

Ortac Resources Ltd ('Ortac' or 'the Company')
Completion of Šturec Deposit Scoping Study

Ortac Resources Ltd, the AIM listed exploration and development company focussed on natural resource projects in Europe, has completed a Scoping Study on the Šturec gold and silver deposit at its 100% owned Slovakian Precious Metals Project in Central Slovakia ('Šturec').

HIGHLIGHTS

- Successful completion of Scoping Study examining the mining, processing and infrastructure requirements of Šturec with four scenarios examined in detail;
- Optimal case (scenario 3) – at a price of US\$1,586 per ounce of gold equivalent ('oz Au Eq'):
 - Net Present Value ('NPV') at 8% discount rate (post tax) of US\$309 million and Internal Rate of Return ('IRR') of 36%;
 - Cash operating costs US\$508 per oz Au Eq;
 - Projected mine life of 11 years with average annual production of 85,990 oz Au Eq;
 - Project Capital Expenditure of US\$155 million (including overall 20% contingency);
 - Life of mine revenue of circa US\$1.5 billion;
 - Approximately US\$207 million payable to Slovakian Authorities over project life (US\$162 million of taxes and US\$45 million of royalties);
- Base case (scenario 1) at price of US\$1,188 per oz Au Eq:
 - Net Present Value ('NPV') at 8% discount rate (pre tax) of US\$180 million and Internal Rate of Return ('IRR') of 25%;
 - Cash operating costs US\$482 per oz Au Eq;
 - Projected mine life of 11 years with average annual production of 78,800 oz Au Eq;
 - Project Capital Expenditure of US\$149 million (including overall 20% contingency);
 - Life of mine revenue of circa US\$1.0 billion;
 - Approximately US\$117 million payable to Slovakian Authorities over project life (US\$86 million of taxes and US\$31 million of royalties);
- Direct and indirect economic benefits and job creation multiplier effects to be assessed, but anticipated to be significant; and
- Recommendation to progress to feasibility stage in order to define the optimum path to production.

Ortac Resources CEO Vassilios Carellas said, "The successful completion of this technical and economic study at the Šturec gold and silver deposit confirms that we have a robust and profitable project with excellent leverage to the gold price. We now look forward to working together with the local communities, authorities and Kremnica Gold s.r.o to evaluate the optimum path toward monetising this asset and how best this project can complement and benefit the local and regional development.

“The Šturec gold and silver deposit remains an important aspect of our overall investment strategy within Central Europe, as we remain centred on the sustainable development of our projects through the value curve, in communion with stakeholders in order to ensure adherence to the investment criteria set out by all parties. Following the completion of the Scoping Study, we can progress additional elements of our sustainable development plan, including the initiation of a baseline Environmental Impact Assessment at Šturec and the surrounding area. This is an essential component in our overall investment mandate as we look to maximise the value of this significant asset for the benefit of shareholders and local partners alike.”

Background and Discussion of the Scoping Study

Kremnica Gold s.r.o., a wholly owned subsidiary of Ortac Resources Ltd, engaged SRK Consultants UK Ltd to undertake a Scoping Study to consider various options for the mining and processing of the Šturec gold and silver deposit.

The Scoping Study considered in detail four options for developing and processing the Šturec deposit:

- Scenario 1 (Base Case): 1.5Mtpa open pit operation, at a cut-off grade of 0.75 g/t Au;
- Scenario 2: 0.75Mtpa open pit operation, at a cut-off grade of 0.75 g/t Au;
- Scenario 3: 2.0Mtpa open pit operation, at a cut-off grade of 0.44 g/t Au; and
- Scenario 4: (U/G) 1.8Mtpa underground operation.

Potential cash flows for each scenario were modelled using base case metal prices of US\$1,200/oz Au and US\$22/oz Ag. Base case Technical and Economic Model outputs are shown in the following table:

Technical Economic Model Results at Base Case Metal Prices

Parameter	Units	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Recovered gold	(koz)	779	363	851	861
Recovered silver	(koz)	4,782	2,306	5,253	5,249
Average Au price	(USD/oz)	1,200	1,200	1,200	1,200
Average Ag price	(USD/oz)	22.0	22.0	22.0	22.0
Recovered AuEq	(koz AuEq)	867	405	947	957
Net Revenue	(USDm)	1,030	481	1,125	1,137
Total cash costs	(USDm)	417	208	469	649
	(USD/oz AuEq)	482	513	495	678
Project Capital	(USDm)	149	83	155	181
Sustaining Capital	(USDm)	8	5	13	59
Pre-tax					
Payback	(year)	5	4	4	6
NPV	(USDm)	180	73	199	71
IRR	(%)	25%	23%	27%	16%
Tax	(USDm)	86	35	93	48
Post-tax					
Payback	(year)	5	5	4	6
NPV	(USDm)	139	55	153	49
IRR	(%)	23%	20%	24%	14%

A base case discount rate of 8% was applied to net cash flows. A sensitivity analysis of discount rate is presented in the table below:

NPV Sensitivity to Discount rate at Base Case Metal Prices

Discount rate	Units	Scenario 1	Scenario 2	Scenario 3	Scenario 4
0.00%	(USDm)	368	149	395	200
5.00%	(USDm)	203	82	221	90
6.00%	(USDm)	179	72	196	75
8.00% (Base Case)	(USDm)	139	55	153	49
10.00%	(USDm)	106	41	119	28
12.00%	(USDm)	79	29	91	11
14.00%	(USDm)	58	20	68	-3

A sensitivity analysis of metal prices is presented in the table below:

NPV Sensitivity to Metal Prices at 8% Discount Rate

Gold/Silver Price	Units	Scenario 1	Scenario 2	Scenario 3	Scenario 4
US\$1,053/oz Au Eq* (SRK CMF)	(USDm)	100	36	109	0
US\$1,188/oz Au Eq* (Base Case)	(USDm)	139	55	153	49
US\$1,387/oz Au Eq*	(USDm)	211	90	232	129
US\$1,586/oz Au Eq*	(USDm)	282	125	309	207
US\$1,784/oz Au Eq*	(USDm)	358	162	392	291

*Net payable Gold Equivalent metal price after deduction of refining charges averaged over mine life.

The Šturec deposit is located in Central Slovakia. Historical mining of the deposit has yielded an estimated 1.5 million ounces ('Moz') of gold and 6.7Moz of silver. Ortac, through its subsidiary Kremnica Gold s.r.o., commissioned a Scoping Study which primarily concentrated on the Šturec deposit. The Šturec deposit occupies approximately 1.2km of strike length within a 6.5km long mineralised structure. Within the Šturec deposit the known mineralisation is up to 120m thick, 300m deep (open at depth), and amenable to open pit mining.

The geology of the Šturec deposit is well established. The Mineral Resources, as estimated by Snowden Mining Industry Consultants in January 2011, in accordance with the requirements of the JORC Code (2004), are 8.3Mt of ore at a grade of 1.85g/t Au and 15.5g/t Ag in the Measured and Indicated categories, with a further 9.1Mt of ore at a grade of 1.51g/t Au and 11.2g/t Ag in the Inferred category (all at a 0.75g/t Au cut-off grade). The Scoping Study was based on these Mineral Resources.

The objective of the Scoping Study was to re-examine the mining, processing and infrastructure requirements of the Slovakian project based on the results of extensive technical studies completed between 1995 and 2010. This study re-examined the options and as mentioned earlier, defined four alternative scenarios:

- Scenario 1: 1.5Mtpa open pit operation (the base case);
- Scenario 2: smaller, higher grade open pit operation;
- Scenario 3: larger open pit at the economically optimised cut-off grade; and
- Scenario 4: underground mining operation encompassing the deeper resources (underground).

For each scenario, SRK has estimated the capital and operating costs of the mining, processing, tailings and infrastructure items required. The environmental and social impact of each scenario is assessed and recommendations are given with respect to the permitting process required to bring the proposed project into production.

SRK reviewed all available technical information in relation to pit slope geometry, process recoveries and operating costs and incorporated these parameters into their pit optimisations and designs for the various scenarios examined. Metal prices used in the optimisation represented a long term forecast at the time that the mine design work was conducted (September 2011).

Mining and processing costs were estimated based on previous technical work and updated through benchmarking against recent projects. The tailings storage facility was re-examined and re-designed to incorporate all waste rock, both potentially-acid generating and non-acid generating, in its construction.

Scoping Study Conclusions and Recommendations

SRK have concluded that *“Based on scoping level technical work and the assumptions made by SRK for this study, the Slovakian project appears viable and that the open pit scenarios examined are economic at gold prices below the current spot price. The results warrant progression to the next level of technical study.*

“SRK recommends that Kremnica Gold continues with its planned programme of staged technical work in order to progress the project to prefeasibility then feasibility study level during 2012. In conjunction with the feasibility study, Kremnica Gold should continue community and stakeholder engagement and discussions in order to better define the project description and enable the ESIA process to resume.”

John Aston of Astoneco management, Ortac’s sustainability consultant, said, *“This study shows there is a strong economic basis for a modern centre of excellence for gold and silver production in Slovakia. This resource, in partnership with adjacent geothermal energy and natural resource related tourism presents a real opportunity and challenge for local businesses, authorities and communities to create a European best practice example of natural resource based sustainable development.”*

Competent Persons

The information in this release that relates to Mineral Resources is based on information compiled in the report entitled Ortac Resources: Mineral Resource Estimate – Final, January 2011. The competent persons for the estimate are Mr Vassilios Carellas (BSc (Hons) MAusIMM), Chief Executive Officer, Ortac Resources Limited, and Mr Ivor Jones (BSc (Hons), MSc FAusIMM, CPgeo), Group General Manager – Geosciences, Snowden Mining Industry Consultants. By virtue of their education, membership of a recognised professional association and relevant work experience, each of Mr Carellas and Mr Jones is a Competent Person as defined by the JORC Code (2004) and consent to the inclusion in this announcement of the matters based on their information in the form and context in which it appears.

The Scoping Study was prepared by SRK Consulting UK Ltd on behalf of Kremnica Gold s.r.o., a Slovakian registered company and wholly owned subsidiary of Ortac Resources Plc. The competent persons responsible for the scoping study report are Mr Mike Beare (CEng, MIMMM, ACSM, BEng), Principal Mining Engineer, SRK

Consulting UK Ltd, and Sergei Sabanov (EMC, BSc, MSc, PhD) Mining Engineer, SRK Consulting UK Ltd. By virtue of his education, membership of a recognised professional association and relevant work experience, Mr Beare is a Competent Person as defined by the JORC Code (2004) and has reviewed and approved the technical information in this release based on their information in the form and context in which it appears.

This press release was compiled and prepared by Mr Owen Mihalop (MCSM, BSc (Hons), MSc, MIMMM, CEng), Group Mining Engineer, Ortac Resources Limited. By virtue of his education, membership of a recognised professional association and relevant work experience, Mr Mihalop is a Competent Person as defined by the JORC Code (2004). Mr Mihalop consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

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Notes:

Ortac Resources Limited is an AIM listed exploration and development company focussed on natural resource projects in Europe. Its primary focus is on precious metals exploration and development within the Carpatho Balkan Metallogenic Belt, initially the Central Slovakian Volcanic Field.

The Company has a current JORC compliant resource of 1.2Moz of gold equivalent from its Šturec Resource located at its Slovakian Precious Metals Project, which the Company believes can host over 2 million ounces of gold equivalent, and a preliminary scoping study on the project has just been released. The Company's precious metals' objective is to complete a definitive feasibility study and environmental impact assessment with a view of bringing the Slovakian Project into production for the benefit of all stakeholders.

The Company's strategy is to utilise its highly experienced board and management team and its solid foothold in Central Europe to consolidate additional precious metal development opportunities to build shareholder value.