MEDAVINCI PLC

Report and Financial Statements

31 December 2010

Registered No. 5379931 (England & Wales)

Contents

MEDAVINCI PLC

Company Information, Directors and Advisors

Registered Number
5379931 (England & Wales)

Registered Office
14 Kinnerton Place South
London
SW1X 8EH

Directors
G Hirsch
M Hough
A Reynolds
P Foulger
M Nolan

Secretary
P Foulger

Independent Auditors
Jeffreys Henry LLP
Finsgate
5 – 7 Cranwood Street
London
EC1V 9EE

Bankers
Coutts & Co
440 Strand
London
EC2R 8LA

Nominated Advisor & Joint Broker
Zeus Capital Limited
3 Ralli Courts
West Riverside
Manchester
M3 5FT

Solicitors
BPE Solicitors LLP
St James' House
St James' Square
Cheltenham
GL50 3PR

Joint Broker
XCAP Securities Plc
24 Cornhill
London
EC3V 3ND

MEDAVINCI PLC

Chairman's Statement

I highlighted in my interim statement my belief that we have now secured an exciting future for Medavinci plc by refocussing the Company's investment strategy to that of a gold mineral exploration and production business.

The Deli Jovan gold project in Serbia is progressing well and we are encouraged by the recent report from SRK Consulting (UK) Limited who stated:

"SRK considers likely that a small scale mining operation can be established and sustained at Deli Jovan using handheld pneumatic drilling equipment. The current constraints on operations are the unknown processing recovery and the limited information on the continuation of the ore zone outside the known working areas. The target of 30,000 ounces per annum as set by Deli Jovan Exploration d.o.o could be achieved, on the condition that the historically reported widths and grades can be substantiated by the DE exploration programme."

The Board has today announced that the Company has exercised its option to acquire the remaining 51% interest in Orogen Gold Limited ("Orogen Gold") that it does not currently own, subject to shareholder approval at a General Meeting to be held on 4 March 2011. Orogen Gold will become the Company's main trading subsidiary and the Company will move from being an investing company to a holding company whose main activities (via its subsidiaries) consist of exploring, appraising, and developing gold deposits in Europe. Furthermore the Company has now changed its accounting reference date to 31 December, to coincide with that of Orogen Gold and the operational business. The Company has made a separate announcement relating to the exercise of the option in relation to Orogen Gold and an admission document, prepared pursuant to the AIM Rules, will be published and sent to shareholders shortly.

Upon completion of the acquisition, John Barry, Edward Slowey and Alan Mooney, directors of Orogen Gold, will join the Board as non-executive Chairman, Chief Executive Officer and Finance Director respectively and the name of the Company will be changed to Orogen Gold Plc. Adam Reynolds is to remain on the Board as a non-executive Director and Paul Foulger, Glyn Hirsch and Michael Hough are to stand down from the Board.

Deli Jovan represents our first gold exploration project and in line with our new strategy we are reviewing a number of other mineral exploration opportunities in Europe and Asia that are at varying stages of advancement. Shareholders will be kept fully informed of any new developments.

We have a strong team within the Company and a tremendous project in Deli Jovan. This together with our commitment to introduce new mineral exploration and development projects to the company will ensure an exciting development of our business and presents substantial scope to add value as our work proceeds.

I am looking forward to the coming year with confidence.

Adam Reynolds
Chairman

16 February 2011

Directors' Report

The directors present their annual report and the audited financial statements for the 9 month period ended 31 December 2010. The company has changed its accounting reference date from 31 March to 31 December in order to coincide with that of Orogen Gold Limited.

Principal activities and business review
During the period the principal activity of the company changed from that of investing in health and wellness based companies to investing in companies involved in mineral exploration and production in Europe.

The company incurred a loss before taxation of £435,000 (March 2010: £662,000). There are no significant issues worth highlighting to shareholders other than the ones highlighted in the Chairman's Statement. During the period ended 31 December 2010 the company's subsidiaries were dormant and immaterial and accordingly the financial statements are presented on an unconsolidated basis i.e. as a single entity rather than consolidated as reported in the previous year.

As at 31 December 2010, the Group held £570,000 (March 2010: £300,000) of investments on its balance sheet, consisting of the investment in the gymnasium business in Hungary, valued at £200,000, and the investment in Orogen Gold Limited of £370,000.

The Group also held £1,546,000 (March 2010: £160,000) of cash at the year end and in addition received a further £246,000 subsequent to the year end, which had been included as other receivables at the balance sheet date.

Going concern
The directors have considered and confirm that it is appropriate to prepare the financial statements on the basis that the company has adequate resources for the foreseeable future, therefore the company has adopted the going concern basis in preparing the financial statements.

Directors
The directors who served since beginning of the period are as follows:

Adam Reynolds
Glyn Hirsch
Michael Hough
Paul Foulger
Michael Nolan (Appointed 1 September 2010)

All directors are subject to retirement by rotation under the company's articles of association.

The directors retiring by rotation are Michael Nolan together with John Barry, Edward Slowey and Alan Mooney (who will be appointed by the board with effect from 7 March 2011, conditional on the acquisition of Orogen Gold being approved by shareholders), who offer themselves for re-election at the Annual General Meeting.

Directors' interests
The directors who served the company during the year together with their interests (including family interests) in the shares of the company were as follows:

	Ordinary shares of 0.1p each	
	31 December 2010	**31 March 2010**
Adam Reynolds	111,000,000*	86,000,000*
Glyn Hirsch	90,000,000	82,500,000
Michael Hough	107,500,000	82,000,000
Paul Foulger	111,000,000*	86,000,000*
Michael Nolan	12,500,000	–

*Wilton International Marketing Limited holds an aggregate of 86,000,000 shares in the company. Adam Reynolds holds 50% and Paul Foulger holds 50% of the voting rights respectively of Wilton International Marketing Limited. Diablo Consulting Limited holds an aggregate of 25,000,000 shares in the company. Adam Reynolds holds 29.9% and Paul Foulger holds 70.1% of the voting rights respectively of Diablo Consulting Limited.

Directors' Report

continued

Substantial shareholdings

As at 15 February 2011 notification has been received of the following interests in 3% or more of the issued share capital of the company apart from the above directors:

Name	Number of Ordinary shares held	Percentage
Anton Bilton	125,000,000	9.23%
David Newton	78,200,000	5.78%
Clare Hughes	49,500,000	3.65%

Principal risks and uncertainties

The directors have identified a number of risk factors which they thought might affect the company's ability to deliver its strategic goals. The directors are of the opinion that, in general, the risk factors identified are relevant to the business. A list of these risks is given below. This list does not purport to be an exhaustive summary of the risks affecting the company, is given in no particular order of priority and contains risks considered to be outside the control of the directors.

- **Management, employees and overseas consultants**
  The success of the company depends to a significant extent on key directors and employees both within the company as well as those employed by the invested companies. Although the directors believe they have access to strength and depth in the management team, the loss of one or more of the key directors or employees could have an adverse effect on the company.

- **Future acquisitions**
  The directors intend to grow the company both organically and by acquisition. There can be no guarantee that the directors will be able to agree the acquisitions of further suitable companies and/or businesses on acceptable terms, nor any guarantee that the company will be able to raise sufficient future finance at such time. Insofar as the directors do agree further acquisitions on behalf of the company, while they will seek to protect the company by conducting full due diligence and agreeing suitable warranties and indemnities from the vendors, there can be no assurance that such new acquisitions could be successfully integrated into the enlarged group. Finally, under the AIM Rules, acquisitions over a certain size would constitute a reverse takeover, and therefore in the event that the company announced such an acquisition prior to the publication of an admission document, the company's ordinary shares would be suspended from trading on AIM.

- **Currency risk**
  The company's investments are in foreign countries and could be adversely affected by exchange rate volatility which will result in a shortfall in income and net assets from these investments.

- **Mineral exploration**
  The company's intention of concentrating in mineral exploration business is speculative and involves a high degree of risk which is common with other companies operating in the mineral exploration. The company's investments in mineral exploration are involved in geological work programmes whose interpretations are dependent on judgements and assessments that are speculative and these interpretations are applied in designing further work programmes to which the company through its investments can commit significant resources. Work programmes often involve geological and mining work that present significant engineering challenges that are subject to unexpected operational problems. Furthermore activities generally take place in remote locations that can be subject to unexpected climate events, and possible acts of terrorism, criminal and other threats. Accidental spillages of noxious substances present potential environmental risks.

  The company's investment in mineral exploration operates in different countries where political, economic, legal, regulatory and social uncertainties are potential risk factors.

Directors' Report

continued

Key Performance Indicators ("KPIs")

Given the straightforward nature of the business, the company's directors consider that the overheads and loss figures are suitable as a basis for an understanding of the development, performance and position of the business. Control of bank and cash balances is also priority for the company and these are budgeted and monitored closely to ensure that the company maintains adequate liquid resources to meet commitments as they arise. At this stage in its development, the company's performance is not measured using quantitative key performance indicators.

Charitable and political donations

No charitable or political donations were made during the year (March 2010: £Nil).

Third party indemnity provision for directors

Qualifying third party indemnity provision is in place for the benefit of all the directors of the company.

Dividends

No dividends have been paid or declared during the period.

Policy and practice on payment to suppliers

The company's policy is normally to pay suppliers according to agreed terms of business. These terms are agreed with suppliers upon entering into contracts (usually nett 30 days) and the company's policy is to adhere to the payment terms providing the supplier meets its obligations. The company's creditor days were 42 days (March 2010: 32 days).

Disclosure of information given to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

Jefferys Henry LLP have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act 2006 it is proposed that they be re-appointed as auditors of the company for the ensuring year.

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by European Union.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Reporting Standards (IFRS) as adopted for use in the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, 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 confirm that they have complied with the above requirements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's financial transactions and 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 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. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Post balance sheet events
Events since the balance sheet date are set out in note 15 to the financial statements.

Financial risk management
The Company's exposure to financial risk is set out in note 14 to the financial statements.

Annual general meeting
The Annual General Meeting of the Company is to be held at 4 Park Place, London SW1A 1LP on 11 March 2011 at 11.00 a.m.

The notice of meeting appears on page 27 of the report and accounts.

Recommendation
The board considers that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and it is unanimous in its recommendation that shareholders support these proposals as the Board intends to do in respect of their own holdings.

On behalf of the board

P Foulger
Director

16 February 2011

Independent Auditors' Report to the Shareholders of Medavinci Plc

We have audited the financial statements of MeDaVinci plc for the period ended 31 December 2010 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flow, the Statement of Changes in Equity 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.

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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditors report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and 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 directors' responsibilities, set out in 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 (APB) 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 and 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 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.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period 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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records; 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.

Sanjay Parmar (Senior Statutory Auditor)
For and behalf of Jeffrey Henrys LLP, Statutory Auditor

Finsgate, 5 – 7 Cranwood Street
London EC1V 9EE

Date: 16 February 2011

Statement of Comprehensive Income

for the period ended 31 December 2010

	Notes	9 months to 31 December 2010 £'000	12 months to 31 March 2010 £'000
– Recurring administrative expenses	3	**(133)**	(144)
– Associates investment acquisition costs		**(202)**	–
– Impairment of investments, capital contribution and receivables from investments	8	**(100)**	(518)
Administrative expenses		(435)	(662)
Loss before taxation from continuing operations		**(435)**	(662)
Income tax expense	6	–	–
Loss for the period attributable to equity holders of the company from continuing operations		**(435)**	(662)
Total comprehensive income for the period attributable to owners of the company		**(435)**	(662)
		Pence	Pence
Loss per share			
Basic and diluted	7	**(0.1)**	(0.2)

The notes on pages 12 to 26 form part of these financial statements

Statement of Financial Position

as at 31 December 2010

	Notes	As at 31 December 2010 £'000	As at 31 March 2010 £'000
Assets			
Non-current assets			
Investments	8	570	300
Total non-current assets		**570**	300
Current assets			
Trade and other receivables	9	246	–
Cash at bank and in hand	10	1,546	160
Total current assets		**1,792**	160
Total assets		**2,362**	460
Equity and Liabilities			
Equity attributable to owners of the company			
Share capital	11	2,016	1,158
Share premium reserve		6,714	5,305
Retained loss		(6,507)	(6,077)
Total equity		**2,223**	386
Current liabilities			
Trade and other payables	12	139	74
Total current liabilities		**139**	74
Total equity and liabilities		**2,362**	460

The financial statements were approved and authorised for issue by the board on 16 February 2011 and signed on behalf of the board of directors.

P Foulger
Director

Company registration number: 5379931

The notes on pages 12 to 26 form part of these financial statements

Statement of Changes in Equity

for the period ended 31 December 2010

	Share Capital £'000	Share Premium £'000	Retained loss £'000	Total £'000
At 1 April 2009	736	5,305	(5,415)	**626**
Loss for the year	–	–	(662)	**(662)**
Transaction with owners				
Shares issued during the year	422	–	–	**422**
Movement in year	422	–	(662)	**(240)**
At 31 March 2010	**1,158**	**5,305**	**(6,077)**	**386**
Loss for the period	–	–	(435)	**(435)**
Transaction with owners				
Shares issued during the period	858	1,609	–	**2,467**
Share issue costs	–	(200)	–	**(200)**
Share based expense	–	–	5	**5**
Movement in period	858	1,409	(430)	**1,837**
At 31 December 2010	**2,016**	**6,714**	**(6,507)**	**2,223**

Share capital

The amount subscribed for shares at nominal value.

Share premium

This represents the excess of the amount subscribed for share capital over the nominal value of the respective shares net of issue expenses.

Retained loss

This represents the cumulative loss of the company attributable to the owners of the company.

The notes on pages 12 to 26 form part of these financial statements

Statement of Cash Flows

for the period ended 31 December 2010

	Notes	9 months to 31 December 2010 £'000	12 months to 31 March 2010 £'000
Cash flows from operating activities			
Loss before taxation		**(435)**	(662)
Impairment loss on investments		**100**	518
Share based expense		**5**	–
(Increase)/decrease in trade and other receivables		**(246)**	14
Increase/(decrease) in trade and other payables		**65**	(173)
Net cash outflow from operating activities		**(511)**	(303)
Cash flows from investing activities			
Acquisition of associate		**(370)**	(76)
Net cash outflow from investing activities		**(370)**	(76)
Cash flows from financing activities			
Net Proceeds from issue of equity instruments		**2,267**	422
Net cash inflow from financing activities		**2,267**	422
Net increase in cash and cash equivalents		**1,386**	43
Cash and cash equivalents at beginning of the period		**160**	117
Cash and cash equivalents at end of the period	**10**	**1,546**	160

The notes on pages 12 to 26 form part of these financial statements

Notes to the Financial Statements

continued

1. GENERAL INFORMATION AND PRINCIPAL ACCOUNTING POLICIES

MeDaVinci plc is a public limited liability company governed by UK law, established in the UK and listed on the Alternative Investment Market (AIM). The company's registered office is in the UK. Its office address is 14 Kinnerton Place South, London SW1X 8EH.

The principal activity of the company is that of investing in companies involved in mineral exploration and production in Europe. In prior years, the focus of the company was to invest in health and wellness based companies.

The principal accounting policies adopted in the preparation of these financial statements are set out below:

Statement of compliance

These financial statements of MeDaVinci Plc have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

Basis of preparation of the financial statements

The financial statements have been prepared under the historical cost convention, as modified by the measurement at fair value of available-for-sale financial assets and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The financial statements are presented to the nearest GBP (£) which is both presentational and functional currency of the company.

Change of accounting reference date

The financial statements are presented for a period of nine months to 31 December 2010 to align it to those of its associates. The comparatives disclosed in the financial statements and the notes are for the year ended 31 March 2010.

New and amended standards adopted by the Company

The company has adopted the following new and amended IFRSs as of 1 April 2010:

- IFRS 3 (revised), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

  The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the minority interest in the acquiree either at fair value or at the minority interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

- IAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The company will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 April 2010.

- IAS 38 (amendment), 'Intangible assets'. The amendment is part of the IASB's annual improvements project published in April 2009 and the company will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business

1. **GENERAL INFORMATION AND PRINCIPAL ACCOUNTING POLICIES (continued)**
combination and it permits the grouping of intangible assets as a single asset if each asset has a similar useful economic life. The amendment will not result in a material impact on the company's financial statements.

- IAS 32 (amendment), 'Financial instruments: presentation – classification of rights issue', is effective from annual periods beginning on or after 1 February 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro-rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the company after initial application.

- IFRS 2, Share-based Payment: Group Cash-settled Share-based Payment Transactions effective 1 January 2010. The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The company adopted this amendment as of 1 January 2010. It did not have an impact on the financial position or performance of the company.

- IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items effective 1 July 2009. The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flows variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The company has concluded that the amendment will have no impact on the financial position or performance of the Company, as the Company has not entered into such hedges.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 April 2010, but are not currently relevant for the company:

- IFRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the company, as it has not made any non-cash distributions.

- IFRIC 18, 'Transfers of assets from customers', effective for transfers of assets received on or after 1 July 2009. This is not relevant to the company, as it has not received any assets from customers.

Standards, interpretations and amendments to published standards that are not yet effective
The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2011 and have not been early adopted:

- IAS 24 (Amendment), 'Related party transactions'. The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government-related entities. The company does not expect any impact on its financial position or performance.

- IFRIC 14 (Amendment), 'Prepayments of a minimum funding requirement'. The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is deemed to have no impact on the financial statements of the company.

- IFRS 9, 'Financial instruments: classification and measurement', as issued reflects the first phase of the IASB work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 might have an effect on the classification and measurement of the company's assets. At this juncture it is difficult for the company to

1. **GENERAL INFORMATION AND PRINCIPAL ACCOUNTING POLICIES (continued)**
comprehend the impact on its financial position and performance.

- IFRIC 19, 'Extinguishing financial liabilities with equity instruments', is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognised in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the company.

- Improvements to IFRS (issued in May 2010). The IASB issued improvement to IFRSs, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after 1 January 2011 or 1 July 2010. The amendments listed below, are considered to have a reasonable possible impact on the company:
  - IFRS 3 Business combinations
  - IFRS 7 Financial instruments: disclosures
  - IAS 1 Presentation of financial statements
  - IAS 27 Consolidated and separate financial statements

  The company expects no impact from the adoption of the above amendments on its financial position or performance.

Going concern
The company has changed its investment strategy to investing in companies involved in mineral exploration and has also successfully completed couple of fundraisings. The directors confirm that, after giving due consideration to the financial position and cash flows of the company they have reasonable expectation that the company has adequate resources to continue in operational existence of the foreseeable future. For this reason the company adopted the going concern basis in preparing the financial statements.

Exemption from preparing consolidated financial statements
The financial statements contain information about MeDaVinci Plc as an individual company and does not contain consolidated financial information as the parent of a group. The company is exempt under Section 405(2) of the Companies Act 2006 from the requirements to prepare consolidated financial statements, as the subsidiary undertakings are not material for the purpose of giving true and fair view.

Foreign currency translation
Foreign currency translations are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Finance income
Finance income, which includes bank interest and interest on loan to associates, are recognised on a time proportion basis, using the effective interest method.

Investments
The company classifies its investments depending on the purpose for which the investments were acquired. Management determines the classification of its investments on purchase and re-evaluates this designation at every reporting date. Fixed asset investments in subsidiaries are shown at cost less any provision for impairment.

Notes to the Financial Statements

continued

1. GENERAL INFORMATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

The company assesses at each reporting date whether an asset may be impaired. If any such indicator exists the company tests for impairment by estimating the recoverable amount. If the recoverable amount is less than the carrying value of an asset, an impairment loss is required. In addition to this, assets with indefinite lives and goodwill are tested for impairment at least annually.

The value in use is calculated as the present value of estimated future cash flows expected to result from the use of assets and their eventual disposal proceeds. In order to calculate the present value of estimated future cash flows the company uses a discount rate based on the company's estimated weighted average cost of capital, together with any risk premium determined appropriate. Estimated future cash flows used in the impairment calculation represents management's best view of the likely future market conditions and current decisions on the use of each asset or asset group.

For the purpose of assessing impairment, assets are grouped at the lowest levels at which there are separately identifiable cash flows.

Trade and other receivables

Trade receivable are recognised initially at fair value and subsequently measured at cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated future cash flows. The amount of the provision is recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense.

The current tax payable is based on an estimation of the amount due on the taxable profit for the year. Taxable profit is different from net profit as reported in the statement of comprehensive income because it excludes items of income or expenditure which are not taxable or deductible in the year as a result of either the nature of the item or the fact that it is taxable or deductible in another year. The company's liability to current tax is calculated by using tax rates that have been enacted or substantially enacted by the year end date.

Deferred tax is accounted for on the basis of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is recognised for all taxable temporary differences, except to the extent where it arises from the initial recognition of an asset or liability in a transaction that is not a business combination. Deferred tax is not provided for on the initial recognition of goodwill. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

Financial assets

The company classifies its financial assets in the following categories: at fair value through profit or loss, available for sale financial assets, loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the company's financial assets at initial recognition.

1. GENERAL INFORMATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

(a) ***Available for sale financial assets***

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

When investments classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as "gains and losses from investment". Interest on available for sale investments calculated using the effective interest method is recognised in the income statement. Dividends on available for sale investments are recognised in the statement of comprehensive income when the company's right to receive payments is established.

Regular purchases and sales of investments are recognised on the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Available for sale investments and investments held for sale are subsequently carried at fair value. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and the option pricing models, making maximum use of market inputs and relying as little as possible on entity specific inputs. If the fair value of an unquoted equity instrument cannot be measured reliably, it is measured at cost.

(b) ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' in the balance sheet.

(c) ***Loans to associates***

Convertible loans are financial instruments consisting of a loan constituent and a derivative financial instrument: the conversion right. The conversion right is presented separately as a derivative and is classified as held for trading. The loan constituent is initially recognised at fair value and subsequently at amortised cost using the effective interest method, less impairment adjustments, such as provisions for bad debts.

Impairment adjustments are recognised based on objective factors and indications. Significant financial difficulty being experienced by the associate company, probability of entering bankruptcy or financial restructuring are all considered indicators of impairment.

The amount of provision is the difference between the carrying value and the estimated present value of future cash flows discounted at the original effective interest rate. Impairment losses are recognised in the income statement.

The loan constituent is classified within loans and receivables and is separately presented on the face of the balance sheet as non current assets.

(d) ***Derivative financial instruments***

Derivatives are recognised at fair value using generally accepted valuation techniques. If there is an active market for the derivatives, they are recognised at the quoted market price. If fair value cannot be determined in a reliable manner, derivatives are recognised at cost. Compound derivatives are separated from the basic contract and recognised at fair value using generally accepted valuation techniques. If the fair value of the separated individual derivative financial instrument cannot be determined in a reliable manner, the entire compound contract is held as a financial asset or financial liability for trading purposes.

1. GENERAL INFORMATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

Share based payments

The share based payments are all equity settled share instruments. The intrinsic model is used to estimate the fair value of each equity instruments at the grant date. That fair value is charged on a straight line basis as an expense in the income statement over the period that the employee or third party becomes unconditionally entitled to the equity instruments (vesting period), with a corresponding increase in equity.

If the company modifies the terms and conditions on which the equity instruments were granted, as a minimum, the services received measured at the grant date fair value of the equity instruments granted (unless those equity instruments do not vest because of a failure to satisfy a vesting condition other than a market condition) are charged to the income statement.

Share capital and share premium

Ordinary shares are classified as equity.

Share premium represents the amounts received in excess of the nominal value of the ordinary shares less cost of share issued and is classified as equity.

Critical Judgments and Key Sources of Estimation Uncertainty

MeDaVinci makes estimates and assumptions regarding the future. The resultant budgeted and accounting outcomes will rarely be the same as the actual results. Estimates and assumptions are evaluated on an on-going basis and are based on experience and other factors, including expectations of future events that are perceived as reasonable based on the circumstances. The following estimates and assumptions bear a significant inherent risk, which could result in material adjustments to the carrying amount of assets and liabilities in the coming year:

(a) ***Impairment of Financial Assets (Non-current)***

Where there are indications of impairment and at least once a year, MeDaVinci tests financial assets for impairment. The realisable value of financial assets is determined using generally accepted valuation techniques, including value-in-use calculations. These calculations and valuations require the use of estimates.

Based on these tests, possible impairment must be reported. However, where the actual performance of the underlying activities, businesses and cash-generating units is substantially worse, actual impairment losses could be incurred and/or differ from the reported impairment losses. These impairment losses could have a material impact on the carrying amount of financial assets.

(b) ***Carrying Value of Deferred Tax Assets and Deferred Tax Liabilities***

Assumptions play a major role in the determination of deferred tax assets and deferred tax liabilities. Many uncertain factors can affect the amount of carry-forward tax losses. MeDaVinci values the carrying amounts of deferred tax assets relating to carry-forward tax losses, and the carrying amount of deferred tax liabilities relating to carry-back tax losses on the basis of its best estimates. Where actual outcomes differ from the original estimates, the differences will affect taxes and the income statement, as well as the deferred tax assets and/or deferred tax liabilities in the period in which these differences occur.

(c) ***Determination of Significant Influence***

Where the group holds investments in associates the directors must consider whether a significant influence is held over the ability for the investee company to operate. This consideration determines how the investment is accounted for in the financial statements.

(d) ***Determination of power to control of investments in Orogen Limited and Emotion Fitness Mag Kft***

The investment in Orogen Limited directly and Emotion Fitness Mag Kft, through it subsidiary undertaking Emotion Fitness Limited, both are stated as 49% shareholding in line with a shareholders agreement that details this holdings respectively. Additionally the company has an option to acquire an additional 51% and 14.7% in Orogen Limited and Emotion Fitness Mag Kft respectively. However, the directors have concluded that they do not have the power

Notes to the Financial Statements

continued

1. PRINCIPAL ACCOUNTING POLICIES (continued)

to control both companies due to the terms described in the shareholders' agreements. Consequently, Orogen Limited and Emotion Fitness Mag Kft have not been consolidated and have been treated as investments in the financial statements.

(e) ***Share-based payments***

Share options are valued by management utilising the intrinsic method of valuation.

2. SEGMENT INFORMATION

The board of directors does not receive management reports that analyse the performance or financial position of the company by business segment. The main activity of the company is to invest in companies involved in mineral exploration and production in Europe and consequently the only items in the comprehensive income statement that are attributable to these activities are the income and expenditure from these investments. All other amounts are unallocated and relate to the operation of the corporate headquarters.

From the perspective of the statement of financial position, such segment assets would include the carrying value of the investments in associates, loans advanced and the derivatives. All other assets and liabilities are unallocated and relate to the corporate activities undertaken.

The company does not have any external revenues.

3. LOSS BEFORE TAXATION

	9 months to 31 December 2010 £'000	**12 months to 31 March 2010 £'000**
The following items have been included in arriving at loss before taxation:		
Staff costs (see note 4)	**21**	20
Services provided by the company's auditors		
– Audit fees and expenses – statutory audit	**9**	24
– Tax compliance	**1**	2

4. STAFF COSTS

	9 months to 31 December 2010 £'000	**12 months to 31 March 2010 £'000**
Aggregate directors' emoluments	**21**	20

There were no employees except for the directors during the period.

During the year £3,333 (March 2010: £Nil) was paid to J S Consultancy Limited for the services of a director, a company in which M Nolan is a director and shareholder. £3,333 was outstanding at the balance sheet date.

£17,624 (March 2010: £20,000) was paid to Diablo Consulting Limited and Wilton International Marketing Limited, companies in which A Reynolds and P Foulger are directors, for the services of the directors. No amount was outstanding at the balance sheet date.

G Hirsch and M Hough have received no remuneration during the period. They have waived their remuneration entitlement.

The directors are considered to be the key management personnel. Directors' remuneration and fees comprises the whole of the compensation for these individuals. The directors hold no share options.

Notes to the Financial Statements

continued

5. RELATED PARTY TRANSACTIONS

During the period £267,900 (March 2010: £39,250) was paid to Diablo Consulting Limited and Wilton International Marketing Limited, companies in which A Reynolds and P Foulger were directors, for corporate finance, share issue costs and administration services. £26,117 (31 March 2010: £Nil) was outstanding at the balance sheet date.

A further £21,197 (March 2010: £30,109) was paid to Hansard Communications Limited, a company in which A Reynolds and P Foulger were directors, for public relation services, disbursements and related services. The amount outstanding at the balance sheet date was £2,350 (March 2010: £4,875).

At the period end £200,000 (March 2010: £300,000), as detailed in note 8, relates to the investment and capital contribution recoverable from Emotion Fitness Mag Kft through the company's subsidiary undertaking Emotion Fitness Limited.

Orogen Gold Limited, an associated undertaking, has charged £13,469 (March 2010: £Nil) for costs relating to share issue. The amount is outstanding at the year end.

6. TAXATION

There is no UK Corporation tax charge due to tax losses incurred during the period, subject to agreement with HM Revenue & Customs. There is a potential deferred tax asset of approximately £1,850,000 (March 2010: £1,730,000) relating to the cumulative tax losses totalling approximately £6,590,000 (March 2010: £6,159,000) carried forward. The deferred tax asset is not provided for as the directors are uncertain when the company will generate sufficient profits on capital gains for the losses to be offset against.

The charge per the Statement of Comprehensive Income for the period can be reconciled to the tax losses as follows:

	9 months to 31 December 2010 £'000	**12 months to 31 March 2010 £'000**
Loss before taxation	**(435)**	(662)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (March 2010: 28%)	**(122)**	(185)
Effects of:		
Current tax losses not utilised	**122**	185
Total taxation	–	–

7. 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.

	9 months to 31 December 2010 £'000	**12 months to 31 March 2010 £'000**
Loss attributable to equity holders of the company	**(435)**	(662)
Weighted average number of ordinary shares in issue (thousands)	**746,987**	389,755
Basic loss per share (pence)	**(0.1)**	(0.2)

The company had no dilutive potential ordinary shares in either year, which would serve to increase the loss per ordinary share. Therefore, there is no difference between the loss per ordinary share and the diluted loss per ordinary share.

8. INVESTMENTS

Investments in subsidiaries and associates	As at 31 December 2010 £'000	As at 31 March 2010 £'000
Cost		
At 1 April	**4,364**	4,288
Addition	**370**	–
Capital contribution made	**–**	76
At 31 March	**4,734**	4,364
Impairment		
At 1 April	**4,064**	3,546
Impairment during the period	**100**	518
At 31 March	**4,164**	4,064
Net book value at 31 March	**570**	300

Details of these investments held are as follows:

	No. of ordinary shares	% Held	Carrying Value £'000	Nature of Business
Orogen Gold Limited	12,000,000	49%	370	Mineral exploration business
Orogen Gold (Serbia) Limited*	49	49%		
Emotion Fitness Limited	100	100%	–	Investment holding company
Emotion Fitness Mag Kft**	2,700	47%	200	Fitness centres

Key
* indirectly held through Oregon Gold Limited
** indirectly held through Emotion Fitness Limited

The above companies are incorporated in the following jurisdiction:

	Country of incorporation:
Orogen Gold Limited	Ireland
Orogen Gold (Serbia) Limited	Ireland
Emotion Fitness Limited	England & Wales
Emotion Fitness Mag Kft**	Hungary

On 6 September 2010 the company also completed a 49% acquisition of Orogen Gold Limited and its subsidiary for a total consideration of £370,000, with an option to acquire the remaining 51% over the next 12 months. The consideration of £370,000 was satisfied by issue of 62,500,000 ordinary shares at 0.2p each and cash of £245,000.

As the company is not preparing consolidated accounts on grounds of materiality, it is preparing separate financial statements and therefore its investment in associates is not accounted for under the equity method.

The company's subsidiary undertaking, Emotion Fitness Limited has been dormant throughout the period.

The company has impaired its loan to Emotion Fitness Mag Kft by £100,000. There is no financial information available for Emotion Fitness Mag Kft.

Notes to the Financial Statements

continued

8. INVESTMENTS (continued)

The audited group financial statements of Orogen Gold Limited as of 31 December 2010 were as follows:

	£'000
Sales	–
Result for the year	(73)
Total assets	288
Total liabilities and obligations	41
Total equity	247

9. TRADE AND OTHER RECEIVABLES

	As at 31 December 2010 £'000	As at 31 March 2010 £'000
Other debtors	246	–

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

10. CASH AND CASH EQUIVALENTS

Investments in subsidiaries and associates	As at 31 December 2010 £'000	As at 31 March 2010 £'000
Cash at bank and in hand	1,546	160

11. CALLED UP SHARE CAPITAL

Investments in subsidiaries and associates	As at 31 December 2010 £'000	As at 31 March 2010 £'000
Authorised		
5,000,000,000 Ordinary shares of 0.1 pence each	**5,000**	5,000
73,599,817 Deferred shares of 0.9 pence each	**662**	662
	5,662	5,662
Alloted, called up and fully paid		
1,353,661,000 (2010 – 495,140,000) Ordinary shares of 0.1 pence each	**1,354**	496
73,599,817 Deferred shares of 0.9 pence each	**662**	662
	2,016	1,158

The following ordinary shares have been issued by the company:

- On 6 September 2010 the company issued 421,021,000 shares of 0.1 pence each. The total cash consideration received amounted to £842,000.
- On 6 September 2010 the company issued 62,500,000 shares of 0.1 pence each. The company issued these shares to satisfy the purchase price of £370,000 to acquire 49% of Oregon Gold Limited.
- On 3 December 2010 the company issued 375,000,000 shares of 0.1 pence each. The total cash consideration received amounted to £1.5m.

On 6 September 2010 the company granted warrants over 5,000,000 Ordinary Shares of 0.1p each to Zeus Capital Limited in respect of corporate finance advice. The subscription price is 0.2p per Ordinary Share and the exercise period is five years from the date of grant.

On 4 December 2010 the company granted warrants over 5,000,000 Ordinary Shares of 0.1p each to XCap Securities Plc in respect of corporate finance activities. The subscription price is 0.4p per Ordinary Share and the exercise period is five years from the date of grant.

Share based expense

Unexercised warrants existed at the year-end as set out above. These equity instruments were valued using the Black-Scholes option-pricing model. The assumptions used in the calculations were as follows:

	Zeus	XCap
Weighted average share price in pence	0.4	0.46
Exercise price in pence	0.2	0.4
Expected volatility	85%	85%
Expected life in years	1	1
Risk free rate	4.5%	4.5%
Dividend yield	0%	0%

Expected volatility was determined by calculating the volatility in the share price over a period of 3 years from the date the equity instruments were granted.

Notes to the Financial Statements

continued

12. TRADE AND OTHER PAYABLES

	As at 31 December 2010 £'000	As at 31 March 2010 £'000
Trade payables	81	22
Accruals and deferred income	58	52
	139	74

Trade and other payables principally comprise amounts outstanding for on-going overhead costs. The directors consider that the carrying amount of trade payables approximately their fair value.

13. FINANCIAL RISK MANAGEMENT

MeDaVinci's risk management consists of the management of its operations and investments over the long term and the mitigation of the related business risks to the maximum possible extent. Depending on the nature and the relative significance of the risks associated with MeDaVinci's investments the risks are quantified where possible.

The company is exposed to the following risks in relation to the use of financial instruments:

– Credit risk

– Liquidity risk

– Currency risk

– Interest rate risk

These notes provide information about MeDaVinci's exposure to each of the abovementioned risks, the objectives, principles and processes used to control and measure these risks and MeDaVinci's management of its capital.

The goal of MeDaVinci's risk policy is to identify the risks faced by MeDaVinci, analyse them, determine appropriate limits and control measures for them and monitor the risks and compliance with the defined limits. Risk management policies and systems are regularly evaluated and adjusted where necessary to changes in market circumstances and MeDaVinci's activities.

(a) ***Credit Risk***

Credit risk is the risk of financial loss to MeDaVinci in cases where the buyer or counterparty to a financial instrument does not respect the contractual commitments made. Credit risks primarily result from loans provided to investments.

MeDaVinci's exposure to credit risk is primarily determined by the individual characteristics of individual investments and the countries in which they are invested.

If loans are provided to investments, they are assessed in terms of their creditworthiness and where possible a conversion right is exacted. To the extent possible, an assessment is carried out to determine whether the investment can provide sufficient certainty in the form of a security.

13. FINANCIAL RISK MANAGEMENT (continued)

(b) ***Treasury policy and financial risk***

The main financial risk faced by the company is liquidity risk. The company controls this risk by aiming to maximise returns from funds held on deposit.

The company's financial instruments comprise cash and various items such as loans to investments, trade payable etc that arise directly from its operations. It is not company policy to trade in financial instruments.

There is no material difference between the book value and the fair value of the financial instruments in the current or prior year.

The company incurs currency risk as a result of transactions that are denominated in a currency other than British pounds. If required, a portion of these risks will be hedged with financial instruments, such as forward exchange transactions and currency options. MeDaVinci did not make use of such instruments at the balance sheet date.

The main credit risk is in relation to its loans to investments. This is managed by monitoring the performance of these investments and considering their ability to repay these loans. The maximum exposure to credit risk is the carrying value of the loans.

Categories of financial assets and financial liabilities	**As at 31 December 2010 £'000**	**As at 31 March 2010 £'000**
Finance assets – Loans and receivables		
Current financial assets		
Cash and cash equivalents	1,546	160
Non-current financial assets		
Loans and capital contribution to investments	200	300
Financial liabilities – Measured at amortised cost		
Current financial liabilities		
Trade and other payables	139	74

All financial liabilities mature for payment within six months of the balance sheet date and there is no material difference between their book and fair values.

(c) ***Liquidity Risk***

The liquidity risk is the risk that MeDaVinci is not able to meet its financial commitments at the required point in time. The basic premise of the liquidity risk management approach is to, as far as possible, maintain sufficient cash and cash equivalents to be able to meet current and future financial commitments, under normal and difficult circumstances, without incurring unacceptable losses or endangering MeDaVinci's reputation in the process. Management have a number of strategies for generating additional cash which include disposing of investments, seeking debt financing and additional equity share issues as appropriate.

MeDaVinci monitors its cash flows on a regular basis. A summary of the company's cash and cash equivalents is produced on a monthly basis. A yearly cash flow forecast is prepared every 6 months. These reports help ensure that MeDaVinci has access to sufficient liquid assets over the short as well as long term in order to meet its operating and financial commitments. The cash flow reports do not take extreme circumstances into consideration.

13. FINANCIAL RISK MANAGEMENT (continued)

(d) ***Currency Risk***

Currency risk is the risk that MeDaVinci's income or the value of assets is adversely affected by fluctuations in exchange rates. The objective of managing currency risk is to maintain this risk within acceptable limits with an optimal return. MeDaVinci's conduct of business exposes the operation and the reported financial results and cash flows to risks due to fluctuating exchange rates.

MeDaVinci's investments in associates and loans to associates are denominated in Hungarian Forints (HUF) and Euros (EUR).

To mitigate the impact of currency exchange rate fluctuations, management continuously assesses its foreign currency exchange rate position. If required, a portion of these risks will be hedged with financial instruments, such as forward exchange transactions and currency options. Management did not consider the need to make use of such instruments during this or the previous financial year.

(e) ***Interest Rate Risk***

Interest rate risk is the risk that MeDaVinci's income or the value of assets is adversely affected by fluctuations in interest rates. The objective of managing interest rate risk is to maintain this risk within acceptable limits with an optimal return. Currently MeDaVinci is not exposed to interest bearing liabilities. Loans granted to associates, where applicable, are subject to fixed interest rates which expose the group to fair value interest rate risk.

There are no material differences between book value (amortised cost) and fair value at both balance sheet dates

An increase or decrease of 100 basis points in the interest rate effective at period ends would not have had a material impact on equity and or operational results.

(f) ***Management of capital***

The directors refer to capital as the Company's net assets and liabilities.

MeDaVinci's policy is focused on maintaining the strong financial position needed to maintain the confidence of investors, creditors and markets and to safeguard the future development of business operations.

MeDaVinci strives to maintain healthy balance sheet ratios, with a solvency target exceeding 50%. This ratio is reviewed on a regular basis at board meetings. No changes were made to MeDaVinci's approach to managing its capital during the year under review.

Notes to the Financial Statements

continued

15. POST BALANCE SHEET EVENTS

As announced on 9 August 2010, the Company entered into the Investment Agreement pursuant to which it acquired 49% of the issued share capital of Orogen Gold Limited ("Orogen Gold"), a company formed in April 2010 to explore, appraise and develop one or more gold deposits in Europe, with an initial focus on the Deli Jovan Gold Project in Serbia. Under the terms of the Investment Agreement, the Company had an option to acquire the remaining 51% of the issued share capital of Orogen Gold within 12 months.

The Board has today announced that the Company has exercised the Option, subject to shareholder approval at a General Meeting on 4 March 2011, for a consideration of £3.0 million satisfied by the issue of 315,351,636 Ordinary Shares. Orogen Gold will become the Company's main trading subsidiary and the Company will move from being an investing company to a holding company whose main activities (via its subsidiaries) consist of exploring, appraising, and developing gold deposits in Europe.

Upon completion of the acquisition, John Barry, Edward Slowey and Alan Mooney, directors of Orogen Gold, will join the Board as non-executive Chairman, Chief Executive Officer and Finance Director respectively and the name of the Company will be changed to Orogen Gold Plc. Adam Reynolds is to remain on the Board as a non-executive Director and Paul Foulger, Glyn Hirsch and Michael Hough are to stand down from the Board.

The Company Unapproved Share option Plan was set up in February 2011. Share options, conditional upon Admission, were granted on 16 February 2011 over 240,000,000 Ordinary shares at 0.95p per share, which vest as to 50% on the first anniversary and the balance on the second anniversary on the satisfaction of certain performance conditions.

16. CONTROLLING PARTY

There is no controlling party in the issued share capital of the company.

Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting ("**Meeting**") of Medavinci Plc ("**the Company**") will be held at 4 Park Place, London SW1A 1LP on 11 March 2011 at 11.00 a.m. at which resolutions will be proposed as follows:

ORDINARY RESOLUTION

(1) To receive and adopt the report of the directors and the financial statements of the Company for the year ending 31 December 2010 together with the report of the auditors thereon.

(2) To re-elect Mr. Michael Nolan, who retires by rotation (having been appointed by the board on 1 September 2010) and, being eligible, offers himself for re-election, as a director of the Company.

(3) To re-elect Mr. John Barry, who retires by rotation (who will be appointed by the board with effect from 7 March 2011) and, being eligible, offers himself for re-election, as a director of the Company.

(4) To re-elect Mr. Edward Slowey, who retires by rotation (who will be appointed by the board with effect from 7 March 2011) and, being eligible, offers himself for re-election, as a director of the Company.

(5) To re-elect Mr. Alan Mooney, who retires by rotation (who will be appointed by the board with effect from 7 March 2011) and, being eligible, offers himself for re-election, as a director of the Company.

(6) To re-appoint Jeffreys Henry LLP as auditors of the Company and to authorise the directors to fix their remuneration.

By Order of the Board

Paul Foulger
Company Secretary

Registered Office
14 Kinnerton Place South
London SW1X 8EH

16 February 2011

Notice of Annual General Meeting

continued

Notes:

1. As permitted by Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders of the Company on the register at 11.00 a.m. on 9 March 2011 shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their name at the time. Changes to the register of members after that time shall be disregarded in determining the rights of any person to attend or vote at the Meeting.

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this document. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company's registrars at the address set out in note 5.

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:

   (a) completed and signed;

   (b) sent or delivered to Capita Registrars, PXS, 34 Beckenham Road, Kent BR3 4TU; and

   (c) received by Capita Registrars no later than 48 hours before the scheduled time of the Meeting.

   In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

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

7. Members who have general queries about the Meeting should call the Company Secretary on 020 7245 1100 (no other methods of communication will be accepted).

8. As at 5.00 p.m. on the day immediately prior to the date of posting of this notice, the Company's issued share capital comprised 1,353,660,817 ordinary shares of 0.1p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 5.00 p.m. on the day immediately prior to the date of posting of this document is 1,353,660,817.

9. There will be available for inspection at the Company's registered office during normal business hours from the date of this notice to the date of the Meeting and for 15 minutes prior to and during the Meeting the following:

   (a) the Register of Directors' interests;

   (b) the Memorandum and Articles of Association; and

   (c) copies of the Directors' service contracts with the Company or its subsidiaries and the terms and conditions of appointment of Non Executive Directors.

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