

RNS Number : 0708R
Ortac Resources Limited
06 December 2016

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Ortac Resources Ltd

("Ortac" or the "Company")

Update on Andiamo Exploration Ltd

The Board of Ortac, the AIM quoted exploration and mine development company, announces an update in respect of its exploration partner in Eritrea, Andiamo Exploration Ltd ("Andiamo"), in which Ortac holds a 26.99% equity interest.

In July 2016, the Eritrean Government granted Andiamo an extension of 91km² to its Haykota licence, covering ground containing known volcanogenic massive sulphide ("VMS") targets. The area was previously part of a licence held by a now defunct Libya-Eritrea joint venture company, which ceased exploration following political change in Libya. Andiamo now plans a review of existing data followed by exploration for VMS, copper-gold and shear-hosted gold mineralisation, especially over known mineralised zones in the Mio area.

The terms of the agreement between Environminerals East Africa ("EEA") and Andiamo have been satisfied, thereby awarding EEA a 50% interest in discoveries made in the JV agreement area.

In August 2016, EEA offered to exchange its joint venture interest in the JV license area for equity in Andiamo, EEA having expended approximately US\$2.3 million on exploration. Andiamo and EEA agreed on 30 September 2016 to exchange the JV interest for a 25% interest in the share capital of Andiamo, but subject to certain conditions being fulfilled. The transaction has not yet completed and potentially may not complete, but under the original terms might imply a value of approximately US\$0.17 per Andiamo share; this could potentially value Ortac's interest in Andiamo at approximately US\$1.8 million. If the transaction does complete, EEA will nominate a director to Andiamo's board and EEA's principal shareholder has expressed an interest in investing further in Andiamo.

Vassilios Carellas, Ortac's CEO, commented: "The strategic extension of Andiamo's exploration area to the south ensures that Andiamo have secured an exciting trend along the western VMS belt in Eritrea where economic discoveries have recently been made and reported by Nevsun Resources Ltd. (TSX:NSU) (NYSE MKT:NSU) just to the north of Andiamo's license area.

Further, it is encouraging to see EEA wanting to convert its JV interest into shares in Andiamo as this supports our belief that apart from the JV area, the rest of Andiamo's exploration area is of material interest and could well deliver a discovery of significance. Although this transaction, if completed, would be at a 70% premium to the price paid by Ortac for its recent purchase of Andiamo shares in September, it is assumed that any new money raised by Andiamo may be at a level lower than this."

-ENDS-

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