Ortac Resources Ltd / Epic: OTC / Market: AIM / Sector: Mining & Exploration
16 December 2016

ORTAC RESOURCES LIMITED ("ORTAC" OR "THE COMPANY")

Interim Results

Ortac Resources Limited, the AIM listed exploration and development company, is pleased to announce its unaudited financial results for the six months ended 30th September 2016.

Highlights

- In the DRC, increased initial stake in Casa Mining Ltd ("Casa") to 21.25%; Casa looking to potentially double the 1.2Moz resource at their Misisi Project;
- Increased stake in Andiamo Exploration Limited ("Andiamo") to 27%; Andiamo expanded their land position in Eritrea and initiated plans for an active 2017 exploration season;
- Zamsort Limited ("Zamsort") continue to proceed with the construction of their Copper and Cobalt processing plant at Kalaba; the Company at present has an option on 19.35% equity ;
- In Slovakia, the Company continues to engage with potential local partners and assess developments in the alternate leaching technologies coming to market;
- Operating losses reduced by 19 % with continued cost reductions;
- £670,000 before costs was raised from two private placements during the reporting period and one subsequent placement post period.

Anthony Balme, Chairman at Ortac commented: "The past six months has seen an improvement in sentiment towards the sector, which is partially reflected in the renewed interest in some of the Company's projects and investments. We remain committed to keeping costs under control and are hopeful that the value in the Company's portfolio of projects and investments will soon be realised in its share price."

The Interim Results are set out in full in the following pages.

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Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

CHAIRMAN'S STATEMENT

Whilst there is a marked improvement in sentiment towards the natural resource industry from the lows at the start of this year, in particular over the last few weeks for base metals, the gold market has suffered a slight setback which is a little disappointing. This perhaps could all be put down to the "The Trump Effect" and concerns about the rise in US interest rates that could impact precious metals negatively.

Operationally, it can be seen from these interim results that we have managed to trim our cost structures further. In such a frugal environment, we have continued to press ahead where opportunities have presented themselves, taking the view that the market will ultimately see value in the company's flagship project in Slovakia and diversified portfolio of investments in Africa.

In Slovakia, we continue to pursue the validation of our licence through existing and new small scale mining applications. Although the local court has recently revoked an underground mining permit issued to the company by the Central Mining Bureau in 2014, we are confident that between the Mining Bureau and Ministry of Economy, they will be able to reverse this decision in their favour. Meanwhile we continue to engage with potential local partners and continue to assess the alternative gold leaching technologies that are coming to market.

We recently increased our stake in Andiamo to around 27%, with Andiamo now anticipating an active 2017 exploration season subject to the conclusion of its refinancing. Andiamo has recently extended its exploration licence by nearly 100sq km to the south, extending its land holding over the western VMS trend, where some exciting VMS targets have already been identified by the former licence holder, along with a number of historic targets in the Haykota licence that merit further investigation. Andiamo has an JORC Mineral Resource of just under 85,000 near surface gold ounces and 21,000 t of copper at the Yacob Dewar project, and is in an excellent location to the South of the highly successful Bisha mine - which now holds the immediately adjacent licence to the north of the Haykota licence where they recently announced their Ashelli discover. Andiamo remains one of the few independent exploration companies working in this highly prospective territory.'

Over the course of the year, we have gradually increased our stake in CASA Mining Ltd to just under 22%. CASA were originally looking to establish a small gold mining and processing operation, but appear to be now swaying towards expanding the current inferred JORC Mineral Resource of 1.2Moz, where they believe there is scope to potentially more than double this resource. Both these approaches require further investment and it is likely that the source of this investment will ultimately determine the direction in which the project moves forward.

In Zambia, we continue to hold an option over 19.35% of Zamsort Limited, the holder of the Kalaba small-scale mining licence and a highly prospective large scale exploration licence located on the Kabopo Dome, which is also host to First Quantums' Trident Project. Zamsort continue to push ahead with their aim of becoming a producer of Copper and Cobalt from their commercial scale demonstration plant, which is still under construction. Now the rainy season has set in, it is anticipated that commissioning of this plant is targeted during the first half of 2017.

Financial & Corporate Overview

During the period the Company raised £370,000 before share issue costs at 0.025 pence per ordinary share. The primary use of proceeds was to increase the Company's shareholding in Casa Mining Limited. On 30 September 2016 the Company had 7,212 million shares outstanding. A further 750 million shares were issued subsequent to 30 September at 0.040 pence per share to generate gross proceeds of £300,000.

The Company continues to reduce costs and reduced its Operating Loss for the six months ended 30 September 2016 by 19% to £281,000 from £346,000 in 2015. Loss per share as at 30 September 2016 was 0.004 pence (2015: 0.11 pence).

During the period the Company reported an unrealised currency gain of £897,000 resulting from the depreciation of GBP:Euro

Outlook

Against the backdrop of an improved outlook towards the resource sector, the Company continues to make measured progress with its project in Slovakia and will continue to be rational in its approach to its operations and any further investments. The Company expects that conditions for funding private exploration companies will improve and that the companies that it has invested in during the downturn will be able to raise additional funds at much higher valuations, as recently demonstrated by CASA, to continue the development of their respective projects.

Anthony Balme

Chairman

16 December 2016

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Group Statement of Comprehensive Income for the Interim Period Ended 30 September 2016

	Notes	Six Months to 30 September 2016 (Unaudited) £ 000's	Six Months to 30 September 2015 (Unaudited) £ 000's
Other operating income		15	86
Administrative expenses		(292)	(432)
Share-based payments		(4)	-
Operating loss		(281)	(346)
Interest received		38	20
Share of Loss of associates	10	(10)	(16)
Loss before tax		(253)	(342)
Income tax expense		-	-
Loss for the period from continuing operations	3	(253)	(342)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		-	91
Other comprehensive income for the period, net of tax		(253)	(251)
Total comprehensive income for the period		(253)	(251)
Attributable to:			
Owners of the parent		(253)	(251)
Loss per share from continuing and discontinued operations attributable to the owners of the parent during the period (expressed in pence per share)			
Basic	4	(0.004)	(0.11)

Group Statement of Financial Position as at 30 September 2016

	Notes	As at 30 September 2016 (Unaudited) £ 000's	As at 30 September 2015 (Unaudited) £ 000's
ASSETS			
Non-current assets			
Intangible assets	**8**	**13,423**	**11,761**
Property, plant and equipment	**9**	**228**	**210**
Investment in associates	**10**	**914**	**888**
Total non-current assets		**14,565**	**12,859**
Current assets			
Inventories		**38**	**33**
Trade and other receivables		**395**	**897**
Available for sale financial investments	**11**	**1,008**	**-**
Cash & cash equivalents		**37**	**182**
Total current assets		**1,478**	**1,112**
TOTAL ASSETS		**16,043**	**13,971**
LIABILITIES			
Current liabilities			
Loan from Director	**12**	**(45)**	-
Trade and other payables		**(92)**	**(82)**
TOTAL LIABILITIES		**(137)**	**(82)**
NET ASSETS		**15,906**	**13,889**
SHAREHOLDERS' EQUITY			
Share capital	**5**	**-**	**-**
Share premium		**32,431**	**31,284**
Share based payments reserve		**2,324**	**2,266**
Foreign exchange reserve		**671**	**(956)**
Retained earnings		**(19,520)**	**(18,705)**
TOTAL EQUITY		**15,906**	**13,889**

Group Statement of Changes in Equity for the Interim Period Ended 30 September 2016

	Share capital	Share premium	Foreign exchange reserve	Share based payment reserve	Retained earnings	Total equity
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
As at 1 April 2015	-	**30,725**	**(1,043)**	**2,320**	**(18,414)**	**13,588**
Profit/ (Loss) for the period	-	-	-	-	(342)	**(342)**
Items that may be reclassified subsequently to profit or loss						
Currency translation differences	-	-	87	-		**87**
Other comprehensive income for the period	**-**	**-**		**-**	**51**	**51**
Total comprehensive income for the period	**-**	**-**		**-**	**(291)**	**(291)**
Share capital issued	-	559	-	-	-	**559**
Cost of share issue	-	-	-	(54)	-	**(54)**
Issue of warrants	-		-		-	
Share based payments	-	-	-	-		
Total transactions with owners, recognised directly in equity		559	87	(54)	(291)	301
As at 30 September 2015	-	**31,284**	**(956)**	**2,266**	**(18,705)**	**13,889**
As at 1 April 2016	**-**	**32,075**	**(226)**	**2,320**	**(19,267)**	**14,902**
Profit/ (Loss) for the period	-	-	-	-	(253)	
Items that may be reclassified subsequently to profit or loss						
Currency translation differences	-	-	897	-		**897**
Other comprehensive income for the period	**-**	**-**		**-**		
Total comprehensive income for the period	**-**	**-**		**-**	**(253)**	**(253)**
Share capital issued net of share issue costs	-	356	-	-	-	**356**
Share based payments	-	-	-	4	-	**4**
Total transactions with owners, recognised directly in equity	-	356	897	4	(253)	**1,004**
As at 30 September 2016	**-**	**32,431**	**671**	**2,324**	**(19,520)**	**15,906**

Group Cash Flow Statement for the Interim Period Ended 30 September 2016

	Six Months to 30 September 2016 (Unaudited) £ 000's	Six Months to 30 September 2015 (Unaudited) £ 000's
Cash flows from operating activities		
(Loss) before tax	**(253)**	**(342)**
Finance income	**(38)**	**(20)**
Share of loss from associates	**10**	**16**
Share based payments	**4**	**-**
Exchange differences	**-**	**(28)**
Depreciation	**7**	**7**
Operating loss before changes in working capital	**(270)**	**(367)**
Decrease in inventories	**-**	**(4)**
(Increase)/decrease in trade and other receivables	**7**	**(464)**
(Decrease)/increase in trade and other payables	**(70)**	**(105)**
Net cash used in operating activities	**(333)**	**(940)**
Cash flows used in investing activities		
Interest received	**38**	**20**
(Disposal)/purchases of intangibles	**(17)**	**45**
Purchases of property, plant and equipment	**-**	**-**
Investment in available for sale financial investments	**(79)**	**-**
Net cash used in investing activities	**(58)**	**65**
Cash flows from financing activities		
Proceeds from issue of ordinary shares net of share issue costs and subscriptions receivable	**-**	**559**
Net cash inflow from financing activities	**-**	**559**
Net decrease in cash and cash equivalents	**(391)**	**(316)**
Cash and cash equivalents at beginning of period	**428**	**498**
Cash and cash equivalents at end of period	**37**	**182**

NOTES TO THE INTERIM REPORT FOR SIX MONTHS ENDED 30 SEPTEMBER 2016

1. Basis of preparation

The condensed consolidated interim financial statements has been prepared under the historical cost convention and on a going concern basis and in accordance with International Financial Reporting Standards and IFRIC interpretations adopted for use in the European Union ("IFRS") and those parts of the BVI Business Companies Act applicable to companies reporting under IFRS.

The condensed consolidated interim financial statements contained in this document do not constitute statutory accounts. In the opinion of the directors, the condensed consolidated interim financial statements for this period fairly presents the financial position, result of operations and cash flows for this period.

The Board of Directors approved this Interim Financial Report on 07 December 2016

Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with the requirements of the AIM Rules for Companies. As permitted, the Company has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing these interim condensed consolidated interim financial statements. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2016, which have been prepared in accordance with IFRS as adopted by the European Union.

Accounting policies

The condensed consolidated interim financial statements for the period ended 30 September 2016 have not been audited or reviewed in accordance with the International Standard on Review Engagements 2410 issued by the Auditing Practices Board. The figures were prepared using applicable accounting policies and practices consistent with those adopted in the statutory annual financial statements for the year ended 31 March 2016.

Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes any goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in the other comprehensive income section of the statement of comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amounts of the associate and its carrying value and recognises the amount adjacent to 'share of profit/ (loss) of associates' in the statement of comprehensive income.

Gains and losses resulting from upstream and downstream transactions between the group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

2. Financial risk management and financial instruments

Risks and uncertainties

The Board continually assesses and monitors the key risks of the business. The key risks that could affect the Group's medium term performance and the factors that mitigate those risks have not substantially changed from those set out in the Group's 2016 Annual Report and Financial Statements, a copy of which is available from the Group's website: www.ortacresources.com. The key financial risks are market risk (including currency risk), credit risk and liquidity.

3. 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.

There are no transactions occurring during the year, or comparative year, between reportable segments, that affect the Income Statement. 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.

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

By geographical area Six Months to 30 September 2016	**UK/BVI £ 000's**	**Slovakia £ 000's**	**Eritrea £ 000's**	**Zambia/DRC £ 000's(1)**	**Total £ 000's**
Result					
Operating loss	(257)	(24)		-	**(281)**
Finance income	38	-	-	-	**38**
Share of Loss of associates	**-**	**-**	**(10)**	**-**	**(10)**
Loss before & after taxation	**(219)**	**(24)**	**(10)**	**-**	**(253)**
Other information					
Depreciation	7	-	-	-	**7**
Investment in associate	-	-	-	-	**-**
Capital additions	-	-	-	-	**-**
Assets					
Non-current assets	-	13,651	914	-	**14,565**
Current assets less cash and cash equivalents	314	64	-	1,100	**1478**

Cash and cash equivalents	33	4	-	-	**37**
Consolidated total assets	**347**	**13,719**	**914**	**1,100**	**13,176**

(1) Zambia – 883; Democratic Republic of Congo - 217

Liabilities					
Non-current liabilities	-	-	-	-	**-**
Current liabilities	(89)	(48)	-	-	**(137)**
Consolidated total liabilities	**(89)**	**(48)**	**-**	**-**	**(137)**

By geographical area **Six Months to 30 September 2015**	**UK/BVI** **£ 000's**	**Slovakia** **£ 000's**	**Eritrea** **£ 000's**	**Zambia** **£ 000's**	**Total** **£ 000's**
Result					
Operating loss	(268)	(78)		-	**(346)**
Finance income	20	-	-	-	**20**
Share of (Loss) of associates	**-**	**-**	**(16)**	**-**	**(16)**
Loss before & after taxation	**(248)**	**(78)**	**(16)**	**-**	**(342)**
Other information					
Depreciation	4	3	-	-	**7**
Investment in associate	-	-	-	-	**-**
Capital additions	(45)	-	-	-	**(45)**
Assets					
Non-current assets	7	11,964	888	-	**12,859**
Current assets less cash and cash equivalents	47	72	-	811	**930**
Cash and cash equivalents	178	4	-	-	**182**
Consolidated total assets	**232**	**12,040**	**888**	**811**	**13,971**
Liabilities					
Non-current liabilities	-	-	-	-	-
Current liabilities	(52)	(30)	-	-	**(82)**
Consolidated total liabilities	**(52)**	**(30)**	**-**	**-**	**(82)**

4. Loss per share

The calculation of earnings per share is based on the loss attributable to equity holders divided by the weighted average number of share in issue during the period:

	Six Months to 30 September 2016 (Unaudited) £ 000's	**Six Months to 30 September 2015 (Unaudited) £ 000's**
Net loss after taxation	**(253)**	**(342)**
Weighted average number of ordinary shares used in calculating basic loss per share (millions)	**5,764**	**3,179**

Basic & diluted loss per share (expressed in pence)	**(0.004)**	**(0.11)**

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

5. Share capital

The authorised share capital of the Company and the called up and fully paid amounts at 30 September 2016 were as follows:

A) Authorised	**£ 000's**
Unlimited Ordinary shares of no par value	-

B) Called up, allotted, issued and fully paid	**Number of shares**	**Nominal value**
As at 1 April 2016	**5,732,211,373**	-
Additions:		
26 September 2016 at .025p	800,000,000	
27 September 2016 at .025p	680,000,000	-
As at 30 September 2016	**7,212,211,373**	-

6. Share based payments

Movements on the number of share options and their exercise price during the period ended 30 September 2016 are as follows:

	Weighted Average Exercise Price Pence	**6 months to 30 September 2016 (Unaudited) No of Options**	Weighted Average Exercise Price Pence	**Year to 30 March 2016 (Audited) No of Options**
1 April 2016	**0.94**	**279,300,000**	0.94	279,300,000
Cancelled			-	-
Modified	**-**	**-**	-	-
Lapsed	**-**	**-**	-	-
Granted	**.05**	**135,000,000**	-	-
30 September 2016	**0.65**	**414,300,000**	0.94	279,300,000

The parameters used to ascertain the fair value of $4,000 of share options issued during the period are:

Volatility -35%

Risk-free Interest Rate – 2%

Expected Exercise Period 3 years

Share Warrants

No warrants were granted during the period ended 30 September 2016. There are no warrants on issue; the details concerning warrants which have expired can be found in the audited financial statements for the year ended 31 March 2016.

7. Investment in group companies

At 30 September 2016, the Group held 100% of the share capital of the following wholly owned subsidiary companies:

Company	Country of Registration	Proportion held	Nature of business
Ortac Resources (UK) Limited	England and Wales	100%	Holding Company
St. Stephans Gold s.r.o.*	Slovak Republic	100%	Mineral Exploration
Carpathian Minerals s.r.o.*	Soviet Republic	100%	Mineral Exploration
Ortac s.r.o.*	Slovak Republic	100%	Mineral Exploration

* Wholly owned subsidiary of Ortac Resources (UK) Limited

During the period the Company incorporated Carpathian Minerals s.r.o. to apply for minerals licences in the Slovak Republic. It is wholly-owned by Ortac Resources (UK) Limited.

8. Intangible assets

	Six Months to 30 September 2016 (Unaudited) £ 000's	**Six Months to 30 September 2015 (Unaudited) £ 000's**
Balance brought forward	**12,516**	**11,688**
Additions	**-**	**(45)**
Currency translation adjustments	**907**	**118**
Amortisation	**-**	**-**
Balance carried forward	**13,423**	**11,761**
Net book value	**13,423**	**11,761**
The net book value is analysed as follows:		
Deferred exploration expenditure		
-Exploration and development costs- Slovakia	**13,254**	**11,491**
-Goodwill – Slovakia	**169**	**270**
	13,423	**11,761**

9. Tangible assets

	Six Months to 30 September 2016 (Unaudited) £ 000's	**Six Months to 30 September 2015 (Unaudited) £ 000's**

Cost		
Beginning of the period	**355**	**319**
Currency translation adjustment	**27**	**5**
End of the period	**382**	**324**
Depreciation		
Beginning of the period	**(139)**	**(104)**
Currency translation adjustment	**(6)**	**(3)**
Charge for the period	**-**	**(7)**
End of the period	**(145)**	**(114)**
Net book value at beginning of period	**227**	**215**
Net book value at end of period	**210**	**210**

10. Investment in associates

As previously reported, on the 20 April 2014, Ortac Resources Limited increased its investment in Andiamo Exploration Limited (a private UK- registered company) from 18.47% to 25.37%, which resulted in the investment being reclassified to an associated company from an available for sale financial asset. During the period ended 30 September 2016 the Company increased its interest to 26.99%. In September 2016 Andiamo entered into an agreement with its joint venture partner Environminerals East Africa Ltd ("EEA") to acquire the EEA joint venture interest earned over a part of the Andiamo licence in exchange for 25% of the issued share capital of Andiamo. This transaction has not yet completed as of the date of the approval of these interim accounts but when closed the interest of the Company in Andiamo would be reduced to 20.24%

The carrying value of Andiamo is £914,000 determined as follows:

	Six months to 30 September 2016 (Unaudited) £ 000's	**Six months to 30 September 2015 (Unaudited) £ 000's**
Beginning of the period	**874**	**904**
Purchase of shares	50	-
Share of (loss) from associate	(10)	(16)
End of the period	**914**	**888**

Ortac's share of the results of Andiamo Exploration Limited are shown below*:*

	Six months to 30 September 2016 (Unaudited) £ 000's	**Six months to 30 September 2015 (Unaudited) £ 000's**
Revenues	-	-
Share of loss	**(10)**	(16)

Nature of investments in associates:

Name of entity	Place of business/country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Andiamo Exploration Limited	England	26.99%	Strategic partnership	Equity

The latest available financial statements for Andiamo Exploration Limited (December 2015) were included with the audited accounts at 31 March 2016. There are no interim statements available since that date. During the year ended 31 December 2015 Andiamo lost approximately US$200,000 and at 31 December 2015 Andiamo had net assets of US$10,888,000. Ortac's interest in the loss and net assets was approximately US$54,000 and US$ 2,940,000 respectively. The Directors believe that at 30 September 2016 the fair value of the Group's interest in Andiamo Exploration Limited is equal to or greater than its carrying value.

Andiamo Exploration Limited is a private company and there is no quoted market price available for its shares.

11. Available for sale financial assets

	Six Months to 30 September 2016 (Unaudited) £ 000's	Six Months to 30 September 2015 (Unaudited) £ 000's
Beginning of the period	**835**	-
Additions	**173**	-
Disposals	-	-
Loss on disposals	-	-
Reclassification to investment in associates	-	-
End of the period	**1,008**	-

The available for sale financial assets include:

(i) the Company's investment in Casa Mining Limited of £217,000. During the period the Company increased its shareholding from 12% to 19.63%. Subsequent to 30 September 2016 the Company purchased additional shares in Casa which increased its shareholding to 21.25% and in future accounts Casa will be accounted for as an associated company.

and

(ii) the Company's Secured Loan to Zamsort Limited of £791,000 described below.

	September	
	2016	2015

Secured Loan,		
8% secured convertible loan note, Principal only	**791**	**791**

On 30 March 2015, Ortac Resources Limited announced that it had entered into a US $600,000 (£405,405) 8% Secured Convertible Loan Note (the "Convertible Loan") and a one note for one share Call Option Agreement (the "Option") with Zamsort, a private company registered in Zambia that holds a prospective Cu-Co mining and exploration licence in the Zambian Copper Belt.

As at 31 March 2015, Ortac Resources Limited had advanced US$ 450,000 (£304,000) to Zamsort as a first instalment of this loan, with the balance of US$ 150,000 following due diligence, paid on 9 April 2015.

On 25 August 2015 the Company exercised its Option to purchase a further US$ 600,000 of the Convertible Loan and now has a total investment of US$ 1,200,000 convertible into 19.35% of Zamsort. The Convertible Loan is carried at its original cost of £791,000. Interest of £ 92,000 (2015 – £ 20,000) is included with Trade and other receivables.

The loan notes are convertible at any time prior to the redemption date.

12. *Loan from Director*

In September 2016 a Company associated with a Director made a short term loan of £40,983 (US$51,400) to enable the Company to complete a purchase of Casa shares.

In October upon completion of two share placements the Company repaid the loan together with a service fee of £ 4,098.

13. Contingent liability

As part of its acquisition of Kremnica Gold s.r.o. and Kremnica Gold Mining s.r.o., Ortac Resources (UK) Limited (formerly Ortac Resources plc) agreed to pay:

a) 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 feasibility study. Said royalty will become payable within 60 days of all required permits being obtained to allow commercial production at the Kremnica property; and

b) A 2 per cent Net Smelter Royalty (“NSR”) on gold and silver production from the Kremnica Gold Project to a limit of the first 1,000,000 ounces produced, reduced to a 1 per cent NSR on the next 1,000,000 ounces and zero per cent thereafter. At any time prior to the reduction of the NSR percentage to 1 per cent, Ortac may acquire half of the 2 per cent NSR for US$1,000,000. After the reduction of the NSR to 1 per cent, the Purchaser may acquire all of the Vendor NSR for US$1,000,000.

On the basis of a third party resource study, updated in 2013, the Directors are confident that proven and probable reserves will significantly exceed 250,000 ounces of gold equivalent (gold) 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 included in the Group financial statements.

14. Post balance sheet events

(1) In October 2016, the Company increased its interest in Casa Mining Limited to 21.25%. It issued 251,296,486 shares to a Director with a stated value of £ 81,672 (.0325 pence per share) to acquire 124,722 Casa shares and also subscribed for an additional 62,500 shares offered by Casa at a cost of US$ 50,000. Since these transactions have increased its shareholding to 21.25%, in future the Company will account for Casa Mining Limited as an associated company;

(2) In October 2016 the Company announced that it had placed 750,000,000 shares at .04 pence and raised £300,000 before share issue costs. The Company now has 8,213 million shares on issue.

15. Other matters

The condensed consolidated interim financial statements set out above do not constitute the Group's statutory accounts for the period ended 30 September 2016 or for earlier periods, but is derived from those accounts where applicable.

A copy of this interim statement is available on the Ortac's website: www.ortacresources.com.