

RNS Number : 84300  
Ortac Resources Limited  
12 August 2014

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ORTAC RESOURCES LTD

("Ortac" or the "Company")

FINAL RESULTS

Ortac Resources Ltd, the AIM listed exploration and development company focussed on natural resource projects, announces its final results for the year ended 31 March 2014.

Highlights

- A pre tax loss of £1.768m (2013: restated loss of £1.849m) and a loss per share of £0.08 (2013: £0.08 (restated)), in line with expectations and with last year;
- Raised a further 200,000,000 ordinary shares of no par value in January 2014. Shares issued at a price of 0.25 pence per share, for a cash consideration of £500,000 before share issue costs;
- Cash and cash equivalents as at 31 March 2014 were £2,253,000;
- Šturec Biodiversity Baseline Study ("BBS") now completed. It will form part of the planned Environmental and Social Impact Assessment Program ("ESIA");
- Further engagement with the Kremnicko community with co-funding of over 50 community projects;
- Formation of a strategic alliance in January 2014 with Andiamo Exploration Ltd ("Andiamo") with an 18% stake;
- Andiamo commenced drilling at Yacob Dewar Deposit in Eritrea in March 2014.

Post year-end highlights

- Surface and underground rights to the Kremnica Licence confirmed by Slovak Mining Authorities;
- First phase of trial underground mining activity at Šturec deposit completed (the first mining in more than 20 years) with material extracted for testing and processing;
- Stake in Andiamo increased to 25% and a position on the Andiamo board taken up;
- Completed trenching programme at Yacob Dewar, with near surface high-grade oxide copper and gold mineralisation according to assay results;
- New discovery made of gold and silver bearing mining deposit at Ber Gebey which runs directly along strike from Yacob Dewar Deposit.

**Anthony Balme, Chairman at Ortac, commented:** "In a particularly challenging market environment, your Company has over the last 12 months achieved the milestones we set ourselves. We have made strategic decisions which we feel will strengthen the Company and post the year-end we have seen positive developments within our projects.

I would like to take this opportunity to thank you all and I look forward to updating you with the further progress we aim to make in the year ahead."

ENDS

For further enquiries:

Ortac Resources Ltd  
Vassilios Carellas (CEO) +44 (0) 20 7389 9050

Cantor Fitzgerald Europe (Nominated  
Adviser & Broker) +44 (0) 20 7894 7000  
Stewart Dickson/ Carrie Lun / Jeremy  
Stephenson

**SP Angel (Broker)** +44 (0) 20 3463 2260  
Ewan Leggat

Loeb Aron & Co. (Broker) +44 (0) 20 7628 1128  
John Beresford-Peirce / Anthony Kluk

Blytheweigh (Investor Relations)  
Tim Blythe / Halimah Hussain / Camilla Horsfall +44 (0) 20 7138 3204

Yellow Jersey (Media Relations) +44 (0)7768 537 739  
Dominic Barretto

## **CHAIRMAN'S STATEMENT AND OPERATIONS AND FINANCE REVIEW**

### Chairman's Statement

In a particularly challenging market environment, your Company has over the last 12 months achieved the milestones we set ourselves from when I last reported to you. Foremost was satisfying the terms of the Mining License Area in Slovakia and secondly, our investment into Andiamo Exploration Limited a company whose gold-copper project we believe has the potential to be brought into production fairly quickly and with modest capital expenditure.

### Operations

#### Slovakia:

Since the completion of the Pre-Feasibility Study in April 2013, our main technical focus has been in two areas: the preparation and submission of an underground trial mining application that would satisfy the terms of our mining license and allow us to extract bulk samples for trial processing, and secondly the completion of a Biodiversity Baseline Study covering an area of 50 km<sup>2</sup> surrounding the Šturec deposit- which is an important element in the development of the project.

Trial underground mining commenced in June 2014 and sufficient material has been extracted for testing and processing. This work satisfied the terms of the Kremnica Mining License Area, which has now been superseded with a mining permit that can be extended on application to the Slovak Mining Bureau.

We are still awaiting a decision from the District Environmental Office in connection with our earlier application for trial surface mining, although we expect this to be made during the coming period. At the same time the Slovak Mining authorities have confirmed to us that Ortac's rights to the Kremnica Mining license area (both surface and underground) are still in place.

Concerning the BBS, this 18 month long program was completed during the period and will form an important element to an Environmental and Social Impact Assessment program, which in turn will lead to the co-development of a finalised "master" project for Šturec.

Technical matters aside, we have continued our engagement program with key local stakeholders. Major efforts in these initiatives have been the implementation of specific communication along a number of channels intended to provide more information to all stakeholders. These have included regular releases of a bulletin called Ortac Info (see <http://www.ortacresources.com/news/community/>) and the previously reported upon release of our Sturec Land brochure (see <http://www.sturecland.sk/brochure>).

Concerning our Šturecland concept, this has been well received and we plan to begin to flesh out this concept even further during the course of this year.

As well as our own in-house initiatives, and as previously reported, we have supported, financially and in kind, the build up of 'Forum Kremnicko' ("the Forum"). Starting from scratch the Forum, which was set up to act as a platform catering for those who wish for better decision-making processes, has made good progress. Through the Forum, we have co-funded over 50 community projects from different areas such as culture, music, tourism, entrepreneurship, sport and access to information. These projects were implemented through local partnerships, with the support of local businesses, individuals, local organisations and the Forum itself.

And we are pleased to report that the Forum presently has a further 50 projects currently being assessed.

Taken together these are substantial moves and we are beginning to see results from these investments into the local community.

Eritrea:

During the period and after an extensive due diligence exercise over the last few years, we made an investment into Andiamo, a private UK incorporated mineral exploration company currently developing advanced, exploration stage Volcanogenic Massive Sulphide, gold-copper projects in Eritrea.

Andiamo's main asset is its Yacob Dewar deposit, which appears to be a relatively high grade gold-copper oxide deposit that has the potential to be developed into a producing mine, at modest capital expenditure and within a relatively short time frame.

Our involvement has brought greater focus to Andiamo as it develops its core discovery, and our money has enabled Andiamo to carry out a further drilling campaign and initiated a detailed trenching program over a 1km strike length at Yacob Dewar, which we are confident will generate a commercial gold-copper project. We will be working closely with Andiamo over the coming period to move this project through the feasibility stage to enable it to apply for a Mining License for this deposit in the next 12-18 months.

#### Financial & Corporate Overview

During the period 1 April 2013 to date, and showing commitment to the Company the directors acquired a further 17.5 million shares in the Company (2013: 6.6m) representing 0.70% (2013:0.29 %) of the Company.

In addition, in January of this year we also raised a further 200,000,000 ordinary shares of no par value, which were issued at a price of 0.25 pence per share, for a cash consideration of £500,000 before share issue costs.

In line with expectations and with last year, we report a pre tax loss of £1.768m (2013: restated loss of £1.849m) and a loss per share of £0.08 (2013: £0.08 (restated)).

#### Outlook

Notwithstanding the cost rationalisation measures implemented over the period and the reduction in head count, Ortac continues to possess a reasonable cash treasury and maintain a small, but core team, which has the capabilities to continue our development objectives, and enhance and build our portfolio of assets.

For the coming period, our team will be focussed on continuing with development of the initiatives implemented in Slovakia and assist Andiamo in completing the technical work required for an application for a mining permit to be granted at Yacob Dewar.

Finally and before thanking our shareholders for their valued support, I would like to express my personal thanks to the Ortac team and all those who have helped us, and been with us over the last year. As to our shareholders, despite the difficult global market conditions and the challenges faced by junior mining companies over the last few years, the support we have received is acknowledged and greatly appreciated and I would like to take this opportunity to thank you all and I look forward to updating you with further positive progress in the year ahead.

Anthony Balme

Chairman

11 August 2014

## FINANCIAL STATEMENT

Group Statement of Comprehensive Income for the Year ended 31 March 2014

	(Restated)	
	Year to	Year to
	31 March 2014	31 March 2013
Notes	£ 000s	£ 000s
Revenue	-	-

Other Income	3	24	32
Administrative expenses	4	(1,546)	(1,463)
Share-based payments	9, 20, 27	(258)	(103)
Impairment of available for sale financial asset	15	-	(240)
Impairment of intangible assets	5, 12	-	(105)
Group loss		(1,780)	(1,879)
Finance Income	11	12	30
Loss before income tax		(1,768)	(1,849)
Income tax expense	7	-	-
Loss for the year from continuing operations		(1,768)	(1,849)
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences		(162)	83
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(1,930)	(1,766)
Attributable to:			
Owners of the parent		(1,930)	(1,766)

There are no discontinued activities

Loss per share from continuing and discontinued operations attributable to owners of the parent during the year

- Basic & diluted (pence per share) 10 (0.08) (0.08)

The notes on pages 33 to 57 are an integral part of these consolidated financial statements

Company Statement of Comprehensive Income for the Year ended 31 March 2014

		(Restated)	
		Year to	Year to
		31 March 2014	31 March 2013
	Notes	£ 000s	£ 000s
Revenue		-	-
Administrative expenses	4	(868)	(680)
Share-based payments	9, 20, 27	(258)	(103)
Impairment of available for sale financial asset	15	-	(240)
Operating loss		(1,126)	(1,023)
Finance Income	11	12	30
Loss before income tax		(1,114)	(993)
Income tax expense	7	-	-
Loss for the year		(1,114)	(993)

Other comprehensive income

Items that may be subsequently reclassified to profit or loss

Currency translation differences	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year, net of tax	(1,114)	(993)

The notes on pages 33 to 57 are an integral part of these consolidated financial statements

Group Balance Sheet as at 31 March 2014

(Restated)

31 March 2014 31 March 2013

Notes £ 000s £ 000s

## ASSETS

### Non-current assets

Intangible assets	12	12,354	11,407
Property, plant and equipment	13	273	326
Total non-current assets		12,627	11,733

### Current assets

Inventories	16	5	9
Trade and other receivables	17	195	142
Available for sale financial assets	15	604	70
Cash & cash equivalents	22	2,253	5,165
Total current assets		3,057	5,386
TOTAL ASSETS		15,684	17,119

## LIABILITIES

### Current liabilities

Trade and Other payables	18	(224)	(487)
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TOTAL LIABILITIES		(224)	(487)
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NET ASSETS		15,460	16,632
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### EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT

Share capital	19	-	-
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Share premium	21	30,411	29,911
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Share based payments reserve		2,301	2,043
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Foreign exchange reserve		(39)	133
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Retained earnings		(17,213)	(15,455)
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TOTAL EQUITY		15,460	16,632
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These financial statements were approved by the Board of Directors on 11 August 2014 and signed on its behalf by:

Anthony Balme

Vassilios Carellas

Executive Chairman

Chief Executive Officer

The notes on pages 33 to 57 are an integral part of these consolidated financial statements

Company Balance Sheet as at 31 March 2014

(Restated)

31 March 2014 31 March 2013

Notes £ 000s £ 000s

## ASSETS

Non-current assets

Property, plant and equipment	13	6	12
Investment in subsidiaries	14	7,485	7,485
Trade and other receivables	17	7,951	6,013
Total non-current assets		15,442	13,510
Current assets			
Trade and other receivables	17	17	17
Available for sale financial assets	15	605	70
Cash and cash equivalents		2,199	5,006
Total Current Assets		2,821	5,093
TOTAL ASSETS		18,263	18,603
LIABILITIES			
Current Liabilities			
Trade and other payables	18	(38)	(22)
TOTAL LIABILITIES		(38)	(22)
NET ASSETS		18,225	18,581
EQUITY ATTRIBUTABLE TO SHAREHOLDERS			
Share capital	19	-	-
Share premium	21	30,411	29,911
Share based payments reserve		2,301	2,043
Retained earnings		(14,487)	(13,373)
TOTAL EQUITY		18,225	18,581

These financial statements were approved by the Board of Directors on 11 August 2014 and signed on its behalf by:

Anthony Balme

Vassilios Carellas

Executive Chairman

Chief Executive Officer

The notes on pages 33 to 57 are an integral part of these consolidated financial statements

Group Statement of Cash Flows for the Year ended 31 March 2014

		(Restated)	
		Year to	Year to
		31-Mar-14	31-Mar-13
	Notes	£ 000s	£ 000s
Cash flows from operating activities			
Loss before taxation		(1,768)	(1,849)
Finance income		(12)	(30)
Share based payments	9, 19	258	103
Impairment of available for sale financial asset		-	240
Impairment of intangibles		-	105
Loss on sale of available for sale financial asset	15	32	-
Exchange difference		70	(52)
Depreciation	12, 13	28	79
Operating loss before changes in working capital		(1,392)	(1,404)
Decrease/(Increase) in inventories	16	4	(2)
Increase in trade and other receivables	17	(53)	(3)
(Decrease)/Increase in trade and other payables	18	(263)	303
Net cash used in operating activities		(1,704)	(1,106)

Cash flows used in investing activities

Purchase of intangible assets	12	(1,174)	(1,390)
Proceeds/(purchases) of property, plant, and machinery	13	21	(47)
Purchase of available-for-sale financial assets	15	(605)	-
Proceeds from sale of available for sale investments	15	38	-
Interest received	11	12	30
Net cash used in investing activities		(1,708)	(1,407)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	19	500	-
Net cash from financing activities		500	-
Net decrease in cash and cash equivalents		(2,912)	(2,513)
Cash and cash equivalents at beginning of year		5,165	7,678
Cash and cash equivalents at end of the year	22	2,253	5,165

There were no material non-cash items.

The notes on pages 33 to 57 are an integral part of these consolidated financial statements

Company Statement of Cash Flows for the Year Ended 31 March 2014

(Restated)

Year to      Year to  
31-Mar-14   31-Mar-13

Notes   £ 000s      £ 000s

Cash flows from operating activities

Loss before taxation		(1,114)	(993)
Finance income		(12)	(30)
Share-based payments	9, 19	258	103

Impairment of available for sale financial asset	15	-	240
Loss on sale of available for sale financial asset	15	32	-
Depreciation	12, 13	6	5
Operating loss before changes in working capital		(830)	(675)
(Increase)/decrease in trade and other receivables	17	-	(13)
Increase/(decrease) in trade and other payables	18	16	(13)
Net cash used in operating activities		(814)	(701)
Cash flows used in investing activities			
Loans to subsidiaries	17	(1,938)	(1,901)
Proceeds from sale of property, plant and equipment	13	-	(3)
Purchase of available-for-sale financial assets	15	(605)	-
Proceeds from sale of available for sale financial assets	15	38	-
Interest received	11	12	30
Net cash used in investing activities		(2,493)	(1,874)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	19	500	-
Net cash from financing activities		500	-
Net decrease in cash and cash equivalents		(2,807)	(2,575)
Cash and cash equivalents at beginning of year		5,006	7,581
Cash and cash equivalents at end of the year		2,199	5,006

The notes on pages 33 to 57 are an integral part of these consolidated financial statements

Group Statement of Changes in Equity for the Year ended 31 March 2014

Attributable to the owners of the parent

	Share capital	Share premium	Foreign exchange reserve	Share based payment reserve	Retained earnings	Total equity
	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s
Balance as at 1 April 2012 (as previously reported)	-	29,994	(58)	1,857	(13,498)	18,295
Loss for the year (Restated)	-	-	-	-	(1,849)	(1,849)
Items that may be subsequently reclassified to profit or loss						
Currency translation differences (Restated)	-	-	191	-	(108)	83
Other comprehensive income for the year (Restated)	-	-	191	-	(108)	83
Total comprehensive income for the year (Restated)	-	-	191	-	(1,957)	(1,766)
Balance as at 31 March 2013 (Restated)	-	29,994	133	1,857	(15,455)	16,529
Issue of warrants (Restated)	-	(83)	-	83	-	-
Share based payments (Restated)	-	-	-	103	-	103
Total transactions with owners, recognised directly in equity (Restated)	-	(83)	-	186	-	103
Balance as at 31 March 2013 (Restated)	-	29,911	133	2,043	(15,455)	16,632
Balance as at 1 April 2013	-	29,911	133	2,043	(15,455)	16,632
Loss for the year	-	-	-	-	(1,768)	(1,768)
Items that may be subsequently reclassified to profit or loss						
Currency translation differences	-	-	(172)	-	10	(162)
Other comprehensive income for the year	-	-	(172)	-	10	(162)
Total comprehensive income	-	-	(172)	-	(1,758)	(1,930)

Share capital issued	-	500	-	-	-	500
Share based payments	-	-	-	258	-	258
Total transactions with owners, recognised directly in equity	-	500	-	258	-	758
Balance as at 31 March 2014	-	30,411	(39)	2,301	(17,213)	15,460

The notes on pages 33 to 57 are an integral part of these consolidated financial statements

Company Statement of Changes in Equity for the Year ended 31 March 2014

Attributable to equity shareholders

	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity
	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s
Balance as at 1 April 2012 (as previously reported)	-	29,994	1,857	(12,380)	19,471
Loss for the year (Restated)	-	-	-	(993)	(993)
Total comprehensive income for the year (Restated)	-	-	-	(993)	(993)
Balance as at 31 March 2013 (Restated)	-	29,994	1,857	(13,373)	18,478
Issue of warrants (Restated)	-	(83)	83	-	-
Share based payments (Restated)	-	-	103	-	103
Total transactions with owners, recognised directly in equity (Restated)	-	(83)	186	-	103
Balance as at 31 March 2013 (Restated)	-	29,911	2,043	(13,373)	18,581
Balance as at 1 April 2013	-	29,911	2,043	(13,373)	18,581

Loss for the year	-	-	258	(1,114)	(856)
Total comprehensive income for the year	-	-	258	(1,114)	(856)
Share capital issued	-	500	-	-	500
Total transactions with owners, recognised directly in equity	-	500	-	-	500
Balance as at 31 March 2014	-	30,411	2,301	(14,487)	18,225

The notes on pages 33 to 57 are an integral part of these consolidated financial statements

## NOTES TO THE FINANCIAL STATEMENTS

### 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 2014 were authorised for issue by the Board on 11 August 2014 and the Balance Sheets were signed on the Board's behalf by Mr. Anthony Balme and Mr. Charles Wood.

#### b. Statement of Compliance with IFRS

The following new IFRS standards and/or amendments to IFRS standards are mandatory for the first time for the Group. Except as otherwise noted as being irrelevant to the Group, the implementation of these standards did not have a material effect on the Group:

Standard	Effective date
IAS 12	Amendment to IAS 12 - Deferred tax: Recovery of underlying assets 1 January 2012* <sup>4</sup>
IAS 19	Amendment to IAS 19 - Employee benefits (corridor method) 1 January 2013
IFRIC 20	Stripping costs in the production phase of surface mine 1 January 2013
IAS 1	Amendments to IAS 1 "Presentation of Financial Statements" - presentation of items of Other Comprehensive Income 1 July 2012* <sup>4</sup>
IFRS 1	Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" - Government Loans 1 January 2013* <sup>2</sup>
IFRS 7	Amendments to IFRS 7 "Financial Instruments: Disclosures" - offsetting financial assets and financial liabilities 1 January 2013
IFRS 13	Fair value measurement 1 January 2013

Annual Improvements to IFRSs 2009-2011  
 Annual Improvements to IFRSs 2009-2011  
 Cycle (Amendments to IFRS 1, IAS 1, IAS 16,  
 (Issued May 2012) IAS 32, IAS 34) 1 January 2013

Standards, amendments and interpretations that have been issued, but are not yet effective or have not yet been EU-endorsed and have not been early adopted are as follows:

Standard		Effective date
IFRS 10	Consolidated financial statements	1 January 2013 <sup>*1</sup>
IFRS 11	Joint arrangements	1 January 2013 <sup>*1</sup>
IFRS 12	Disclosure of interest in other entities	1 January 2013 <sup>*1</sup>
IAS 27	Separate financial statements	1 January 2013 <sup>*1</sup>
IAS 28	Investments in associates and joint ventures	1 January 2013 <sup>*1</sup>
IAS 19 (Amendment 2011)	Employee benefits - Defined benefit plans: employee contributions	1 July 2014 <sup>*3</sup>
IAS 27 (Amendment 2011)	Separate financial statements - investment entities	1 January 2013 <sup>*1</sup>
IAS 28 (Amendment 2011)	Investments in associates and joint ventures	1 January 2013 <sup>*1</sup>
IFRS 10, IFRS 12 and IAS 27 (Amendments issued October 2012)	Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	1 January 2014
IAS 32 (Amendment 2011)	Offsetting financial assets and financial liabilities	1 January 2014
IAS 36 (Amendments issued May 2013)	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
IAS 39 (Amendments issued June 2013)	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IAS 39, IFRS 7 and IFRS 9 (amendment November 2013)	Hedge accounting	No mandatory effective date
IFRS 7 and 9 (amendment December 2011)	Mandatory effective date and transition disclosures	No mandatory effective date
IFRS 10, IFRS 11, and IFRS 12 (Amendments)	Amendments re Transition guidance	1 January 2014
IFRIC 21	IFRIC Interpretation 21 "Levies"	1 January 2014
IFRS 9	Financial instruments	No mandatory effective date

IAS 16 and IAS 38 (Amendments)	Clarification of acceptable methods of depreciation and amortization	1 January 2016*3
IFRS 11 (Amendment)	Accounting for acquisition of interests in joint operations	1 January 2016*3
IFRS 14	Regulatory deferral accounts	1 January 2016*3
IFRS 15	Revenue from contracts with customers	1 January 2017*3
Annual Improvements Cycle (Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38)	Annual Improvements to IFRSs 2010-2012	1 July 2014*3
Annual Improvements Cycle (Amendments to IFRS 1, IFRS 3, IFRS 13, IAS 40)	Annual Improvements to IFRSs 2011-2013	1 July 2014*3
IAS 16 and IAS 41 (Amendments)	Property, plant and equipment and Agriculture: Bearer Plants	1 January 2016*3

1. Effective date 1 January 2014 for the EU.
2. Not relevant to the Group
3. Not yet endorsed by the EU.
4. Effective date 1 January 2013 for the EU.
5. Effective date 1 July 2014 for the EU.

The Group has not early adopted these amendments and new standards and is currently assessing the impact that these items will have on the consolidated financial statements.

### c. Basis of Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) as adopted by the European Union.

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

The financial statements of the year ended 31 March 2013 have been restated as per Note 27 to correct a prior period error resulting from the cost of warrants and options issued and expiring in 2013 not being charged to the financial statements.

### d. Basis of Consolidation

The consolidated financial statements incorporate 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 Group 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 Group 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. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

### e. Going Concern

The Group's business activities together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement on pages 2 and 4; in addition note 22 to the Financial Statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit and liquidity risk.

The Financial Statements have been prepared on a going concern basis. Although the Group's assets are not generating revenues and an operating loss has been reported, the Directors consider that the Group has sufficient funds to undertake its operating

activities for a period of at least the next 12 months following approval of the consolidated financial statements, including any additional payments required in relation to its current exploration projects. The Group has financial resources which will be sufficient to fund the Group's committed expenditure both operationally and on its exploration projects for the foreseeable future. However, as additional projects are identified and the projects moves towards production, additional funding will be required. The amount of funding is unforeseen at the point of approval of these Financial Statements and the Group will be required to raise additional funds either via an issue of equity or through the issuance of debt.

The Directors are confident that funds will be forthcoming if and when they are required and therefore have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these Financial Statements.

#### **f. Business combinations**

The acquisition of subsidiaries in a business combination is accounted for using the acquisition 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 as goodwill under intangibles within the Group Balance Sheet and any excess net fair value is recognised immediately in the Income Statement as negative goodwill on acquisitions of subsidiaries.

Any 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. There are no minority/non- controlling shareholders of subsidiaries.

#### **g. Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer, the Group's chief operating decision-maker.

#### **h. Contingent consideration**

Contingent consideration is chargeable to the profit and loss in the period in which it is recognised as payable. See note 25 below.

#### **i. Revenue**

The Group and Company had no revenue during the years ended 31 March 2014 and 31 March 2013.

#### **j. Foreign currencies**

The Group and Company'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. At present the functional currency of all of the Slovakian subsidiaries is Euro.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- monetary assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- non-monetary assets and liabilities for each balance sheet presented are translated at the historic rate at the date of that transaction;
- income and expenses for each statement of comprehensive income presented are translated at average exchange rates; and all resulting exchange differences are recognised in other comprehensive income where material.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are taken to other comprehensive income. When a foreign operation is sold, such cumulative exchange differences are subsequently reclassified in the income statement as part of the gain or loss on sale.

#### **k. Taxation**

Tax is recognised in the Income Statement/Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill;

deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax assets and liabilities are not discounted.

There has been no tax credit or expense for the period relating to current or deferred tax.

## I. Intangible Assets

### Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of acquisition. Goodwill arising on the acquisition of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

### Exploration and evaluation assets

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 amortised to the Income Statement.

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 (useful economic life) of the commercial ore reserves on a unit of production basis. Impairment reviews are 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 to the Income Statement.

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 disposal of recoverable reserves.

## m. 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 Intangible assets

**Exploration and evaluation** costs have a carrying value at 31 March 2014 of £12,084,000 (2013: £11,137,000). Management tests annually whether exploration projects have future economic value in accordance with the accounting policy stated in note aa. 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 asset and a suitable discount rate in order to calculate present value. If this proves to be incorrect and the project does not have any value, the exploration

and evaluation costs will be written off to the Income Statement.

**Goodwill** has a carrying value at 31 March 2014 of £ 270,000 (2013: £270,000). The Group tests annually whether goodwill has suffered any impairment. Management has concluded that there is no impairment charge necessary to the carrying value of goodwill.

Further information as to the impairment review carried out by the Directors can be found in notes 5 and 12.

#### ii) Available for sale financial assets

Available-for-sale financial assets consist of equity investments that are neither classified as held for trading nor designated at fair value through profit or loss. After initial recognition whereby these are recognised at cost being their initial fair value, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the Income Statement within finance costs.

During the year, Ortac Resources Limited made an investment in Andiamo Exploration Limited of £605,000 (2013: £nil), which is treated as an available for sale financial asset. Given it is an unquoted company, the available for sale financial assets is categorised as Level 3, which is described in more detail within Note 22.

#### iii) Share-based payments

The Directors are required to make certain estimates when determining the fair value of share options and warrants issued ("awards"), and the number of awards that are expected to vest. These estimates affect the amount recognized as share based payments in the Income Statement in respect of share based payments. The assumptions made have been described in more detail in accounting policy x), cc) and note 20 below.

Were the actual number of awards that vest to differ by 10% from management's estimates the overall option charge would increase/decrease by £26,000 (2013 as restated: £10,300).

#### iv) Contingent Liability

As referred to in note 25, the contingent consideration arrangement requires Ortac Resources UK Limited to pay vendor royalties of up to US\$3,750,000 -£2,253,335 at 31 March 2014- (2013: -£2,440,940) 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 at the Kremnica property.

The fair value of the above have 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\$/ Sterling exchange rates.

The Directors estimate that the carrying value of contingent consideration would be £ 65,726 lower or £ 65,726 higher if the US\$ exchange rate was to change by 5% from its year end rate.

### **n. Finance Income**

Finance income consists of bank interest on cash and cash equivalents which is recognised as accruing on a straight line basis, over the period of the deposit.

There is no finance income in respect of the available for sale financial assets.

### **o. Cash and Cash Equivalents**

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

### **p. Inventories**

Inventories largely consist of operational and maintenance consumables held and are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method, and the Directors are of the opinion that there is no significant difference between cost and net realisable value, and no provisions are required.

### **q. Trade and Other Receivables**

Trade receivables, which generally have 15-day terms, are recognised initially at cost, being their initial fair value. These are classified as loans and receivables, and so are subsequently carried at cost using the effective interest method. The Directors are of the view that such items are collectible and no provisions are required.

### **r. Investments**

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

consolidation.

## **s. Financial Instruments**

The Group's financial instruments are classified as loans and receivables and available for sale financial assets. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments 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, except where impaired as per note m) ii)

Trade and other payables are classified as financial liabilities, and are initially recognised at cost, being its fair value, and subsequently measured at amortised cost using the effective interest method. Any interest is recognised as a finance cost within the Income Statement.

There is no material difference between the carrying values and fair value of the Group's financial instruments.

## **t. Share capital:**

This represents the nominal value of the equity shares in issue.

## **u. Share premium:**

When shares are issued, any premium paid above the nominal value is credited to the share premium reserve.

## **v. Retained earnings:**

This records the accumulated profits and losses of the Group since inception of the business and adjustments relating to options and warrants.

## **w. Available for sale investment reserve.**

This reserve is used to record the fair value movements in available for sale financial assets as per note m (ii) and s).

## **x. 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. The reserve represents the fair value of options and performance share rights recognised as an expense. Upon exercise of options or performance share rights, any proceeds received are credited to share capital and share premium.

## **y. 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.

## **z. Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on all property, plant and equipment 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- whichever is the lesser;
- Plant and Equipment - between 5% and 25%

All assets are subject to annual impairment reviews.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replacement part is derecognised. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

The asset's residual value and useful economic lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying value is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within the Income Statement.

## **aa. 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 the Income Statement 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.

## **bb. Trade and Other Payables**

Trade and other payables are carried at amortised cost under the effective interest method 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.

## **cc. Share-based payments**

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 the Income Statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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/(loss) per share.

## **dd. 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 the Income Statement on a straight-line basis over the period of the respective leases.

## **ee. Earnings per share**

Basic Earnings per share is calculated as total comprehensive income attributable to equity holders of the parent for the period, adjusted to exclude any costs of servicing equity (other than 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);
- 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, such as share based payments;
- All divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

## 2. 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

31 March 2014	UK/BVI	Slovakia	Total
	£ 000's	£ 000's	£ 000's
<b>Result</b>			
Operating loss	(1,652)	(128)	(1,780)
Impairment Provision	-	-	-
Finance income	12	-	12
Loss on available for sale financial assets	-	-	-
Loss before & after taxation	(1,640)	(128)	(1,768)
<b>Other information</b>			
Depreciation	1	27	28
Capital additions	-	(1,153)	(1,153)

Assets			
Non current Assets	27	12,600	12,627
Non cash current assets	717	87	804
Cash and equivalent	2,208	45	2,253
Consolidated total assets	2,952	12,732	15,684

#### Liabilities

Non current liabilities	-	-	-
Current liabilities	(129)	(95)	(224)
Consolidated total liabilities	(129)	(95)	(224)

#### By geographical area

31 March 2013	UK/BVI	Slovakia	Total
	£ 000's	£ 000's	£ 000's

#### Result

Operating loss (Restated)	(1,565)	(314)	(1,879)
Impairment Provision	-	(105)	(105)
Finance income	30	-	30
Loss on available for sale financial assets	(240)	-	(240)
Loss before & after taxation (Restated)	(1,775)	(419)	(2,194)

#### Other information

Depreciation	(118)	156	38
Capital additions	(6)	(1,431)	(1,437)

#### Assets

Non current Assets	50	11,683	11,733
Non cash current assets	159	62	221
Cash and equivalent	5,019	146	5,165
Consolidated total assets	5,228	11,891	17,119

#### Liabilities

Non current liabilities	-	-	-
Current liabilities	(237)	(250)	(487)
Consolidated total liabilities	(237)	(250)	(487)

### 3. Other income

	2014	2013
	£ 000's	£ 000's
Rental income	18	32
Other sundry income	6	-
	24	32

### 4. Expenses by nature

	Group	Company	Group	Company
	2014	2014	2013	2013
	£ 000's	£ 000's	£ 000's	£ 000's
Directors' fees	296	202	320	201
Wages and salaries	268	98	231	88
Establishment expenses	126	20	125	17
Loss/(gain) on foreign exchange	164	103	(29)	-
Travel and subsistence expenses	147	78	158	25
Legal and professional fees	175	124	216	133
AIM related costs including Public Relations	193	181	212	192

Auditor's remuneration - audit	45	21	42	18
Loss on sale of Quoted investment	32	32	-	-
Donations and Sponsorship	44	-	15	-
Depreciation and amortization	28	6	143	5
Impairment	-	-	-	-
Other expenses	28	3	30	1
Total operating expenses	1,546	868	1,463	680

Establishment expenses includes £46,780 (2013: £49,413) relating to operating lease payments in connection with the Group's rental of office space in London.

Auditor's remuneration includes £24,000 (2013: £24,000) relating to the audit of the subsidiary companies. Professional fee's include £3,375 (2013: £4,279) relating to non audit related fees paid to the Group's auditors.

## 5. Impairment

An impairment review of exploration and evaluation assets is carried on out an annual basis in order to ensure that it is valued at the lower of cost and recoverable amount. Following their assessment the Directors concluded that no impairment of exploration and evaluation assets was necessary as at 31 March 2014 (2013: £105,000) and that no impairment of goodwill was required either (2013: £nil).

## 6. Employee Information

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

	2014	2013
Staff Costs comprised:	£ 000's	£ 000's
Wages and salaries	486	458
Less: capitalised exploration expenditure	(218)	(227)
Charge to the Income Statement	268	231

	2014	2013
Average number of persons employed:	Number	Number
Operations	16	14
Administration	4	4
	20	18

## 7. Taxation

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

	2014	2013 (Restated)
	£ 000's	£ 000's
Loss on ordinary activities before tax	(1,769)	(1,849)
Current tax at 8.74% (2013:12.21%)	(155)	(226)
Effects of:		
Permanent difference		9 84
Fixed asset timing differences		4 (9)
Unutilised losses	143	151
Total tax	-	-

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

The weighted average applicable tax rate of 8.74% (2013: 12.21%) used is a combination of the 24% standard rate of corporation tax in the UK, 22% Slovakian corporation tax and 0% BVI corporation tax. There is a minor change this year, due to the UK standard rate of corporation tax falling to 24% and Slovakian standard taxation rate reducing to 22%.

There are tax losses in the Group of £4,421,000 (2013 Restated: £3,757,000) which are carried forward for relief in future periods. The potential deferred tax asset of £926,000 (2013 Restated: £884,000) has not been recognised 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:

The UK government legislated during 2012 to reduce the main rate of corporation tax to 23%, applicable from 1 April 2013. On 17 July 2013, legislation was enacted to further reduce the UK corporation tax rate. The new tax rates are 21% for income earned from 1 April 2014 and 20% from 1 April 2015. The effect of the reduction to 20% is reflected in the deferred tax balance disclosure note. No further changes are foreseen to the future tax rates in the Slovak Republic or the BVI.

## 8. Dividends

No dividends were paid or are proposed.

## 9. Directors' Remuneration

	2014	2013
	£ 000's	£ 000's
Directors' remuneration	408	467

2014	Directors Fees	Consultancy Fees	Shares/Options	Total
	£ 000's	£ 000's	£ 000's	£ 000's
Executive Directors				
Anthony Balme	42	-	21	63
Vassilios Carellas	127	-	40	167
Charles Wood	87	-	10	97
Non-Executive Directors				
Paul Heber	20	-	21	41
David Paxton	20	-	20	40
	296	-	112	408
2013	Directors Fees	Consultancy Fees	Shares/Options (Restated)	Total (Restated)
	£ 000's	£ 000's	£ 000's	£ 000's
Executive Directors				
Anthony Balme	48	-	38	86
Charles Wood	84	-	38	122
Vassilios Carellas	151	-	47	198
Non-Executive Directors				
Paul Heber	16	-	-	16
David Paxton	21	-	24	45
	320	-	147	467

No pension benefits are provided for any Directors.

## 10. Earnings 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 year.

	(Restated)	
	2014	2013
	£ 000's	£ 000's
Loss attributable to equity holders	(1,768)	(1,849)
Weighted average number of ordinary shares used in calculating basic earnings per share (millions)	2,350.2	2,315.7
Basic earnings per share for continuing activities (expressed in pence)	(0.08)	(0.08)

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

## 11. Finance Income

	2014	2013
	£ 000's	£ 000's
Bank interest receivable	12	30

## 12. Intangible Assets

	Total	Goodwill	Exploration and evaluation costs
Group	£ 000's	£ 000's	£ 000's
Cost			
At 1 April 2012	10,024	270	9,754
Additions	1,390		1,390
Currency translation adjustments	131		131
Amortisation & Impairments	(138)		(138)

Net book value as at 31 March 2013	11,407	270	11,137
At 1 April 2013	11,407	270	11,137
Additions	1,174		1,174
Currency translation adjustments	(226)		(226)
Amortisation	(1)		(1)
Net book value as at 31 March 2014	12,354	270	12,084

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

1. Those based upon JORC or JORC compliant resource estimates which enable value in use calculations to be prepared: A reclassification of resource estimates undertaken in 2012 by a leading group of mining consultants led to the announcement of maiden JORC Ore Reserves for the Šturec Deposit with 13.97Mt of ore at a grade of 1.70g/t Au and 14.22g/t Ag (1.90g/t Au Equivalent) classified in the Proven and Probable categories, giving an open pit Ore Reserve of 873,000oz of gold equivalent (28 tonnes). Subsequently, a Pre-Feasibility Study, carried out by a leading practice of mining consultants, of the Šturec Project announced on 8 April 2013 further confirmed the economic feasibility of the Šturec project: which based upon a metals price of (at US\$1,343/oz Au Eq net price) and a discount rate of 8% gave an NPV of US\$195m (post tax US\$145m) and Internal Rate of Return ('IRR') of 30%. Gold prices are presently close to this price.

As regards the status of the mining license, in June 2014 and following an application which was approved by the Slovak Authorities, a program of trial underground mining was started, which plans to extract 4,000 tonnes of ore over the next three years. The commencement of this activity has satisfied the Company's obligations to the Slovak Republic, for maintaining the validity of its Mining License Area.

At the same time the relevant authorities have recently confirmed that Ortac s.r.o continues to hold both underground and surface mining rights to the Kremnica Mining License Area.

2. Those other projects, for which 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 are unlikely to be pursued and with preliminary results indicating modest returns, the Directors have continued with the policy of expensing the exploration costs incurred on these projects during the year.

An impairment review of exploration and evaluation assets and goodwill is carried on out an annual basis in order to ensure that each is valued at the lower of cost and recoverable amount. Following their assessment the Directors concluded that no impairment of exploration and evaluation assets was necessary as at 31 March 2014 (2013: £105,000) and that no impairment of goodwill was required either (2013: £nil).

### 13. Property, Plant and Equipment

Group	Office Equipment	Field Equipment	Total
Property, Plant and Equipment	£ 000's	£ 000's	£ 000's
Cost			
As at 1 April 2012	96	256	352
Additions	6	41	47
Currency translation adjustment	-	7	7
As at 31 March 2013	102	304	406

As at 1 April 2013	102	304	406
Disposals	-	(21)	(21)
Currency translation adjustment	-	(10)	(10)
As at 31 March 2014	102	273	375

#### Depreciation

As at 1 April 2012	(23)	(8)	(31)
Charge for the year	(29)	(17)	(46)
Currency translation adjustment	-	(3)	(3)
As at 31 March 2013	(52)	(28)	(80)

As at 1 April 2013	(52)	(28)	(80)
Charge for the year	(23)	(4)	(27)
Currency translation adjustment	-	5	5
As at 31 March 2014	(75)	(27)	(102)

#### Net book value

At 31 March 2013	50	276	326
At 31 March 2014	27	246	273

Depreciation charges for the year ended 31 March 2014 of £27,000 (2013: £46,000) have been charged to "administrative expenses".

Company	Office Equipment
Property, Plant and Equipment	£ 000's
Cost	
As at 1 April 2012	14
Additions	3

As at 31 March 2013	17
As at 1 April 2013 and as at 31 March 2014	17
Depreciation	
As at 1 April 2012	-
Charge for the year	(5)
Currency translation adjustment	-
As at 31 March 2013	(5)
As at 1 April 2013	(5)
Charge for the year	(6)
Currency translation adjustment	-
As at 31 March 2014	(11)
Net book value	
At 31 March 2013	12
At 31 March 2014	6

## 14. Investment in Subsidiaries

At 31 March 2014 the Company 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
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
Ortac s.r.o *	Slovak Republic 100%	Mineral Exploration

\* Wholly owned subsidiary of Ortac Resources (UK) Limited.

From 1 April 2014, Bellmin s.r.o. and G.B.E. s.r.o. have been merged into St. Stephans Gold s.r.o. In addition, Kremnica Gold s.r.o. has been merged into Ortac s.r.o. from this date.

## 15. Available for Sale Financial Assets

	2014	2013
Group and Company	£ 000's	£ 000's
As at 1 April	70	310
Additions	605	-
Disposal	(38)	-
Loss on disposals	(32)	-
Provisions for loss in market value	-	(240)
As at 31 March	605	70

Available for sale investments at the beginning of the year comprised the United Kingdom listed equity securities in Vatukoula Gold Mines plc; these were sold during the year realising a loss on sale of £32,000.

Additions during the year relate to the acquisition, by way of subscription agreement, of 18.47% of the enlarged share capital of Andiamo, a private UK incorporated Eritrean focussed mineral exploration company. Under the terms of this strategic alliance, Ortac has, until December 2015, the right to acquire an additional 21% of Andiamo.

## 16. Inventories

	Group	Company	Group	Company
	2014	2014	2013	2013
Inventories	£ 000's	£ 000's	£ 000's	£ 000's
Stocks and consumables	5	-	9	-
Total	5	-	9	-

## 17. Trade and Other Receivables

	Group	Company	Group	Company
	2014	2014	2013	2013
	£ 000's	£ 000's	£ 000's	£ 000's
Current trade and other receivables	83	-	61	-
Other receivables	112	17	81	17
Prepayments	195	17	142	17
Total				

Current trade and other receivables are all due within one year.

Company	2014	2013
Non current trade and other receivables	£ 000's	£ 000's
Loans advanced to subsidiaries	7,951	6,013

Loans advanced to subsidiaries are unsecured, interest free and have no fixed repayment date.

The fair value of trade and other receivables is the same as their carrying values as stated above.

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

	Group	Company	Group	Company
	2014	2014	2013	2013
	£ 000's	£ 000's	£ 000's	£ 000's
Current trade and other receivables	195	17	110	17
UK Pounds	-	-	32	-
Euros	195	17	142	17
Total				

Group	Company	Group	Company
2014	2014	2013	2013

Non current trade and other receivables	£ 000's	£ 000's	£ 000's	£ 000's
Euros	-	7,951	-	6,013
Total	-	7,951	-	6,013

Trade and 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.

## 18. Trade and Other Payables

	Group	Company	Group	Company
	2014	2014	2013	2013
	£ 000's	£ 000's	£ 000's	£ 000's
Current trade and other payables				
Trade payables	99	10	275	2
Other payables	48	7	50	3
Accruals	77	21	162	17
Total	224	38	487	22

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

## 19. 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 31 March 2013	2,315,679,020	-
Additions	200,000,000	-
As at 31 March 2014	2,515,679,020	-

On 24 January 2014, 200,000,000 ordinary shares of no par value were issued at a price of 0.25 pence per share, for a cash consideration of £500,000 before share issue costs.

## 20. Share Based Payments

Total share options in issue

Movements on the number of share options and their exercise price are as follows:

	No of Options	Weighted Average Exercise Price	(Restated) No of Options	(Restated) Weighted Average Exercise Price
	2014	Pence	2013	Pence
Outstanding at 1 April	209,800,000	1.10	164,800,000	1.24
Lapsed	-	-	(10,000,000)	5.00
Cancelled	-	-	(5,000,000)	1.00
Modified	(72,500,000)	1.19	-	-
Granted	142,000,000	0.83	60,000,000	1.35
Outstanding at 31 March	279,300,000	0.94	209,800,000	1.10

No options were exercised or forfeited in the years ended 31 March 2013 or 31 March 2014.

The options outstanding as at 31 March 2014 had a weighted average remaining contractual life of 4.90 years (2013: 4.98 years).

As at 31 March 2014 279,300,000 options were exercisable (2013: 209,800,000).

The fair value of the share options was determined using the Black-Scholes valuation model. The parameters used are detailed below:

	2010	2010	2010	2010	2010
Group and Company Options	Options	Options	Options	Options	Options
Date of grant or reissue	28-Jul-10	28-Jul-10	15-Sep-10	08-Oct-10	19-Oct-10
Weighted average share price (pence)	0.86	0.86	0.80	1.51	1.00
Weighted average exercise price (pence)	1.00	1.00	1.00	1.00	1.00
Expiry date	22-Apr-19	08-Jun-19	31-Dec-20	31-Dec-20	31-Dec-20
Options granted	23,600,000	11,200,000	15,000,000	5,000,000	1,500,000
Volatility	113%	113%	111%	135%	124%
Dividend yield	Nil	Nil	Nil	Nil	Nil
Option life (Years)	8.74	8.87	10.30	10.24	10.21

Annual risk free interest rate	3.50%	3.50%	3.30%	3.10%	3.20%
Forfeiture discount	Nil	Nil	Nil	Nil	Nil
Marketability discount	Nil	Nil	Nil	Nil	Nil
Total fair value of options granted £	350,625	614,712	111,525	73,905	14,396

	2014	2014	2014	2014	2014	2014	2014
Group and Company	Options						
Date of grant or reissue	18-Feb-14						
Weighted average share price (pence)	0.23	0.23	0.23	0.23	0.23	0.23	0.23
Weighted average exercise price (pence)	0.35	0.30	0.38	0.30	0.48	0.38	0.48
Expiry date	15-Dec-15	30-Jun-17	31-Dec-17	30-Jun-18	31-Dec-18	31-Dec-19	31-Dec-20
Options granted	51,000,000	71,000,000	35,500,000	10,000,000	35,500,000	10,000,000	10,000,000
Volatility	100%	100%	100%	100%	100%	100%	100%
Dividend yield	Nil						
Option life (Years)	1.82	3.36	3.87	4.36	4.87	5.87	6.87
Annual risk free interest rate	0.60%	1.20%	1.40%	1.60%	1.70%	2.00%	2.30%
Forfeiture discount	Nil						
Marketability discount	Nil						
Total fair value of options granted £	771,155	258,859	128,483	27,760	131,975	30,440	31,780

#### Total share warrants in issue

20,000,000 share warrants over ordinary shares were recognised as having been granted during the year ended 31 March 2014 (2013: nil).

As at 31 March 2014, the unexercised warrants in issue were:

Exercise Price	Vesting Date	Expiry Date	Warrants in Issue 31 March 2014	Warrants in Issue 31 March 2013 (Restated)
1p	15-Sep-10	31-Dec-15	16,500,000	16,500,000
1.25p	11-May-12	11-May-15	20,000,000	20,000,000

36,500,000      36,500,000

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.

The total number of options in issue during the year has given rise to a charge to the Income Statement for the year ended 31 March 2014 of £258,341 (2013 Restated: £103,000) based on the fair values at the time the options were granted.

## 21. Share Premium

	2014	2013
	£ 000s	£ 000s
As at 31 March previously stated	29,911	29,994
Issue of warrants	-	(83)
As at 1 April restated	29,911	29,911
Additions	500	-
As at 31 March	30,411	29,911

On 24 January 2014, 200,000,000 ordinary shares of no par value were issued at a price of 0.25 pence per share, for a cash consideration of £500,000 before share issue costs.

## 22. Financial Instruments and Capital Risk Management

### Financial Risk Management

#### Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign 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.

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

#### 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 and the US Dollar. Foreign exchange risk arises from recognised monetary assets and liabilities, where they may be denominated in a currency that is not the Group's functional currency. 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.

On the assumption that all other variables were held constant, and in respect of the Group and the Company's expenses 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 is as follows:

Potential impact on euro expenses: 2014	Effect on loss before tax for the year ended		Effect on equity before tax for the year ended	
	Group	Company	Group	Company
Increase/(decrease) in foreign exchange rate	£ 000's	£ 000's	£ 000's	£ 000's

5%	13	1	13	1
-5%	(13)	(1)	(13)	(1)

## ii) Price Risk

The Group was exposed to equity securities price risk because of investments held and classified in the Balance Sheet as available-for-sale financial assets. 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 had an investment in the equity of Vatakoula Gold Mines plc which is publicly traded and listed on the Alternative Investment Market of the London Stock Exchange. And now has 18.47% of the enlarged share capital of Andiamo. A part disposal of the shares held 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 market price on the Group's loss for the year and on equity. The analysis is based on the assumption that the share prices increase/decrease by 5% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the market:

Potential impact on:	Loss for the year		Other components of equity	
	2014	2013	2014	2013
	£ 000's	£ 000's	£ 000's	£ 000's
Available-for-sale financial assets	(30)	(4)	-	-

## 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.

The Group holds cash as a liquid resource to fund its obligations. 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 currency profile of the group's cash and cash equivalent is as follows:

	2014	2013
	£ 000's	£ 000's
Cash and cash equivalents		
Sterling	2,208	5,019
Euros	45	146
At end of period	2,253	5,165

On the assumption that all other variables were held constant, and in respect of the Group's cash position, the potential impact of a 5% increase/decrease in the UK Sterling/Euro foreign exchange rate would have increased the Group's loss for the year and on equity as at 31 March 2014 as follows:

Potential impact on:	Loss for the year		Other components of equity	
	2014	2013	2014	2013
	£ 000's	£ 000's	£ 000's	£ 000's
Cash and cash equivalents	3	9	3	9

### 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 a management process which 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 financial assets and financial liabilities that are measured at fair value at 31 March 2014.

Items at fair value as at 31 March 2014	Level 1	Level 2	Level 3	Total
	£ 000's	£ 000's	£ 000's	£ 000's
Available-for-sale financial assets				
-Equity securities	-	-	605	605
Total Assets	-	-	605	605

The following table presents the Group's financial assets and financial liabilities that are measured at fair value at 31 March 2013.

Items at fair value as at 31 March 2013	Level 1	Level 2	Level 3	Total
	£ 000's	£ 000's	£ 000's	£ 000's
Available-for-sale financial assets				
-Equity securities	70	-	-	70
Total Assets	70	-	-	70

### Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market

The movement in the levels during the year to 31 March 2014 are attributable to the disposal of the group's interest in VGM - an AIM listed company- and to the acquisition of shares in Andiamo, a non-listed private company.

#### Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to position as a going concern and to continue its exploration and evaluation activities. The Group has no debt at 31 March 2014 and has capital, based on the total equity of the Group, of £15,460,000. 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.

## 23. Commitments

#### Operating leases

	Group	Company	Group	Company
	2014	2014	2013	2013
	£ 000's	£ 000's	£ 000's	£ 000's
Future aggregate minimum lease payments				
Not later than one year	13	-	36	-
Later than one year but not later than five years	-	-	13	-
Total lease commitment	13	-	49	-

As at 31 March 2014, the Group has entered into only one material commitment, as follows:

· On the 16 August 2011, Ortac Resources (UK) Limited, at that time Ortac Resources plc entered into a 5-year lease agreement to rent space located at 96-97 Jermyn Street, at a rent payable of £36,000 per year, payable in 4 equal instalments in advance on a quarterly basis. The lease is terminable after 3 years, subject to six months notice.

#### Exploration commitments

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

## 24. Principal subsidiaries

The Group has the following principal subsidiaries at 31 March 2014:

Company	Country of Registration	Proportion held	Nature of business
Ortac Resources (UK) Limited	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
Ortac s.r.o *	Slovak Republic	100%	Mineral Exploration

\* Wholly owned subsidiary of Ortac Resources (UK) Limited.

From 1 April 2014, Bellmin s.r.o. and G.B.E. s.r.o. have been merged into St. Stephans Gold s.r.o.

In addition, Kremnica Gold s.r.o. has been merged into Ortac s.r.o. from this date.

## 25. Contingent liability

As part of its acquisition of Kremnica Gold s.r.o. and Kremnica Gold Mining s.r.o., on 15 September 2010, the company agreed to pay:

- Vendor royalties of up to US\$3,750,000 in either shares or cash - being \$15 per ounce on the first 250,000 ounces of gold equivalent (gold plus silver) resource defined as proven and probable reserve in the bankable 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
- 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 the updated third party resource study, the Directors are confident that proven and probable reserves 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 included in the Group financial statements.

The maximum contingent liability as at 31 March 2014 is £2,253,335 (2013: £2,440,940) in each case being the pounds sterling equivalent of US\$3,750,000 at rates of exchange prevailing at the respective year ends.

## 26. 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.

Balances owed to the Company by Ortac Resources (UK) Limited as at 31 March 2014 were £7,951,000 (2013: £6,013,000).

The following transactions took place with subsidiaries in the year to 31 March 2014 and 31 March 2013:

Amounts totalling £1,938,000 (2013: £1,901,000) were lent by the Company to Ortac Resources (UK) Limited, which, in turn and after meeting its own costs, then provided funding to the Group's subsidiaries in Slovakia.

Remuneration of Key Management Personnel

The remuneration of the Directors, and other key management personnel of the Group, is set out in Note 9.

## 27. Restatement of prior period results

During the present reporting period, it was identified that the cost of warrants and options issued and expiring in 2013 had not been charged to the financial statements of that year. The financial statements of the year ended 31 March 2013 have been restated to correct this error. The effect of the restatement on those financial statements is summarised below. There is no effect in 2014.

	Effect on 2013
	£ 000's
Decrease in Profit	(103)
Effect on Equity	Nil

## **28. Ultimate controlling party**

The Directors believe there to be no ultimate controlling party.

## **29. Events after the reporting period**

There have been no post balance sheet events to disclose.

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