

COMPANY REGISTRATION NUMBER 6418951

**ORTAC RESOURCES PLC**

## **FINANCIAL STATEMENTS**

**31 MARCH 2010**



**ORTAC RESOURCES PLC**  
**FINANCIAL STATEMENTS**  
**AS AT 31 MARCH 2010**

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**ORTAC RESOURCES PLC**  
**OFFICERS AND PROFESSIONAL ADVISERS**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010**

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<b>Company registration number</b>	6418951
<b>The board of directors</b>	A D N Balme R de P Lonsdale-Hands D K Paxton D L Nichol (appointed - 8 June 2009) J Martin (appointed - 4 September 2009, resigned – 1 July 2010) V Carellas (appointed - 17 November 2009)
<b>Company secretary</b>	Laytons Secretaries Limited
<b>Registered office</b>	Fifth Floor Carmelite 50 Victoria Embankment Blackfriars London EC4Y 0LS
<b>Auditor</b>	Edwards Veeder (Oldham) LLP Block E, Brunswick Square Union Street Oldham OL1 1DE
<b>Bankers</b>	National Westminster Bank Plc City of London Office PO Box 12263 1 Princes Street London EC2R 8PH
<b>Solicitors</b>	Laytons Carmelite 50 Victoria Embankment Blackfriars London EC4Y 0LS

**ORTAC RESOURCES PLC**  
**DIRECTORS' REPORT**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010**

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The directors present their report and financial statements for the period ended 31 March 2010

**PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The principal activity of the company and group during the period was that of exploration for base and precious metals in Slovakia

During the period under review, the company converted its joint venture with Tournigan Energy to an outright purchase of the project at an initial cost of US\$2m, of which, US\$1.9m was funded by a promissory note in favour of the vendor. Further consideration is due on reaching certain milestones.

Of significance was the conclusion of an independent resource statement (compliant with the 43-101 rule of the TSX exchange) by St Barbara for 770,000 oz gold equivalent. Included within this figure, as gold equivalent, is 4.5m oz of silver.

The company's principal focus in the near term will be to progress the Kremnica deposit through feasibility and permitting.

**EVENTS AFTER THE REPORTING PERIOD**

On 05 May 2010 the company granted warrants for 22,500 ordinary 5pence shares exercisable at 30pence per share in the three year period to 5 May 2013. The warrants were issued to Loeb Aron & Company Ltd.

On 14 September 2010 Templar Minerals Limited, acquired the whole of the share capital of Ortac Resources PLC and Templar Minerals Limited changed its name to Ortac Resources Limited.

**CREDITOR PAYMENT POLICY AND PRACTICE**

It is the group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the group and its suppliers, provided that all trading terms and conditions have been complied with.

**GOING CONCERN**

These financial statements have been prepared on a going concern basis which presumed the realisation of assets and discharge of liabilities in the normal course of business. The group incurred losses of £329,333 before the immediate recognition of negative goodwill. The group's ability to continue as a going concern is dependent on the ability to obtain additional financing and ultimately, the attainment of profitable operations.

**SHARE CAPITAL**

During the period the company raised finance through a rights issue of 1,204,183 shares at a premium price of 12.5p, 250,000 at 18p, 1,135,000 at 20p and 333,000 at 30p.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

In so far as the directors are aware:

- there is no relevant audit information of which the group's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**ORTAC RESOURCES PLC**  
**DIRECTORS' REPORT (continued)**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010**

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**AUDITORS**

Edwards Veeder (Oldham) LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Approved by the board on 18th October 2010  
and signed on its behalf by



A D N Balme  
Director

**ORTAC RESOURCES PLC**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010.**

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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 (IFRSs) as adopted by the European Union and applicable law.

International Accounting Standard 1 requires that financial statements present fairly for each financial period the group'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 IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group's financial position and financial performance, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **ORTAC RESOURCES PLC**

## **Independent Auditors Report to the shareholders of Ortac Resources Plc FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010**

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We have audited the financial statements of Ortac Resources Plc for the period ended 31 March 2010 which comprise the Consolidated Income Statement, Consolidated Statement of Changes in Equity, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows 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 shareholders, as a body, in accordance with Section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to them in an auditors' 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 shareholders 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 Statement of Directors' Responsibilities, set out on page 5, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 group's and the parent 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.

### **BASIS OF OPINION**

We conducted our audit work in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in preparation of the financial statements, and of whether the accounting policies are appropriate for the company's circumstances consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give a reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# **ORTAC RESOURCES PLC**

**Independent Auditors Report to the shareholders of Ortac Resources Plc (continued)  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010**

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## **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

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

## **Fundamental Uncertainty - Going Concern**

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the requirement to raise additional finance. The financial statements have been prepared on a going concern basis, the validity of which depends on the availability of future finance. The financial statements do not include any adjustments which would result from any inability to raise such finance. Our opinion is not qualified in this respect.

## **OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion

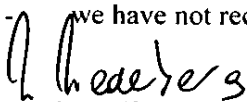
- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements

## **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following

Under the Companies Act 2006 we are required 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 and the part of the Directors' Remuneration Report to be audited 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 of the information and explanations we require for our audit

 5th November 2010.  
**Lee Lederberg** (Senior Statutory Auditor)

For and on behalf of

Edwards Veeder (Oldham) LLP  
Block E, Brunswick Square  
Union Street  
Oldham  
OL1 1DE



**ORTAC RESOURCES PLC**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010**

	Notes	31/03/2010 £	(restated) 31/5/2009 £
Revenue		16,593	-
Other operating income		7,618	1,286
Research and development		(26,172)	(56,903)
Administrative expenses		(327,372)	(100,315)
<b>OPERATING LOSS</b>		<b>(329,333)</b>	<b>(155,932)</b>
Negative goodwill immediately recognised		7,339,213	-
<b>PROFIT/(LOSS) BEFORE TAX</b>	3	<b>7,009,880</b>	<b>(155,932)</b>
Income tax expense	6	-	(4)
<b>PROFIT/(LOSS) FOR THE PERIOD/YEAR</b>		<b>7,009,880</b>	<b>(155,936)</b>
<b>EARNINGS PER SHARE</b>	7	<b>31/03/2010</b>	<b>31/5/2009</b>
Basic		0.943	(0 031)
Diluted		0.815	(0 029)

The notes on pages 13 to 26 form part of these financial statements.

**ORTAC RESOURCES PLC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010**

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	<b>31/03/2010</b>	<i>(restated)</i> <b>31/5/2009</b>
	<b>£</b>	<b>£</b>
<b>PROFIT/(LOSS) FOR THE PERIOD/YEAR</b>	<b>7,009,880</b>	<b>(155,936)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Exchange differences on translation of foreign operations	<u><b>9,924</b></u>	<u><b>5,223</b></u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>	<b>9,924</b>	<b>5,223</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR</b>	<u><b>7,019,804</b></u>	<u><b>(150,713)</b></u>
<b>ATTRIBUTABLE TO:</b>		
Equity holders of the parent	<u><b>7,019,804</b></u>	<u><b>(150,713)</b></u>
<b>EFFECTS OF CHANGES IN ACCOUNTING POLICY</b>		
Attributable to equity holders of the parent	<u><b>130,418</b></u>	<u><b>26,083</b></u>

**The notes on pages 13 to 26 form part of these financial statements.**

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**ORTAC RESOURCES PLC**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010**

	Attributable to equity holders of the parent				
	Issued capital £	Share premium £	Other reserves £	Retained earnings £	Total equity £
Balance at 1 June 2009	308,651	587,381	23,117	(475,650)	443,499
Prior year adjustments change in accounting policy - goodwill amortisation	-	-	-	130,418	130,418
Balance at 1 June 2009 restated	308,651	587,381	23,117	(345,232)	573,917
Currency translation differences	-	-	9,924	-	9,924
Share based payments	-	-	100,718	-	100,718
Currency translation on opening balance	-	-	-	(9,557)	(9,557)
Profit for the period	-	-	-	7,009,880	7,009,880
Total recognised income for the period	-	-	110,642	7,000,323	7,110,965
Issue of share capital	146,109	376,314	-	-	522,423
Balance at 31 March 2010	454,760	963,695	133,759	6,655,091	8,207,305

	Attributable to equity holders of the parent				(restated)
	Issued capital £	Share premium £	Other reserves £	Retained earnings £	Total equity £
Balance at 1 June 2008	246,360	492,720	17,894	(210,892)	546,082
Prior year adjustments change in accounting policy - goodwill amortisation	-	-	-	26,083	26,083
Balance at 1 June 2008 restated	246,360	492,720	17,894	(184,809)	572,165
Currency translation differences	-	-	5,223	-	5,223
Currency translation on opening balance	-	-	-	(4,487)	(4,487)
Loss for the year	-	-	-	(155,936)	(155,936)
Total recognised expense for the period	-	-	5,223	(160,423)	(155,200)
Issue of share capital	62,291	94,661	-	-	156,952
Balance at 31 May 2009	308,651	587,381	23,117	(345,232)	573,917

**The notes on pages 13 to 26 form part of these financial statements.**

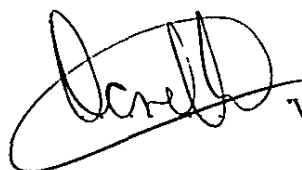
**ORTAC RESOURCES PLC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2010**

	Notes	31/03/2010 £	(restated) 31/5/2009 £
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	8	256,938	-
Intangible assets	9	9,149,654	521,676
		<u>9,406,592</u>	<u>521,676</u>
<b>CURRENT ASSETS</b>			
Inventories		5,968	-
Trade and other receivables	13	166,661	75,930
Cash and cash equivalents	14	53,070	24,210
		<u>225,699</u>	<u>100,140</u>
<b>TOTAL ASSETS</b>		<u>9,632,291</u>	<u>621,816</u>
<b>EQUITY</b>			
<b>ISSUED CAPITAL AND RESERVES</b>			
Issued share capital	15	454,760	308,651
Share premium		963,695	587,381
Reserves	16	133,759	23,117
Retained profits		6,655,091	(345,232)
<b>TOTAL EQUITY</b>		<u>8,207,305</u>	<u>573,917</u>
<b>NON CURRENT LIABILITIES</b>			
Trade and other payables	17	1,015	958
<b>CURRENT LIABILITIES</b>			
Tax payables		36,792	1,186
Trade and other payables	17	1,387,179	45,755
		<u>1,424,986</u>	<u>47,899</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>9,632,291</u>	<u>621,816</u>

Approved by the Board on 18/10/10 and signed on its behalf by



A D N Balme



V Carellas

Company registration number 6418951

The notes on pages 13 to 26 form part of these financial statements.

**ORTAC RESOURCES PLC**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010**

	31/03/2010 £	(restated) 31/5/2009 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Total operating profit	7,009,880	(155,936)
<b>ADJUSTMENTS TO RECONCILE TO PROFIT FROM OPERATIONS</b>		
Interest income	(713)	(1,307)
Income tax expense	-	4
Share based payment expense	100,718	-
Negative goodwill immediately recognised	(7,339,213)	-
<b>ADJUSTMENTS TO RECONCILE LOSS FROM OPERATIONS</b>	(7,239,208)	(1,303)
	(229,328)	(157,239)
<b>DECREASE IN WORKING CAPITAL</b>		
(Increase)/Decrease in tax receivables	(6,938)	8,869
(Increase) in trade and other receivables	(71,704)	(27,486)
Increase in trade and other payables	8,194	2,063
(Decrease)/Increase in accruals	(10,841)	592
Increase/(Decrease) in tax payables	35,606	(547)
<b>DECREASE IN WORKING CAPITAL</b>	(45,683)	(16,509)
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>	(275,011)	(173,748)
<b>CASH FLOWS USED IN OTHER OPERATING ACTIVITIES</b>		
Income taxes paid	-	(4)
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	(275,011)	(173,752)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments to acquire intangible assets	(161,314)	-
Cash movement on business combination	(58,318)	-
Interest received, classified as investing	713	1,307
<b>NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES</b>	(218,919)	1,307
	(493,930)	(172,445)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Gross proceeds from issue of equity share capital	522,423	156,952
Other cash inflows from financing activities	-	436
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	522,423	157,388
	28,493	(15,057)
Cash and cash equivalents as at 1 June 2009	24,210	38,531
Net foreign exchange difference	367	736
<b>CASH AND CASH EQUIVALENTS AS AT 31 MARCH 2010</b>	53,070	24,210

The notes on pages 13 to 26 form part of these financial statements.

**ORTAC RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010**

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**1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS'S**

The group's financial statements for the period were authorised for issue on 18/10/10 and the consolidated statement of financial position signed on the board's behalf by *A Balme & V. Cavellas*. Ortac Resources Plc is a limited company incorporated and domiciled in England & Wales

The group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) 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 group are set out in note 2

**Change in Accounting Policy**

Comparative information for the years ended 31 May 2008 and 31 May 2009, previously reported under UK GAAP, have been restated under IFRS

As a result of the adoption of IFRS the following accounting policies have been amended

**Goodwill**

IFRS 3 requires that goodwill is no longer amortised but is reviewed regularly for impairment

**2. ACCOUNTING POLICIES**

**Research and exploration costs**

Expenditure on licences, testing, analysis and other related exploration costs not meeting one of the conditions for capitalising is recognised as an expense in the period in which it is incurred

**Interest expense recognition**

Expense is recognised as interest accrues, using the effective interest method, to the net carrying amount of the financial liability

**Effective interest method**

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to that asset's or liability's net carrying amount

**ORTAC RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010**

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**2. ACCOUNTING POLICIES (continued)**

**Foreign currency exchange**

Transactions in currencies other than the functional currency of the group are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

In order to hedge its exposure to certain foreign exchange risks, the group enters into forward contracts and options.

On consolidation, the assets and liabilities of the group's overseas operations are translated at exchange rates prevailing on the statement of financial position date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

**Exceptional items**

Exceptional items are presented in the financial statements where there are material items of income and expense which, because of their nature and the expected rarity of the circumstances which generate them, they should be presented separately to shareholders so as to enhance their judgement of the current periods financial performance and its comparability with prior years.

**Income tax**

Income tax expense represents the sum of the tax currently payable and deferred income tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

# **ORTAC RESOURCES PLC**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010**

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### **2. ACCOUNTING POLICIES (continued)**

#### **Intangible assets**

##### **Goodwill**

Goodwill is recognised as an asset from the acquisition date as the excess of the cost of acquisition over the fair value of identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or joint venture

Goodwill is reviewed for impairment on an annual basis for events or changes in circumstances that indicate that the carrying value might be impaired and for subsequent changes in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Goodwill is stated at cost less accumulated impairment losses

##### **Exploration expenditure**

Exploration expenditure comprises costs which are directly attributable to the acquisition of exploration licenses and subsequent exploration expenditure. Exploration expenditure is carried forward as an asset provided that one of the following conditions is met

- (i) Such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale,
- (ii) Exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves and active and significant operations in relation to the area are continuing, or planned for the future

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition. An impairment review is performed when facts and circumstances suggest that the carrying amount of the assets may exceed their recoverable amounts. Exploration expenditures are amortised over the useful economic life of the mine to which it relates, commencing when the asset is available for use

##### **Amortisation**

Amortisation is calculated so as to write off the cost or valuation of intangible assets over their estimated useful lives, on the following bases

Goodwill	Tested annually for impairment
Exploration expenditure	Amortised when available for use

##### **Financial risk management objectives and policies**

The objective of the group's capital management is to ensure that it maintains strong credit ratings and capital ratios. This will ensure that the business is correctly supported and shareholder value is maximised

The group manages its capital structure through adjustments that are dependent on economic conditions. In order to maintain or adjust the capital structure, the group may choose to change or amend dividend payments to shareholders or issue new share capital to shareholders. There were no changes to the objectives, policies or processes during the periods ended 31 March 2010 and 31 May 2009



# **ORTAC RESOURCES PLC**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010**

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### **2. ACCOUNTING POLICIES (continued)**

#### **Trade and other receivables**

Other receivables are recognised at fair value

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short term deposits. Short term deposits are defined as deposits with an initial maturity of three months or less.

Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purposes of the consolidated statement of cash flows.

#### **Trade and other payables**

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### **Share based payments**

The group issues equity-settled share based payments to directors.

Equity-settled share based payments are measured at fair value at the date of grant.

Fair value is measured using an appropriate options pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the group's estimate of the shares that will eventually vest.

Where the terms of an equity-settled transaction are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the transaction is recognised immediately. However, if a new transaction is substituted for the cancelled transaction, and designated as a replacement transaction on the date that it is granted, the cancelled and new transactions are treated as if they were a modification of the original transaction, as described in the previous paragraph.

**ORTAC RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010**

**2. ACCOUNTING POLICIES (continued)**

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries. Subsidiaries are entities controlled by the group. Control exists when the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those adopted by the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

**3. OPERATING PROFIT**

Operating profit is stated after charging/(crediting) the following

	31/03/2010	(restated) 31/5/2009
	£	£
Auditor's remuneration - audit services	<u>12,478</u>	<u>8,204</u>

	31/03/2010	(restated) 31/5/2009
	£	£
<b>Included in research and exploration expenses:</b>		
Licenses and exploration expenses	<u>26,172</u>	<u>56,903</u>

	31/03/2010	(restated) 31/5/2009
	£	£
<b>Included in administrative expenses:</b>		
Employee benefits expense	<u>180,120</u>	<u>53,769</u>

**4. EMPLOYEE EXPENSES**

	31/03/2010	(restated) 31/5/2009
	£	£
Wages and salaries	26,679	34,683
Directors fees	45,069	9,000
Share-based payment transactions	100,718	-
Social security costs	<u>7,654</u>	<u>10,086</u>
	<u>180,120</u>	<u>53,769</u>

**ORTAC RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010**

**4. EMPLOYEE EXPENSES (continued)**

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

	31/03/2010	(restated) 31/5/2009
	No.	No
Administration	5	5
Management staff	3	3
	<u>8</u>	<u>8</u>

**5. DIRECTORS' REMUNERATION**

	31/03/2010	(restated) 31/5/2009
	£	£
Remuneration	<u>145,787</u>	<u>9,000</u>

**6. INCOME TAX**

**Components of income tax expense**

	31/03/2010	(restated) 31/5/2009
	£	£
<b>Current foreign income tax expense</b>		
Current income tax charge	<u>-</u>	<u>4</u>

**7. EARNINGS PER SHARE**

Basic Earnings per share are calculated by dividing net profit for the period or year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period or year

Diluted Earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders after adjustments for instruments that dilute basic Earnings per share by the weighted average of ordinary shares outstanding during the period or year (adjusted for the effects of dilutive instruments)

The following reflects the income and share data used in the total operations basic and diluted Earnings per share computations

	30/03/2010	(restated) 31/5/2009
	£	£
Net profit attributable to ordinary shareholders for basic and diluted earnings per share	<u>7,009,880</u>	<u>(155,936)</u>

**ORTAC RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010**

**7. EARNINGS PER SHARE (continued)**

	30/03/2010	(restated) 31/5/2009
	Units	Units
Weighted average number of shares Basic	7,435,862	4,963,115
Effect of dilution		
Warrants, options and rights	1,165,214	447,534
	<u>8,601,076</u>	<u>5,410,649</u>

**8. PROPERTY PLANT AND EQUIPMENT**

**At 31 March 2010**

	Plant & Equipment £
<b>Cost</b>	
Additions from business combinations	<u>256,938</u>
<b>Depreciation</b>	
At 31 March 2010	<u>-</u>
<b>Net Book Value</b>	
At 31 March 2010	<u>256,938</u>

**9. INTANGIBLE ASSETS**  
**31 March 2010**

	Goodwill £	Exploration expenditure £	Total £
<b>Cost</b>			
At 1 June 2009	521,676	-	521,676
Additions	-	161,314	161,314
Additions from business combinations	-	8,466,664	8,466,664
At 31 March 2010	<u>521,676</u>	<u>8,627,978</u>	<u>9,149,654</u>
<b>Amortisation</b>			
At 31 March 2010	<u>-</u>	<u>-</u>	<u>-</u>
<b>Carrying value</b>			
At 01 June 2009	<u>521,676</u>	<u>-</u>	<u>521,676</u>
At 31 March 2010	<u>521,676</u>	<u>8,627,978</u>	<u>9,149,654</u>

Goodwill includes exploration expenses which have been written off in the accounts of the subsidiaries amounting to £164,000. This expenditure related to exploration licenses that are ongoing at the period end.

**ORTAC RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010**

**9. INTANGIBLE ASSETS (continued)**

<b>31 May 2009</b>	<i>(restated)</i>
	<b>Goodwill</b>
	<b>£</b>
<b>Cost</b>	
At 1 June 2008	<u>521,676</u>
<b>Amortisation</b>	
Amortisation charge	(104,335)
Prior year adjustment Change of accounting policy	<u>104,335</u>
	<u>-</u>
<b>Carrying value</b>	
At 1 June 2008	<u>521,676</u>
At 31 May 2009	<u>521,676</u>

**10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**Liquidity risk**

The group 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

**Market risk**

The group's main exposure to risk is through foreign currency exchange rates and interest rates  
The group enters into the following derivative transactions

**Foreign currency risk**

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

	Increase/ (decrease) in currency rate %	Effect on Loss before tax £	Effect on equity £
<b>31 March 2010</b>			
Euro	<u>5.0</u>	<u>(3,184)</u>	<u>(9,223)</u>

**ORTAC RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010**

**11. FINANCIAL INSTRUMENTS**

	<i>Carrying amount</i>		<i>Fair value (restated)</i>	
	<b>31/03/2010</b>	<b>31/5/2009</b>	<b>31/03/2010</b>	<b>31/5/2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Financial assets</b>				
Trade and other receivables	<b>156,130</b>	72,337	<b>156,130</b>	72,337
Cash and cash equivalents	<b><u>53,070</u></b>	<u>24,210</u>	<b><u>53,070</u></b>	<u>24,210</u>
<b>Financial liabilities</b>				
Trade and other payables	<b><u>(1,374,054)</u></b>	<u>(21,789)</u>	<b><u>(1,374,054)</u></b>	<u>(21,789)</u>

**12. RELATED PARTY TRANSACTIONS**

**Ultimate controlling party**

There is no individual with ultimate control of the company or group

**Subsidiaries**

The consolidated financial statements include the financial statements of Ortac Resources Plc and the subsidiaries listed in the following table

Name	Principal activity	Country of incorporation	% Interest 31/03/2010	% Interest 31/5/2009
Anglo-Slovak Minerals Limited	Mineral exploration	England and Wales	100%	100%
Bellmin s r o	Mineral exploration	Slovak Republic	100%	100%
G B E s.r o	Mineral exploration	Slovak Republic	100%	100%
St Stephans Gold s r o	Mineral exploration	Slovak Republic	100%	100%
Kremnica Gold s r o	Mineral exploration	Slovak Republic	100%	0%
Kremnica Gold Mining s r o	Mineral exploration	Slovak Republic	100%	0%

On 30 November 2009 the original three subsidiaries in the Slovak Republic were transferred from Anglo-Slovak Minerals to Ortac Resources Plc as part of a transfer of assets agreement

Kremnica Gold s r o and Kremnica Gold Mining s r o were acquired on 31 March 2010 (see note 20)

**Key management compensation**

The directors fees included in the expenses of the group include £12,000 fees payable to A D N Balme which are charged by Carter Capital Limited, and £4,050 fees payable to J Martin which are charged by Rail Tec Limited. A D N Balme is materially interested in Carter Capital Limited as a director and shareholder J Martin is materially interested in Rail Tec Limited as a director and shareholder

**ORTAC RESOURCES PLC****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010****12. RELATED PARTY TRANSACTIONS (continued)****Key management personnel and director transactions**

At the period end directors of the company controlled 37.18% of the issued share capital

During the period Carter Capital Limited recharged the company for travel expenses paid on behalf of the company

**13. TRADE AND OTHER RECEIVABLES**

	31/03/2010	(restated) 31/5/2009
	£	£
Other receivables	156,130	72,337
Tax receivables	10,531	3,593
	<u>166,661</u>	<u>75,930</u>

**14. CASH AND CASH EQUIVALENTS**

	31/03/2010	(restated) 31/5/2009
	£	£
Cash at bank	<u>53,070</u>	<u>24,210</u>

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise the following at 31 March 2010

	31/03/2010	(restated) 31/5/2009
	£	£
Cash at bank	<u>53,070</u>	<u>24,210</u>

**15. SHARE CAPITAL****Authorised share capital**

		31/03/2010		(restated) 31/5/2009
	No.	£	No	£
Ordinary share 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
		<u>2,051,000</u>		<u>2,051,000</u>

**ORTAC RESOURCES PLC****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010****15. SHARE CAPITAL (continued)****Issued share capital**

	No.	31/03/2010 £	No.	(restated) 31/5/2009 £
<b>Issued and fully paid</b>				
Ordinary share capital				
At 1 June 2009	6,173,014	308,651	4,927,199	246,360
New issues of share capital	2,922,183	146,109	1,245,815	62,291
At 31 March 2010	<u>9,095,197</u>	<u>454,760</u>	<u>6,173,014</u>	<u>308,651</u>

All issued share capital is classified as equity

**Incentive Warrants**

During the period the company awarded 450,000 incentive warrants at an exercise price of 12 5p, and 525,000 incentive warrants at an exercise price of 20p, all exercisable during four years from the date of creation of the warrants. The total of incentive warrants at the period end is 1,425,000, 975,000 at an exercise price of 20p and 450,000 at an exercise price of 12 5p

**16. RESERVES**

	Warrants reserve £	Foreign currency translation reserve £	Total £
At 1 June 2009	-	23,117	23,117
Issue of warrants	100,718	-	100,718
Foreign currency exchange increase	-	9,924	9,924
At 31 March 2010	<u>100,718</u>	<u>33,041</u>	<u>133,759</u>



# ORTAC RESOURCES PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010

### 16. RESERVES (continued)

	Foreign currency translation reserve
	£
At 1 June 2008	17,894
Foreign currency exchange increase	(27,744)
Other decreases	32,967
At 31 May 2009	<u>23,117</u>

### 17. TRADE AND OTHER PAYABLES

	31/03/2010	(restated) 31/5/2009
	£	£
<b>Non current</b>		
Other payables	<u>1,015</u>	<u>958</u>
<b>Current</b>		
Payable to trade suppliers	64,550	14,896
Other payables	1,309,504	6,893
Accrued liabilities	<u>13,125</u>	<u>23,966</u>
	<u>1,387,179</u>	<u>45,755</u>

### 18. SHARE BASED PAYMENTS

During the period the company issued share warrants to directors. The value of the warrants granted has been calculated using the Black Scholes pricing model and included in the accounts as an expense. The details of the warrants issued are included in note 15.

### 19. EVENTS AFTER THE REPORTING PERIOD

On 05 May 2010 the company granted warrants for 22,500 ordinary 5pence shares exercisable at 30pence per share in the three year period to 5 May 2013. The warrants were issued to Loeb Aron & Company Ltd.

On 30 July 2010 Ortac agreed terms for its acquisition by Ortac Resources Ltd (formerly Templar Minerals) which were subsequently approved by shareholders and the court. This was finally agreed by the court on 14 September 2010 and Ortac Resources PLC shareholders have now been issued with 66.7 Ortac Resources Ltd shares for every Ortac Resources PLC share. As of this date Ortac Resources PLC is a wholly owned subsidiary of Ortac Resources Ltd.

Prior to the above acquisition, all outstanding warrants were exercised and this together with a further share issue of 249,664 shares brought the total shares in issue to 11,242,261.

**ORTAC RESOURCES PLC****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010****20 ACQUISITION OF SUBSIDIARIES**

<b>Subsidiary acquired</b>	<b>Principal activities</b>	<b>Date of acquisition</b>	<b>Proportion of shares acquired %</b>	<b>Cost of acquisition £</b>
Kremnica Gold s r o and Kremnica Gold Mining s r o	Exploration for base and precious metals	31/03/2010	100	1,327,400
		<b>Book Value</b>	<b>Fair Value adjustment</b>	<b>Fair value on acquisition</b>
		<b>£</b>	<b>£</b>	<b>£</b>
<b>Non- current assets</b>				
Property plant and equipment		256,938		256,938
Exploration and evaluation		8,466,664		8,466,664
<b>Current assets</b>				
Inventories		5,968		5,968
Trade and other receivables		12,089		12,089
Cash and cash equivalents		8,052		8,052
<b>Current liabilities</b>				
Trade and other payables		(9,070,328)	8,987,230	(83,098)
		(320,617)	8,987,230	8,666,613
Negative goodwill immediately recognised				7,339,213
Consideration				<u>1,327,400</u>

The consideration consists of US\$100,000 (£66,370) paid on acquisition and a promissory note for US\$1,900,000 (£1,261,030) to be paid on the earlier of the completion of an IPO or 31 December 2010 in the form of either cash, shares or a combination of both

**Contingent liability**

As part of the purchase agreement for Kremnica Gold s r o and Kremnica Gold Mining s r o , the company have 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 permit commercial production at the Kremnica property

At the balance sheet date this translates as a maximum amount due of £2,488,875

# ORTAC RESOURCES PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010

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### 21. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

For the first time the group has reported its consolidated financial statements under International Financial Reporting Standards ("IFRS") as adopted by the European Union. Comparative information for the year ended 31 May 2009, previously reported under UK GAAP, has been restated under IFRS.

The presentation of the Group's consolidated financial statements has also changed. Presentation is now made in accordance with IAS 1 "Presentation of Financial Statements" and IAS 7 "Cash Flow Statements".

#### Income Statement reconciliation

	Income £
As reported under UK GAAP at 31 May 2009	(260,271)
Write back of goodwill amortisation	104,335
As reported under IFRS at 31 May 2009	<u>(155,936)</u>

#### Balance Sheet reconciliation

	Intangible Assets £	Retained Earnings £
As reported under UK GAAP at 31 May 2008	495,593	(210,892)
Write back of goodwill amortisation	26,083	26,083
As reported under IFRS at 31 May 2008	<u>521,676</u>	<u>(184,809)</u>
As reported under UK GAAP at 31 May 2009	391,258	(475,650)
Write back of goodwill amortisation	130,418	130,418
As reported under IFRS at 31 May 2009	<u>521,676</u>	<u>(345,232)</u>