</b>				
Owners of the parent		(259)	(553)	(1,214)
Non-controlling interests		(1)	—	—
		<b>(260)</b>	<b>(553)</b>	<b>(1,214)</b>

**Group statement of financial position**  
**As at 30 June 2012**

	Notes	Unaudited 30 June 2012 £'000	Unaudited 30 June 2011 £'000	Audited 31 December 2011 £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Exploration and evaluation assets	4	822	—	—
Investments	5	—	400	549
Goodwill	6	3,621	3,158	3,173
Property, plant and equipment		25	—	—
<b>Total non-current assets</b>		<b>4,468</b>	<b>3,558</b>	<b>3,722</b>
<b>Current assets</b>				
Trade and other receivables		110	13	33
Cash and cash equivalents	7	1,502	1,456	2,004
Inventories		20	—	—
<b>Total current assets</b>		<b>1,632</b>	<b>1,469</b>	<b>2,037</b>
<b>Total assets</b>		<b>6,100</b>	<b>5,027</b>	<b>5,759</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	8	2,567	2,336	2,567
Share premium	8	10,239	9,382	10,239
Other reserves		625	215	516
Retained earnings		(7,988)	(7,060)	(7,726)
<b>Equity attributable to owners of the parent</b>		<b>5,443</b>	<b>4,873</b>	<b>5,596</b>
Non-controlling interests	6	349	—	—
<b>Total equity</b>		<b>5,792</b>	<b>4,873</b>	<b>5,596</b>
<b>Current liabilities</b>				
Trade and other payables		308	154	163
<b>Total current liabilities</b>		<b>308</b>	<b>154</b>	<b>163</b>
<b>Total liabilities</b>		<b>308</b>	<b>154</b>	<b>163</b>
<b>Total equity and liabilities</b>		<b>6,100</b>	<b>5,027</b>	<b>5,759</b>

**Group cash flow statement**  
**For the six months ended 30 June 2012**

	Notes	Unaudited 6 months to 30 June 2012 £'000	Unaudited 6 months to 30 June 2011 £'000	Audited 12 months to 31 December 2011 £'000
<b>Cash flows from operating activities</b>				
<b>Group operating loss</b>		<b>(288)</b>	(556)	(1,219)
(Increase)/decrease in trade and other receivables		<b>(38)</b>	233	213
Increase in trade and other payables		<b>77</b>	15	24
Impairment loss on investments		—	—	200
Decrease in inventories		<b>1</b>	—	—
Share based payments		<b>106</b>	215	511
<b>Net cash flow from operating activities</b>		<b>(142)</b>	(93)	(271)
<b>Cash flow from investing activities</b>				
Payments advanced as part of project earn-in		<b>(327)</b>	(200)	(549)
Expenditure on exploration and evaluation assets		<b>(191)</b>	—	—
Net cash inflow on acquisition of subsidiary		<b>130</b>	200	166
Interest received		<b>25</b>	3	5
<b>Net cash flow from investing activities</b>		<b>(363)</b>	3	(378)
<b>Cash flow from financing activities</b>				
Net proceeds from issue of equity instruments		—	—	1,107
<b>Net cash flow from financing activities</b>		—	—	1,107
<b>Net change in cash and cash equivalents</b>		<b>(505)</b>	(90)	458
Net foreign exchange difference		<b>3</b>	—	—
Cash and cash equivalents at beginning of period		<b>2,004</b>	1,546	1,546
<b>Cash and cash equivalents at end of period</b>	<b>7</b>	<b>1,502</b>	1,456	2,004

**Group statement of changes in equity  
For the six months ended 30 June 2012**

	Notes	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Retained earnings £'000	Foreign currency translation reserve £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
<b>Balance at 1 January 2011</b>		2,016	6,714	5	(6,512)	—	<b>2,223</b>	—	<b>2,223</b>
Loss for the period		—	—	—	(553)	—	<b>(553)</b>	—	<b>(553)</b>
Issue of share capital	8	320	2,699	—	—	—	<b>3,019</b>	—	<b>3,019</b>
Share issue costs	8	—	(31)	—	—	—	<b>(31)</b>	—	<b>(31)</b>
Share based payments		—	—	215	—	—	<b>215</b>	—	<b>215</b>
<b>Balance at 30 June 2011</b>		2,336	9,382	220	(7,065)	—	<b>4,873</b>	—	<b>4,873</b>
<b>Balance at 1 July 2011</b>		2,336	9,382	220	(7,065)	—	<b>4,873</b>	—	<b>4,873</b>
Loss for the period		—	—	—	(661)	—	<b>(661)</b>	—	<b>(661)</b>
Issue of share capital	8	231	925	—	—	—	<b>1,156</b>	—	<b>1,156</b>
Share issue costs	8	—	(68)	—	—	—	<b>(68)</b>	—	<b>(68)</b>
Share based payments		—	—	296	—	—	<b>296</b>	—	<b>296</b>
<b>Balance at 31 December 2011</b>		2,567	10,239	516	(7,726)	—	<b>5,596</b>	—	<b>5,596</b>
<b>Balance at 1 January 2012</b>		2,567	10,239	516	(7,726)	—	<b>5,596</b>	—	<b>5,596</b>
Loss for the period		—	—	—	(262)	—	<b>(262)</b>	(1)	<b>(263)</b>
Share based payments		—	—	106	—	—	<b>106</b>	—	<b>106</b>
Foreign exchange translation reserve		—	—	—	—	3	<b>3</b>	—	<b>3</b>
Acquisition of subsidiary	6	—	—	—	—	—	—	350	<b>350</b>
<b>Balance at 30 June 2012</b>		2,567	10,239	622	(7,988)	3	<b>5,443</b>	349	<b>5,792</b>

## Notes to the interim results

### 1 General Information

Orogen Gold plc 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).

Since March 2011, the principal activity of the Company is gold and mineral exploration and production in Europe. In prior years the Company was focused on investment in health and wellness based companies.

### 2 Basis of preparation

The financial information for the six months ended 30 June 2012 and 30 June 2011 is unaudited.

The Interim Report has been prepared using the same accounting policies as were applied in the Group's audited financial statements to 31 December 2011, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Directors consider that the financial information presented in this Interim Report represents fairly the financial position, operations and cash flows for the period, in conformity with IFRS. The Interim Report for the six months ended 30 June 2012 was approved by the Directors on 14 September 2012.

The financial information presented for the period ended 31 December 2011 is an extraction from the Group's audited accounts on which the auditors issued an unqualified report, the information presented does not constitute full accounts for that period.

### 3 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:

	Unaudited 30 June 2012 £'000	Unaudited 30 June 2011 £'000	Audited 31 December 2011 £'000
Loss after tax attributable to equity holders of the parent	(262)	(553)	(1,214)
Weighted average number of ordinary shares in issue	1,905,172	1,561,984	1,641,207
<b>Basic and diluted loss per share (pence)</b>	<b>(0.01)</b>	<b>(0.04)</b>	<b>(0.07)</b>

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 30 June 2012 totalled 245,000,000 (30 June 2011 and 31 December 2011: 245,000,000) and are potentially dilutive.

### 4 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

## Notes to the interim results

### 4 Exploration and evaluation assets (continued)

	£'000
Cost as at 1 January 2011	—
Additions	—
<b>Cost as at 30 June 2011</b>	<b>—</b>
Cost as at 1 July 2011	—
Additions	—
<b>Cost as at 31 December 2011</b>	<b>—</b>
Cost as at 1 January 2012	—
Acquisition of Deli Jovan Exploration d.o.o.	631
Additions	191
<b>Cost at 30 June 2012</b>	<b>822</b>
<b>Net book value as at 30 June 2011</b>	<b>—</b>
<b>Net book value as at 31 December 2011</b>	<b>—</b>
<b>Net book value as at 30 June 2012</b>	<b>822</b>

All exploration and evaluation assets at 30 June 2012 relate to the Deli Jovan gold exploration project in Serbia.

### 5 Investments

	Unaudited 30 June 2012 £'000	Unaudited 30 June 2011 £'000	Audited 31 December 2011 £'000
Reservoir Exploration (BVI) Ltd – Loan	—	200	549
Emotion Fitness Mag Kft – cost to Group	<b>339</b>	339	339
Emotion Fitness Mag Kft -impairment	<b>(339)</b>	(139)	(339)
<b>Total investments</b>	<b>—</b>	<b>400</b>	<b>549</b>

#### *Reservoir Exploration (BVI) Ltd - Loan*

The loan to Reservoir Exploration (BVI) Ltd relates to payments made to fund exploration expenditures on the Deli Jovan gold project in Serbia. The payments were made under the terms of a joint venture earn-in agreement with Reservoir Minerals Inc. In June 2012 the loan advanced was applied to acquire a 55% interest in Deli Jovan Exploration d.o.o, the Serbian company operating the Deli Jovan project. The loan was applied following the completion of the CAD1.5 million Phase 1 earn-in.

#### *Emotion Fitness Mag Kft*

The Group's investment in Emotion Fitness Mag Kft (a Hungarian registered company) represents a 49% 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.

## Notes to the interim results

### 6 Business combinations, goodwill and non-controlling interests

#### *Acquisition of Deli Jovan Exploration d.o.o*

On 13 June 2012, the Group acquired 55% of the Serbian company Deli Jovan Exploration d.o.o. following the completion of CAD1.5 million Phase 1 exploration financing of the Deli Jovan gold project. The remaining 45% of Deli Jovan Exploration d.o.o. is held by Reservoir Minerals Inc.. At the date of acquisition non-controlling interests have been measured at their proportionate interest in the net assets of the subsidiary.

Assets acquired and liabilities assumed:

	At date of acquisition £'000
<b>Assets</b>	
Exploration and evaluation assets	631
Cash and cash equivalents	130
Property, plant and equipment	25
Trade and other receivables	39
Inventories	21
<b>Total assets</b>	<b>846</b>
<b>Liabilities</b>	
Trade and other payables	70
<b>Total liabilities</b>	<b>70</b>
Total net assets	776
Non-controlling interest	349
Goodwill arising on acquisition	448
<b>Purchase consideration</b>	<b>875</b>

Movement on goodwill:

	£'000
Cost as at 1 January 2011	—
Additions	3,158
<b>Cost as at 30 June 2011</b>	<b>3,158</b>
Cost as at 1 July 2011	3,158
Additions	15
<b>Cost as at 31 December 2011</b>	<b>3,173</b>
Cost as at 1 January 2012	3,173
Newly consolidated operations	448
<b>Cost at 30 June 2012</b>	<b>3,621</b>
<b>Net book value as at 30 June 2011</b>	<b>3,158</b>
<b>Net book value as at 31 December 2011</b>	<b>3,173</b>
<b>Net book value as at 30 June 2012</b>	<b>3,621</b>

100% of the goodwill balance at 30 June 2011 and 31 December 2011 relates to the acquisition of Orogen Gold Limited.

## Notes to the interim results

### 7 Cash and cash equivalents

	Unaudited 30 June 2012 £'000	Unaudited 30 June 2011 £'000	Audited 31 December 2011 £'000
Cash at bank	1,502	1,456	2,004
<b>Cash and cash equivalents</b>	<b>1,502</b>	<b>1,456</b>	<b>2,004</b>

### 8 Share capital

	Ordinary shares of £0.001 each		Deferred shares of £0.009 each		Share premium £,000	Total consideration £,000
	Number	Nominal value £'000	Number	Nominal value £'000		
<b>Authorised</b>	5,000,000,000	5,000	73,599,817	662		
<b>Allotted, called up and fully paid</b>						
Balance at 1 January 2011	1,353,660,817	1,354	73,599,817	662	6,714	8,730
Issue of new shares	320,351,636	320	—	—	2,699	3,019
Share issue costs	—	—	—	—	(31)	(31)
<b>Balance at 30 June 2011</b>	<b>1,674,012,453</b>	<b>1,674</b>	<b>73,599,817</b>	<b>662</b>	<b>9,382</b>	<b>11,718</b>
Issue of new shares	231,160,000	231	—	—	925	1,156
Share issue costs	—	—	—	—	—	(68)
<b>Balance at 31 December 2011</b>	<b>1,905,172,453</b>	<b>1,905</b>	<b>73,599,817</b>	<b>662</b>	<b>10,239</b>	<b>12,806</b>
Issue of new shares	—	—	—	—	—	—
Share issue costs	—	—	—	—	—	—
<b>Balance at 30 June 2012</b>	<b>1,905,172,453</b>	<b>1,905</b>	<b>73,599,817</b>	<b>662</b>	<b>10,239</b>	<b>12,806</b>

On 28 November 2011, 231,160,000 new ordinary shares of £0.001 each were issued at £0.005 per share by way of share placing. The cash consideration received by the Company was £1,088,000.

On 23 March 2011, 5,000,000 warrants over ordinary shares of £0.001 each were exercised at the subscription price of £0.004 per share.

On 4 March 2011, 315,351,636 new ordinary shares of £0.001 each were issued as consideration to acquire the remaining 51% of Orogen Gold Limited that the Group did not already own.

### 9 Subsequent events

There are no subsequent events to report.

### 10 Copy of the Interim Report

Copies of the Interim Report are available to download from the Company's website at [www.orogengold.com](http://www.orogengold.com).

## Company Information

Website: <http://www.rogengold.com>

Registered office	Finsgate 5-7 Cranwood Street London EC1V 9EE
Registered number	5379931, England and Wales
Dublin office	18 Fitzwilliam Place Dublin 2
London office	14 Kinnerton Place South London SW1X 8EH
Directors	John Barry – Non-executive Chairman Edward Slowey – Chief Executive Alan Mooney – Finance Director Adam Reynolds – Non-executive Director Michael Nolan – Non-executive Director
Secretary	Alan Mooney
Auditors	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street London EC1V 9EE
Banker	Coutts & Co 440 Strand London EC3V 3ND
Joint broker	Xcap Securities plc 24 Cornhill London EC3V 3ND
Nominated advisor and joint broker	Zeus Capital Limited 3 Ralli Courts West Riverside Manchester M3 5FT
Registrars	Capita Registrars Limited The Registry, 34 Beckenham Road Beckenham Kent BR3 4TU
Solicitors	BPE Solicitors LLP St. James' House St. James' Square Cheltenham GL50 3PR  Mason Hayes+Curran South Bank House, Barrow Street Dublin 4