

22 December 2014

## **ORTAC RESOURCES LIMITED** **("Ortac" or the "Company")**

### **Interim Results**

Ortac Resources Limited, the AIM listed exploration and development company, currently engaged on the advancement of the Šturec precious metal deposit in Slovakia ("Šturec") and with a significant investment in an advanced exploration project in Eritrea, is pleased to announce its unaudited financial results for the six months ended 30th September 2014.

#### Highlights

- Small scale underground mining has been successfully undertaken and bulk samples have been extracted and tested using non cyanide processing technologies with encouraging results. The licence is valid until 2018 and enables us to continue to work towards the development of a long term sustainable project.
- In November, the Slovak Republic forbade the use of cyanide leach technology when processing minerals. Ortac has continued to work on alternative methods and is optimistic that a more eco-friendly process will be developed.
- Given the current market conditions, Ortac in common with others in the commodities industry, has implemented substantial cost cutting programs, both in Slovakia and London
- In Eritrea, Andiamo have completed an exploration programme and are evaluating a small scale gold and oxide copper mining scheme. Both elements carry a high grade core which should have the potential to generate rapid returns of any capital invested.
- Post the six month period, the Company raised £265,000 in a private placing to augment its cash resources and position itself for corporate opportunities.

Anthony Balme, Chairman at Ortac commented: **"The past six months have seen progress in many areas for the Company and I am optimistic about the projects we are involved with. The money raised post year-end ensures we are well-positioned for 2015 and I look forward to keeping shareholders updated."**

The Interim Results are set out in full in the following pages.

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## CHAIRMAN'S STATEMENT

Over the past six months we have made progress on a number of fronts. In Slovakia, we were successful in our application to start trial underground mining, and since June we have extracted and now tested sufficient material to satisfy the terms of the Kremnica Mining License Area, and pursuant to the terms of the application, we now have a Mining permit that is valid until June 2018.

Since September our strategy for Šturec has had to change as a result of the decision of the Slovak Republic – effective 1 November 2014 - to forbid the use of cyanide leach technology when processing minerals. As a consequence of this decision we are now working on two paths to develop this project.

The first is the development of alternative non-cyanide processing technology which could be applied for the development of this resource. So far we have not only obtained encouraging bulk scale (8 tonnes) pilot test results, but also we believe that we will be able to secure funding from third parties to develop this technology. The second avenue is to seek to advance the Šturec project by partnering with credible and reliable parties with either local or relevant Central European experience, who may be strategically positioned to add value to Ortac by working with us to navigate the project towards production.

Against the back drop of an uncertain gold market, and the new changes to the Slovak Mining Law, we will, and we are, rationalising our operations pending a more encouraging outlook from within Slovakia and from the capital markets.

Central Slovakia, it should be remembered, was for over 700 years one of the great gold and silver mining regions in Europe. The revenues from gold mining and its associated industries were noted for the prosperity they brought to Kremnica and elsewhere. Indeed, gold mining continues to this day, barely 30 kilometres from Kremnica, and there one can visibly see the prosperity that, in recent years such mining has brought to the surrounding villages.

Up until recent times the exploration in the Kremnica region has been focussed on the veins that were visible from the surface and have been followed underground. It is believed that well in excess of 1m oz of gold has been extracted over the centuries. A few kilometres to the South of Šturec, on the Company's Lutilla exploration permit, lies a deeper target which geologists consider could host a similar sized ore body. Modern exploration, to date, has merely established the existence of low grade surface gold and geophysics has outlined a substantial sulphide target at depth. With community support and involvement, there could be an enticing opportunity to recreate the prosperity of the past.

Elsewhere, in Eritrea our increased investment in Andiamo Exploration Limited ("Andiamo") has meant for the first time that we are treating it as an associate, and hence are including our share of its results in our financial statements. Given that Andiamo is a private company, and will be seeking further funding in the near term, we have decided on the basis of prudence to defer a decision to take on the difference between book value of assets acquired and cost of the investment. If we had not made this decision negative goodwill of approximately £750,000 would have been included in our results and our balance sheet.

Aside from the above, our investment into Andiamo enabled it to fund an exploration programme which has now provided us with sufficient clarity to evaluate a small scale gold and copper mining scheme, both elements of which carry high grade cores. We believe this project has the potential to generate rapid returns on any capital invested, and that known and proven mining and processing methods would be allowed.

## ***Financial & Corporate Overview***

In order to maintain our cash treasury and enable Ortac to exploit additional opportunities that may arise, a small placing was completed at the beginning of December which raised £265,000 at 0.10 pence per ordinary share.

At the same time, it was also announced that as soon as the Company was no longer in a Close Period (as defined by the AIM Rules), the Directors intend to participate in the above mentioned placing in the amount of £35,000, bringing the total sum raised to £300,000. In addition to the above and showing commitment to Ortac, during the period 1 April 2014 to date the Directors acquired a further 5 million shares in the Company.

Reflecting cost reduction measures that are now working positively into our operational running costs, for the six months ended 30 September 2014, Ortac reports losses reduced by £93,000 compared with the corresponding period. The loss on ordinary activities for the six months ended 30 September 2014 was £791,000 (2013: £870,000). Losses per share were £ 0.003 (2013: £0.004).

## ***Outlook***

Reflecting its own position and that of the industry, the Company has implemented a wide ranging review of its operations, the benefits of which are now materialising, but which will be more apparent in future financial reporting.

Our strategy for Sturec will be to focus on the development of non-cyanide alternative processing technologies and in Eritrea we will continue to enhance the value of our investment in Andiamo by assisting in the advancement of their projects.

Finally, we recognise that the challenges facing the junior natural resource sector present with opportunities that would not normally arise and we will continue to be proactive in seeking out value adding projects that can be turned quickly into profitable cash generation.

Anthony Balme

Chairman

22 December 2014

# CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## Group Statement of Comprehensive Income for the Interim Period Ended 30 September 2014

	Notes	Six Months to 30 September 2014 (Unaudited) £ 000's	Six Months to 30 September 2013 (Unaudited) £ 000's
Other Operating Income		-	-
Administrative expenses		(774)	(786)
Share-based payments		(12)	(61)
Loss on sale of available for sale financial assets		-	(32)
<b>Operating loss</b>		<b>(786)</b>	<b>(879)</b>
Interest received		2	9
Share of (Loss) of associates	10	(7)	-
<b>Loss before tax</b>		<b>(791)</b>	<b>(870)</b>
Income tax expense		-	-
Loss for the period from continuing operations	3	(791)	(870)
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Currency translation differences		(408)	(54)
<b>Other comprehensive income for the period, net of tax</b>		<b>(1,199)</b>	<b>(924)</b>
<b>Total comprehensive income for the period</b>		<b>(1,199)</b>	<b>(924)</b>
<b>Attributable to:</b>			
Owners of the parent		(1,199)	(924)
<b>Loss per share from continuing and discontinued operations attributable to the owners of the parent during the year (expressed in pence per share)</b>			
- Basic and diluted	4	(0.31)	(0.38)

## Group Statement of Financial Position as at 30 September 2014

	Note s	Six Months to 30 September  2014 (Unaudited) £ 000's	Year to 31 March  2014 Audited £ 000's
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	8	12,117	12,354
Property, plant and equipment	9	242	273
Investment in associates	10	903	-
<b>Total non-current assets</b>		<b>13,262</b>	<b>12,627</b>
<b>Current assets</b>			
Inventories		5	5
Trade and other receivables		156	195
Available for sale investments	11	-	604
Cash & cash equivalents		1,131	2,253
<b>Total current assets</b>		<b>1,292</b>	<b>3,057</b>
<b>TOTAL ASSETS</b>		<b>14,554</b>	<b>15,684</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		(259)	(224)
<b>TOTAL LIABILITIES</b>		<b>(259)</b>	<b>(224)</b>
<b>NET ASSETS</b>		<b>14,295</b>	<b>15,460</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share Capital	5	-	-
Share premium		30,411	30,411
Share based payments reserve		2,313	2,301
Foreign exchange reserve		(516)	(39)
Retained earnings		(17,913)	(17,213)
<b>TOTAL EQUITY</b>		<b>14,295</b>	<b>15,460</b>

## Group Statement of Changes in Equity for the Interim Period Ended 30 September 2014

	Share capital	Share premium	Foreign exchange reserve	Share based payment reserve	Retained earnings	Total equity
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
<b>As at 1 April 2013</b>	-	29,911	25	2,043	(15,347)	16,632
Loss for the year	-	-	-	-	(870)	(870)
<b>Items that may be reclassified subsequently to profit or loss</b>						
Currency translation differences	-	-	(56)	-	-	(56)
<b>Other comprehensive income for the year</b>	-	-	(56)	-	-	(56)
<b>Total comprehensive income for the year</b>	-	-	(56)	-	(870)	(926)
Share based payments	-	-	-	61	-	61
<b>Total transactions with owners, recognised directly in equity</b>	-	-	-	61	-	61
<b>As at 30 September 2013</b>	-	29,911	(31)	2,104	(16,217)	15,767
<b>As at 1 April 2014</b>	-	30,411	(39)	2,301	(17,213)	15,460
Profit/ (Loss) for the period	-	-	-	-	(791)	(791)
<b>Items that may be reclassified subsequently to profit or loss</b>						
Currency translation differences	-	-	(477)	-	91	(386)
<b>Other comprehensive income for the period</b>	-	-	(477)	-	91	(386)
<b>Total comprehensive income for the period</b>	-	-	(477)	-	(700)	(1,177)
Share based payments	-	-	-	12	-	12
<b>Total transactions with owners, recognised directly in equity</b>	-	-	-	12	-	12
<b>As at 30 September 2014</b>	-	30,411	(516)	2,313	(17,913)	14,295

## Group Cash Flow Statement for the Interim Period Ended 30 September 2014

	Six Months to 30 September 2014 (Unaudited) £ 000's	Six Months to 30 September 2013 (Unaudited) £ 000's
<b>Cash flows from operating activities</b>		
(Loss) before tax	(791)	(870)
Finance income	(2)	(9)
Share of (loss) from associates	7	-
Share based payments	12	61
Loss on sale of available for sale financial assets	-	32
Exchange differences	214	20
Depreciation	19	11
<b>Operating loss before changes in working capital</b>	<b>(541)</b>	<b>(755)</b>
Decrease in inventories	-	-
Decrease/(increase) in trade and other receivables	39	(88)
Increase/(Decrease) in trade and other payables	35	(250)
<b>Net cash used in operating activities</b>	<b>(467)</b>	<b>(1,093)</b>
<b>Cash flows used in investing activities</b>		
Interest received	2	9
Purchases of intangibles	(352)	(516)
Investment in associates	(305)	-
Proceeds from disposal of available for sale financial assets	-	38
<b>Net cash used in investing activities</b>	<b>(655)</b>	<b>(469)</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary share capital	-	-
Share issue costs	-	-
<b>Net cash inflow from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,122)</b>	<b>(1,562)</b>
Cash and cash equivalents at beginning of period	2,253	5,165
<b>Cash and cash equivalents at end of period</b>	<b>1,131</b>	<b>3,603</b>

# NOTES TO THE INTERIM REPORT FOR SIX MONTHS ENDED 30 SEPTEMBER 2014

## ***1. Basis of preparation***

The condensed consolidated interim financial statements has been prepared under the historical cost convention and on a going concern basis and in accordance with International Financial Reporting Standards and IFRIC interpretations adopted for use in the European Union (“IFRS”) and those parts of the BVI Business Companies Act applicable to companies reporting under IFRS.

The condensed consolidated interim financial statements contained in this document do not constitute statutory accounts. In the opinion of the directors, the condensed consolidated interim financial statements for this period fairly presents the financial position, result of operations and cash flows for this period.

The Board of Directors approved this Interim Financial Report on 22 December 2014.

## **Statement of compliance**

The condensed consolidated interim financial statements have been prepared in accordance with the requirements of the AIM Rules for Companies. As permitted, the Company has chosen not to adopt IAS 34 “Interim Financial Statements” in preparing these interim condensed consolidated interim financial statements. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2014, which have been prepared in accordance with IFRS as adopted by the European Union.

## **Accounting policies**

The condensed consolidated interim financial statements for the period ended 30 September 2014 has not been audited or reviewed in accordance with the International Standard on Review Engagements 2410 issued by the Auditing Practices Board. The figures were prepared using applicable accounting policies and practices consistent with those adopted in the statutory annual financial statements for the year ended 31 March 2014, except as described below:

- IAS 28 ‘Investment in associates and joint ventures’, described below, which has been adopted for the first time this period due to Ortac Resources Limited increasing their investment in Andiamo Exploration Limited, such that the investment is now to be treated as an associate.
- IFRS 12 ‘Disclosures of interests in other entities’ includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The standard applies as of 1 January 2014.
- The financial effects of IAS 28 and IFRS 12 at 1 April 2013, 30 September 2013 and 31 March 2014 is £nil as the investment in Andiamo Exploration Limited was increased subsequent to 1 April 2014. The financial effect of the first time adoption of IAS 28 and IFRS 12 on the period ended 30 September 2014 can be seen in Note 10 to these Condensed Consolidated Interim Financial Statements.

## ***Associates***

Associates are entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor’s share of the profit or loss of the investee after the date of acquisition. The group’s investment in associates includes any goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in the other comprehensive income section of the statement of comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amounts of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates' in the statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the group and its associates are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

#### ***New and amended standards adopted by the group***

The following new IFRS standards and/or amendments to IFRS standards are mandatory for the first time for the Group:

- i) Adopted and have had a material effect to the Group's condensed consolidated interim financial statements.

Standard		Effective date
IFRS 10	Consolidated financial statements	1 January 2013 <sup>*1</sup>
IFRS 11	Joint arrangements	1 January 2013 <sup>*1</sup>
IFRS 12	Disclosure of interest in other entities	1 January 2013 <sup>*1,3</sup>
IAS 27	Separate financial statements	1 January 2013 <sup>*1</sup>
IAS 28	Investments in associates and joint ventures	1 January 2013 <sup>*1,3</sup>

1. Effective date 1 January 2014 for the EU.

3. This standard was adopted for the first time by Ortac Resources Limited after its implementation date,

The effect of the adoption of the above can be seen in Note 10 to these financial statements.

- ii) Adopted and have not had a material impact on the Group's condensed consolidated interim financial statements.

Standard		Effective date
IAS 28 (Amendment 2011)	Investments in associates and joint ventures	1 January 2013 <sup>*1</sup>
IFRS 1	Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" – Government Loans	1 January 2013 <sup>*2</sup>
IAS 19 (Amendment 2011)	Employee benefits	1 January 2013
IFRS 10, IFRS 12 and IAS 27 (Amendments issued October 2012)	Investment entities	1 January 2014
IAS 32 (Amendment 2011)	Offsetting financial assets and financial liabilities	1 January 2014
IAS 36 (Amendments issued May 2013)	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
IAS 39 (Amendments issued June 2013)	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IFRIC 21	IFRIC Interpretation 21 "Levies"	1 January 2014
IAS 27 (Amendment)	Separate financial statements – investment entities	1 January 2013 <sup>*1</sup>
IFRS 10, 11 and 12 (Amendments)	Amendments to transitional guidance	1 January 2014

1. Effective date 1 January 2014 for the EU.

2. Not relevant to the Group

### ***New standards and interpretations not yet adopted***

Standards, amendments and interpretations that are not yet effective and have not been early adopted are as follows:

Standard		Effective date
IAS 39, IFRS 7 and IFRS 9 (amendment November 2013)	Hedge accounting	1 January 2018 <sup>*1</sup>
IFRS 7 and 9 (amendment December 2011)	Mandatory effective date and transition disclosures	1 January 2018 <sup>*1</sup>
IFRS 9	Financial instruments	1 January 2018 <sup>*1</sup>
IAS 16 and IAS 38 (Amendments)	Clarification of acceptable methods of depreciation and Amortization	1 January 2016 <sup>*1</sup>
IFRS 11 (Amendment)	Accounting for acquisition of interests in joint operations	1 January 2016 <sup>*1</sup>
IFRS 14	Financial Reporting Standards" – Government Loans	
IFRS 15	Regulatory deferral accounts	1 January 2016 <sup>*1</sup>
Annual Improvements	Revenue from contracts with customers	1 January 2017 <sup>*1</sup>
Annual Improvements	Annual Improvements to IFRSs 2010–2012 Cycle (Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38)	1 July 2014 <sup>*1</sup>
Annual Improvements	Annual Improvements to IFRSs 2011–2013 Cycle (Amendments to IFRS 1, IFRS 3, IFRS 13, IAS 40)	1 July 2014 <sup>*1</sup>
IAS 16 and IAS 41 (Amendments)	Property, plant and equipment and Agriculture: Bearer Plants	1 January 2016 <sup>*1</sup>
IAS 27 (Amendment)	Equity method in separate financial statements	1 January 2016 <sup>*1</sup>
IFRS 10 and IAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016 <sup>*1</sup>
Annual improvements to IFRSs 2012-2014 Cycle	Separate financial statements – Investment entities	1 January 2016 <sup>*1</sup>

1. Not yet endorsed by the EU.

The Group is evaluating the impact of the new and amended standards above. The Directors believe that these new and amended standards are not expected to have a material impact on the Group's results or shareholders' funds.

## 2. Financial risk management and financial instruments

### Risks and uncertainties

The Board continually assesses and monitors the key risks of the business. The key risks that could affect the Group's medium term performance and the factors that mitigate those risks have not substantially changed from those set out in the Group's 2014 Annual Report and Financial Statements, a copy of which is available from the Group's website: [www.ortacresources.com](http://www.ortacresources.com). The key financial risks are market risk (including currency risk), credit risk and liquidity.

### 3. Segmental analysis

Segment information has been determined based on the information reviewed by the Board, being the Group's chief operating decision-maker, for the purposes of allocating resources and assessing performance. No revenue is currently being generated.

There are no transactions occurring during the year, or comparative year, between reportable segments, that affect the Income Statement. Head office activities are mainly administrative in nature and are located in the UK/BVI, whilst the activities in Slovakia relate to exploration and evaluation work.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

By geographical area Six Months to 30 September 2014	UK/BVI £ 000's	Slovakia £ 000's	Eritrea £ 000's	Total £ 000's
<b>Result</b>				
Operating loss	(652)	(134)	-	<b>(786)</b>
Finance income	2	-	-	<b>2</b>
Share of (Loss) of associates	-	-	(7)	<b>(7)</b>
<b>Loss before &amp; after taxation</b>	<b>(650)</b>	<b>(134)</b>	<b>(7)</b>	<b>(791)</b>
<b>Other information</b>				
Depreciation and impairment	11	8	-	<b>19</b>
Investment in associates	-	-	305	<b>305</b>
Capital additions	128	224	-	<b>352</b>
<b>Assets</b>				
Non current assets	16	12,343	903	<b>13,262</b>
Non cash current assets	83	78	-	<b>161</b>
Cash and cash equivalents	1,097	34	-	<b>1,131</b>
<b>Consolidated total assets</b>	<b>1,196</b>	<b>12,455</b>	<b>903</b>	<b>14,554</b>
<b>Liabilities</b>				
Non current liabilities	-	-	-	-
Current liabilities	(189)	(70)	-	<b>(259)</b>
<b>Consolidated total liabilities</b>	<b>(189)</b>	<b>(70)</b>	-	<b>(259)</b>
<b>By geographical area Six Months to 30 September 2013</b>				
	UK/BVI £ 000's	Slovakia £ 000's	Eritrea £ 000's	Total £ 000's
<b>Result</b>				
Operating loss	(745)	(102)	-	<b>(847)</b>
Loss on sale of available for sale financial assets	(32)	-	-	<b>(32)</b>
Finance income	9	-	-	<b>9</b>
<b>Loss before &amp; after taxation</b>	<b>(768)</b>	<b>(102)</b>	-	<b>(870)</b>
<b>Other information</b>				
Depreciation and impairment	(11)	-	-	<b>(11)</b>

Capital additions	-	516	-	516
<b>Assets</b>				
Non current assets	38	12,137	-	12,175
Non cash current assets	106	133	-	239
Cash and cash equivalents	3,553	50	-	3,603
<b>Consolidated total assets</b>	<b>3,697</b>	<b>12,320</b>	-	<b>16,017</b>
<b>Liabilities</b>				
Non - current liabilities	-	-	-	-
Current liabilities	(181)	(56)	-	(237)
<b>Consolidated total liabilities</b>	<b>(181)</b>	<b>(56)</b>	-	<b>(237)</b>

By geographical area Year to 31 March 2014	UK/BVI £ 000's	Slovakia £ 000's	Eritrea £ 000's	Total £ 000's
<b>Result</b>				
Operating loss	(1,652)	(128)	-	(1,780)
Finance income	12	-	-	12
<b>Loss before &amp; after taxation</b>	<b>(1,640)</b>	<b>(128)</b>	-	<b>(1,768)</b>
<b>Other information</b>				
Depreciation	1	27	-	28
Capital additions	-	(1,153)	-	(1,153)
<b>Assets</b>				
Non current Assets	27	12,600	-	12,627
Non cash current assets	718	87	-	805
Cash and equivalent	2,208	45	-	2,253
<b>Consolidated total assets</b>	<b>2,953</b>	<b>12,732</b>	-	<b>15,685</b>
<b>Liabilities</b>				
Non current liabilities	-	-	-	-
Non current liabilities	-	-	-	-
Current liabilities	(130)	(95)	-	(225)
<b>Consolidated total liabilities</b>	<b>(130)</b>	<b>(95)</b>	-	<b>(225)</b>

#### 4. Loss per share

The calculation of earnings per share is based on the loss after taxation divided by the weighted average number of share in issue during the period:

	Six Months to 30 September 2014 (Unaudited) £ 000's	Six Months to 30 September 2013 (Unaudited) £ 000's	Year to 31 March 2014 (Audited) £ 000's
Net loss after taxation	(791)	(870)	(1,768)
Weighted average number of ordinary shares used in calculating basic loss per share (millions)	2,516	2,316	2,350
Basic & diluted loss per share (expressed in pence)	(0.31)	(0.38)	(0.75)

As the inclusion of the potential ordinary shares would result in a decrease in the loss per share, they are considered to be anti-dilutive, and as such, a diluted loss per share is not included.

## 5. Share capital

The authorised share capital of the Company and the called up and fully paid amounts at 30 September 2014 were as follows:

<b>A) Authorised</b>		<b>£ 000's</b>
Unlimited Ordinary shares of no par value		-
<b>B) Called up, allotted, issued and fully paid</b>	<b>Number of shares</b>	<b>Nominal value</b>
<b>As at 1 April 2014</b>	<b>2,515,679,020</b>	-
<b>As at 30 September 2014</b>	<b>2,515,679,020</b>	-

## 6. Share based payments

During the six month period ended 30 September 2014 no options were granted, exercised or forfeited. There are no changes to total share options in issue and the parameters used to ascertain the fair value of share options, as found in the audited consolidated financial statements for the year ended 31 March 2014.

The fair value charged to the Group Statement of Changes in Equity for the six month period ended 30 September 2014 was £12,000 (six month period ended 30 September 2013 was £61,000).

### Total share warrants in issue

During the six month period ended 30 September 2014 no warrants were granted, exercised or forfeited. There are no changes to unexercised warrants in issue, the details of which can be found in the audited consolidated financial statements for the year ended 31 March 2014.

## 7. Investment in group companies

At 30 September 2014, the Group held 100% of the share capital of the following wholly owned subsidiary companies:

<b>Company</b>	<b>Country of Registration</b>	<b>Proportion held</b>	<b>Nature of business</b>
Ortac Resources (UK) Limited	England and Wales	100%	Holding Company
St. Stephans Gold s.r.o.*	Slovak Republic	100%	Mineral Exploration
Ortac s.r.o.*	Slovak Republic	100%	Mineral Exploration

\* Wholly owned subsidiary of Ortac Resources (UK) Limited

Since 1 April 2014, Bellmin s.r.o. and G.B.E. s.r.o. have merged into St. Stephans Gold s.r.o. while Kremnica Gold s.r.o. has been merged into Ortac s.r.o.

## 8. Intangible assets

	<b>Six Months to 30 September 2014 (Unaudited) £ 000's</b>	<b>Six Months to 30 September 2013 (Unaudited) £ 000's</b>	<b>Year to 31 March 2014 (Audited) £ 000's</b>
Balance brought forward	12,354	11,407	11,407
Currency translation adjustments	(588)	(74)	(226)
Additions	352	516	1,174
Impairment	(1)	-	(1)
<b>Balance carried forward</b>	<b>12,117</b>	<b>11,849</b>	<b>12,354</b>
<b>Net book value</b>	<b>12,117</b>	<b>11,849</b>	<b>12,354</b>

The net book value is analysed as follows:

Deferred exploration expenditure			
-Slovakia	12,117	11,849	12,354
	<b>12,117</b>	<b>11,849</b>	<b>12,354</b>

## 9. Tangible assets

	Six Months to 30 September 2014 (Unaudited) £ 000's	Six Months to 30 September 2013 (Unaudited) £ 000's	Year to 31 March 2014 (Audited) £ 000's
<b>Cost</b>			
Beginning of the period	375	406	406
Currency translation adjustment	(27)	(2)	(10)
Additions/ (disposals)	-	-	(21)
<b>End of the period</b>	<b>348</b>	<b>404</b>	<b>375</b>
<b>Depreciation</b>			
Beginning of the period	(102)	(80)	(80)
Currency translation adjustment	14	-	5
Charge for the period	(18)	(11)	(27)
<b>End of the period</b>	<b>(106)</b>	<b>(91)</b>	<b>(102)</b>
<b>Net book value at beginning of period</b>	<b>273</b>	<b>326</b>	<b>326</b>
<b>Net book value at end of period</b>	<b>242</b>	<b>313</b>	<b>273</b>

## 10. Investment in associates

On the 20 April 2014, Ortac Resources Limited increased its investment in Andiamo Exploration Limited (which is a private company registered in the UK) from 18.47% to 25.37%, which resulted in the investment being reclassified from an available-for-sale holding to an associate.

The carrying value of the associate is £903,000 and it is determined as follows:

	Six months to 30 September 2014 (Unaudited) £ 000's
<b>Beginning of the period</b>	-
Transfer from available for sale financial assets	910
Share of (loss) from associate	(7)
<b>End of the period</b>	<b>903</b>

Ortac's share of the results in Andiamo Exploration Limited are shown below:

	Six months to 30 September 2014 (Unaudited) £ 000's
Revenues	-
Share of loss	(7)

*Nature of investments in associates:*

<b>Name of entity</b>	<b>Place of business/country of incorporation</b>	<b>% of ownership interest</b>	<b>Nature of the relationship</b>	<b>Measurement method</b>
Andiamo Exploration Limited	England	25.37%	Strategic partnership	Equity

As at the period end, the fair value of the Group's interest in Andiamo Exploration Limited equated to its carrying value. Andiamo Exploration Limited is a private company and there is no quoted market price available for its shares.

*Summarised statement of financial position for associate:*

	<b>Six Months to 30 June 2014 (Unaudited) £ 000's</b>
<b>Current</b>	
Cash and cash equivalents	528
Other current assets	139
<b>Total current assets</b>	<b>667</b>
Financial liabilities	(4)
Other current liabilities	(36)
<b>Total current liabilities</b>	<b>(40)</b>
<b>Non-current</b>	
Assets	5,911
Financial liabilities	-
Other liabilities	-
<b>Total non-current liabilities</b>	<b>-</b>
<b>Net assets</b>	<b>6,538</b>

*Summarised statement of comprehensive income for associate:*

	<b>Six Months to 30 June 2014 (Unaudited) £ 000's</b>
<b>Loss before tax</b>	<b>(76)</b>
Income tax expense	-
<b>Post-tax loss from operations</b>	<b>(76)</b>
<b>Other comprehensive income</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>(76)</b>

The information above reflects the amounts presented in the financial statements of the associates (and not Ortac Resources Limited's share of those amounts) adjusted for differences in accounting policies between the group and the associates.

## Reconciliation of summarised financial information

Reconciliation of summarised financial information presented to the carrying amount of its interest in associates:

	Six Months to 30 June 2014 (Unaudited) £ 000's
<b>Summarised financial information</b>	
<b>Opening net assets</b>	<b>5,621</b>
Issue of shares	993
Loss for the period	(76)
Other comprehensive income	-
Foreign exchange differences	-
<b>Closing net assets</b>	<b>6,538</b>
<b>Interest in associates (25.37%)</b> –book value of assets acquired as recognised under equity accounting.	<b>1,658</b>
Exchange differences	22
Difference between book value of assets acquired and cost of the investment	(777)
<b>Carrying value</b>	<b>903</b>

### 11. Available for sale financial assets

	Six Months to 30 September 2014 (Unaudited) £ 000's	Six Months to 30 September 2013 (Unaudited) £ 000's	Year to 31 March 2014 (Audited) £ 000's
<b>Beginning of the period</b>	<b>605</b>	70	70
Additions	<b>305</b>	-	605
Disposals	-	(38)	(38)
Loss on disposals	-	(32)	(32)
Reclassification to investment in associates	<b>(910)</b>	-	-
<b>End of the period</b>	<b>-</b>	-	<b>605</b>

The available for sale financial asset refers to the Ortac's investment in Andiamo Exploration Limited. The investment is denominated in Pound Sterling. Due to Ortac Resources Limited increasing its investment in the company at a cost of £305,000, the investment is now treated as an associate- see note 10 above.

### 12. Contingent liability

As part of its acquisition of Kremnica Gold s.r.o. and Kremnica Gold Mining s.r.o., Ortac Resources (UK) Limited (formerly Ortac Resources plc) agreed to pay:

- a) Vendor royalties of up to US\$3,750,000 in either shares or cash - being \$15 per ounce on the first 250,000 ounces of gold equivalent (gold plus silver) resource defined as proven and probable reserve in the bankable feasibility study. Said royalty will become payable within 60 days of all required permits being obtained to allow commercial production at the Kremnica property; and
- b) A 2 per cent Net Smelter Royalty ("NSR") on gold and silver production from the Kremnica Gold Project to a limit of the first 1,000,000 ounces produced, reduced to a 1 per cent NSR

on the next 1,000,000 ounces and zero per cent thereafter. At any time prior to the reduction of the NSR percentage to 1 per cent, Ortac may acquire half of the 2 per cent NSR for US\$1,000,000. After the reduction of the NSR to 1 per cent, the Purchaser may acquire all of the Vendor NSR for US\$1,000,000.

On the basis of an updated third party resource study, the Directors are confident that proven and probable reserves will significantly exceed 250,000 ounces of gold equivalent (gold plus silver) resource. Notwithstanding this, until such time as it is clear that all the required permits to achieve commercial production will be secured, no provision for such amounts can be included in the Group financial statements.

### ***13. Post balance sheet events***

On 2 December 2014 Ortac announced that it had raised £265,000 via a placing of new ordinary shares issued at a price of 0.10 pence per ordinary share. The funds raised are to be used by Ortac to further develop its existing portfolio of mineral projects and enable the Group to exploit additional opportunities that may arise.

### ***14. Other matters***

The condensed consolidated interim financial statements set out above does not constitute the Group's statutory accounts for the period ended 30 September 2014 or for earlier periods, but is derived from those accounts where applicable.

A copy of this interim statement is available on the Ortac's website: [www.ortacresources.com](http://www.ortacresources.com).