

Registration number: 06418951

# Ortac Resources (UK) Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 March 2020



Beever and Struthers  
St George's House  
215 - 219 Chester Road  
Manchester  
M15 4JE

# Ortac Resources (UK) Limited

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# **Ortac Resources (UK) Limited**

## **Company Information**

### **Directors**

Paul Fromson

Gino D'Anna

### **Registered office**

C/o Hill Dickinson LLP  
8th Floor, The Broadgate Tower  
20 Primrose Street  
London  
EC2A 2EW

### **Auditors**

Beever and Struthers  
St George's House  
215 - 219 Chester Road  
Manchester  
M15 4JE

## Ortac Resources (UK) Limited

### Strategic Report for the Year Ended 31 March 2020

The directors present their strategic report for the year ended 31 March 2020.

#### Change of Parent Entity

On 17th February 2020 Metalstech Ltd, a company listed on Australian Securities Exchange (ASX code MTC), acquired all the issued capital of Ortac Resources (UK) Ltd and became the parent entity.

#### Principal activity

The principal activity of Ortac Resources (UK) Limited ("the Group") is the management and supervision of the activities of its subsidiaries in Slovakia in developing the Sturec gold project in Kremnica and elsewhere exploring for gold and precious metals in Slovakia.

#### Business Review

Loss on ordinary activities after taxation amounted to £65,910 (2019: £117,650). No dividends were paid in the year (2019: nil). In 2020 the Group impaired its investment in Sturec by an amount of nil (2019: £422,000).

#### Future Developments

The Company expects to continue with exploration of gold and precious metals at the Sturec gold project in Kremnica, Slovakia.

#### Post balance sheet events

There were no post balance sheet events other than the Covid-19 pandemic noted below.

#### Covid-19 Pandemic

The coronavirus pandemic has created global economic and social disruption. One of the impacts of the pandemic is a stronger gold price with strong interest in the gold sector worldwide. This in turn has increased the value of the Sturec gold project which contains a significant gold resource.

The immediate impact of the corona virus pandemic has been the restriction on travel however the group has been successful in attracting local consultants and a drilling company to continue exploration at the Sturec gold project.

During these unprecedented times, Ortac is continually reviewing the existing and potential impact of the pandemic on all of our wider stakeholder groups.

The Board's priority is the welfare and safety of staff and partners and to safely navigate the current crisis.

#### Principal risks and uncertainties

The principal risks and uncertainties are integrated with the principal risks and uncertainties of the group undertaking and are not managed separately. Accordingly, the principal risks and uncertainties of MetalsTech Limited, which include those of the Ortac Resources (UK) Limited group are discussed in the MetalsTech Limited Annual Report.

Approved by the Board on 14 September 2020 and signed on its behalf by:



Paul Fromson  
Director

## Ortac Resources (UK) Limited

### Directors' Report for the Year Ended 31 March 2020

The directors present their report and the consolidated financial statements for the year ended 31 March 2020.

#### Directors of the group

The directors who held office during the year were as follows:

Paul Fromson (appointed 14<sup>th</sup> February 2020)

Gino D'Anna (appointed 14<sup>th</sup> February 2020)

Vasilios Carrellas (resigned 26<sup>th</sup> May 2020)

#### Going Concern

The Group made a loss in the year and is reliant on its parent, MetalsTech Ltd, for support. Further funding will be required within 12 months of signing of the financial statements. The Group's parent has demonstrated its ability to raise funds in equity markets. The Directors believe that preparation of the Group's accounts on a going concern basis is appropriate and consistent with the basis of preparation of its ultimate parent undertaking MetalsTech Ltd.

#### Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### Indemnification of officers

During the financial year the Group insured the directors and officers of the Group against any liability incurred as a director or officer to the extent permitted.

The Group has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Group against a liability incurred as such as an officer or auditor.

#### Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the period, for any person who is or has been an auditor of the Group.

Beever and Struthers LLP have been appointed as Ortac Resources (UK) Ltd's External Auditors. The auditor is deemed to have been appointed in accordance with section 487 of the Companies Act 2006.

Approved by the Board on 14 September 2020 and signed on its behalf by:



Paul Fromson  
Director

## **Ortac Resources (UK) Limited**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the strategic report, the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. The directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss for the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Ortac Resources (UK) Limited**

### **Independent Auditor's Report to the Members of Ortac Resources (UK) Limited**

#### **Opinion**

We have audited the financial statements of Ortac Resources (UK) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020, which comprise the Consolidated Statement of Profit and Loss and Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

## **Ortac Resources (UK) Limited**

### **Independent Auditor's Report to the Members of Ortac Resources (UK) Limited**

We have nothing to report in this regard.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Other matters**

In the previous accounting period the directors of the company took advantage of audit exemption under s477 of the Companies Act. Therefore the prior period financial statements were not subject to audit.

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities [set out on page 4], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



## Ortac Resources (UK) Limited

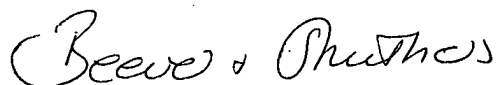
### Independent Auditor's Report to the Members of Ortac Resources (UK) Limited

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Caroline Monk BA FCA (Senior Statutory Auditor)  
For and on behalf of Beever and Struthers, Statutory Auditor  
St George's House  
215 - 219 Chester Road  
Manchester  
M15 4JE

Date: 14 September 2020

**Ortac Resources (UK) Limited**

**Consolidated Statement of Profit and Loss and Comprehensive Income for the Year Ended 31 March 2020**

|  | Note | 2020<br>£       | 2019<br>£        |
|--|------|-----------------|------------------|
| Revenue  |      | -               | -                |
| Administrative expenses                        |      | (65,910)        | (117,650)        |
| <b>Operating loss</b>                          |      | <b>(65,910)</b> | <b>(117,650)</b> |
| Loss before income tax                         |      | (65,910)        | (117,650)        |
| Income tax expense                             |      | -               | -                |
| <b>Loss for the financial year</b>             |      | <b>(65,910)</b> | <b>(117,650)</b> |
| Other comprehensive income                     |      | -               | -                |
| <b>Total comprehensive income for the year</b> |      | <b>(65,910)</b> | <b>(117,650)</b> |

The group has no recognised gains or losses for the year other than the results above.

The notes form an integral part of these financial statements.

# Ortac Resources (UK) Limited

(Registration number: 06418951)

## Consolidated Statement of Financial Position as at 31 March 2020

|   | Note | 2020<br>£        | 2019<br>£           |
|---|------|------------------|---------------------|
| <b>ASSETS</b>                                 |      |                  |                     |
| <b>Non-current assets</b>                     |      |                  |                     |
| Deferred exploration expenditure              | 8    | 8,446,387        | 8,525,101           |
| <b>Current assets</b>                         |      |                  |                     |
| Trade and other receivables                   | 8    | 942              | 7,265               |
| Cash and cash equivalents                     |      | 14,931           | 7,584               |
| <b>TOTAL ASSETS</b>                           |      | <b>8,462,260</b> | <b>8,539,950</b>    |
| <b>LIABILITIES</b>                            |      |                  |                     |
| Current liabilities: Trade and other payables | 9    | 41,194           | 19,029,550          |
| <b>TOTAL LIABILITIES</b>                      |      | <b>41,194</b>    | <b>19,029,550</b>   |
| <b>EQUITY</b>                                 |      |                  |                     |
| Called up share capital                       | 10   | 19,693,993       | 560,993             |
| Share premium reserve                         |      | 1,311,861        | 1,311,861           |
| Retained Earnings - deficit                   |      | (12,584,788)     | (12,362,454)        |
| <b>TOTAL EQUITY</b>                           |      | <b>8,421,066</b> | <b>(10,489,600)</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>           |      | <b>8,462,260</b> | <b>10,489,600</b>   |

Approved and authorised by the Board on 14 September 2020 and signed on its behalf by:



Paul Fromson  
Director


**Ortac Resources (UK) Limited**

(Registration number: 06418951)

**Company Statement of Financial Position as at 31 March 2020**

|   | Note | 2020<br>£        | 2019<br>£           |
|---|------|------------------|---------------------|
| <b>ASSETS</b>                                 |      |                  |                     |
| <b>Non-current assets</b>                     |      |                  |                     |
| Investment in subsidiaries                    | 7    | 1,327,400        | 1,327,400           |
| Loans to subsidiaries                         | 8    | 5,153,270        | 5,068,751           |
| Deferred exploration expenditure              | 8    | 1,585,769        | 1,585,769           |
|   |      | 8,066,439        | 7,981,920           |
| <b>Current assets</b>                         |      |                  |                     |
| Trade and other receivables                   | 8    | -                | 5,168               |
| Cash and cash equivalents                     |      | 2,487            | 347                 |
|   |      | 2,487            | 5,515               |
| <b>TOTAL ASSETS</b>                           |      | <b>8,068,926</b> | <b>7,987,435</b>    |
| <b>LIABILITIES</b>                            |      |                  |                     |
| Current liabilities: Trade and other payables | 10   | 8,338            | 18,995,500          |
| <b>TOTAL LIABILITIES</b>                      |      | <b>8,338</b>     | <b>18,995,500</b>   |
| <b>EQUITY</b>                                 |      |                  |                     |
| Called up share capital                       | 11   | 19,693,993       | 560,993             |
| Share premium reserve                         |      | 1,311,861        | 1,311,861           |
| Retained Earnings - deficit                   |      | (12,945,266)     | (18,880,919)        |
| <b>TOTAL EQUITY</b>                           |      | <b>8,060,588</b> | <b>(11,008,065)</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>           |      | <b>8,068,926</b> | <b>7,987,435</b>    |

Approved and authorised by the Board on 14 September 2020 and signed on its behalf by:



Paul Fromson  
Director

## Ortac Resources (UK) Limited

### Consolidated Statement of Changes in Equity for the Year Ended 31 March 2020

|                             | Share capital<br>£ | Share premium<br>£ | Retained<br>earnings<br>£ | Total<br>£   |
|-----------------------------|--------------------|--------------------|---------------------------|--------------|
| At 1 April 2018             | 560,993            | 1,311,861          | (12,244,804)              | (10,371,950) |
| Loss for the year           | -                  | -                  | (117,650)                 | (117,650)    |
| Other comprehensive income  | -                  | -                  | -                         | -            |
| At 31 March 2019            | 560,993            | 1,311,861          | (12,362,454)              | (10,489,600) |
| At 1 April 2019             | 560,993            | 1,311,861          | (12,362,454)              | (10,489,600) |
| Foreign Exchange Adjustment | -                  | -                  | (156,425)                 | (156,425)    |
| Share Issue                 | 19,133,000         | -                  | -                         | 19,133,000   |
| Loss for the year           | -                  | -                  | (65,910)                  | (65,910)     |
| Other comprehensive income  | -                  | -                  | -                         | -            |
| At 31 March 2020            | 19,693,993         | 1,311,861          | (12,584,788)              | 8,421,066    |

## Ortac Resources (UK) Limited

### Consolidated Statement of Cash Flows for the Year Ended 31 March 2020

|  | Note | 2020<br>£ | 2019<br>£ |
|--|------|-----------|-----------|
| <b>Cash flows from operating activities</b>          |      |           |           |
| Loss for the year                                    |      | (65,910)  | (117,650) |
| <u>Working capital adjustments</u>                   |      |           |           |
| Decrease/(increase) in trade receivables             | 9    | 85,036    | 94,528    |
| (Decrease)/increase in trade payables                | 11   | (11,502)  | 178,135   |
| Other movements                                      |      | (40)      | (38,273)  |
| Cash generated from operations                       |      | 73,494    | 116,740   |
| Income taxes paid                                    | 7    | -         | -         |
| Net cash flow from operating activities              |      | 73,494    | 116,740   |
| Net (decrease)/increase in cash and cash equivalents |      | 7,347     | (910)     |
| Cash and cash equivalents at 1 April                 |      | 7,584     | 8,494     |
| Cash and cash equivalents at 31 March                |      | 14,931    | 7,584     |

## **Ortac Resources (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2020**

#### **Accounting policies for the group financial statements**

##### **Statement of compliance**

These group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) as endorsed by the European Union (“endorsed IFRS”) and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under endorsed IFRS.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the periods presented unless the Group has exercised any exemptions arising following the adoption of new or revised IFRSs allowing the Group to not restate the comparative information.

The financial statements are presented in Sterling, the functional currency of the Group.

##### **Going Concern**

At 31 March 2020, Ortac Resources (UK) Ltd had incurred a loss of £0.1m. The company however maintained a net asset position of £8.1m.

The Directors have reviewed the cash flow requirements in the next 12 months and recognise that the ability of the Group to continue as a going concern is dependent on financial support from the parent entity Metalstech Ltd, a company listed on the Australian Securities Exchange.

These conditions indicate a material uncertainty that may cast a significant doubt about the Group’s ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe there are sufficient funds to meet the Group’s working capital requirements as at the date of this report.

The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Group has a history of successfully raising capital;
- The gold price has strengthened significantly over an extended period and the gold sector worldwide is attracting investors;
- The share price of the parent company Metalstech Ltd has improved as a result of the stronger gold sector and this has improved its ability to raise further funds to support the Company;
- The Directors believe that there is sufficient cash available for the Group to continue operating until it can raise sufficient further capital to fund its ongoing activities;
- The fact that future exploration and evaluation expenditures are generally discretionary in nature and may be slowed or suspended as part of the management of the Group's working capital and other forecast commitments.

## **Ortac Resources (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2020**

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the company not continue as a going concern.

#### **Basis of consolidation**

The financial statements consolidate the financial statements of the Company and each of its 100% subsidiary undertakings; Ortac s.r.o and St. Stephan Gold s.r.o, both of which are incorporated in Slovakia.

The results of subsidiaries acquired or disposed of are included from or to the date that control passes. The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The parent Company has applied the exemption contained in section 408 of the Companies Act 2006 and has not included its individual statement of comprehensive income.

The loss in the year for the parent Company was £64,331 (2019: £514,579).

#### **Significant accounting judgements and estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial period are discussed below.



## Ortac Resources (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2020

#### Foreign currency transactions and balances

The presentational currency is sterling.

Transactions entered into by group entities in a currency other than the currency of the primary economic environment in which they operate (the "functional currency") are translated at the rates ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the rates ruling at that date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the income statement.

On consolidation, results of overseas subsidiaries are translated using the average exchange rate for the period. The balance sheets of overseas subsidiaries are translated using the closing period end rate. Exchange differences arising, if any, are taken to a separate component in equity (the translation reserve). Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Exchange differences recognised in the income statement of group entities' separate financial statements on the translation of long-term monetary items forming part of the group's net investment in the overseas operation concerned are reclassified to the translation reserve on consolidation.

#### Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits,
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met, and
- Where timing differences relate to interests in subsidiaries, associates and joint ventures and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

#### Revenue Recognition

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expected to be entitled. If the consideration promised includes a variable amount, the Group estimates the amount of consideration to which it will be entitled.

The Group had no revenue in the years ended 31 March 2020 and 31 March 2019.

## **Ortac Resources (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2020**

#### **Investments**

Investments in subsidiary undertakings are stated at cost less any provision for impairment in value.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### **Trade receivables**

Trade receivables are amounts due from customers for services performed in the ordinary course of business.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

#### **Deferred exploration expenditure**

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest.

These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs incurred on identifiable areas of interest where the Company has not been granted rights to tenure as at reporting date are capitalised when the Company are confident that it is probable the Company will be granted rights in the near future. If the Company is subsequently not granted rights to tenure, costs capitalised to affected areas of interest are written off in the Statement of Profit or Loss and Other Comprehensive

Exploration and evaluation expenditure is assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation expenditure is tested for impairment when any of the following facts and circumstances exist:

- The term of exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;

## Ortac Resources (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2020

- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area are not budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specified area; or
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

#### Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the payable for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

## Ortac Resources (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2020

#### 2 Impairment of Assets

In the year ended 31 March 2020, the group impaired its investment in the Sturec project in the amount of nil (2019: £422,000)

#### 3 Operating loss

Arrived at after charging:

|                                | 2020   | 2019   |
|--------------------------------|--------|--------|
|                                | £      | £      |
| Salaries and benefits          | 48,275 | 58,018 |
| Establishment expenses         | 14,646 | 54,503 |
| Travel and subsistent expenses | 1,509  | 1,362  |
| Professional Fees              | 814    | 3,007  |
| Other                          | 666    | 756    |

Auditor's remuneration (excl. VAT) for the year ended 31 March 2020 is borne by the ultimate parent undertaking, MetalsTech Ltd and is estimated to be £6,800.

#### 4 Employee Information

The aggregate payroll costs (including directors' remuneration) were as follows:

|                       | 2020          | 2019          |
|-----------------------|---------------|---------------|
|                       | £             | £             |
| Wages and salaries    | 41,666        | 50,000        |
| Social security costs | 6,609         | 8,018         |
|                       | <u>48,275</u> | <u>58,018</u> |

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

|            | 2020     | 2019     |
|------------|----------|----------|
|            | No.      | No.      |
| Management | <u>2</u> | <u>1</u> |

#### 5 Directors' remuneration

The directors' remuneration for the year was as follows:

|  | 2020          | 2019          |
|--|---------------|---------------|
|  | £             | £             |
| Remuneration of key management personnel | <u>44,109</u> | <u>58,018</u> |

## Ortac Resources (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2020

#### 6 Taxation

Tax charged/(credited) in the income statement

|  | 2020     | 2019      |
|--|----------|-----------|
|  | £        | £         |
| <b>Current taxation</b>                        |          |           |
| UK corporation tax                             | -        | -         |
| Loss on ordinary activities                    | (65,910) | (117,650) |
| Losses carried forward at 19%                  | (12,523) | (22,354)  |
| <b>Deferred taxation</b>                       |          |           |
| Origination and reversal of timing differences | -        | -         |

The tax assessed in the year is lower than the standard rate of corporation tax in the United Kingdom at 19% (2019: 19%).

There are tax losses of £3,756,574 (2019: £3,692,243) for Ortac Resources (UK) Ltd which are carried forward for relief in against taxable profits in future periods.

Following the acquisition of all the issued capital of Ortac Resources (UK) Ltd by Metalstech Ltd, the group is reviewing the tax records of the group and in particular the tax losses available to carry forward in its Slovakian subsidiaries. This review of Slovakian tax losses has not been concluded at the time of signing this report, however the company has received advice that the quantum of losses is low as carry forward tax losses expire after 4 years. There is no impact on tax expense as losses have been incurred and no future income tax benefit has been booked due to uncertainty of losses available.

#### 7 Investments in subsidiaries

Ortac Resources (UK) Ltd holds an investment in St. Stephan Gold s.r.o and Ortac s.r.o (Formerly Kremnica Gold Mining s.r.o). The holding value of this investment as at 31 March 2020 is £1,327,400 (2019: £1,327,400).

## 9 Trade and other payables

|                                | Group         |                   | Company      |                   |
|--------------------------------|---------------|-------------------|--------------|-------------------|
|                                | 2020          | 2019              | 2020         | 2019              |
|                                | £             | £                 | £            | £                 |
| <u>Due within one year</u>     |               |                   |              |                   |
| Trade and other payables       | 33,606        | 19,090            | 8,338        | 17,340            |
| Amounts due to group companies | 7,588         | 18,978,160        | -            | 18,978,160        |
|                                | <u>41,194</u> | <u>19,029,550</u> | <u>8,338</u> | <u>18,995,500</u> |

## 8 Deferred exploration expenditure, trade and other receivables

|                                     | Group            |                  | Company          |                  |
|-------------------------------------|------------------|------------------|------------------|------------------|
|                                     | 2020             | 2019             | 2020             | 2019             |
|                                     | £                | £                | £                | £                |
| <u>Amounts due within one year:</u> |                  |                  |                  |                  |
| Other receivables                   | 942              | 7,265            | -                | 5,168            |
|                                     | <u>942</u>       | <u>7,265</u>     | <u>-</u>         | <u>5,168</u>     |
| <u>Amounts due after one year:</u>  |                  |                  |                  |                  |
| Deferred exploration expenditure    | 8,446,387        | 8,525,101        | 1,585,769        | 1,585,769        |
| Loans due from subsidiaries         | -                | -                | 5,153,270        | 5,068,751        |
|                                     | <u>8,446,387</u> | <u>8,525,101</u> | <u>6,739,039</u> | <u>6,654,520</u> |

Loans due from subsidiaries are unsecured, interest free and have no fixed repayment date. There was nil impairment of loans in the year ended 31 March 2020 (2019: £422,000).

## 10 Called Up Share Capital

### Called up share capital

|   | 2020               |                   | 2019              |                |
|---|--------------------|-------------------|-------------------|----------------|
|   | No.                | £                 | No.               | £              |
| Ordinary shares of £0.05 each           | 393,879,862        | 19,693,993        | 11,219,862        | 560,993        |
| Redeemable preference shares of £1 each | -                  | -                 | -                 | -              |
|   | <u>393,879,862</u> | <u>19,693,993</u> | <u>11,219,862</u> | <u>560,993</u> |

### Share movements

|                              | No.                | £                 |
|------------------------------|--------------------|-------------------|
| <u>Ordinary £0.05 shares</u> |                    |                   |
| At 1 April 2020              | 11,219,862         | 560,993           |
| Issue of shares              | 382,660,000        | 191,330,000       |
| <b>At 31 March 2020</b>      | <u>393,879,862</u> | <u>19,693,993</u> |

## Ortac Resources (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2020

#### 11 Reserves

All reserves are as stated in the Consolidated Statement of Changes in Equity.

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

#### 12 Foreign Currency Translation

The Group undertakes transactions denominated in Euros; consequently, exposures to exchange rate fluctuations arise.

The Consolidated Statement of Financial Position has been translated at the 31 March 2020 £/€ spot rate of 1.13. The Consolidated Statement of Profit and Loss and Comprehensive Income has been translated using the average £/€ rate between 1 April 2019 and 31 March 2020 of 1.14.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

|                       | Liabilities |            | Assets     |            |
|-----------------------|-------------|------------|------------|------------|
|                       | 31/03/2020  | 31/03/2019 | 31/03/2020 | 31/03/2019 |
|                       | €           | €          | €          | €          |
| Ortac s.r.o           | -           | -          | 12,997     | 7,073      |
| St Stephan Gold s.r.o | -           | -          | 1,072      | 1,325      |

#### 13 Controlling Party

The ultimate controlling party is MetalsTech Limited.