ortac resources

Annual Report and Financial Statements 2012

Ortac Resources Limited ("Ortac" or "the Company") is a BVI incorporated company quoted on the London Stock Exchange operated AIM Market. Its principal activities are the identification, evaluation, acquisition and development of natural resource projects.

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Chairman's Statement and Operations and Finance Review

Introduction

Ortac has made solid progress during the year, achieving numerous corporate and operational milestones, which has translated into enhanced value across its portfolio of assets in Slovakia. Following the completion of key developmental landmarks, such as the Scoping Study at the Šturec Deposit of our Slovak Precious Metals Project, we are now well positioned to develop into a commercial producer.

The aforementioned Scoping Study, announced on 10 January 2012, yielded some highly encouraging results which underpinned the compelling economic fundamentals and value of this asset. The study demonstrated a post-tax Net Present Value of US$309 million, based on a metal price of $1,586 per ounce of gold equivalent. The Scoping Study projected a mine life of 11 years with targeted production of 86,000 ounces per annum.

Following the completion of the Scoping Study, the Company is now advancing the additional elements of its sustainable development plan, including the initiation of the Environmental and Social Impact Assessment ('ESIA') process at Šturec and the surrounding area. The first step in this process is the collection of environmental and social baseline data and the submission of a Preliminary Environmental Report, which forms the basis of our mining permit application. The ESIA is a crucial component in our development and strong progress is being made in this regard, as we look to build and maintain an open dialogue with all local stakeholders.

Core to this progress has been the valued and consistent input from the local community and authorities. Understandably they do not wish to have any activities that will in any way damage the nearby town of Kremnica, the health of locals or the value of local property and insist on the conservation of the rich local patrimony and biodiversity.

To facilitate this open dialogue, Ortac has embarked on a programme of communication with community members to work together to find and action the sustainable "win-win" solutions that the Šturec deposit can create. To implement this approach, Ortac continues to work with AstonEco management, with the intention of building its internal capacity to not only deliver an EU compliant, technical, economical and environmentally robust project in Slovakia but also partner with the community and local businesses in a way that addresses short, medium and long term sustainability needs.

Operations

Slovak Precious Metals Project

The Company's most advanced asset is the Šturec Deposit, one of numerous targets located on its Slovak Precious Metals Project, located 17km west of central Slovakia's largest city, Banská Bystrica. The project area is easily accessed from the international airports at Vienna and Bratislava by driving northeast along the newly constructed highway between Bratislava and Banská Bystrica. The project comprises three licences: the 11.8km2 Kremnica Mining Licence, which hosts the Šturec Deposit; and the respective 63.2km2 and 36.9km2 Lutila and Vyhne Exploration Licences.

The Šturec Deposit has already demonstrated its potential to become an economic gold production asset following the completion of the Scoping Study in January 2012. The Scoping Study examined the mining, processing and infrastructure requirements of Šturec with four scenarios examined in detail, with the optimal case calculated at a price of US$1,586 per ounce of gold equivalent.

The gold-silver mineralisation at Šturec is part of a low-sulphidation quartz-sericite-adularia epithermal-hydrothermal system hosted in Tertiary andesite volcanic flows and tuffs and lesser diorites and rhyolite dikes. It has been mined and explored since the 8th century with extensive modern exploration through drilling, adits and some open pit mining from the early 1960s.

The Šturec zone is continuously mineralised for 1,200m along strike, is typically 100 to 150m wide and extends to a known depth of at least 300m. The main part of the Šturec zone is the Schramen Vein, which is up to 100m wide along a 500m strike section and accounts for some 90% of the gold contained in the present Measured and Indicated Mineral Resources. It is a massive to sheeted quartz vein that strikes almost due north, generally dips steeply to the east, and thins to the north, south, and at depth. Some additional exploration is required to clarify the extent and continuity of hanging wall and footwall mineralisation in the Šturec zone.

An infill diamond drilling campaign totalling over 2,700m was undertaken at the project during 2011, resulting in, post period end, the updating of the Mineral Resource estimate by Snowden Mining Industry Consultants ('Snowden') for Šturec, which provided a total JORC Code (2004) compliant Mineral Resource of 1.36 Moz of gold equivalent up from 1.1Moz of gold equivalent. Significantly, the proportion of material classified in the Measured and Indicated categories increased by 75% to over 1.0Moz. It is also encouraging to note that the grade of the Measured and Indicated Resource in the new model has not been unduly lowered despite reporting at a lower cut-off grade.

The Snowden grade-tonnage estimate uses data from the sampling of adits, surface and underground diamond drill core, surface reverse circulation drilling and trench samples. The database was compiled and verified by Ortac. Snowden's checks indicate that the data is of sufficient quality to support the resource classifications applied. Multiple Indicator Kriging was used to estimate the gold and silver grades into a block model constrained by the Ortac geological interpretation. This model reflects the interpreted structure and geology. Search ellipses and ranges used in estimation reflect the spatial continuity and trends of the mineralisation in each of the mineralised domains.

Additional Assets

Ortac owns another nine exploration licences across Slovakia, two of which are adjacent and to the south of the Slovak Precious Metals Project, while the remaining seven are located in central and eastern Slovakia.

During the period, the Company commenced confirmatory drill programmes at two projects within our portfolio in Eastern Slovakia, Cejkov and Zlatá Bana. These confirmatory drill programmes mark the initial assessment of the Company's prospective precious and base metals licences in this area of Eastern Slovakia, which cover a combined area of 200 sq km.

Finance Review

Financing

In May 2012 we entered into a £20 million Equity Financing Facility with Darwin Strategic Limited, a company majority owned by funds managed by the Henderson Volantis Capital Team, a subsidiary of Henderson Global Investors, which holds a 11.06% interest in the Company. This financing facility offers a useful and cost effective source of equity funding, which we will use judiciously to maximise the value of existing and new opportunities with minimal dilution for shareholders.

Results for the Year

As we are still in the development stage, in line with management expectations, we are reporting a pre-tax loss of £1.9m. We remain well funded, with a cash treasury of £7.2 million, in addition to a holding of 500,000 shares in Vatukoula Gold Mines Plc, which translates to a current market value of approximately £150,000.

Corporate

During the year the Company has further strengthened its senior management team with key appointments in Slovakia.

Hugo Green joined the senior management team of Ortac as our Chief Financial Officer in May 2011, leading the corporate team in our Bratislava office. His extensive experience across Central and Eastern Europe at Deloitte and PWC has well equipped him for this position and he continues to play a key role in increasing our corporate presence in Slovakia.

Owen Mihalop joined the Ortac team in June 2011 as the Company's Group Mining Engineer. Owen, a Geologist and Chartered Engineer, has over 15 years broad based experience in the mining sector, most recently with Wardall Armstrong, and his extensive technical experience has proved invaluable in the completion of the Scoping Study and the onward development of our key assets.

More recently, in June 2012, Ortac appointed Viktor Pomichal as Managing Director in Slovakia. Viktor, a native Slovak with extensive experience in investment and development within Eastern Europe, has a strong in country and European-wide network, and will be a key driving force behind achieving strong investment strategy and results for Ortac in Slovakia.

Outlook

Ortac, amongst its AIM mining junior peers, is in a strong position to deliver and build value for its shareholders due to its robust financing position and mature Šturec Deposit, which has already demonstrated its potential to become an economic gold production asset. In addition to Šturec, the Company also has a significant investment potential across Slovakia through which there remains considerable upside.

This year is promising to be a transformational period for the Company, with in-depth engagement with the local community. We look forward to co-designing the Sturec project with the local stakeholders, and will be focussing our efforts in ensuring a project design that leads to sustainable development for the region.

The completion of some of the key Šturec development milestones is scheduled for this year, including the Pre-Feasibility Study. In tandem with this, work on the environmental studies and community engagement programmes, which are key aspects of the Bankable Feasibility Study, are progressing well and I look forward to providing further updates in this regard in due course.

In addition to our current portfolio, we also remain proactive in evaluating and appraising additional assets through which to add value. We are actively evaluating potential natural resource investment targets in Europe generally and Slovakia specifically. With a healthy cash treasury of approximately £7.2 million and a flexible £20 million equity financing facility, we are extremely well positioned to move quickly on exciting opportunities, with minimal dilution for shareholders.

I would like to take this opportunity to once again thank our valued shareholders for their continued support, and I look forward to providing further updates on Ortac's evolution into a gold production company in the near future.

Anthony Balme
Chairman
19 July 2012

Directors' Report

The Directors are pleased to present this year's annual report together with the consolidated financial statements for the year ended 31 March 2012.

Principal Activities

Its principal activities are the identification, evaluation, acquisition and development of natural resource projects.

Business Review and Future Developments

A review of the current and future development of the Group's business is given in the Chairman's Statement, and Operations and Finance Review.

Results and Dividends

Loss on ordinary activities of the Group after taxation amounted to £1.987m (2011: loss of £1.466m). The Directors do not recommend payment of a dividend.

Key Performance Indicators ("KPIs")

The Board monitors the activities and performance of the Group on a regular basis. The Board uses both financial and non financial indicators to assess performanace of the Group. The indicators set out below were used during the year ended 31 March 2012 and will continue to be used by the Board to assess performance over the year to 31 March 2013.

Financial KPIs

The principal financial KPIs monitored by the Board concern levels and usage of cash. The three main financial KPIs for the Group are as follows. These allow the Company to monitor costs and plan future exploration and development activities.

Financial KPIs	Measure	2012	2011
Cash and cash equivalents	£000's	7,678	10,58
Administrative expenses as a % of total assets	%	-8%	-4%
Exploration costs capitalised	£000's	1,359	317

During the year cash decreased by £2,908,000 this was in line with budget, and decreased principally as a consequence of exploration work capitalised in connection with the Šturec project and costs associated with that project and the early stage development projects elsewhere in Slovakia, which for the sake of prudence were not capitalised.

Non-Financial KPIs

The Board monitors the following key non-financial KPIs on a regular basis:

Health & Safety	2012	2011
Measure		
No. of incidents	–	–

There were no reportable incidents in the current or prior year.

Operational Performance

An updated resource estimate was obtained for the Šturec project in May 2012. The total Mineral Resource, classified in accordance with the JORC Code (2004), increased by 24% to 1.36Moz Au Eq from 1.1Moz Au Eq. The proportion of the Mineral Resource classified in the Measured and Indicated categories increased by nearly 73% to over 1.0Moz from 579,000oz. The updated Mineral Resource estimate represents a key milestone in the development of the Šturec Project.

Post Balance Sheet Events

At the date these financial statements were approved, being 19 July 2012, the Directors were not aware of any significant post Balance Sheet events.

Substantial Shareholdings

At 29 June 2012, the following had notified the Company of disclosable interests in 3% or more of the nominal value of the Company's shares:

Shareholder	Number of Ordinary	% of issued capital
Henderson Global Investors	256,166,095	11.06%
TD Direct Investing (Ex Waterhouse Securities)	204,716,579	8.84%
Barclays Stockbrokers Limited	196,802,509	8.50%
Halifax Share Dealing	168,726,133	7.29%
Balme A D Esq	159,373,463	6.88%
Interactive Investor Trading Limited	131,423,730	5.68%
Hargreaves Lansdown	112,066,512	4.84%
Jarvis Investment Management Limited	99,047,672	4.28%
HSBC Stockbroker Services	98,816,148	4.27%
Selftrade	88,545,552	3.82%

Directors

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

Director Date of Appoinment	Date of Resignation
Anthony Balme	
Vassilios Carellas	
Charles Wood	
Non-Executive Director	
Dave Paxton	
Dorian Nicol	01-Jan-2012

Directors' Remuneration

The Group remunerates the Directors at a level commensurate with the size of the Group and the experience of its Directors. The Remuneration Committee has reviewed the Directors' remuneration and believes it upholds the objectives of the Company with regard to this issue. Details of the Directors' emoluments and payments made for professional services rendered are set out in note 8 to the financial statements.

Directors' Interests

The beneficial interests of the serving Directors in the shares and options of the Company during the period to 31 March 2012 were as follows:

	31 March 2012		31 March 2011	
Director	**Shares**	**Options (1)**	**Shares**	**Options (1)**
Anthony Balme	159,373,463	28,000,000	157,373,463	20,000,000
Charles Wood	-	49,200,000	-	41,200,000
David Paxton	29,022,220	10,000,000	29,022,220	30,000,000
Vassilios Carellas	33,355,983	40,000,000	33,355,983	30,000,000

1) The Options issued to Directors are detailed in note 18 to the financial statements.

2) Anthony Balme's shares are held as follows (a) Carter Capital Ltd holds 72,488,088 Ordinary Shares (b) Anthony Balme holds 46,378,158 Ordinary Shares (c) AMC Ltd holds 30,303,004 Ordinary Shares, (d) Anne Louise Balme (spouse) holds 5,204,213 Ordinary Shares, and Carter Capital Ltd Pension Scheme holds 5,000,000 Ordinary Shares.

3) 9,639,946 of David Paxton's shares are held by Adit Investment Ltd, a company controlled by Mr Paxton.

None of the Directors exercised any share options during the year.

There has been no change in the interests set out above between 31 March 2012 and 19 July 2012.

Corporate Governance

A statement on Corporate Governance is set out on pages 9 to 11.

Principle Risks and Uncertainties

A statement on Principle Risks and Uncertainties is set out as part of the report on Corporate Governance and is also addressed in note 20 below.

Environmental Responsibility

The Group is aware of the potential impact that its subsidiary companies may have on the environment. The Group ensures that it and its subsidiaries at a minimum comply with the local regulatory requirements and the revised Equator Principles with regard to the environment.

Employment Policies

The Group is committed to promoting policies that ensure that high calibre employees are attracted, motivated and retained to ensure the ongoing success of the business. Employees and those who seek to work within the Company are treated equally regardless of sex, marital status, creed, colour, race or ethnic origin.

Health and Safety

The Group's aim is to maintain a high standard of workplace safety. In order to achieve this, the Group provides training and support to employees and set demanding standards for workplace safety.

Insurance

A statement on Insurance and Uninsured Risks is set out as part of the report on Corporate Governance.

Payment to Suppliers

The Group's policy is to agree terms and conditions with suppliers in advance; payment is then made in accordance with the agreement provided the supplier has met the terms and conditions. Trade payables as at 31 March 2012 were equivalent to 6 days costs (2011: 75 days).

Political Contributions and Charitable Donations

During the year, the Group did not make any political contributions, but made charitable donations of £6,058 (2011: £5,964) in support of number of local community causes in Slovakia.

Annual General Meeting ("AGM")

This report and financial statements will be presented to shareholders for their approval at the AGM. The Notice of the AGM will be distributed to shareholders in the near future.

Directors' Report

Statement of Disclosure of Information to Auditor

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 Group's auditors is 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 Group's auditors are aware of that information.

Auditors

Littlejohn LLP was appointed during the year and has signaled its willingness to continue in office as auditor.

Going Concern

Notwithstanding the loss incurred during the period under review, the Directors are of the opinion that given the ongoing evaluations of the Group's interests and cash resources indicates that the preparation of the Group's accounts on a going concern basis is appropriate.

Statement of Directors' Responsibilities

The Directors prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and the Group and of their profit or loss for that year. The Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are also responsible for ensuring that the annual report includes information required by the Alternative Investment Market.

Electronic Communication

The maintenance and integrity of the Company's website is the responsibility of the Directors: the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The Company's website is maintained in accordance with AIM Rule 26.

Legislation in the British Virgin Islands governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

By order of the Board:

Charles Wood
Executive Director Corporate
19 July 2012

Corporate Governance Statement

The Board is committed to maintaining high standards of corporate governance. The Listing Rules of the Financial Services Authority incorporate the UK Corporate Governance Code, which sets out the principles of Good Governance, and the Code of Best Practice for listed companies. Whilst the Company is not required to comply with the UK Corporate Governance Code, the Company's corporate governance procedures take due regard of the principles of Good Governance set out in the UK Corporate Governance in relation to the size and the stage of development of the Company.

Board of Directors

The Board of Directors currently comprises three Executive Directors and one Non-Executive Director. The Directors are of the opinion that the Board comprises a suitable balance and that the recommendations of the UK Corporate Governance have been implemented to an appropriate level. The Board maintains regular contact with its advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of major shareholders about the Company.

Board Meetings

The Board meets regularly throughout the year. For the year ended 31 March 2012, the Board met six times in relation to normal operational matters. The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Day to day management is devolved to the Executive Directors who are charged with consulting the Board on all significant financial and operational matters.

All Directors have access to the advice of the Company's solicitors. Necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively, and all Directors have access to independent professional advice, at the Company's expense, as and when required.

Board Committees

The Board has established the following committees, each of which has its own terms of reference:

Audit Committee

The Audit Committee considers the Group's financial reporting (including accounting policies) and internal financial controls. The Audit Committee comprises two Directors: David Paxton (Chairman) and Anthony Balme, and is responsible for ensuring that the financial performance of the Group is properly monitored and reported on.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration of the Directors and senior executives. It comprises two Directors: David Paxton (Chairman) and Anthony Balme. Non-Executive Directors' remuneration and conditions are considered and agreed by the Board.

Financial packages for Executive Directors are established by reference to those prevailing in the employment market for executives of equivalent status both in terms of level of responsibility of the position and their achievement of recognized job qualifications and skills. The Committee also gives regard to the terms that may be required to attract equivalent experienced executives to join the Board from another company.

Internal Controls

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of increased activity and further development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Risk Management

The Board considers risk assessment important in achieving its strategic objectives. There is a process of evaluation of performance targets through regular reviews by senior management who compare actual progress to forecasts. Project milestones and timelines are regularly reviewed.

Risks and Uncertainties

Risk assessment and evaluation is an essential part of the Group's planning and an important aspect of the Group's internal control system.

The principal risks facing the Group are set out below:

General and Economic Risk

- Contractions in the world's major economies or increases in the rate of inflation resulting from international conditions;
- Movements in the equity and share markets in the United Kingdom and throughout the world;
- Weakness in global equity and share markets in particular in the United Kingdom, and adverse changes in market sentiment towards the resource industry;
- Currency exchange rate fluctuations and, in particular, the relative prices of the UK Pound, Euro and the US dollar;
- Exposure to interest rate fluctuations; and
- Adverse changes in factors affecting the success of exploration

and development operations such as: increases in expenses, changes in government policy and further regulation of the industry; availability of skilled people with the appropriate skills; unforeseen major failure, breakdowns or repairs required to key items of plant and equipment resulting in significant delays, notwithstanding regular programmes of repair, maintenance and upkeep; variations in grades and unforeseen adverse geological factors or prolonged weather conditions.

Funding Risk

- The successful exploration of natural resources on any project will require very significant capital investment. The only sources of financing currently available to the Group are through the issue of additional equity capital in the Company or through bringing in partners to fund exploration and development costs. The Group's ability to raise further funds will depend on the success of their investment strategy and acquired operations. The Group or the companies in which it has invested may not be able to raise, either by debt or by further equity, sufficient funds to enable completion of planned exploration, investment and/or development projects.

Commodity Risk

- Commodities are subject to high levels of volatility in price and demand. The price of commodities depends on a wide range of factors, most of which are outside the control of the Group including global demand and supply, international economic trends, currency exchange fluctuations, expectations for inflation, speculative activity, consumption patterns and global or regional political events. The aggregate effect of these factors is impossible to predict. Fluctuations in commodity prices, over the long term, may adversely impact the returns of the Group's exploration projects.

- A significant reduction in global demand for gold, leading to a fall in gold prices, could lead to a significant fall in the cash flow of the Group and/or a delay in exploration and production or even abandonment of a project should it prove uneconomical to develop, which may have a material adverse impact on the operating results and financial condition of the Group.

- Mining, processing and transportation costs also depend on many factors, including commodity prices, capital and operating costs in relation to any operational site.

Exploration and Development Risk

- Exploration and development activity is subject to numerous risks, including failure to achieve estimated mineral resource, recovery and production rates and capital and operating costs.

- Success in identifying economically recoverable reserves can never be guaranteed. The Group also cannot guarantee that the companies in which it has invested will be able to obtain the necessary permits and approvals required for development of their projects.

- Some of the countries in which the Group operates have native title laws that could affect exploration and development activities. The companies in which the Group has an interest may be required to undertake clean-up programmes on any contamination from their operations or to participate in site rehabilitation programmes that may vary from country to country. The Group's policy is to follow all applicable laws and regulations and the Group is not currently aware of any material issues in this regard.

Environmental Risk

- In relation to drilling many of the Group's projects, the environmental impact to date is largely limited to activities associated with exploration activities. The ultimate development of any project will inevitably impact considerably on the local landscape and communities. These projects sit in an area of considerable natural beauty therefore there is likely to be opposition to mining by some parties. This may impact on the cost and/or Group's ability to sell or move these projects into production.

- While the Group believes that its operations and future projects are currently, and will be, in compliance with all relevant material environmental and health and safety laws and regulations, there can be no assurance that new laws and regulations, or amendments to, or stringent enforcement of, existing laws and regulations will not be introduced.

Reserve and Resource Estimates Risk

- The Group's future reported reserves and resources are only estimates. No assurance can be given that the estimated reserves and resources will be recovered or that they will be recovered at the rates estimated. Mineral and metal reserve and resource estimates are based on limited sampling and, consequently, are uncertain because the samples may not be representative. Mineral and metal reserve and resource estimates may require revision (either up or down) based on actual production experience.

- Any future reserve and/or resource figures will be estimates and there can be no assurance that the minerals are present, will be recovered or that they can be brought into profitable production. Furthermore, a decline in the market price for natural resources that the Group may discover or invest in could render reserves containing relatively lower grades of these resources uneconomic to recover.

Political, Economic and Regulatory Regime Risk

- The licences and operations of the Group are in jurisdictions outside the United Kingdom and accordingly there will be a number of risks which the Group will be unable to control.

Whilst the Group will make every effort to ensure it has robust commercial agreements covering its activities, there is a risk that the Group's activities will be adversely affected by economic and political factors such as the imposition of additional taxes and charges, cancellation or suspension of licences and changes to the laws governing mineral exploration and operations.

- The Group's activities will be dependent upon the grant of appropriate licences, concessions, leases, permits, and regulatory consents that may be withdrawn or made subject to limitations. There can be no assurance that they will be granted or renewed or if so, on what terms. There is also the possibility that the terms of any licence may be changed or other than as represented or expected.

- The Slovak Republic, the current focus of the Group's activity, offers a stable political framework.

Key Personnel Risk

- The Group and Company is dependent upon its executive management team and various technical consultants. Whilst it has entered into contractual agreements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. The development and success of the Group depends on their ability to recruit and retain high quality and experienced staff. The loss of the service of key personnel or the inability to attract additional qualified personnel as the Group grows could have an adverse effect on future business and financial conditions.

Uninsured Risk

- The Group, as a participant in exploration and development programmes, may become subject to liability for hazards that cannot be insured against or third party claims that exceed the insurance cover. The Group may also be disrupted by a variety of risks and hazards that are beyond its control, including geological, geotechnical and seismic factors, environmental hazards, industrial accidents, occupation and health hazards and weather conditions or other acts of God.

Insurance

The Group maintains insurance in respect of its Directors and Officers against liabilities in relation to the Company and the Group. The Group maintains insurance in respect of its exploration and development and operational programmes in the Slovak Republic.

Treasury Policy

The Group finances its operations through equity and holds its cash as a liquid resource to fund the obligations of the Group. Decisions regarding the management of these assets are approved by the Board. Refer note 20 below.

Securities Trading

The Board has adopted a Share Dealing Code that applies to Directors, senior management and any employee who is in possession of "inside information". All such persons are prohibited from trading in the Company's securities if they are in possession of "inside information". Subject to this condition and trading prohibitions applying to certain periods, trading can occur provided the relevant individual has received the appropriate prescribed clearance.

Relations with Shareholders

The Board is committed to providing effective communication with the shareholders of the Company. Significant developments are disseminated through stock exchange announcements and regular updates of the Company's website. The Board views the AGM as a forum for communication between the Company and its shareholders and encourages their participation in its agenda.

Independent Auditor's Report

Independent Auditor's Report to the Members of Ortac Resources Limited

We have audited the Financial Statements of Ortac Resources Limited for the year ended 31 March 2012 which comprise the Group and Company Statements of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements, the Group and Company Statements 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. 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 Auditor

As explained more fully in the Statement of Directors' Responsibilities, 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 Statements

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. In addition, we read all the financial and non-financial information in the Annual 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 Group's and of the Parent Company's affairs as at 31 March 2012 and of their 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 AIM Rules for Companies.

Littlejohn LLP
Chartered Accountants and Registered Auditor
1 Westferry Circus
Canary Wharf
London E14 4HD
19 July 2012

ortac resources

Annual Report

Financial Statements 2012

Group Statement of Comprehensive Income for the Year Ended 31 March 2012

	Notes	Year to 31 March 2012 £ 000's	Year to 31 March 2011 £ 000's
Other Operating Income		**16**	–
Administrative expenses	**3**	**(1,404)**	(886)
Share-based payments	**8, 18**	**(49)**	(1,161)
Group operating loss		**(1,437)**	(2,047)
Gain on sale of investments		**–**	566
Loss on available for sale investments	**14**	**(82)**	–
Impairment Provision	**4, 11**	**(596)**	–
Interest received	**10**	**128**	15
Loss on ordinary activities before taxation		**(1,987)**	(1,466)
Taxation on loss on ordinary activities	**6**	**–**	–
Loss for the financial period from continuing operations		**(1,987)**	(1,466)
Other comprehensive income			
Currency translation differences		**(521)**	455
Loss on revaluation of available for sale investments	**14**	**(284)**	(82)
Other comprehensive income for the year		**(805)**	373
Total comprehensive income for the year		**(2,792)**	(1,093)
Attributable to:			
Equity holders of the parent Company		**(2,792)**	(1,093)
Loss per share expressed in pence per share			
– Basic & diluted	**9**	**(0.09)**	(0.10)

Company Statement of Comprehensive Income for the Year Ended 31 March 2012

	Notes	Year to 31 March 2012 £ 000's	Year to 31 March 2011 £ 000's
Administrative expenses	**3**	**(532)**	(618)
Share-based payments	**8, 18**	**(49)**	(1,161)
Operating loss		**(581)**	(1,779)
Impairment provision	**4, 11**	**(596)**	–
Loss on available for sale	**14**	**(82)**	–
Gain on sale of investments		**–**	565
Interest received	**10**	**128**	15
Loss before taxation		**(1,131)**	(1,199)
Income tax expense	**6**	**–**	–
Loss for the financial year		**(1,131)**	(1,199)
Other comprehensive income			
Loss on reevaluation of available for sale investments	**14**	**(284)**	(82)
Other comprehensive income for the year		**(284)**	(82)
Total comprehensive income for the year		**(1,415)**	(1,281)

Financial Statements

Group Balance Sheet as at 31 March 2012

	Notes	31 March 2012 £ 000's	31 March 2011 £ 000's
ASSETS			
Non-current assets			
Intangible assets	**11**	**10,024**	9,700
Plant and equipment	**12**	**321**	258
Total non-current assets		**10,345**	9,958
Current assets			
Inventories	**15**	**7**	8
Trade and other receivables	**16**	**139**	61
Available for sale investments	**14**	**310**	676
Cash & cash equivalents	**20**	**7,678**	10,586
Total current assets		**8,134**	11,331
TOTAL ASSETS		**18,479**	21,289
LIABILITIES			
Current liabilities			
Trade and other payables	**17**	**(184)**	(266)
TOTAL LIABILITIES		**(184)**	(266)
NET ASSETS		**18,295**	21,023
SHAREHOLDERS' EQUITY			
Share capital	**18**	**–**	–
Share premium		**29,994**	29,994
Share-based payments reserve		**1,857**	1,888
Available for sale investment reserve		**–**	284
Foreign exchange reserve		**(58)**	463
Retained earnings		**(13,498)**	(11,606)
TOTAL EQUITY		**18,295**	21,023

These financial statements were approved by the Board of Directors on19 July 2012 and signed on its behalf by:

Anthony Balme
Executive Chairman

Charles Wood
Executive Director Corporate

Company Balance Sheet as at 31 March 2012

	Notes	31 March 2012 £ 000's	31 March 2011 £ 000's
ASSETS			
Non-current assets			
Plant and equipment		**14**	–
Investment in subsidiaries	**13**	**7,485**	7,486
Trade and other receivables	**16**	**4,112**	2,153
Total non-current assets		**11,611**	9,639
Current assets			
Trade and other receivables	**16**	**4**	20
Available for sale investments	**14**	**310**	676
Cash & cash equivalents		**7,581**	10,574
Total current assets		**7,895**	11,270
TOTAL ASSETS		**19,506**	20,909
LIABILITIES			
Current liabilities			
Trade and other payables	**17**	**(35)**	(72)
TOTAL LIABILITIES		**(35)**	(72)
NET ASSETS		**19,471**	20,837
EQUITY			
Share capital	**18**	**–**	–
Share premium		**29,994**	29,994
Share-based payments reserve		**1,857**	1,888
Available for sale investment reserve		**–**	284
Retained earnings		**(12,380)**	(11,329)
TOTAL EQUITY		**19,471**	20,837

These financial statements were approved by the Board of Directors on19 July 2012 and signed on its behalf by:

Anthony Balme
Executive Chairman

Charles Wood
Executive Director Corporate

Financial Statements

Group Cash Flow Statement for the Year Ended 31 March 2012

	Notes	Year to 31 March 2012 £ 000's	Year to 31 March 2011 £ 000's
Cash flows from operating activities			
Operating loss		**(1,437)**	(2,047)
Decrease/(increase) in inventories	**15**	**1**	(8)
(Increase)/decrease in trade and other receivables	**16**	**(78)**	14
(Decrease)/increase in trade and other payables	**17**	**(82)**	140
Share options expensed	**8, 9**	**49**	1,161
Depreciation and amortisation	**11, 12**	**31**	164
Net cash outflow from operating activities		**(1,516)**	(576)
Cash flows from investing activities			
Interest received	**10**	**128**	15
Payments for exploration and evaluation of mineral resources	**11**	**(1,359)**	(317)
Payments to acquire tangible assets	**12**	**(106)**	(4)
Proceeds from sale of investments		**–**	961
Receipts on business combinations		**–**	52
Payments to acquire subsidiaries		**–**	(361)
Net cash (outflow)/inflow from investing activities		**(1,337)**	346
Cash flows from financing activities			
Issue of ordinary share capital		**–**	11,771
Share issue costs		**–**	(936)
Net cash inflow from financing activities		**–**	10,835
Net (decrease)/increase in cash and cash equivalents		**(2,853)**	10,605
Foreign exchange differences on translation		**(55)**	(32)
Cash and cash equivalents at beginning of period		**10,586**	13
Cash and cash equivalents at end of period	**20**	**7,678**	10,586

Company Cash Flow Statement for the Year Ended 31 March 2012

	Notes	Year to 31 March 2012 £ 000's	Year to 31 March 2011 £ 000's
Cash flows from operating activities			
Operating loss		**(581)**	(1,779)
Decrease in trade and other receivables	**16**	**16**	55
(Decrease) in trade and other payables	**17**	**(37)**	(54)
Share options expensed	**8, 9**	**49**	1,161
Net cash outflow from operating activities		**(553)**	(617)
Cash flows from investing activities			
Interest received	**10**	**128**	15
Payments to acquire tangible assets	**12**	**(14)**	–
Loans to subsidiaries		**(2,554)**	(633)
Proceeds from sale of investments		**–**	961
Net cash (outflow)/inflow from investing activities		**(2,440)**	343
Cash flows from financing activities			
Issue of ordinary share capital		**–**	11,771
Share issue costs		**–**	(936)
Net cash inflow from financing activities		**–**	10,835
Net (decrease)/increase in cash and cash equivalents		**(2,993)**	10,561
Cash and cash equivalents at beginning of period		**10,574**	13
Cash and cash equivalents at end of period	**20**	**7,581**	10,574

Included in the movement on loans to subsidiaries is a non cash item relating to the impairment of the Rio Paranaíba Iron Ore Project – see note 4 and 11 below.

Financial Statements

Group Statement of Changes in Equity for the Year Ended 31 March 2012

Attributable to the owners of the parent

	Called up share capital £ 000's	Share premium reserve £ 000's	Available for sale investment reserve £ 000's	Foreign exchange reserve £ 000's	Share based payment reserve £ 000's	Retained earnings £ 000's	Total equity £ 000's
As at 31 March 2010	**–**	**10,901**	**366**	**–**	**846**	**(10,355)**	**1,758**
Loss for the year	–	–	–	–	–	(1,466)	**(1,466)**
Loss on market value of available for sale investments	–	–	(82)	–	–	–	**(82)**
Currency translation differences	–	–	–	463	–	(8)	**455**
Total comprehensive income	**–**	**–**	**(82)**	**463**	**–**	**(1,474)**	**(1,093)**
Share capital issued	–	20,133	–	–	–	–	**20,133**
Cost of share issue	–	(936)	–	–	–	–	**(936)**
Cost of share issue – issue of warrants	–	(104)	–	–	104	–	–
Reserves transfer on exercise of options	–	–	–	–	(223)	223	–
Share-based payments	–	–	–	–	1,161	–	**1,161**
As at 31 March 2011	**–**	**29,994**	**284**	**463**	**1,888**	**(11,606)**	**21,023**
Loss for the year	–	–	–	–	–	**(1,987)**	**(1,987)**
Loss on market value of available for sale investments	–	–	**(284)**	–	–	–	**(284)**
Currency translation differences	–	–	–	**(521)**	–	–	**(521)**
Total comprehensive income	**–**	**–**	**(284)**	**(521)**	**–**	**(1,987)**	**(2,792)**
Currency translation on opening balance	–	–	–	–	–	**15**	**15**
Reserves transfer on cancellation of options	–	–	–	–	**(80)**	**80**	–
Share based payments	–	–	–	–	**49**	–	**49**
As at 31 March 2012	**–**	**29,994**	**–**	**(58)**	**1,857**	**(13,498)**	**18,295**

Company Statement of Changes in Equity for the Year Ended 31 March 2012

	Called up share capital £ 000's	Share premium reserve £ 000's	Available for sale investment reserve £ 000's	Share based payment reserve £ 000's	Retained earnings £ 000's	Total equity £ 000's
As at 31 March 2010	**–**	**10,901**	**366**	**846**	**(10,353)**	**1,760**
Loss for the period	–	–	–	–	(1,199)	**(1,199)**
Loss on market value of available for sale investments	–	–	(82)	–	–	**(82)**
Total comprehensive income	**–**	**–**	**(82)**	**–**	**(1,199)**	**(1,281)**
Share capital issued	–	20,133	–	–	–	**20,133**
Cost of share issue	–	(936)	–	–	–	**(936)**
Cost of share issue – issue of warrants	–	(104)	–	104	–	–
Reserves transfer on exercise of options	–	–	–	(223)	223	–
Share-based payments	–	–	–	1,161	–	**1,161**
As at 31 March 2011	**–**	**29,994**	**284**	**1,888**	**(11,329)**	**20,837**
Loss for the period	–	–	–	–	**(1,131)**	**(1,131)**
Loss on market value of available for sale investments	–	–	**(284)**	–	–	**(284)**
Total comprehensive income	**–**	**–**	**(284)**	**–**	**(1,131)**	**(1,415)**
Reserves transfer on cancellation of options	–	–	–	**(80)**	**80**	–
Share based payments	–	–	–	**49**	–	**49**
As at 31 March 2012	**–**	**29,994**	**–**	**1,857**	**(12,380)**	**19,471**

Notes to the Financial Information

1. Summary of Significant Accounting Policies

a. General Information and Authorisation of Financial Statements

The Company is registered in the British Virgin Islands under the BVI Business Companies Act 2004 with registered number 1396532. The Company's ordinary shares are traded on the AIM Market operated by the London Stock Exchange. The Group Financial Statements of Ortac Resources Limited for the year ended 31 March 2012 were authorised for issue by the Board on 19 July 2012 and the Balance Sheets signed on the Board's behalf by Mr. Anthony Balme and Mr. Charles Wood.

b. Statement of Compliance with IFRS

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

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 Group, 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 Group 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.

- 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 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.

Notes to the Financial Information

- "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 Group or Company, except for additional disclosures when the relevant Standards come into effect.

Subject to the above, the principal accounting policies adopted by the Group and Company are set out below.

c. Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis, except for the measurement to available-for-sale financial assets at fair value as described in the accounting policies below, and on a going concern basis.

The financial information is presented in Pounds Sterling (£) and all values are rounded to the nearest thousand Pounds Sterling (£ 000's) unless otherwise stated.

d. Basis of Consolidation

The consolidated financial information incorporates the results of the Company and its subsidiaries (the "Group") using the acquisition method. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. In the consolidated Balance Sheet, the acquiree's identifiable assets and liabilities are initially recognised at their fair values at the acquisition date. The results of acquired or disposed operations are included in the consolidated Statement of Comprehensive Income from the date on which control is obtained, or up to the date of disposal. Inter-company transactions and balances between Group companies are eliminated in full.

e. Business Combinations

The acquisition of subsidiaries in a business combination is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non Current Assets Held for Sale and Discontinued Operations", which are recognised and measured at fair value less costs to sell.

Where there is a difference between the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities and the cost of the business combination, any excess cost is recognised in the Balance Sheet as goodwill and any excess net fair value is recognised immediately in the Income Statement as negative goodwill on acquisition of subsidiary.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

f. Contingent Consideration

Contingent consideration is charged to the profit and loss in the period in which it is recognised as payable. See note 22 below.

g. Revenue

The Group had no revenue during the periods.

h. Foreign Currencies

The Group's functional currency is Pounds Sterling. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. As at the reporting date, the assets and liabilities of these subsidiaries are translated into the presentation currency of Ortac Resources Limited, which is Pounds Sterling, at the rate of exchange ruling at the reporting date and their Income Statements are translated at the average exchange rate for the year. The exchange differences arising on the translation are taken directly to a separate component of equity.

All other exchange differences are taken to the profit or loss with the exception of differences on foreign currency borrowings, which, to the extent that they are used to finance or provide a hedge against foreign equity investments, are taken directly to reserves to the extent of the exchange difference arising on the net investment in these enterprises.

i. Exploration and Development Costs

Exploration and development costs are carried forward in respect of areas of interest where the consolidated entity's rights to tenure are current and where these costs are expected to be recouped through successful development and exploration, or by sale. Alternatively, these costs are carried forward while active and significant operations are continuing in relation to the areas of interest and it is too early to make reasonable assessment of the existence or otherwise of economically recoverable reserves. When the area of interest is abandoned, exploration and evaluation costs previously capitalised are written off to the profit or loss .

In accordance with the full cost method, costs incurred by the Company on behalf of its subsidiaries and associated with mining development and investment are capitalised on a project-by-project basis pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads. If a mining development project is successful, the related expenditures will be written-off over the estimated life of the commercial ore reserves on a unit of production basis. Impairment reviews will be carried out regularly by the Directors of the Company. Where a project is abandoned, or is considered to be of no further commercial value, the related costs will be written off.

The recoverability of deferred mining costs and mining interests is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition of recoverable reserves.

j. Significant Accounting Judgements, Estimates and Assumptions

Critical Accounting Estimates and Judgements

The preparation of financial statements using accounting policies consistent with IFRS requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of income and expenses. The preparation of financial statements also requires the Directors to exercise judgement in the process of applying the accounting policies. Changes in estimates, assumptions and judgements can have a significant impact on the financial statements.

Critical accounting estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. The following are the key estimate and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year:

i) Impairment of non-financial assets

Exploration and evaluation costs have a carrying value at 31 March 2012 of £10,024,000 (2011: £9,700,000). Management tests annually whether exploration projects have future economic value in accordance with the accounting policy stated in note t below). Each exploration project is subject to an annual review. When there are indications that an asset may be impaired, the Group is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell.

Determining the value in use requires the Group to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. If this proves to be incorrect and the projects do not have any value the exploration and evaluation costs will be written off.

Further information as to the impairment review carried out by the Directors can be found in notes 4 and 11.

ii) Stock-based compensation

The Directors are required to make certain estimates when determining the fair value of share options awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as stock based compensation in the profit or loss in respect of share based payments. The assumptions made have been described in more detail in note v below.

Were the actual number of options that vest to differ by 10% from management's estimates the overall option charge would increase/decrease by £5,000.

iii) Contingent consideration

As referred to in note 22, the contingent consideration arrangement requires Ortac Resources PLC to pay vendor royalties of up to US$3,750,000 (£2,345,612 at 31 March 2012) in either shares or cash-being $15 per ounce on the first 250,000 ounces of gold equivalent (gold plus silver) resource defined as proven and probable reserve in the Bankable Feasibility Study. This will become payable within 60 days of all required permits being obtained to allow commercial production of Šturec deposit.

The fair value of this potential consideration has been determined on the basis that the Directors are confident that the resource threshold referred to above will be exceeded, and in which case the carrying value is the maximum vendor royalties payable, as translated at year end US$/UK Sterling exchange rates.

The Directors estimate that the carrying value of contingent consideration would be £71,131 lower or £71,131 higher if US$ exchange rates were to change by 5% from their year end rates.

k. Finance Revenue

Finance revenue consists of Bank interest which is recognised as accruing on a straight line basis, over the period of the deposit.

l. 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,

m. Trade and Other Receivables

Trade receivables, which generally have 15-day terms, are recognised and carried at original value. The Directors are of the view that such items are collectible and no provisions are required.

n. Investments

Investments in subsidiary undertakings are stated at cost less any provision for impairment in value, prior to their elimination on consolidation.

o. Financial Instruments

The Group's financial instruments are classified as loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. 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).

Available-for-sale financial assets are non-derivatives that are not included in any other category, and comprise current asset investments. They are initially recognised at fair value plus transaction costs, and are subsequently carried at fair value with changes in fair value being recognised in other comprehensive income.

The Group has overseas subsidiaries in the Slovak Republic whose expenses are denominated in Euros. Market price risk is inherent in the Group's activities and is accepted as such.

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

p. Available for Sale Investment Reserve

This reserve is used to record the fair value movements in available for sale investments.

q. Share-based Payments Reserve

This reserve is used to record the value of share-based payments provided to employees and Directors as part of their remuneration and provided to consultants and advisors hired by the Group from time to time as part of the consideration paid.

r. Foreign Currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and the retranslation of monetary items forming part of the net investment in those subsidiaries.

s. 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:

- Property 20% or straight line over the period of the lease- which ever is the lesser;

- Plant and Equipment – between 5% and 25%

All assets are subject to annual impairment reviews.

t. Impairment of Assets

The Group 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 Group 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, unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

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 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.

u. Trade and Other Payables

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

v. Share-based Payment Transactions

The Group provides benefits to senior personnel, consultants and advisors of the Group in the form of share-based payments, whereby such parties render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with such parties is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Ortac Resources Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant party become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

(i) the extent to which the vesting period has expired and;

(ii) the Group's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met, as the effect of these conditions is included in the determination of fair value at grant date. The charge to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Notes to the Financial Information

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 9).

w. 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 on loss on a straight-line basis over the period of the respective leases.

x. Earnings Per Share

Basic earnings per share is calculated as total comprehensive income for the period attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as total comprehensive income for the period attributable to members of the parent, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;

- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

2. Revenue and Segmental Analysis

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

Head office activities are mainly administrative in nature and are located in the UK/BVI whilst the activities in Slovakia relate to exploration and evaluation work.

The Group also previously had exploration and evaluation work in Brazil but this has been discontinued and as reported in the Group's Interim Financial Statements for the six month period to 30th September 2011, and also referred to in Note 4 below, a full impairment provision was raised against this project.

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

2. Revenue and Segmental Analysis *(continued)*

By geographical area, 31 March 2012	UK/BVI £ 000's	Slovakia £ 000's	Brazil £ 000's	Total £ 000's
Result				
Operating loss	(991)	(416)	(30)	**(1,437)**
Impairment provision	-	–	(596)	**(596)**
Investment revenue	128	–	-	**128**
Loss on available for sale investments	(82)	–	–	**(82)**
Loss before & after taxation	**(945)**	**(416)**	**(626)**	**(1,987)**
Other information				
Depreciation	(15)	(15)	-	**(30)**
Capital additions	73	1,392	-	**1,465**
Assets				
Fixed assets	73	10,272	-	**10,345**
Non cash current assets	349	107	–	**456**
Cash and short term investments	7,602	76	–	**7,678**
Consolidated total assets	**8,024**	**10,455**	**-**	**18,479**
Liabilities				
Long term liabilities	–	–	–	**–**
Current liabilities	(144)	(40)	–	**(184)**
Consolidated total liabilities	**(144)**	**(40)**	**–**	**(184)**

By geographical area, 31 March 2011	UK/BVI £ 000's	Slovakia £ 000's	Brazil £ 000's	Total £ 000's
Result				
Operating loss	(1,819)	(78)	(150)	**(2,047)**
Gain on sale of investments	566	–	–	**566**
Investment revenue	15	–	–	**15**
Loss before & after taxation	**(1,238)**	**(78)**	**(150)**	**(1,466)**
Other information				
Depreciation and impairment	–	(14)	(150)	**(164)**
Capital additions	–	249	72	**321**
Assets				
Fixed assets	–	9,393	565	**9,958**
Non cash current assets	732	13	–	**745**
Cash and short term investments	10,580	6	–	**10,586**
Consolidated total assets	**11,312**	**9,412**	**565**	**21,289**
Liabilities				
Long term liabilities	–	–	–	**–**
Current liabilities	(223)	(43)	–	**(266)**
Consolidated total liabilities	**(223)**	**(43)**	**–**	**(266)**

Notes to the Financial Information

3. Expenses by nature

Operating Loss is arrived at after charging / (crediting):

	Group 2012 £000's	Company 2012 £000's	Group 2011 £000's	Company 2011 £000's
Directors' fees	**274**	**160**	181	125
Wages and salaries	**202**	**84**	150	-
Establishment expenses	**146**	**19**	43	43
(Gain)/loss on foreign exhange	**-**	**–**	(15)	1
Travel and subsistence expenses	**86**	**21**	5	5
Professional fees – legal, consulting exploration	**421**	**33**	258	258
AIM related costs including Public Relations	**188**	**188**	157	157
Auditor's remuneration – audit	**23**	**20**	23	15
Depreciation and amortisation	**30**	**–**	14	-
Other expenses	**34**	**7**	70	14
Total operating expenses	**1,404**	**532**	**886**	**618**

Auditor's remuneration for audit services above includes £3,000 (2011: £7,500) relating to the audit of the subsidiary companies.

4. Impairment

As previously reported, Ortac retains a 77% interest in the Rio Paranaíba Iron Ore Project in Brazil, through its subsidiary company, Paranaíba Minerals Ltd and the intention was to seek further external funding to develop and derisk the asset.

As reported in the Group's Unaudited Interim Financial Statements for the six months to 30 September 2011, having exhaustively pursued available avenues to implement the above strategy, the Directors concluded that given market conditions and redefined focus it was not appropriate to invest more funds in this venture, and that it was prudent to impair this asset by £596,000. Paranaíba Minerals Ltd is now in the process of being dissolved. See note 11 below.

5. Employee information

Staff Costs comprised:	2012 £ 000's	2011 £ 000's
Wages and salaries	**342**	200
Less: capitalised exploration expenditure	**(140)**	(50)
Charge to the profit or loss	**202**	150

The average number of persons employed in the Group, including executive Directors, was:

	Number	Number
Operations	**11**	6
Administration	**2**	1
	13	7

6. Taxation

The taxation charge on the Group's loss before taxation differs from the theoretical amount that would arise using the weighted average tax rate applicable to the losses of the consolidated entities as follows:

	2012 £ 000's	2011 £ 000's
Loss on ordinary activities before tax	**(1,987)**	(1,466)
Current tax at 11% (2011: 11%)	**(219)**	(161)
effects of:		
permanent difference	**84**	2
fixed asset timing differences	**(10)**	(4)
unutilised losses	**145**	163
Total tax	**–**	–
	–	–

No taxation has been provided due to losses in the year.

The weighted average applicable tax rate of 11% used is a combination of the 26% standard rate of corporation tax in the UK, 19% Slovak corporation tax and 0% BVI corporation tax.

There are tax losses in the group of £3,200,000 (2011: £2,600,000) which are carried forward for relief in future periods. The deferred tax asset of £668,000 (2011: £529,000) has not been provided in respect of these losses as there is presently insufficient evidence of the timing of suitable future profits against which they can be recovered.

Factors that may affect future tax charges:

A gradual reduction in the UK rate from 28% to 24% was announced in June 2010. The Finance (No. 2) Act 2010 enacted on 27 July 2010 included legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. A further 1% reduction was announced in the 2011 Budget with the effect that the corporation tax rate will decrease to 26% from 1 April 2011 and to 25% from 1 April 2012. This was included in the Finance Act 2011 which received Royal Assent on 19 July 2011.

Subsequently in 2012, the UK government announced a further reduction in the corporation tax rate to 24% from 1 April 2012 and further annual reductions of 1% reducing the rate to 22% as from 1 April 2014. The decrease to 24% was substantively enacted on 26 March 2012 under Provisional Collection of Taxes Act 1968) and has therefore been reflected in the unrecognised deferred tax asset of £1.3m. The directors estimate the further reduction would reduce the unrecognised deferred tax asset by £27,000 once the 22% rate is enacted.

No changes are foreseen to the future tax rates in the Slovak Republic or BVI.

7. Dividends

No dividends were paid or proposed by the Directors.

Notes to the Financial Information

8. Directors' Remuneration

	2012 £ 000's	2011 £ 000's
Directors' remuneration	**300**	979

2012	Directors' Fees £ 000's	Consultancy Fees £ 000's	Shares/ Options £ 000's	Total £ 000's
Executive Directors				
Anthony Balme	42	–	7	**49**
Charles Wood	85	–	7	**92**
Vassilios Carellas	121	–	8	**129**
Non-Executive Directors				
Dorian Nicol	11	–	–	**11**
David Paxton	15	–	4	**19**
	274	**-**	**26**	**300**

2011	Directors' Fees £ 000's	Consultancy Fees £ 000's	Shares/ Options £ 000's	Total £ 000's
Executive Directors				
David Lenigas	3	11	–	**14**
Anthony Balme	23	-	149	**172**
Charles Wood	6	48	226	**280**
Vassilios Carellas	53	–	223	**276**
Non-Executive Directors				
Alastair Clayton	11	12	40	**63**
Dorian Nicol	8	-	80	**88**
David Paxton	6	–	80	**86**
	110	**71**	**798**	**979**

No pension benefits are provided for any Director.

9. Loss per Share

The calculation of loss per share is based on the loss after taxation divided by the weighted average number of shares in issue during the year.

	2012 £ 000's	2011 £ 000's
Net loss after taxation	**(1,987)**	(1,466)
Weighted average number of ordinary shares used in calculating basic loss per share (millions)	**2,315.7**	1,413.5
Basic loss per share (expressed in pence)	**(0.09)**	(0.10)

As inclusion of the potential Ordinary shares would result in a decrease in the loss per share they are considered to be anti-dilutive. As such, diluted and basic loss per share are the same.

10. Finance Revenue

	2012 £ 000's	2011 £ 000's
Bank interest receivable	**128**	15

11. Intangible Assets

Group	Exploration Expenditure £ 000's
At 1 April 2010	643
Additions from business combinations	8,467
Development expenditure	317
Currency translation adjustments	424
Amortisation / Impairment	(151)
Net book value as at 31 March 2011	**9,700**
At 1 April 2011	**9,700**
Additions from business combinations	**–**
Development expenditure	**1,359**
Currency translation adjustments	**(469)**
Amortisation / Impairment	**(566)**
Net book value as at 31 March 2012	**10,024**

The net book value is analysed as follows:	2012 £ 000's	2011 £ 000's
Deferred exploration expenditure – Brazil	**–**	565
Deferred exploration expenditure – Slovakia	**10,024**	9,135
	10,024	9,700

11. Intangible Assets *(continued)*

As referred to in note 4, an impairment provision of £596,000 was made against the Rio Paranaíba Iron Ore Project, Brazil being the carrying value of the asset as at 31 March 2011, plus additional expenses incurred in connection with this asset during the six months to 30 September 2011.

At 31 March 2012, the Directors have carried out a further impairment review and concluded that no further impairment is currently required.

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 confirmed the 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 approximately US$1,600 per ounce and the view of the Directors is that they are unlikely to materially change 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$300 million (post tax). 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.

   Since the above was announced a recently updated Snowdens resource study was released which reports a nearly 24% increase in the Total Mineral Resource, classified in accordance with the JORC Code (2004), from 1.1Moz Au Eq to 1.36Moz Au Eq.

   As regards the status of the mining licence -which is held by Kremnica Gold Mining - it expires on 30 June 2014. This date can however, be further extended by beginning a mining operation before that date. An application for trial surface mining that would satisfy these requirements and allows for additional metallurgical test work, has already been lodged with the Slovak Authorities. The Directors are also advised that a trial underground operation would equally satisfy the terms of the licence extension.

2. For other projects, no JORC or non-JORC compliant resource estimates are available to enable value in use calculations to be prepared. Given that these projects are at an early stage and with preliminary results indicating modest returns, the Directors have decided to expense the exploration costs incurred during the year in connection with these projects.

Following their assessment the Directors concluded that no further impairment of exploration and evaluation assets was necessary during the year ended 31 March 2012.

12. Tangible Assets

Property, Plant and Equipment	Group £ 000's	Company £ 000's
Cost		
Opening cost at 1 April 2010	–	–
Additions from business combinations	262	–
Additions	4	–
Currency translation adjustment	5	–
Closing cost at 31 March 2011	**271**	**–**

12. Tangible Assets *(continued)*

	Group £ 000's	Company £ 000's
At 1 April 2011	**(271)**	-
Additions from business combinations	**–**	-
Additions	**106**	14
Currency translation adjustment	**(25)**	-
Closing cost at 31 March 2012	**352**	**14**
Depreciation		
Opening balance at 1 April 2010	-	-
Charge for the period	(13)	-
Currency translation adjustment	-	-
Closing balance at 31 March 2011	**(13)**	**-**
At 1 April 2011	**(13)**	-
Charge for the period	**(30)**	-
Currency translation adjustment	**12**	-
Closing balance at 31 March 2012	**(31)**	**-**
Net book value		
At 1 April 2010	-	-
At 31 March 2011	258	-
At 31 March 2012	**321**	**14**

Depreciation charges for the year ended 31 March 2012 of £30,000 (2011: £13,000) have been charged to "administrative expenses".

13. Investment in Subsidiaries

Shares in group undertakings	£ 000's
Cost	
As at 1 April 2010	2
Impairment	(1)
Additions	7,485
As at 31 March 2011	**7,486**
As at 1 April 2011	**7,486**
Impairment	**(1)**
Additions	**–**
As at 31 March 2012	**7,485**

13. Investment in Subsidiaries *(continued)*

During the year an impairment was made in respect of the Group's holding in Paranaíba Minerals Ltd, which company is now in the process of being dissolved.

At 31 March 2012, the Company held 100% of the share capital of the following wholly owned subsidiary companies:

Company	Country of Registration	Proportion held	Nature of business
Paranaíba Minerals Ltd**	BVI	100%	Holding Company
Ortac Resources plc	England and Wales	100%	Holding Company
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

* Wholly owned subsidiary of Ortac Resources plc.
** In the process of being dissolved.

14. Available for Sale Investments

Group and Company	2012 £ 000's	2011 £ 000's
At beginning of the period	**676**	1,153
Sold during the period	**–**	(395)
Loss in market value of investments	**(366)**	(82)
As at end of the period	**310**	**676**

Available for sale investments comprise the United Kingdom listed equity securities in Vatukoula Gold Mines plc.

15. Inventories

	Group 2012 £ 000's	Company 2012 £ 000's	Group 2011 £ 000's	Company 2011 £ 000's
Stocks and consumables	**7**	**–**	8	–
Total	**7**	**–**	**8**	**–**

16. Trade and Other Receivables

	Group 2012 £ 000's	Company 2012 £ 000's	Group 2011 £ 000's	Company 2011 £ 000's
Current trade and other receivables				
Other debtors	**85**	**–**	18	-
Prepayments	**54**	**4**	43	20
Total	**139**	**4**	**61**	**20**

Company	2012	2011
Non current trade and other receivables	£ 000's	£ 000's
Loans due from subsidiaries	**4,112**	2,153

Current trade and other receivables are all due within one year. The fair value of receivables is the same as their carrying values as stated above.

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

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

	Group 2012 £ 000's	Company 2012 £ 000's	Group 2011 £ 000's	Company 2011 £ 000's
Current trade and other receivables				
UK Pounds	**103**	**4**	55	20
Euros	**36**	**–**	6	-
Total	**139**	**4**	**61**	**20**

	Group 2012 £ 000's	Company 2012 £ 000's	Group 2011 £ 000's	Company 2011 £ 000's
Non current trade and other receivables				
UK Pounds	-	**–**	–	–
Euros	-	**4,112**	–	2,153
Total	**-**	**4,112**	–	**2,153**

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 Group does not hold any collateral as security.

Notes to the Financial Information

17. Trade and Other Payables

	Group 2012 £ 000's	Company 2012 £ 000's	Group 2011 £ 000's	Company 2011 £ 000's
Current trade and other payables				
Trade payables	**26**	**3**	183	42
Other payables	**47**	**9**	33	–
Accruals	**111**	**23**	50	30
Total	**184**	**35**	**266**	**72**

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

18. Share Capital

Authorised	£ 000's
Unlimited Ordinary shares of no par value	–

Called up, allotted, issued and fully paid	Number of shares	Nominal value
As at 1 April 2011	2,315,679,020	–
As at 31 March 2012	**2,315,679,020**	**–**

Total share options in issue

During the year ended 31 March 2012, the Company granted 60,000,000 options over ordinary shares (2010: 130,000,000).

As at 31 March 2012, the unexercised options in issue were:

Exercise Price	Vesting Date	Expiry Date	Options in Issue 31 March 2012	Options in Issue 31 March 2011
5p	4-May-07	04-May-12	**10,000,000**	10,000,000
1p (2010: 1.7p)	22-Apr-09	22-Apr-19	**6,800,000**	6,800,000
1p (2010: 2.35p)	08-Jun-09	08-Jun-19	**5,600,000**	5,600,000
1p (2010: 1.7p)	22-Apr-10	22-Apr-19	**16,800,000**	16,800,000
1p (2010: 2.35p)	08-Jun-10	08-Jun-19	**5,600,000**	5,600,000
1p	15-Sep-10	31-Dec-20	**95,000,000**	95,000,000
1p	08-Oct-10	31-Dec-20	**5,000,000**	5,000,000
1p	19-Oct-10	31-Dec-20	**10,000,000**	10,000,000
1p	13-Dec-10	31-Dec-20	**5,000,000**	10,000,000
1.1p	30-Jun-12	30-Jun-17	**30,000,000**	-
1.4p	31-Dec-12	30-Jun-17	**15,000,000**	-
1.8p	31-Dec-13	30-Jun-17	**15,000,000**	-
			219,800,000	**164,800,000**

18. Share Capital *(continued)*

No options were exercised during the year (2011: 20,000,000 including 10,000,000 issued during that year). 5,000,000 options were cancelled during the year (2011: Nil).

60,000,000 share options were issued on 7 March 2012 in three tranches of 30,000,000, 15,000,000 and 15,000,000 with exercise prices of 1.1p, 1.4p and 1.8p respectively.

No options were repriced during the year (2011: 33,600,000 share options issued on 22 April 2009 with an exercise price of 1.7p and 11,200,000 share options issued on 8 June 2009 with an exercise price of 2.35p were repriced on the 28 July 2010 with an exercise price of 1p).

As at 31 March 2012 219,800,000 options were exercisable (2011: 164,800,000).

Total share warrants in issue

No share warrants over ordinary shares were granted during the year ended 31 March 2012, (2011: 16,500,000).

As at 31 March 2012, the unexercised warrants in issue were:

Exercise Price	Vesting Date	Expiry Date	Warrants in Issue 31 March 2012	Warrants in Issue 31 March 2011
1p	15-Sep-10	31-Dec-15	**16,500,000**	16,500,000

Notes to the Financial Information

Share Based Payments

Under IFRS 2 "Share-based Payments", the Company determines the fair value of options issued to Directors, Employees and other parties as remuneration and recognises the amount as an expense in the Income Statement with a corresponding increase in equity.

Name	Date Granted	Date Vested	Expiry Date	Exercise Price (pence)	Number 31-Mar-11	Granted in year	Exercised in year	Cancelled in year	Number 31-Mar-12
David Lenigas	04-May-07	04-May-07	04-May-12	5.0	2,000,000				**2,000,000**
Former directors	04-May-07	04-May-07	04-May-12	5.0	8,000,000				**8,000,000**
Alastair Clayton	22-Apr-09	22-Apr-09	22-Apr-19	1.0*	5,600,000				**5,600,000**
Alastair Clayton	22-Apr-09	22-Apr-10	22-Apr-19	1.0*	5,600,000				**5,600,000**
Charles Wood	22-Apr-09	22-Apr-09	22-Apr-19	1.0*	5,600,000				**5,600,000**
Charles Wood	22-Apr-09	22-Apr-10	22-Apr-19	1.0*	5,600,000				**5,600,000**
Consultants	22-Apr-09	22-Apr-10	22-Apr-19	1.0*	1,200,000				**1,200,000**
Consultants	08-Jun-09	08-Jun-09	08-Jun-19	1.0*	5,600,000				**5,600,000**
Consultants	08-Jun-09	08-Jun-10	08-Jun-19	1.0*	5,600,000				**5,600,000**
Charles Wood	28-Jul-10	15-Sep-10	31-Dec-20	1.0	30,000,000				**30,000,000**
Vassilios Carellas	28-Jul-10	15-Sep-10	31-Dec-20	1.0	30,000,000				**30,000,000**
Anthony Balme	28-Jul-10	15-Sep-10	31-Dec-20	1.0	20,000,000				**20,000,000**
Alastair Clayton	28-Jul-10	15-Sep-10	31-Dec-20	1.0	5,000,000				**5,000,000**
Consultants	28-Jul-10	15-Sep-10	31-Dec-20	1.0	10,000,000				**10,000,000**
Consultants	08-Oct-10	08-Oct-10	31-Dec-20	1.0	5,000,000				**5,000,000**
Employees	19-Oct-10	19-Oct-10	31-Dec-20	1.0	10,000,000				**10,000,000**
Dorian Nicol	13-Dec-10	13-Dec-10	31-Dec-20	1.0	5,000,000			(5,000,000)	**–**
David Paxton	13-Dec-10	13-Dec-10	31-Dec-20	1.0	5,000,000				**5,000,000**
Employees	07-Mar-12	30-Jun-12	30-Jun-17	1.1		14,500,000			**14,500,000**
Charles Wood	07-Mar-12	30-Jun-12	30-Jun-17	1.1		4,000,000			**4,000,000**
Anthony Balme	07-Mar-12	30-Jun-12	30-Jun-17	1.1		4,000,000			**4,000,000**
Vassilios Carellas	07-Mar-12	30-Jun-12	30-Jun-17	1.1		5,000,000			**5,000,000**
David Paxton	07-Mar-12	30-Jun-12	30-Jun-17	1.1		2,500,000			**2,500,000**
Employees	07-Mar-12	31-Dec-12	30-Jun-17	1.4		7,250,000			**7,250,000**
Charles Wood	07-Mar-12	31-Dec-12	30-Jun-17	1.4		2,000,000			**2,000,000**
Anthony Balme	07-Mar-12	31-Dec-12	30-Jun-17	1.4		2,000,000			**2,000,000**
Vassilios Carellas	07-Mar-12	31-Dec-12	30-Jun-17	1.4		2,500,000			**2,500,000**
David Paxton	07-Mar-12	31-Dec-12	30-Jun-17	1.4		1,250,000			**1,250,000**
Employees	07-Mar-12	31-Dec-12	30-Jun-17	1.8		7,250,000			**7,250,000**
Charles Wood	07-Mar-12	31-Dec-12	30-Jun-17	1.8		2,000,000			**2,000,000**
Anthony Balme	07-Mar-12	31-Dec-12	30-Jun-17	1.8		2,000,000			**2,000,000**
Vassilios Carellas	07-Mar-12	31-Dec-12	30-Jun-17	1.8		2,500,000			**2,500,000**
David Paxton	07-Mar-12	31-Dec-12	30-Jun-17	1.8		1,250,000			**1,250,000**
Totals					**164,800,000**	**60,000,000**	**-**	**(5,000,000)**	**219,800,000**

The fair value of the options at grant date has been calculated as follows:

- Options granted 7 March 2012, three tranches of 1.1, 1.4 and 1.8 pence per share

The fair value of the options granted during the year ended 31 March 2012 amounted to £49,434 (2011: £1,149,460) and the total charge to the Income Statement for the year was £49,434 (2011: £1,161,254).

A transfer of £ Nil (2011: 222,920) was made between the share-based payments reserve and retained earnings in associated with the exercise of options during the year.

The assessed fair value at grant date is determined using the Black-Scholes Model that takes into account the exercise price, the term of the option, the share price at grant date, the price volatility of the underlying share , the expected dividend yield and the risk-free interest rate for the term of the option.

Share Based Payments *(continued)*

The following table lists the inputs into the model for the valuation of share options issued during the year:

Issue Date	Vest Date 31 Dec 2013	7 March 2012 issue - 3 tranches 31 Dec 2012	30 June 2012
Dividend Yield (%)	–	–	–
Volatility (%)	102.00%	102.00%	102.00%
Risk-free interest rate (%)	1.10%	1.30%	1.50%
Share price at grant date (pence)	0.84	0.84	0.84

Volatility was calculated on the basis of an historic analysis of daily price movement in the Company's share price over the last 5 years (since 11 May 2007).

The total number of options in issue during the year has given rise to a charge to profit or loss for the year ended 31 March 2012 of Nil (2011: Nil) based on the fair values at the time the options were granted.

19. Analysis of Changes in Net Funds

Group	2012 £ 000's	2011 £ 000's
Balance at beginning of period	**10,586**	13
Change during the period	**(2,908)**	10,573
Balance at the end of the period	**7,678**	**10,586**

20. Financial Instruments

The Group holds cash as a liquid resource to fund the obligations of the Group. The Group's cash balances are held in Sterling and Euros. The Group's strategy for managing cash is to maximise interest income whilst ensuring its availability to match the profile of the Group's expenditure. This is achieved by regular monitoring of interest rates and monthly review of expenditure forecasts.

The Group has a policy of not hedging and therefore takes market rates in respect of foreign exchange risk; however, it does review its currency exposures on an ad hoc basis. Currency exposures relating to monetary assets held by foreign operations are included within the foreign exchange reserve in the Group Balance Sheet.

The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk.

To date the Group has relied upon equity funding to finance operations. The Directors are confident that adequate cash resources exist to finance operations to commercial exploitation but controls over expenditure are carefully managed. The currency and interest rate profile of the cash and short term deposits is as follows:

Cash and short term deposits	2012 £ 000's	2011 £ 000's
Sterling	**7,587**	10,580
Euros	**91**	6
At end of period	**7,678**	**10,586**

Notes to the Financial Information

20. Financial Instruments *(continued)*

On the assumption that all other variables were held constant, the potential impact of a 5% increase/decrease in the UK Sterling/ Euro Foreign exchange rate on the Group's loss for the year and on equity as at 31 March 2012 is £4,550 (2011: £361).

Financial Risk Management

Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

a) Market Risk

i) Foreign Exchange Risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the UK pound sterling and Euro. Foreign exchange risk arises from recognised monetary assets and liabilities. The exposure to this risk is not considered material to the Group's operations and thus the Directors consider that, for the time being, no hedging or other arrangements are necessary to mitigate this risk.

ii) Price Risk

The Group is exposed to equity securities price risk because of investments held and classified in the Balance Sheet as available-for-sale. To manage its price risk arising from investments in equity securities, the Group could diversify its portfolio. However, given the size of the Group's operations, the costs of managing exposure to securities price risk exceed any potential benefits. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature. The Group has exposure to commodity price risk as a result of changes in the price of gold, which impact on the valuation of the Groups mineral assets.

The Group's investment in equity of Vatukoula Gold Mines plc is publicly traded and is listed on the London Stock Exchange AIM Market. A disposal of the shares held by the by the Group, could have an impact on the realisable value of the remaining shares.

The table below summarises the potential impact of increases/decreases in the AIM quoted market price on the Group's loss for the year and on equity. The analysis is based on the assumption that the share prices have increased/decreased by 5% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the market:

	Loss for the year		Other components of equity	
	2012	2011	2012	2011
Potential impact on:	£ 000's	£ 000's	£ 000's	£ 000's
Available-for-sale financial assets	**(16)**	-	-	(34)

Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as available for sale.

b) Credit Risk

Credit risk arises from cash and cash equivalents.

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

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

c) Liquidity Risk

To date the Group has relied upon equity funding to finance operations. The Directors are confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed.

The Group ensures that its liquidity is maintained by entering into financial instruments to support operational and other funding requirements. The liquidity and funding management process includes projecting cash flows and considering the level of liquid assets in relation thereto, monitoring Balance Sheet liquidity and maintaining funding sources and back-up facilities.

Fair Value Estimation

Fair value measurements are disclosed according to the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 March 2012.

Items at fair value as at 31 March 2012 Assets	Level 1 £ 000's	Level 2 £ 000's	Level 3 £ 000's	Total £ 000's
– Available-for-sale financial assets	–	–	–	–
– Equity securities	310	–	–	310
Total Assets	**310**	**–**	**–**	**310**

The following table presents the Group's assets and liabilities that are measured at fair value at 31 March 2011.

Items at fair value as at 31 March 2011 Assets	Level 1 £ 000's	Level 2 £ 000's	Level 3 £ 000's	Total £ 000's
– Available-for-sale financial assets	–	–	–	–
– Equity securities	676	–	–	676
Total Assets	**676**	**–**	**–**	**676**

20. Financial Instruments *(continued)*

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Instruments included in Level 1 comprise AIM quoted equity investments classified as available-for-sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available, and rely as little possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments.

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to continue its exploration and evaluation activities. The Group has no debt at 31 March 2012 and defines capital based on the total equity of the Group being £18,295,000. The Group monitors its level of cash resources available against future planned exploration and evaluation activities and may issue new shares in order to raise further funds from time to time.

21. Commitments

Operating leases

Minimum lease payments under non-cancellable operating leases	Group 2012 £ 000's	Company 2012 £ 000's	Group 2011 £ 000's	Company 2011 £ 000's
Not later than one year	**36**	–	–	–
Later than one year but not later than five years	**51**	–	–	**–**
Total lease commitment	**87**	**–**	**–**	**–**

As at 31 March 2012, the Group has entered into only one material commitment, as follows:

- On the 16 August 2011, Ortac Resources plc 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 instalments on a quarterly basis. The lease is terminable after 3 years, subject to six months notice.

Except for the disclosure above, no provision has been made in the Group accounts for such commitments as they are expected to be met in the course of normal operations as and when they arise.

Exploration commitments

Ongoing exploration expenditure is required to maintain title to the Group's mineral exploration permits. No provision has been made in the financial statements for these amounts as the expenditure is expected to be fulfilled in the normal course of the operations of the Group.

22. Business Combinations and Contingent Liability

As previously reported, on 15 September 2010 the Company completed the acquisition of Ortac Resources plc. The companies acquired as part of the Ortac Resources plc group were as follows:

Company	Country of Registration	Proportion held	Nature of business
Ortac Resources plc	England and Wales	100%	Holding Company
Anglo-Slovak Minerals Limited	England and Wales	100%	Mineral Exploration
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

Consideration for the acquisition of the Ortac Resources plc group was satisfied by the issue of 748,498,981 shares valued at 1 pence per share.

	Book Value £ 000's	Fair Value Adjustment £ 000's	Fair Value on Acquisition £ 000's
Non-current assets			
Property, plant and equipment	255	-	**255**
Goodwill	522	(522)	**-**
Exploration and evaluation	8,197	270	**8,467**
Current assets			
Inventories	6	-	**6**
Trade and other receivables	267	-	**267**
Cash and cash equivalents	52	-	**52**
Current liabilities			
Trade and other payables	(1,562)	-	**(1,562)**
	7,737	(252)	**7,485**
Consideration			**7,485**

22. Business Combinations and Contingent Liability *(continued)*

Contingent liability

As part of its acquisition of Kremnica Gold s.r.o. and Kremnica Gold Mining s.r.o. Ortac Resources plc 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 of the Šturec deposit.

One 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. Notwithstanding this, until such time as it is clear that all the required permits to achieve commercial production will be secured, no provision for such amounts can be determined.

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.

Contingent consideration has a carrying value of £Nil as at 31 March 2012 (2011: £Nil).

23. Related Party Transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The following transactions took place with subsidiaries in the year:

Amounts totalling £2,523,000 (2011: £1,587,000) were lent by the Company to Ortac Resources plc, which in turn, and acting as an intermediary holding company for the Group's subsidiaries in Slovakia, provided funding to those companies.

Balances outstanding to the Company from Ortac Resources plc as at 31 March 2012 were £4,111,503 (2011: £1,587,687).

Remuneration of Key Management Personnel

The remuneration of the Directors, and other key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS24 Related Party Disclosures:

	2012 £ 000's	2011 £ 000's
Short-term employee benefits	**274**	181
Share-based payments	**26**	798
	300	**979**

24. Ultimate controlling party

The Directors believe there to be no ultimate controlling party.

25. Post Balance Sheet Events

There are no post balance sheet events to disclose.

CORPORATE INFORMATION

Registered number	1396532 registered in British Virgin Islands
Directors	**Anthony Balme** - Executive Chairman **Vassilios Carellas** – Chief Executive Officer **Charles Wood** – Executive Director Corporate **David Paxton** – Non Executive Director
Company Secretary	**Charles Wood**
Registered Office	**Craigmuir Chambers** Road Town, Tortola British Virgin Islands VG 1110 Email: info@ortacresources.com Website: www.ortacresources.com
Auditors	**Littlejohn LLP** 1 Westferry Circus Canary Wharf London E14 4HD United Kingdom
Solicitors	**Kerman & Co LLP** 200 The Strand London WC2R 1DJ United Kingdom
Nominated Advisor and Broker	**Seymour Pierce Limited** 20 Old Bailey London EC4M 7EN United Kingdom
Registrars	**Computershare Investor Services (Channel Islands) Ltd** PO Box 83 Ordnance House, 31 Pier Road St Helier JE4 8PW Channel Islands
Principal Bankers	**Bank of Scotland** 33 Old Broad Street London EC2H 1HZ United Kingdom

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