

COMPANY REGISTRATION NUMBER 06418951

ORTAC RESOURCES PLC

Financial Statements

31 March 2012



CONTENTS

CORPORATE INFORMATION	2
DIRECTORS' REPORT	3
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ORTAC RESOURCES PLC	6
FINANCIAL STATEMENTS	8
NOTES TO THE FINANCIAL STATEMENTS	12

CORPORATE INFORMATION

Company registration number	06418951
Directors	Anthony Balme Vassilios Carellas Charles Wood David Paxton
Company Secretary	Hugo Green
Registered Office	3rd Floor 96-97 Jermyn Street St James's London SW1Y 6JE
Auditor	Littlejohn LLP 1 Westferry Circus Canary Wharf London E14 4HD
Solicitor	Kerman & Co LLP 200 The Strand London WC2R 1DJ
Principal Bankers	Bank of Scotland 38 Threadneedle Street London EC2P 2EH

DIRECTORS' REPORT

The Directors are pleased to present their report together with the financial statements for the year ended 31 March 2012

Principal Activities

The principal activity of the Ortac Resources Plc ("the Company") was the management and supervision of the activities of its subsidiaries in Slovakia in developing the Šturec resource in Kremnica and elsewhere exploring for base and precious metals in Slovakia

Business Review and future developments

The Company's principal focus in the near term will be to continue to progress the Šturec resource in Kremnica through Bankable Feasibility stage and permitting

Results and Dividends

Loss on ordinary activities after taxation amounted to £1,814,562 (2011 loss of £484,356)
The Directors do not recommend payment of a dividend

Key Performance Indicators ("KPIs")

The Company is an intermediate holding company of the Ortac group. Given that KPIs are determined and monitored for the Group as a whole at a parent company level, the Directors are of the opinion that KPIs are not required

Financial Instruments and Risk Management

See Note 14 below

Post Balance Sheet events

These financial statements were approved on 28 September 2012, as at this date the Directors were not aware of any significant post balance sheet events other than those set out in the notes to the financial statements

Directors

The names of the Directors who served during the year are set out below:

Director	Date of Resignation
Anthony Balme	
Vassilios Carellas	
Charles Wood	
David Paxton	
Dorian Nicol	1 January 2012

Directors' Remuneration

Details of the Directors' remuneration are given in Note 6 to the Financial Statements

Directors' Interests

The serving Directors had no shares, warrants or interests in the Company during the periods covered by this report. Details of the Directors' interests in the shares of Ortac

Directors' Report (continued)

Resources Limited -the Company's parent -are disclosed in the Financial Statements of that company

Political Contributions and Charitable Donations

The Company did not make any political contributions or charitable donations.

Statement of Disclosure of Information to Auditors

As at the date of this report the serving Directors confirm that

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

Auditors

Littlejohn LLP has signified its willingness to continue in office as auditor

Going Concern

Notwithstanding the loss incurred during the periods under review, and the decision taken to impair receivables from certain of its Slovak subsidiaries, the Directors are of the opinion that given the ongoing evaluations of the Company's interests in Slovakia and the cash resources that are available to it by way of support from Ortac Resources Limited, the preparation of the Company's accounts on a going concern basis is appropriate

Statement of Directors' Responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial period. Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and applicable law.

International Accounting Standard 1 requires that financial statements present fairly for each financial period the Company's financial position, financial performance and cash flows. This requires faithful representation of the effect of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out on the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all situations, a fair presentation will be achieved by complying with all applicable IFRSs. In preparing these financial statements, the Directors are also required to

- select suitable accounting policies and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance, and

Directors' Report (continued)

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company' and its subsidiaries will continue in business

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company's subsidiaries and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board and signed on its behalf by



Charles Wood

Director

28 September 2012

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF ORTAC RESOURCES PLC

We have audited the Financial Statements of Ortac Resources PLC for the year ended 31 March 2012 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Cash Flow Statement, 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 so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL ACCOUNTS

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Directors Report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the Financial Statements.

- give a true and fair view of the state of the Company's affairs as at 31 March 2012 and of its loss for the year 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.

**Independent Auditors Report to the Shareholders of Ortac
Resources Plc (continued)**

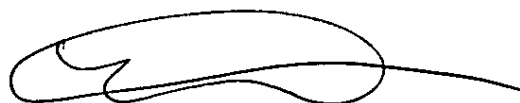
OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, 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 and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or



Alistair Roberts (Senior statutory auditor)
For and on behalf of Littlejohn LLP
Statutory auditor

1 Westferry Circus
Canary Wharf
London E14 4HD

28 September 2012

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 March 2012

		Year to	Year to
	Note	31 March 2012	31 March 2011
		£	£
Revenue		-	-
Other operating income		16,275	17,200
Administrative expenses	2	(569,228)	(508,311)
Operating loss		(552,953)	(491,111)
Loss on disposal of subsidiary undertaking	9	(298,509)	-
Impairment of receivables from subsidiaries	10	(963,100)	-
Loss before taxation		(1,814,562)	(491,111)
Loss for the financial period		(1,814,562)	(491,111)
Other comprehensive income			
Currency translation differences		-	6,755
Other comprehensive income for the period net of taxation		-	6,755
Total comprehensive income for the period		(1,814,562)	(484,356)

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

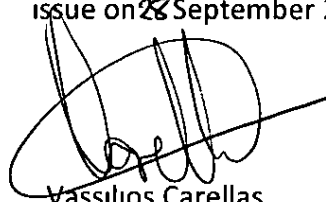
STATEMENT OF FINANCIAL POSITION

AS AT 31 March 2012

		31 March 2012	As Restated 31 March 2011
	Notes	£	£
ASSETS			
Non-current assets			
Investment in subsidiaries	9	1,402,400	1,978,295
Intangible assets	7,20	-	-
Property, plant and equipment	8	58,616	15,190
Trade and other receivables	10,20	10,969,642	10,078,856
Total non-current assets		12,430,658	12,072,341
Current assets			
Trade and other receivables	10	50,233	35,769
Cash and cash equivalents		5,289	5,948
Total Current Assets		55,522	41,717
TOTAL ASSETS		12,486,179	12,114,058
EQUITY			
Share capital	12	560,993	560,993
Share premium		1,311,861	1,311,861
Retained earnings		(2,576,512)	(761,950)
TOTAL EQUITY		(703,658)	1,110,904
LIABILITIES			
Current Liabilities			
Tax payables	11	6,513	2,971
Trade and other payables	11	13,183,325	11,000,183
TOTAL LIABILITIES		13,189,838	11,003,154
TOTAL EQUITY AND LIABILITIES		12,486,179	12,114,058

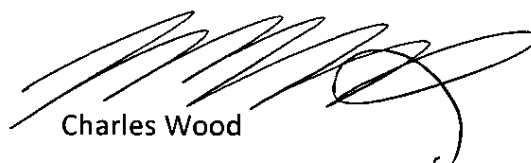
The notes on pages 12 to 26 form part of these financial statements

These financial statements were approved by the Board of Directors and authorised for issue on 28 September 2012 and signed on its behalf by



Vassilios Carellas

Director



Charles Wood

Director

CASH FLOW STATEMENT FOR THE PERIOD ENDING 31 March 2012

		Year to 31 March 2012	Year to 31 March 2011
	Notes	£	£
Cash flows from operating activities			
Operating loss		(552,953)	(491,111)
(Increase)/decrease in trade and other receivables	10	(14,464)	118,677
Increase in trade and other payables	11	(63,288)	(1,217,292)
Increase/(decrease) in tax payables	11	3,542	(4,202)
Depreciation	8	15,547	7,594
Share options expensed		-	-
Net cash outflow from operating activities		(611,617)	(1,586,334)
Cash flows from investing activities			
Divestment of subsidiary	9	277,386	-
Payments to acquire intangible assets		-	-
Payments to acquire tangible assets	8	(58,973)	(22,784)
Increase in Loans from parent and group companies	11,17	2,246,430	1,587,687
Impairment of Loans to subsidiaries	10	963,101	-
(Increase) in loans to subsidiaries	10,17	(2,816,987)	(472,135)
Net cash outflow from investing activities		610,957	1,092,768
Cash flows from financing activities			
Issue of ordinary share capital		-	461,149
Share issue costs		-	(6,750)
Net cash inflow from financing activities		-	454,399
Net (decrease)/increase in cash and cash equivalents		(659)	(39,167)
Cash and cash equivalents at beginning of period		5,948	38,360
Foreign exchange differences		-	6,755
Cash and cash equivalents at end of period		5,289	5,948

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 March 2012

	Called up share capital	Share premium reserve	Foreign exchange reserve	Share based payment reserve	Retained earnings	Total equity
	£	£	£	£	£	£
As at 31 March 2010	454,760	963,695	(6,755)	100,718	(371,557)	1,140,861
Loss for the year	-	-	-	-	(491,111)	(491,111)
Currency translation differences	-	-	6,755	-	-	6,755
Total comprehensive income	-	-	6,755	-	(491,111)	(484,356)
Transactions with Owner						
Share capital issued	106,233	354,916	-	-	-	461,149
Cost of share issue	-	(6,750)	-	-	-	(6,750)
Reserves transfer on exercise of warrants	-	-	-	(100,718)	100,718	-
As at 31 March 2011	560,993	1,311,861	-	-	(761,950)	1,110,904
Loss for the period	-	-	-	-	(1,814,562)	(1,814,562)
Total comprehensive income	-	-	-	-	(1,814,562)	(1,814,562)
As at 31 March 2012	560,993	1,311,861	-	-	(2,576,512)	(703,658)

NOTES TO THE FINANCIAL STATEMENTS- (continued)**NOTES TO THE FINANCIAL STATEMENTS****1. Summary of Significant Accounting Policies****a. General information and authorisation of financial statements**

Ortac Resources Plc is a limited company incorporated and domiciled in England & Wales with registered number 06418951. The Company's financial statements for the year ended 31 March 2012 were authorised for issue by the Board on 28 September 2012 and the Statement of Financial Position on the Board's behalf by Mr Vassilios Carellas and Mr Charles Wood.

b. Statement of compliance with IFRS

The financial statements have been prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the Company are set out below.

c. Changes in accounting policy and disclosures

In preparing these financial statements, certain Standards and Interpretations that are mandatory for the first time for the financial year beginning 1 April 2011 are not currently relevant to the Company, and hence have not been applied.

- An amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards" relieves first-time adopters of IFRS's from providing the additional disclosures introduced in March 2009 by "Improving Disclosures about Financial Instruments" (Amendments to IFRS 7). This amendment was effective for periods beginning on or after 1 July 2010.
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" clarifies the treatment required when an entity renegotiates the terms of a financial liability with its creditor, and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. This interpretation was effective for periods beginning on or after 1 July 2010.
- A revised version of IAS 24 "Related Party Disclosures" simplifies the disclosure requirements for government-related entities and clarified the definition of a related party. This revision was effective for periods beginning on or after 1 January 2011.
- An amendment to IFRIC 14 "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", on prepayments of a minimum funding requirement, applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permitted such an entity to treat the benefit of such an early payment as an asset. This amendment was effective for periods beginning on or after 1 January 2011.
- Amendments to IFRS 7 "Financial Instruments: Disclosures" are designed to help users of financial statements evaluate the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position. These amendments were effective for periods beginning on or after 1 January 2011 but are still subject to EU endorsement.

The Company has also not early adopted certain new standards/amendments that were not effective at the commencement of the present reporting period. The Directors' interpretation thereof and their effective dates are summarised below.

- Amendments to IAS 1 "Presentation of Financial Statements" require items that may be reclassified to the profit or loss section of the Income Statement to be grouped together within other comprehensive income (OCI). The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. These amendments are effective for periods beginning on or after 1 July 2012.

NOTES TO THE FINANCIAL STATEMENTS- (continued)

- Amendments to IAS 19 “Employment Benefits” eliminate the option to defer the recognition of gains and losses, known as the “corridor method”, streamline the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income, and enhance the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans. These amendments are effective for periods beginning on or after 1 January 2013.
- IAS 27 “Separate Financial Statements” replaces the current version of IAS 27 “Consolidated and Separate Financial Statements” as a result of the issue of IFRS 10 (see below). This revised standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement.
- IAS 28 “Investments in Associates and Joint Ventures” replaces the current version of IAS 28 “Investments in Associates” as a result of the issue of IFRS 11 (see above). This revised standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement.
- Amendments to IAS 32 “Financial Instruments: Presentation” add application guidance to address inconsistencies identified in applying some of the criteria when offsetting financial assets and financial liabilities. This includes clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement. These amendments are effective for periods beginning on or after 1 January 2014, subject to EU endorsement.
- Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards” replace references to a fixed date of 1 January 2004 with “the date of transition to IFRSs”, thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs, and provide guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. These amendments are effective for periods beginning on or after 1 July 2011, subject to EU endorsement.
- Amendments to IFRS 7 “Financial Instruments: Disclosures” require disclosure of information that will enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity’s recognised financial assets and recognised financial liabilities, on the entity’s financial position. These amendments are effective for periods beginning on or after 1 January 2013, subject to EU endorsement.
- IFRS 9 “Financial Instruments” specifies how an entity should classify and measure financial assets, including some hybrid contracts, with the aim of improving and simplifying the approach to classification and measurement compared with IAS 39. This standard is effective for periods beginning on or after 1 January 2015, subject to EU endorsement.
- Amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” require entities to apply IFRS 9 for annual periods beginning on or after 1 January 2015 instead of on or after 1 January 2013. Early application continues to be permitted. The amendments also require additional disclosures on transition from IAS 39 “Financial Instruments: Recognition and Measurement” to IFRS 9. This is subject to EU endorsement.
- Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosure of Interests in Other Entities” clarify the IASB’s intention when first issuing the transition guidance in IFRS 10, provide similar relief in IFRS 11 and IFRS 12 from the presentation or adjustment of comparative information for periods prior to the immediately preceding period, and provide additional transition relief by eliminating the requirement to present comparatives for the disclosures relating to unconsolidated structured entities for any period before the first annual period for which IFRS 12 is applied. These amendments are effective for periods beginning on or after 1 January 2013, subject to EU endorsement.
- IFRS 10 “Consolidated Financial Statements” builds on existing principles by identifying the concept of control as the determining factor as to whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement.
- IFRS 11 “Joint Arrangements” provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently

NOTES TO THE FINANCIAL STATEMENTS- (continued)

the case) The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities This standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement

- IFRS 12 "Disclosure of Interests in Other Entities" is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles This standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement
- IFRS 13 "Fair Value Measurement" improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS's It does not extend the use of fair value accounting, but provides guidance on how it should be applied where its use is already required or permitted by other standards This standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement
- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods This applies to annual periods beginning on or after 1 January 2013, subject to EU endorsement
- "Annual Improvements 2009 – 2011 Cycle" sets out amendments to various IFRSs and provides a vehicle for making non-urgent but necessary amendments to IFRSs

An amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards" clarifies whether an entity may apply IFRS 1

- (a) if the entity meets the criteria for applying IFRS 1 and has applied IFRS 1 in a previous reporting period, or
- (b) if the entity meets the criteria for applying IFRS 1 and has applied IFRSs in a previous reporting period when IFRS 1 did not exist

The amendment also addresses the transitional provisions for borrowing costs relating to qualifying assets for which the commencement date for capitalisation was before the date of transition to IFRSs

An amendment to IAS 1 "Presentation of Financial Statements" clarifies the requirements for providing comparative information

- (a) for the opening statement of financial position when an entity changes accounting policies, or makes retrospective restatements or reclassifications, and
- (b) when an entity provides financial statements beyond the minimum comparative information requirements

An amendment to IAS 16 "Property, Plant and Equipment" addresses a perceived inconsistency in the classification requirements for servicing equipment

An amendment to IAS 32 "Financial Instruments Presentation" addresses perceived inconsistencies between IAS 12 "Income Taxes" and IAS 32 with regard to recognising the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction

An amendment to IAS 34 "Interim Financial Reporting" clarifies the requirements on segment information for total assets and liabilities for each reportable segment

These amendments are effective for periods beginning on or after 1 January 2013, subject to EU endorsement

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company, except for additional disclosures when the relevant Standards come into effect

c. Basis of preparation

The financial statements have been prepared on the historical cost basis, except for the measurement to fair value of assets and financial instruments as described in the accounting policies below, and on a going concern basis

NOTES TO THE FINANCIAL STATEMENTS- (continued)

The financial information is presented in pounds sterling and all values are rounded to the nearest pound (£) unless otherwise stated

d. No consolidated accounts

The Company has taken advantage of the exemption available under S401 of the Companies Act 2006 not to present consolidated financial statements in respect of Ortac Resources PLC and its subsidiaries, as Ortac Resources Limited has prepared consolidated financial statements which include those of the Company and its subsidiaries

e. Significant accounting judgments, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are

- Impairment of investment in and loans to subsidiaries

Management tests annually whether the investment in and loans to subsidiaries have a recoverable value greater than carrying value. Where there are indications that a subsidiary may be impaired, the Company is required to estimate the Company's recoverable amount.

The impairment review in the current year has shown the following

Exploration projects carried out by the subsidiaries are at an early stage of development and can be split into two categories

1. Based upon existing resource estimates an SRK Consulting scoping study confirms economic feasibility of the Šturec project, which based upon a metals price of US\$1,200 per ounce and a discount rate of 8% gave an NPV of nearly US\$140 million. Gold prices at present are running at near to US\$1,600 per ounce and the view of the Directors is they are unlikely to come down in the near future (indeed, there is a body of market commentators who see the present price as being low). At current metals price, the project has an NPV in excess of US\$280 million. Key assumptions used in calculation, are pit size, gold prices and discount rate, with sensitivity analysis indicating a viable project to a discount rate of 17%, or a gold price of US\$900 per ounce.
2. For other projects, no JORC or non-JORC compliant resource estimates are available to enable value in use calculations to be prepared. The Directors therefore undertook an assessment of the following areas and circumstances which could indicate the existence of impairment.
 - The Group's right to explore in an area has expired, or will expire in the near future without renewal
 - No further exploration or evaluation is planned or budgeted for
 - A decision has been taken by the Board to discontinue exploration and evaluation in an area due to absence of a commercial level of reserves
 - Sufficient data exists to indicate that the book value will not be fully recovered from future development and production

NOTES TO THE FINANCIAL STATEMENTS- (continued)

Following their assessment the Directors concluded that impairment provisions should be made in respect loans to subsidiaries during the year ended 31 March 2012, with a provision in the amount of £963,101 raised in respect of loans to St Stephan s r o and to Bellmin s r o with this amount charged to the profit and loss See Note 10 below

The Directors are of the opinion that no further impairment provisions are required, but if this proves to be incorrect and the subsidiaries do not have any value the investment and loans will be written off

f. Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above

g. Trade and other receivables

Trade receivables, which generally have 15-day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts

An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts Bad debts are written off when identified

h. Investments

Investments in subsidiary undertakings are stated at cost less any provision for impairment in value

i. Financial instruments

The Company's financial instruments, other than its investments, comprise cash and items arising directly from its operation such as trade debtors and trade creditors

The Company's financial instruments are classified as loans and receivables Management determines the classification of its financial assets at initial recognition

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and comprise trade and other receivables and cash and cash equivalents (see separate accounting policies for these items)

There is no material difference between the book value and fair value of the Company's financial instruments

j. Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding bases used in the tax computations, and is accounted for using the balance sheet liability method Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised

NOTES TO THE FINANCIAL STATEMENTS- (continued)

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

k. Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on all tangible assets to write off the cost less estimated residual value of each asset over its expected useful economic life on a straight-line basis at the following annual rates:

- Office Leasehold Premises- 20% or equally over the period of the lease- whichever is the lesser,
- Plant and Equipment – between 5% and 25%

All assets are subject to annual impairment reviews.

l. Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. This is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, and the asset's value in use cannot be estimated to be close to its fair value. In such cases, the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, it is considered impaired and is written down to its recoverable amount.

In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

NOTES TO THE FINANCIAL STATEMENTS- (continued)

m. Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services

n. Operating leases

Leases of assets under which a significant amount of the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged to profit and loss on a straight-line basis over the period of the respective leases

o. Contingent consideration

Contingent consideration is charged to the profit and loss in the period in which it is recognised as payable

2. Expenses by Nature

	2012	2011
	£	£
Operating Loss is arrived at after charging		
Directors' emoluments – salary and fees	115,917	122,166
Wages and Salaries	77,103	-
Establishment expenses	121,547	50,392
Loss/(gain) on foreign exchange	113,201	-
Travel and subsistence expenses	60,572	27,146
Professional Fee's-Legal and Consulting	58,634	255,327
AIM related costs including Public Relations	-	24,747
Auditors remuneration - audit	-	19,496
Depreciation and amortisation	15,547	7,594
Other expenses	6,707	1,443
Total operating expenses	569,228	508,311

Auditors remuneration for the year ended 31 March 2012 was borne by the parent company. The Directors estimate that the audit fee for the Company to be £8,000

3. Employee Information

	2012	2011
	£	£
Wages and salaries	68,487	-
Directors' remuneration	105,012	112,716
Social security costs	19,520	9,450
	193,019	122,166

ORTAC RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS- (continued)

The average number of employees during the period was made up as follows

	2012	2011
	No	No
Operations	-	-
Administration	-	-
Management staff	2	2
	<u>2</u>	<u>2</u>

4. Taxation

The taxation charge on the Company's loss before taxation differs from the theoretical amount that would arise using the tax rate applicable to the loss of the Company as follows

No deferred tax asset has been recognized, because there is presently insufficient evidence of the timing of suitable future profits against which they can be recovered

5. Dividends

No dividends were paid or are proposed

6. Directors Remuneration

	2012	2011
	£	£
Salary and fees (including benefits in kind)	105,012	98,716
Compensation for loss of office	-	14,000
	<u>105,012</u>	<u>112,716</u>

7. Intangible Assets

	Exploration Expenditure £
Opening Cost at 1 April 2010 as previously stated	161,314
PYA change in accounting policy re IFRS 6	(161,314)
As at 1 April 2010 restated	-
Development expenditure as previously capitalised	171,853
PYA change in accounting policy re IFRS 6	(171,853)
Carrying value as at 31 March 2011 as restated	-

In previous years, the Company incurred a certain amount of expenditure in connection with the development of the Šturec project, which license is held by Kremnica Gold Mining s r o, one of the Company's 100% subsidiaries in Slovakia. As referred to further in Note 20 to the accounts, the Directors have chosen to correct this historic accounting treatment. There is no impact on the Company's Income Statement.

ORTAC RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS- (continued)

8. Property, Plant and Equipment

	£
Cost	
Opening Cost at 1 April 2010	-
Additions	22,784
Closing cost at 31 March 2011	22,784
Opening cost at 1 April 2011	22,784
Additions	58,973
Closing cost at 31 March 2012	81,757
Depreciation	
Balance at 1 April 2010	-
Charge for the period	(7,594)
Closing balance at 31 March 2011	(7,594)
Balance at 1 April 2011	(7,594)
Charge for the period	(15,547)
Closing balance at 31 March 2012	(23,141)
Net book value	
As at 1 April 2010	-
As at 31 March 2011	15,190
As at 31 March 2012	58,616

Depreciation has been charged to "administrative expenses".

9. Investment in Subsidiaries

Shares in Subsidiary undertakings	
	£
Cost	
As at 1 April 2010	1,978,295
Additions	-
As at 31 March 2011	1,978,295
As at 1 April 2011	1,978,295
Disposal of subsidiary undertaking	(575,895)
As at 31 March 2012	1,402,400

Investments in group undertakings are recorded at cost, which is the fair value of the consideration paid. A loss of £298,509 was realised on the disposal of a subsidiary undertaking.

During the year Anglo – Slovak Minerals Limited was dissolved, resulting in a loss on disposal of this company.

NOTES TO THE FINANCIAL STATEMENTS- (continued)

At 31 March 2012, the Company held more than 20% of the share capital of the following subsidiary companies

Company	Country of Registration	Proportion held	Nature of business
Bellmin s r o	Slovak Republic	100%	Mineral Exploration
G B E s r o	Slovak Republic	100%	Mineral Exploration
St Stephans Gold s r o	Slovak Republic	100%	Mineral Exploration
Kremnica Gold s r o	Slovak Republic	100%	Mineral Exploration
Kremnica Gold Mining s r o	Slovak Republic	100%	Mineral Exploration

10. Trade and Other Receivables

Trade and other receivables

	2012	2011
	£	£
Current trade and other receivables		
Other receivables	1,256	1
Tax receivables	6,833	15,768
Prepayments	42,145	20,000
Total	50,233	35,769

	2012	2011
	£	£
Non current trade and other receivables		
Loans due from subsidiaries as previously stated	10,969,642	9,745,689
PYA Development Expenditure paid by the Company, no longer capitalised		333,167
Total	10,969,642	10,078,856

Current trade and other receivables are all due within one year. The Directors have recognised an impairment provision in respect of amounts owed by St Stephan s r o and Bellmin s r o in the amount of £963,101 (2011: £nil). The fair value of all remaining receivables is the same as their carrying values stated above.

Loans due from subsidiaries are interest free and have no fixed repayment date.

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	2012	2011
	£	£
UK Pounds	50,233	35,769
Euros	10,969,642	10,078,856
Total	11,019,875	10,114,625

Other receivables do not contain any impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Company does not hold any collateral as security.

NOTES TO THE FINANCIAL STATEMENTS - (continued)

11. Trade and Other Payables

	2012	2011
£	£	£
Current trade and other payables		
Amounts due to Group Companies	4,111,503	1,865,073
Trade payables	8,015	138,139
Other payables	8,988,030	8,987,230
Accruals	75,776	9,741
Total	13,183,325	11,000,183
Tax payables	6,513	2,971

Other payables includes amounts payable to the company's parent, arising as a consequence of the acquisition of Kremnica Gold s r o and Kremnica Gold Mining s r o and which liability is now owed by the Company to its parent Ortac Resources Limited, but is eliminated in the preparation of consolidated accounts of the Ortac Resources Group. The carrying values are considered a reasonable approximation of the fair value and are considered by the Directors as payable within one year.

12. Share Capital

	2012	2011
£	£	£
Authorised share capital		
Ordinary shares of £0.05 each	40,000,000	2,000,000
Redeemable preference shares of £1 each	51,000	51,000
	2,051,000	2,051,000
Issued share capital		
Ordinary shares of £0.05 each	11,219,862	9,095,197
At 1 April 2011/1 April 2010	11,219,862	560,993
New issues in year/period	-	2,124,665
	11,219,862	560,993

13. Share Based Payments

Since the reverse take over by Ortac Resources plc of Templar Minerals Limited - now Ortac Resources Ltd, there were no share based payments, as all such matters are dealt with at the parent company level.

During the year ended 31 March 2011 share warrants previously issued during the period to 31 March 2010 were exercised and new ordinary shares issued, which gave a rise to a transfer from the share based payments reserve to retained earnings of £100,718, the amount previously charged as an expense on the issue of the share warrants.

ORTAC RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS- (continued)

11. Trade and Other Payables

	2012	2011
	£	£
Current trade and other payables		
Amounts due to Group Companies	4,111,503	1,865,073
Trade payables	8,015	138,139
Other payables	8,988,030	8,987,230
Accruals	75,776	9,741
Total	13,183,325	11,000,183

	2012	2011
	£	£
Tax payables	6,513	2,971

Other payables includes amounts payable to the company's parent, arising as a consequence of the acquisition of Kremnica Gold s r o and Kremnica Gold Mining s r o and which liability is now owed by the Company to its parent Ortac Resources limited, but is eliminated in the preparation of consolidated accounts of the Ortac Resource Group

The carrying values are considered a reasonable approximation of the fair value and are considered by the Directors as payable within one year

12. Share Capital

	2012		2011	
	No	£	No	£
Authorised share capital				
Ordinary shares of £0.05 each	40,000,000	2,000,000	40,000,000	2,000,000
Redeemable preference shares of £1 each	51,000	51,000	51,000	51,000
		2,051,000		2,051,000
	2011		2011	
	No	£	No	£
Issued share capital				
Ordinary shares of £0.05 each				
At 1 April 2011/1 April 2010	11,219,862	560,993	9,095,197	454,760
New issues in year/period	-	-	2,124,665	106,233
	11,219,862	560,993	11,219,862	560,993

13. Share Based Payments

Since the reverse take over by Ortac Resources plc of Templar Minerals Limited- now Ortac Resources Ltd, there were no share based payments, as all such matters are dealt with at the parent company level

During the year ended 31 March 2011 share warrants previously issued during the period to 31 March 2010 were exercised and new ordinary shares issued, which gave a rise to a transfer from the share based payments reserve to retained earnings of £100,718, the amount previously charged as an expense on the issue of the share warrants

NOTES TO THE FINANCIAL STATEMENTS- (continued)**14. Financial and Capital Risk Management****Financial risk management**

The main financial risks that the Company's activity exposes it to are liquidity and fluctuations on foreign currency. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Board of Directors under policies approved at the quarterly Board meetings. The Board frequently discusses principles for overall risk management including policies for specific areas such as foreign exchange.

Liquidity risk

The Company has given responsibility of liquidity risk management to the board who have formulated liquidity management tools to service this requirement.

Management of liquidity risk is achieved by monitoring budgets and forecasts and actual cash flows.

Liquidity risk is managed at a Group level as the Company's parent holds the cash to fund exploration activities.

Credit risk

Credit risk arises from cash and cash equivalents.

The Company considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk. The Company will only keep its holdings of cash and cash equivalents with institutions which have a minimum credit rating of 'A'.

The Company considers that it is not exposed to major concentrations of credit risk.

Market risk

The Company's main exposure to market risk is through foreign currency exchange rates and interest rates.

Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and UK pound sterling.

Foreign exchange risk arises from recognised monetary assets and liabilities. The exposure to this risk is not considered material to the Company's operations and thus the Directors consider that, for the time being, no hedging or other arrangements are necessary to mitigate this risk.

Interest rate risk

As the Company currently has no borrowings, nor does it hold significant cash deposits, it is not exposed to interest rate risk on financial assets or liabilities. As a result, fluctuations in interest rates are not expected to have a significant impact on profit or loss or equity.

NOTES TO THE FINANCIAL STATEMENTS- (continued)

The table below details the sensitivity to possible change in the currency exchange rate, presuming all other variables remaining constant, of the Company's loss before tax

Financial risk management objectives and policies

	Effect on loss before tax for the period ended	Effect on equity before tax for the period ended
Increase/decrease in foreign exchange rate	£	£
2012 Euros		
+5%	19,802	19,162
-5%	(19,802)	(19,162)
2011 Euros		
+5%	(5,818)	(6,024)
-5%	5,818	6,024

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to enable the Company and its subsidiaries to continue its exploration and evaluation activities. The Company is dependent on its parent for financing and as such capital risk management is monitored on a Group basis, ensuring the level of cash resources within the Group are in line with future planned exploration and evaluation activities and the Parent company may issue new shares in order to raise further funds from time to time.

15. Commitments
Other commitments

The Company's subsidiaries are required to incur exploration expenditure in order to maintain title to their mineral exploration permits. Funds to meet such payments are borrowed by the Company from Ortac Resource Limited, and in turn are then lent to the Company's subsidiaries.

No provision has been made in the financial statements for future such transactions, as they are expected to be fulfilled in the normal course of the operations, as and when they arise.

Operating leases

	2012	2011
Minimum lease payments under non-cancellable operating leases	£	£
Not later than one year	35,800	-
Later than one year but not later than five years	50,716	-
Total lease commitment	86,516	-

As at 31 March 2012, the Company had entered into only one material commitments, as follows.

On the 16th August 2011 the Company entered into a 5 year lease agreement to rent space located at 96-97 Jermyn Street, at a rent payable of £38,500 per year, payable in 4 equal installments on a quarterly basis, with a break period after 3 years, subject to delivery of six months notice to the Landlord. No provision has been made in the accounts for such a commitment as they are expected to be met in the course of normal operations as and when they arise.

NOTES TO THE FINANCIAL STATEMENTS- (continued)

16. Contingent Liability

As part of the acquisition of Kremnica Gold s r o and Kremnica Gold Mining s r o the Company agreed to pay 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 feasible study This will become payable within 60 days of all required permits being obtained to allow commercial production at the Kremnica property

On the basis of the recently updated Snowdens resource study, the Directors are confident that proven and probable reserves in the bankable feasible study will significantly exceed 250,000 ounces of gold equivalent (gold plus silver) resource

The maximum contingent liability as at 31 March 2012 is £2,345,612 (2011 - £2,338,780) in each case being the pounds sterling equivalent of US\$3,750,000 at rates of exchange prevailing at the respective year ends

17. Related Party Transactions

Key management compensations

Directors fees included in the expenses of the Company include £18,000 (2011 £18,000) fees payable to A D N Balme which are charged by Carter Capital Limited

A D N Balme is materially interested in Carter Capital Limited as a director and shareholder During the period, Carter Capital Limited recharged the Company for sundry travel expenses paid on behalf of the Company

Intra-Group transactions.

Transactions between Ortac Resources plc and its parent/subsidiaries may be summarised as follows

Received from Parent		Paid to Subsidiaries (Movement after Exchange Differences)	
2012	2011	2012	2011
£	£	£	£
2,246,430	1,587,687	890,786	472,135
Liability to Parent		Receivable from Subsidiaries (Movement after Exchange Differences and Impairment)	
2012	2011	2012	2011
£	£	£	£
13,098,733	10,852,303	10,969,642	10,078,856

18. Post Balance Sheet Events

There are no post balance sheet events to disclose

19. Parent Company

The Company's parent is Ortac Resources Limited, a company incorporated in the British Virgin Islands, whose shares are traded on the Alternative Investment Market of the London Stock Exchange with the symbol OTC

No person or entity controls Ortac Resources Limited, as such there is no ultimate controlling party

NOTES TO THE FINANCIAL STATEMENTS- (continued)

20. Change in Accounting Policy With Retrospective Application – correction of accounting treatment regarding IFRS 6 expenditure

The Directors have chosen to correct the accounting treatment of items capitalised under IFRS 6 “Exploration expenditure”

Previously items have been capitalised under this accounting standard resulting in a high level of intangible assets. Management judges that this expenditure should not be held under ‘IFRS 6’ as the right to exploration is not held by the Company itself, but rather its subsidiaries. As such management judges that including these items in the intercompany balance is more appropriate and in line with accounting standards.

This change in accounting policy has been accounted for retrospectively, and the comparative figures for the year ending 31 March 2011 have been restated. The effect of the change on 2011 is tabulated below. There is no effect on the Income statement.

Effect on 2011 Balance sheet	£
Reclassification of exploration assets	(333,167)
Increase in intercompany balance	333,167
Change in total assets at 30 March 2011	-