

**ORTAC RESOURCES LIMITED**  
**Interim Financial Statements**  
**30 September 2017**

## **CHAIRMAN'S STATEMENT 2017 INTERIM RESULTS**

Since taking over as your chairman in September 2017 the Company has made a number of significant changes, both to its board and strategy. The board of directors has been refreshed with Brian McMaster, Michael Foster and myself constituting a completely new board and we shall be appointing a further director to the board in early January 2017. The strategy of Ortac has also been revamped, with a clear focus on developing our African mining exploration assets, specifically in the DRC and Zambia.

In November 2017 the Company announced the intention to acquire 100% of Casa Mining, owner of the exciting gold deposit situated in the DRC and we raised \$2.2m for the ongoing 5000m drill programme. Our current ownership stands at 87.44% and we expect this to be a wholly owned subsidiary in a matter of weeks. In respect of Zamsort we are actively engaged with other key shareholders to progress exploration work and I am hopeful we can announce further developments in the near future around this very prospective copper / cobalt property in Zambia.

We are also in discussions with a number of interested parties in regard to looking at options for our Slovakian exploration property, Sturec. We believe that while the future potential of the asset is significant, it requires an owner with a longer timeframe to work through the various issues in respect of developing Sturec.

I would like to thank Anthony Balme, Paul Heber and Vasilli Carellas for their contributions over the years to the Ortac board. As announced, Vasilli has assumed the role of Chief Operating Officer and will be spending the majority of his time in central and southern Africa.

With a clear vision going forward I look forward to starting 2018 with a sense of energy and optimism as we execute our strategy.

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

During the period, the Company raised £2,000,000 before share issue costs at 3 pence per ordinary share. The primary use of proceeds was to increase the Company's investment in Casa Mining Limited. On 30 September 2017 the Company had 148,801,654 shares outstanding.

Loss for the six months ended 30 September 2017 was (£304,000) (2016: (£253 000)).

Loss per share was (0.22) pence (2016: (0.44) pence).

Nick von Schirnding

Chairman

29 December 2017

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### *Group Statement of Comprehensive Income for the Interim Period Ended 30 September 2017*

	Notes	Six Months to 30 September 2017 (Unaudited) £ 000's	Six Months to 30 September 2016 (Unaudited) £ 000's
Other operating income		15	15
Administrative expenses		(324)	(292)
Share-based payments		(15)	(4)
<b>Operating loss</b>		<b>(324)</b>	<b>(281)</b>
Interest		47	38
Share of Loss of associates		(27)	(10)
<b>Loss before tax</b>		<b>(304)</b>	<b>(253)</b>
Income tax expense		-	-
Loss for the period from continuing operations	3	(304)	(253)
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Currency translation differences		(300)	897
<b>Other comprehensive income for the period, net of tax</b>		<b>(300)</b>	<b>897</b>
<b>Total comprehensive income for the period</b>		<b>(604)</b>	<b>644</b>
<b>Attributable to:</b>			
Owners of the parent		(604)	644
<b>Loss per share from continuing and discontinued operations attributable to the owners of the parent during the period (expressed in pence per share)</b>			
- Basic and diluted	3	(0.22)	(0.44)

## Group Statement of Financial Position as at 30 September 2017

	Notes	As at 30 September 2017 (Unaudited) £ 000's	As at 30 September 2016 (Unaudited) £ 000's
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets		12,445	13,423
Property, plant and equipment		205	228
Investment in associate		1,006	914
Available for sale financial investments		791	-
<b>Total non-current assets</b>		<b>14,447</b>	<b>14,565</b>
<b>Current assets</b>			
Inventories		39	38
Investment in convertible note Casa Mining Limited		1,547	-
Trade and other receivables		202	395
Available for sale financial investments		853	1,008
Cash & cash equivalents		97	37
<b>Total current assets</b>		<b>2,738</b>	<b>1,478</b>
<b>TOTAL ASSETS</b>		<b>17,185</b>	<b>16,043</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Loan from Director		-	(45)
Trade and other payables		(104)	(92)
<b>TOTAL LIABILITIES</b>		<b>(104)</b>	<b>(137)</b>
<b>NET ASSETS</b>		<b>17,081</b>	<b>15,906</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	4	-	-
Share premium		34,666	32,431
Share based payments reserve		1,712	2,324
Foreign exchange reserve		352	671
Retained earnings		(19,649)	(19,520)
<b>TOTAL EQUITY</b>		<b>17,081</b>	<b>15,906</b>

## Group Statement of Changes in Equity for the Interim Period Ended 30 September 2017

	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
As at 1 April 2016	-	32,075	(226)	2,320	(19,267)	14,902
Profit/ (Loss) for the period	-	-	-	-	(253)	(253)
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences	-	-	897	-	-	897
Other comprehensive income for the period	-	-	897	-	-	897
Total comprehensive income for the period	-	-	897	-	(253)	644
Share capital issued net of share issue costs	-	356	-	-	-	356
Share based payments	-	-	-	4	-	4
Total transactions with owners, recognised directly in equity	-	356	897	4	(253)	1,004
As at 30 September 2016	-	32,431	671	2,324	(19,520)	15,906
<b>As at 1 April 2017</b>	-	32,774	652	1,697	(19,345)	15,778
Profit/ (Loss) for the period	-	-	-	-	(304)	(304)
<b>Items that may be reclassified subsequently to profit or loss</b>						
Currency translation differences	-	-	(300)	-	-	(300)
<b>Other comprehensive income for the period</b>	-	-	(300)	-	-	(300)
<b>Total comprehensive income for the period</b>	-	-	(300)	-	(304)	(604)
Share capital issued net of share issue costs	-	1,892	-	-	-	1,892
Share based payments	-	-	-	15	-	15
<b>Total transactions with owners, recognised directly in equity</b>	-	1,892	(300)	15	(304)	1,303
<b>As at 30 September 2017</b>	-	34,666	352	1,712	(19,649)	17,081

## Group Cash Flow Statement for the Interim Period Ended 30 September 2017

	Six Months to 30 September 2017 (Unaudited) £ 000's	Six Months to 30 September 2016 (Unaudited) £ 000's
<b>Cash flows from operating activities</b>		
(Loss) before tax	(304)	(253)
Interest income accrued	(47)	(38)
Share of loss from associates	27	10
Share based payments	15	4
Exchange differences	-	-
Depreciation	-	7
<b>Operating loss before changes in working capital</b>	<b>(309)</b>	<b>(270)</b>
(increase) Decrease in inventories	(2)	-
(Increase)/decrease in trade and other receivables	(14)	7
(Decrease)/increase in trade and other payables	(3)	(70)
<b>Net cash used in operating activities</b>	<b>(328)</b>	<b>(333)</b>
<b>Cash flows used in investing activities</b>		
Interest received	-	38
(Disposal)/purchases of intangibles	-	(17)
Acquisition of convertible note in Casa Mining Limited	(1,547)	-
Investment in Available for sale financial investments	-	(79)
<b>Net cash used in investing activities</b>	<b>(1,547)</b>	<b>(58)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of ordinary shares net of share issue costs and subscriptions receivable	1,892	-
<b>Net cash inflow from financing activities</b>	<b>1,892</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>17</b>	<b>(391)</b>
Cash and cash equivalents at beginning of period	80	428
<b>Cash and cash equivalents at end of period</b>	<b>97</b>	<b>37</b>

# NOTES TO THE INTERIM REPORT FOR SIX MONTHS ENDED 30 SEPTEMBER 2017

## **1. Basis of preparation**

The condensed consolidated interim financial statements have 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 29 December 2017.

## **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 2017, 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 2016 have 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 2017.

## *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.

Gains 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.

## **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 2017 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. Loss per share**

The calculation of earnings per share is based on the loss attributable to equity holders divided by the weighted average number of share in issue during the period. In March 2017 the shares of the Company were consolidated 1:100.

	Six Months to 30 September 2017 (Unaudited) £ 000's	Six Months to 30 September 2016 (Unaudited) £ 000's
Net loss after taxation	(304)	(253)
Weighted average number of ordinary shares used in calculating basic loss per share (000's)	137,144	57,640*
Basic & diluted loss per share (expressed in pence)	<u>(0.22)</u>	<u>(0.44)</u>

\* Restated to reflect 1:100 share consolidation in March 2017

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



#### **4. Share capital**

The authorised share capital of the Company and the called up and fully paid amounts at 30 September 2017 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>Nominal value</b>
	<b>Number of shares</b>	
<b>As at 1 April 2017</b>	<b>82,134,987</b>	-
<b>Additions:</b>		
02 May 2017 at 3 p	66,666,667	-
		-
<b>As at 30 September 2017</b>	<b>148,801,654</b>	-

#### **5. Post balance sheet events**

(1) On 30 October 2017 the Company announced it had placed 85,000,000 new ordinary shares at 2 pence per share;

(2) On 10 November 2017 the Company announced:

(i) That it had completed the purchase of an additional 2,576,255 shares (33.82%) of Casa Mining Limited in exchange for 38,277,354 new ordinary shares of the Company; the purchase of a US\$ 250,000 convertible note issued by Casa Mining Limited convertible into Casa shares at US\$ 0.5586 and the conversion of its US\$ 2,000,000 (£1,547,000) at a conversion price of US\$ 0.5586, reduced from US\$ 0.6500.

Following these transactions the Company held 7,848,594 shares (70.09%) of Casa Mining Limited. The difference between Current Value and the book value of assets of Casa Mining Limited which have been purchased has been capitalised to Intangible Assets.

(ii) That it was offering to purchase all of the remaining shares of Casa Mining Limited in exchange for up to 61,722,656 new ordinary shares of the Company.

#### **6. Other matters**

The condensed consolidated interim financial statements set out above do not constitute the Group's statutory accounts for the period ended 30 September 2017 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).