

OPEN LETTER FROM RNDR. ZUZANA BALŽOVÁ, MAYOR OF KREMNICA
TO
SHAREHOLDERS OF ORTAC RESOURCES LTD

Published on 27 February 2013. See <http://www.kremnica.sk/2013/02/27/statement-of-the-mayor-of-kremnica-concerning-open-pit-gold-mining-in-kremnica/>

Dear Madams and Sirs

We would like to inform you about certain facts Ortac Resources Ltd. keeps away from its shareholders.

The above-mentioned website provides details about Ortac Resources' intentions to build a gold and silver mine in the town of Kremnica, information about the preparatory works on the mining project, and it even shows pictures that supposedly document approval of Kremnica's residents and cooperativeness of the local community.

Underground gold and silver mining on Šturec site in Kremnica stopped in 1970 and following a brief attempt to start open pit mining between 1986 and 1992 it was completely closed down.

Between 2005 and 2007 Canadian company Tournigan Gold Corp. sought to develop a project of open pit mining on this site, however, in face of fervent resistance of local residents and Slovak public opinion it had to give up on the project. People of Kremnica founded a civil association called Kremnica Beyond Gold (Kremnica nad zlato) – its members include more than 50 % of all adult population of Kremnica and other sympathisers from across Slovakia, many of whom are prominent figures of cultural and social life. In 2006, the municipal government of Kremnica adopted a resolution declaring a firm NO to gold and silver mining in Kremnica.

Nowadays, Ortac Resources Ltd. is trying to revive the mining project. It made its intentions public in 2011 immediately facing strong opposition from the local community. In a very short time in November 2011 signatures of more than a half of all adult residents of the town were collected confirming stable negative public response to the project. Moreover, the municipal government adopted another resolution clearly refusing gold and silver mining in Kremnica, where all elected members of the municipal government univocally approved the resolution.

You are probably not aware Kremnica is a historical town rich in cultural heritage, and it is one of the most ancient territories declared an Urban Conservation Area, while the adjacent territories are listed as Conservation Area (according to the project concerned, mining should take place in the Conservation Area). There are 169 cultural monuments on the territory of Kremnica. The historical mint on the main square included in the European Cultural Heritage has been minting money continuously since 1328. It is inconceivable to create an open pit in Central Europe about a kilometre away from the main square of such historical town. Kremnica has similar value for Slovaks as York has for the British.

In addition, extraordinary natural riches surround Kremnica in 2011 the European Commission awarded Kremnica with the title of Capital of Biodiversity.

This year the civil association of Kremnica Beyond Gold took legal action against the Regional Office of Environment in response to its actions regarding the gold and silver mining project in Kremnica. The court agreed with Kremnica Beyond Gold. Because of this lawsuit the deadline set by law for starting the open pit operation expired and, consequently, the company of Kremnica Gold Mining, wholly owned by Ortac Resources, lost its authorisation for open pit mining in the deposit of Šturec in Kremnica.

On one hand, Ortac Resources Ltd. keeps this information secret from you and on the other, it refuses to reveal to the community concerned detailed information on the project and on the gold and silver ore processing technology in particular. All of this undermines Ortac's credibility among local people. They find Ortac's declarations that the project is environmentally acceptable deceptive; for it is clear in Kremnica that environment doesn't only include nature but also the landscape, cultural monuments and intangible cultural heritage that should be protected by each European country as well as Europe as a whole.

We firmly believe that Kremnica will not become another Romanian Rosia Montana or Austrian Eisenerz, ie. towns literally emptied by their current open pit mining projects. People of Kremnica and its surroundings will do their best to prevent their town from falling to such fate.

Yours faithfully,

RNDr. Zuzana Balžová

Mayor of the Kremnica town

27.2.2013