OVOCA GOLD Plc

Goltsovoye, the silver mountain

Annual Report 2006

Directors and other information

Directors

Roger Turner (UK)
Chairman (executive)

Leonid Skoptsov (Rus)
CEO (executive)

John O'Connor
CFO (executive)

Rowan Maule (UK)
(executive)

Mikhail Mogutov (Rus)
(non-executive)

Barrie Oakes (UK)
(non-executive)

Richard O'Shea
(non-executive)

Guy Pas (Belgian)
(non-executive)

Yuri Radchenko (Rus)
(non-executive)

Administrative information

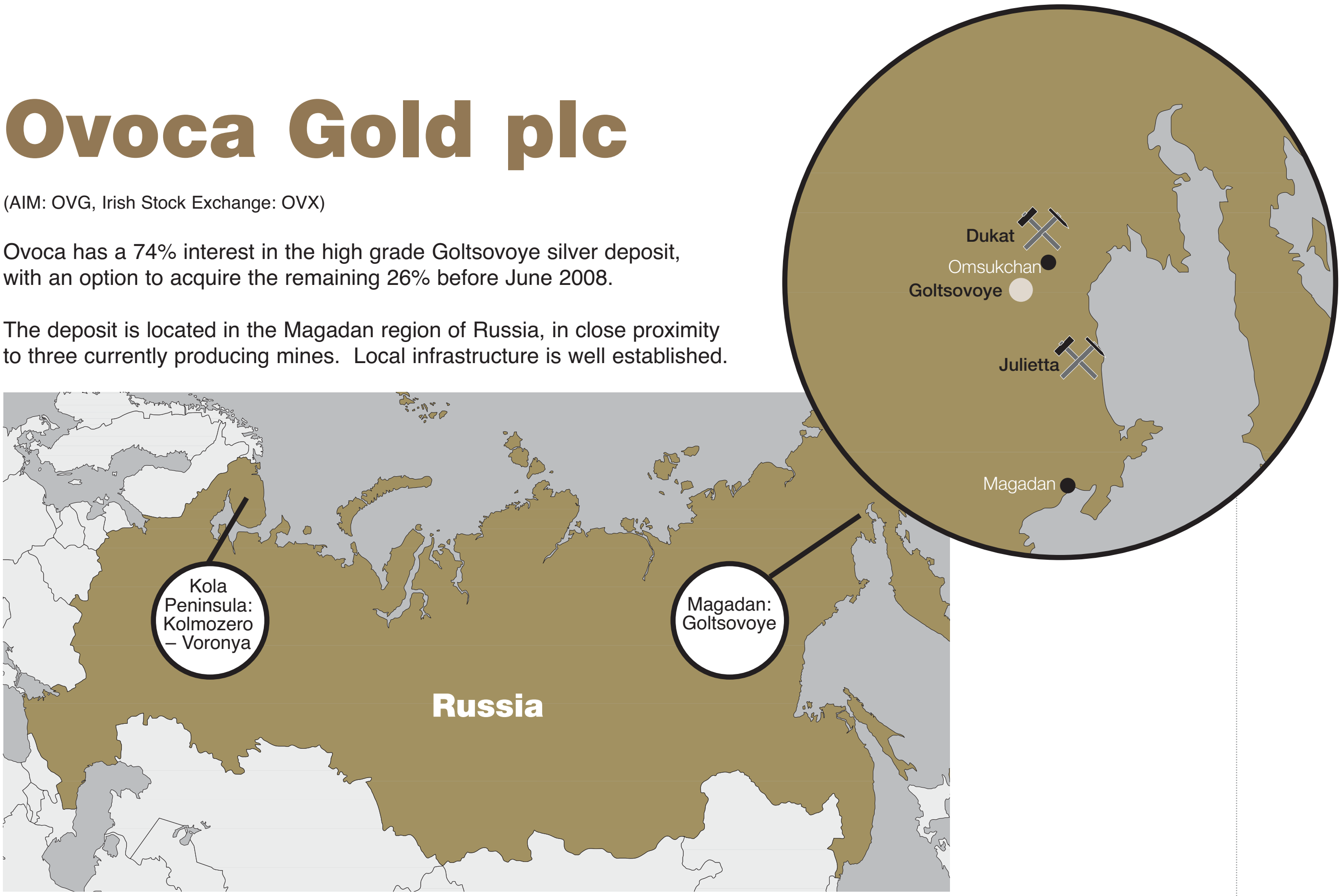
Secretary	John O'Connor	
Registered Office	36 Dame Street Dublin 2 Ireland	
Auditors	LHM Casey McGrath Chartered Certified Accountants & Registered Auditors 6 Northbrook Road Dublin 6	
Principal Banker	AIB Terenure Road Rathgar Dublin 6	Barclays plc Canary Wharf London
Solicitors	McEvoy Partners Connaught House Burlington Road Dublin 4	
Stockbrokers	Davy Dublin	Ambrian & Co London
Registered Number	105274	

Ovoca Gold plc

(AIM: OVG, Irish Stock Exchange: OVX)

Ovoca has a 74% interest in the high grade Goltsovoye silver deposit, with an option to acquire the remaining 26% before June 2008.

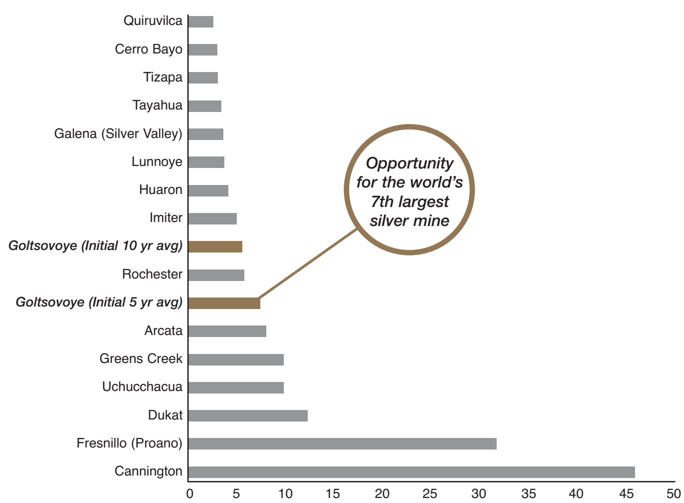
The deposit is located in the Magadan region of Russia, in close proximity to three currently producing mines. Local infrastructure is well established.

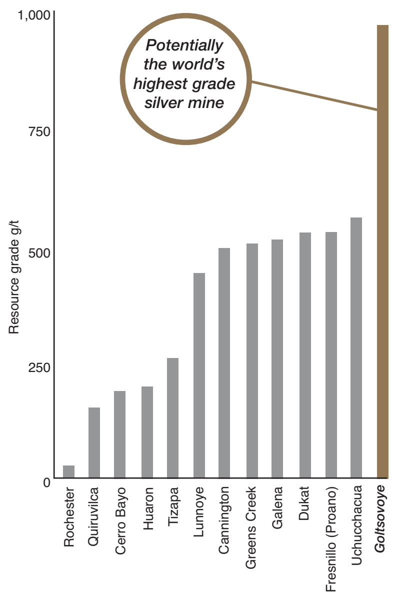


Investment Highlights

Ovoca Gold is aiming to become one of the world's most profitable silver producers by 2009

- High-grade silver deposit with resource of 78.2 million ounces of silver equivalent* resources at 1,015 grams per tonne silver
- Near-term silver production potential of 6 million ounces a year commencing 2009
- Bankable Feasibility Study targeting completion during Q4 2007
- Pipeline growth in Russia, beyond the Goltsovoye silver deposit, with exploration in the Kola peninsula
- One of the most experienced joint Russian and foreign management teams among junior Russia/CIS miners
- Ovoca currently has one of the lowest 'price to resource' ratios for Russia/CIS miners





* *Silver equivalent: all associated metals converted to an equivalent silver value and then added to the total silver value based on their relative prices*

Chairman's letter

CHAIRMAN: ROGER TURNER

Dear Shareholder,

2006 saw the foundations laid for Ovoca to become a mid-tier precious metals miner in Russia as we completed the acquisition of the high-grade Goltsovoye silver deposit in Russia, commissioned the Bankable Feasibility Study and re-orientated both the Board and the management team to reflect this new focus.

Goltsovoye is one of the highest grade silver deposits in the world, with an average silver grade of 1,015 grams/tonne silver equivalent and a resource of 78.2 million ounces of silver equivalent. The deposit has been well explored, is located close to three currently producing mines and has access to good infrastructure. It has the potential to be both the highest grade silver mine and the 7th largest silver mine in the world, targeting 6 million ounces of silver a year over a ten year life of mine.

The Bankable Feasibility Study got underway during the year and we have already completed and published the first phase. Phase 1 focused on converting the Soviet resource classification into JORC, designing an initial mine plan, metallurgical testwork, infrastructure design and environmental studies. Phase 2 has been commissioned and we anticipate reporting the results near the end of 2007. We are targeting construction start-up in early 2008, with the first silver production in early 2009.

Our greenfields exploration projects in the Kola peninsula have also produced

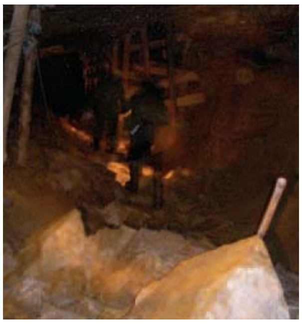
Goltsovoye is one of the highest grade silver deposits in the world, with an average silver grade of 1,015 grams/tonne and a resource of 78.2 million ounces of silver equivalent.

some positive drilling results, which are detailed further in the operations review.

At a corporate level, we have implemented a number of changes amongst the Ovoca management team and the Board to reflect our focus on successfully developing Goltsovoye. I would firstly like to thank Dr. Barrie Oakes, who stepped down as Chief Executive Officer in December 2006, for all his hard work including the acquisitions of Norplat and Ayax. I would like to welcome Leonid Skoptsov as Ovoca's new Chief Executive Officer. Mr. Skoptsov has over 20 years of experience in the Russian mineral sector and has successfully chaired Pervaya Gornorudnaya Company, which discovered the large lead-zinc Pavlovskoe deposit. Two new executive directors were also appointed, Rowan Maule as Chief Operating Officer, and John O'Connor as Chief Financial Officer.

Roger Turner
Chairman

Paul Smithwick, Harry Dobson and Danesh Varma resigned from the Board during 2006 and I wish to thank them for their contribution to the Board and welcome three new Russian Board members, Yuri Radchenko, Mikhail Mogutov and Leonid Skoptsov. Our new Board members bring a wealth of



technical, Russian focused mining and business experience to Ovoca Gold and I believe we have one of the strongest management teams amongst Russian/CIS junior mining companies.

Commodities prices continued to be strong throughout 2006, driven primarily by China's industrialisation and modernisation. This trend looks set to continue for the foreseeable future. Silver performed well rising over 40% during the year to $12.90/oz; these price levels are being maintained and forecasts for the future are bullish. According to the "Silver Institute", world mine silver production during the year remained broadly unchanged at 646 million ounces while the absence of producer hedging and the net effect of Government sales along with the recycling of silver scrap led to a 1.5% decline in overall supply to 912 million ounces. Fabrication demand declined by less than 1% to 841 million ounces.

"I believe Ovoca has made good progress during the year in developing the world class high grade Goltsovoye silver deposit as we journey towards our ultimate goal of silver production"

With the advancement of the Goltsovoye project and the Company's concentration in Russia, the Board considered it prudent to write down the carrying value of the assets in Sweden and Ireland. This resulted in €4,685,820 being written off through the Profit & Loss account in the attached accounts.

I believe Ovoca has made good progress during the year in developing the world class high grade Goltsovoye silver deposit as we journey towards our ultimate goal of becoming a mid-tier precious metals miner in Russia. We are well placed to meet our targets for 2007 and are in a sound financial position to see through completion of the Bankable Feasibility Study.

As is customary, I would like to express thanks on behalf of shareholders and the Board to the management and staff of Ovoca, together with our consultants, contractors and advisers for their considerable efforts and dedication during the year.

Finally my thanks to you, the shareholders of Ovoca Gold, without whose continued support none of this would be possible.

Roger Turner
Chairman
18 June 2007

OPERATIONS review

Forecast Mine Parameters from Phase 1 of the Bankable Feasibility Study:

- JORC resource of 78.2 million ounces silver equivalent
- 260,000 tonnes of ore targeted to be mined annually
- Silver recovery of 90%
- Annual production of 6 million ounces of silver
- Cash costs anticipated to be in $3.70/oz range
- Production targeted for Q1 2009
- Mine life of 9.2 years

Ovoca has made good progress during the past year in advancing the high grade Goltsovoye silver deposit towards development and production. The Bankable Feasibility Study is underway, with the first phase already completed and the second phase on target for completion by the end of 2007.

Goltsovoye's Resource Base

JORC Classified Resource (at 150 g/t silver cut off grade)

Category	Tonnage	Silver Grade g/t	Lead Grade %	Silver Metal oz	Silver Equiv oz
Zone 1					
Measured	334,000	1,293.4	2.55	13,891,000	15,112,000
Indicated	1,027,000	927.0	2.83	30,611,000	34,775,000
Inferred	128,000	601.6	4.69	2,476,000	3,336,000
Zone 2					
Indicated	116,000	715.5	2.60	2,669,000	3,102,000
Inferred	792,000	760.1	2.24	19,357,000	21,899,000
Total					
	2,397,000	895.3	2.69	69,004,000	78,224,000

Source: WAI Resources, calculated using lead price $0.65/lb and silver $10/oz

Russian Classified Resources at 150 g/t silver cut off grade

Category	Tonnage	Silver Grade g/t	Lead Grade %	Silver Metal oz
C1 & C2	2,480,000	934	3.16	74,300,320
Dumps	Inferred	64,500	238.0	493,700
4 other zones	Russian P1	1,600,000	440.0	22,634,000

The first phase of the study was conducted by the well-respected consultancy firm Wardell Armstrong International, with positive results. The JORC resource calculation of 78.2 million ounces of silver equivalent compares favourably to the 2005 resource, calculated according to the Soviet classification of 74 million ounces of silver.

The study has outlined the initial mine and process plants designs. Mining is envisaged to be a combination of bench and fill, longhole and shrinkage stoping to extract the majority of the ore with limited recourse to small scale open-pits for the near surface part of the deposit. A combination of a harsh winter climate, the desire to minimise surface impact and the impact of orebody geometry on waste:ore ratios also favours a predominantly underground mine development for Goltsovoye.

Mine access is facilitated by the existence of 12 kilometres of adit and underground development, which is already in place as a result of the original, Soviet era, evaluation of Goltsovoye. This mine infrastructure lends itself to the implementation of trackless mining with approximately 260,000 tonnes of ore per year being trucked directly from the mine to the process plant via an access decline. Full ventilation can be easily installed for rapid underground development.

An important component of the Phase 2 Study, currently underway, will be a final

CEO: LEONID SKOPTSOV

selection of the mining methods and detailed mine design and equipment selection for the production phase of the operation.

The initial mining focus will be on Zone 1, which is above the valley floor, with access via adits at 900 metre and 810 metre elevations. The ore will then be trucked directly to the process plant, which will consist of crushing and grinding, followed by a gravity and flotation circuit.

The test work completed during Phase 1 shows that over 90% of the silver content of Goltsovoye can be recovered using a combination of gravity separation, concentrate flotation and leaching. Test work aimed at further improving recovery rates forms a key element of the continuing Phase 2 study.

Changes to Russian regulations in January 2007 have eased restrictions on the export of silver-bearing concentrates giving Ovoca a wider range of smelting options for its concentrate production, which is expected to contain around 70% of Goltsovoye's silver output. The smelting, refining and marketing options for the silver concentrate will also be examined in Phase 2.

Despite its relatively remote location, Goltsovoye lies only 38 kilometres from the main highway between Omsukchan and Magadan where electrical power from the Kolyma hydroelectric scheme is available. Site works started during the winter, which included upgrading the road access from the main highway to the site in preparation for project development, purchasing and moving to site some of the heavy equipment and fuel storage tanks.

The Environmental Impact Assessment (EIA) has also started. Ovoca is sensitive to the local environment, and where possible, will implement environmentally-friendly mining and metallurgical solutions. To this end, Ovoca's management is working with Wardell Armstrong's experts, local ecological contractors in Magadan and leading Russian scientific institutes. The proposed solutions aim to ensure that mining at Goltsovoye will have a minimum impact on the surrounding area, in particular impact from tailings disposal, lead by-product emissions and surface damage resulting from mining.

Timetable

- **Completion of diamond drilling programme and preliminary report Feb 2007**
- **Completion bankable feasibility study by end 2007**
- **Completion Financing and EPCM by end 2007**
- **Commissioning Q4 2008**

Once the final engineering design has been completed in this second phase, then the EIA will be submitted for approval.

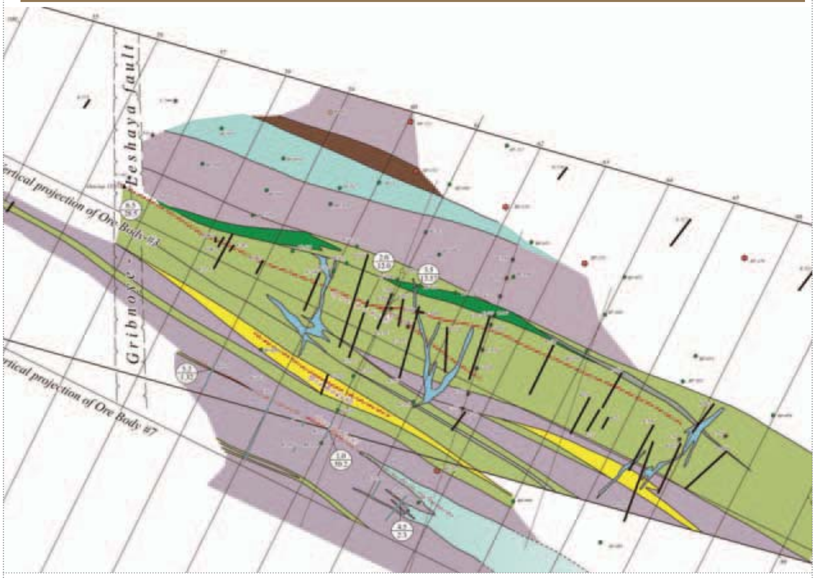
The second phase of the feasibility study was recently commissioned. It is being managed on Ovoca's behalf by the international consulting engineers, Scott Wilson Mining in conjunction with GBM Minerals Engineering who will design the process plant and Wardell Armstrong International which is responsible for the environmental baseline and impact studies. The international expertise of this team will be supplemented, where appropriate, by local experts to ensure that Goltsovoye is designed to the highest Russian and international standards. We anticipate the second phase of the Bankable Feasibility Study will be concluded by the end of 2007. We remain on schedule for construction to commence in 2008, with first silver production in early 2009.

At our exploration prospects in the Kola peninsula work continued throughout the year. We have now acquired 100% of the Lovozero Mining Company which holds the eastern license block located over the prospective Porosozero Caldera.

Drilling and trenching continued on the Oleninskoye, Nyalm and copper, molybdenum porphyry deposit at Pellapahk. Metallurgical tests on samples of ore from the Pellapahk copper molybdenum deposit produced excellent results, with over 90% recovery of metal in the concentrate. Considering current molybdenum and copper prices the priority of this deposit is being reassessed. It is the intention of the Oleninskoye and Nyalm drilling and trenching programmes to upgrade the current gold resources previously defined.

Geological mapping, and geochemical prospecting was conducted on the Kolmozero-Voronya Southwest, Kontozero and Porosozero licenses to define drill targets for the 2007 exploration programme.

Geological map of Oleninskoye deposit



LEGEND:

Trenches
- Soviet
- BFR's

Bore holes
- Soviet
- Boliden's
- BFR's: 1 – drilled; 2 – scheduled 2007

- Ore body (Au)
- Aluminous crystalline schist
- Amphibolites
- Metagabbro
- Rhyolite
- Dioritic gabbro
- Brecciated (shear) zone
- Peridotite
- Pegmatites
- Ore body thickness, m Au equivalent grade, g/t

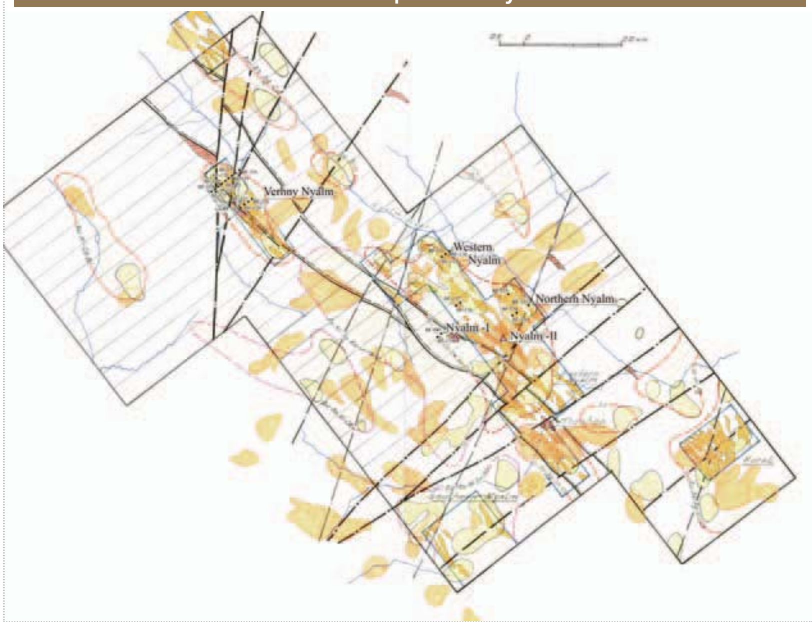
Oleninskoye

Exploration continues on the Oleninskoye gold deposit with 1588 metres of drilling accounting for 14 cored drill holes and 357 linear metres of trenching. The programme confirmed that the ore bodies extend in depth and were intersected at depths in excess of 300 metres.

Borehole BF-112 intersected ore body 3 at a depth of 300 metres from surface with an average grade of 4.3 grams per tonne gold over 1.5 metres.

Trenching and drilling revealed that the ore bodies are complex and will require more detailed infill drilling and trenching. So far a resource of approximately 320,000 ounces of gold has been blocked out based on previous and current drilling and trenching for ore body 3 and 7 at Oleninskoye.

Geochemical map of the Nyalm area



LEGEND:

Areas of the till geochemical survey
- On a grid of 400X100m
- On a grid of 200X200m
- Area of detailed sampling on a grid of 200X50m and its gold anomalies

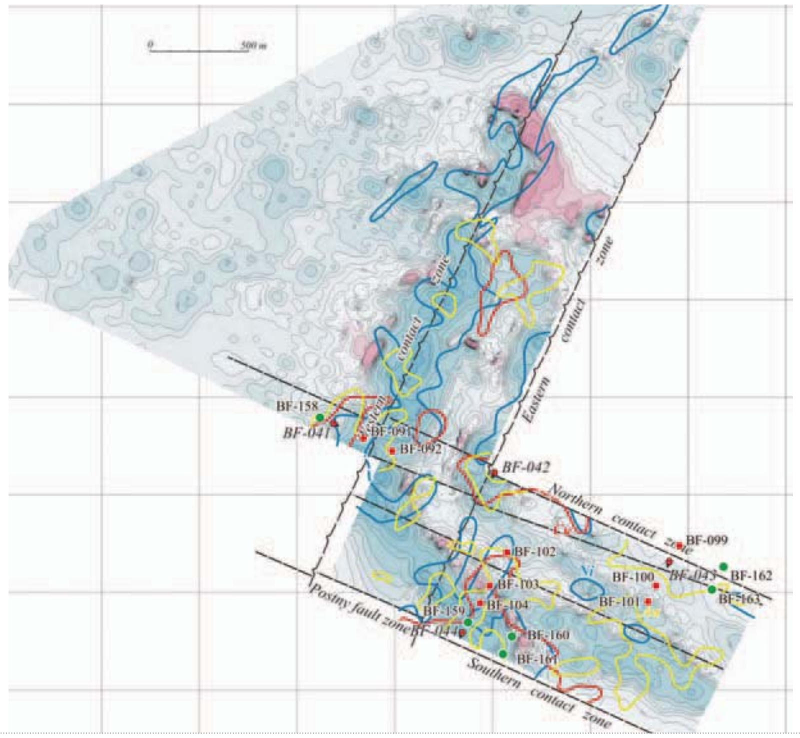
10ppb soil gold envelopes
- Outlined during 1970-80 (soil geochemistry, 1:50000)
- Outlined during 1998-01 (till geochemical sampling)
- Composite geochemical anomaly

Nyalm

The drilling and trenching programme on the Nyalm I and Nyalm II prospects included 7 drill holes totaling 735 metres and produced positive results with extensive zones of mineralised quartz stockwork intersected over thicknesses of 7-15 metres with gold grades of 1.0 to 1.5 grams per tonne within which are high grade veins with gold grades of 4.7 to 11.2 grams per tonne. With positive results from the Nyalm gold deposits, the satellite deposits around Nyalm which include Meshen, Eastern, Northern and Upper Nyalm become more significant in terms of exploration during 2007. Current and previous drilling has now outlined a resource of approximately 482,000 ounces of gold.

In respect to Oleninskoye and Nyalm future work will focus on the additional testwork associated with the preparation of a technical report to be submitted to the Russian Ministry of Natural Resources with a request to upgrade the license to a combined exploration and mining license with a life of 25 years.

Geomagnetic map of the Leshaya domen

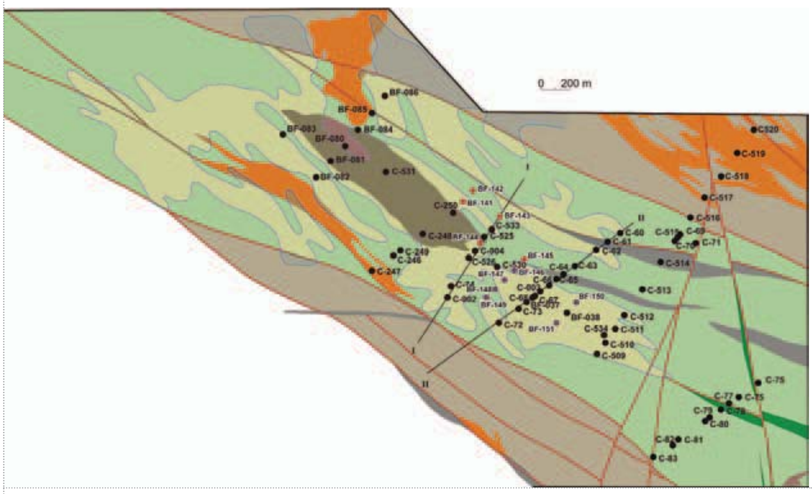


LEGEND: Gold | Copper | Nickel | 1 | 2 | BFR's:1– drilled; 2 – scheduled for 2007

Leshaya

The drilling results from 8 drill holes totaling 651 metres did not replicate the extreme high-grade intersections intersected in previous drilling. A geological and structural review is currently in progress to determine the location of future drilling to evaluate these mineralised structures.

Geological scheme of the Pellapahk deposit



LEGEND:

- Late (post-ore) Granite Pegmatite
- Progenitor granite-porphyry and granodiorite
- Metagabbro
- Metadiabase
- Basic and Acidic Lavas and Pyroclastics
- Crystalline schists
- Fault
- Bore holes
- Soil molybdenum anomaly

Program 2007

- Drilled bore holes
- Drilling bore holes

Pellapahk

The exploration of the Pellapahk copper, molybdenum deposit continued with the completion of 8 drill holes totaling 781 metres with the result that the copper- molybdenun zone mineralisation has now been traced for over 2 kilometres extending to the northwest. It is now evident that this extensive mineralised zone has the potential to be a very large deposit which remains open along strike and with a potentially similar sized satellite deposit to the north which is as yet unexplored.

Metallurgical testwork on bulk samples of ore has demonstrated the potential for over 90% recovery of mineralisation in the concentrate. Work is now focused on the completion of a technical report to be submitted to the Russian Ministry of Natural Resources with a request to upgrade the license to a combined exploration and mining license with a life of 25 years.

The directors present their annual report together with the audited consolidated financial statements for the year ended 31 December 2006.

Results and dividends

The results are disclosed on page 20 of the financial statements. The directors do not recommend the payment of a dividend.

Principal activity, business review and future developments

The company's main activity is the exploration for base metals and other minerals in Russia. The directors have reviewed the financial position of the group and are satisfied that the group will continue to operate at its projected level of activity for the foreseeable future. A detailed business review is included in the Operations Review.

Directors and secretary and their interests

Mr. Mikhail Mogutov, Mr. Leonid Skoptsov and Mr. Yuri Radchenko were appointed to the Board on 7 June 2006. Mr. Rowan Maule joined the Board on 31 July 2006.

Mr. Paul Smithwick, Mr. Harry Dobson and Mr. Danesh Varma resigned from the Board on 31 July 2006.

In accordance with the Articles of Association Mr. Barrie Oakes and Mr. Richard O'Shea retire from the Board at the forthcoming AGM. Mr. Guy Pas is also retiring from the Board at the AGM. Mr. John O'Connor will also retire at the AGM but, being eligible offers himself for re-election.

The interests (all of which are beneficial) of the directors who held office at 31 December 2006 and 31 December 2005 and their families in the share capital of the company were:

	Ordinary Shares of 2.5c each		**Options over Ordinary Shares**	
	31 December 2006	**31 December 2005**	**31 December 2006**	**31 December 2005**
Roger Turner	3,850,001	2,864,438	3,425,000	1,425,000
Leonid Skoptsov	23,628,543	-	1,000,000	-
John O'Connor	60,000	60,000	2,740,000	1,740,000
Rowan Maule	-	-	1,000,000	-
D.H.W. Dobson	1,533,333[1]	1,533,333	1,325,000[1]	1,325,000
Mikhail Mogutov	47,353,343	-	1,000,000	-
Barrie Oakes	4,994,108	3,719,889	2,425,000	1,425,000
Richard O'Shea	511,646	511,646	2,725,000	1,725,000
Guy Pas	5,555,000	3,964,536	1,500,000	500,000
Yuri Radchenko	39,642,658	-	1,000,000	-
Paul Smithwick	320,800[1]	320,800	990,000[1]	990,000
Danesh Varma	100,000[1]	100,000	500,000[1]	500,000

[1] As at 31 July 2006

Directors and secretary and their interests *(continued)*

Further details of the above share options of the directors at 31 December 2006 are as follows:

	Options	Exercise price	Expiry date
Roger Turner	425,000	11.0c	10-May-15
	1,000,000	12.4c	8-Aug-15
	2,000,000	15c	28-Jul-16
Leonid Skoptsov	1,000,000	16c	28-Jul-16
John O’ Connor	115,000	23.2c	13-Oct-07
	100,000	25c	6-Jan-10
	125,000	7c	17-Sep-13
	150,000	9c	20-Oct-13
	150,000	12c	22-Dec-13
	100,000	11c	1-Mar-14
	250,000	12.4c	10-May-15
	750,000	11c	8-Aug-15
	1,000,000	15c	28-Jul-16
Rowan Maule	1,000,000	14.71c	7-Jun-16
Mikhail Mogutov	1,000,000	16c	28-Jul-16
Barrie Oakes	425,000	11.0c	10-May-15
	1,000,000	12.4c	8-Aug-15
	1,000,000	15c	28-Jul-16
Richard O'Shea	200,000	9c	2-Sep-13
	125,000	7c	17-Sep-13
	150,000	9c	20-Oct-13
	150,000	12c	22-Dec-13
	100,000	11c	1-Mar-14
	250,000	12.4c	10-May-15
	750,000	11c	8-Aug-15
	1,000,000	16c	28-Jul-16
Guy Pas	500,000	12.4c	8-Aug-15
	1,000,000	16c	28-Jul-16
Yuri Radchenko	1,000,000	16c	28-Jul-16

The company's shares are traded on the Irish Emerging Exchange (IEX) of the Irish Stock Exchange and on the Alternative Investment Market (AIM) of the London Stock Exchange.

The market price of the company's shares on IEX at 28 December 2006 was 17 cents. During the year ended 31 December 2006 the market price of the company's shares ranged from 9.5 cents to 17 cents.

The market price of the company's shares on AIM at 29 December 2006 was 11.5 pence. During the year ended 31 December 2006 the market price of the company's shares ranged from 6.35 pence to 11.5 pence.

On 26 June 2007 the directors' interests were as follows:

	Ordinary Shares of 2.5c each	**Options over Ordinary Shares**
Roger Turner	3,850,001	3,425,000
Leonid Skoptsov	23,628,543	1,000,000
John O'Connor	60,000	2,740,000
Rowan Maule	-	1,000,000
Mikhail Mogutov	47,353,343	1,000,000
Barrie Oakes	4,994,108	2,425,000
Richard O'Shea	511,646	2,725,000
Guy Pas	5,555,000	1,500,000
Yuri Radchenko	39,642,658	1,000,000

There are service contracts between the company and the executive directors and there are no service contracts between the company and the non-executive directors.

Significant shareholders

So far as the directors are aware, the following are the only shareholders holding more than 3% of the issued share capital of the company at 22 June 2007.

	Ordinary Shares of 2.5c each	**Percentage of issued share capital**
Salyco Trading Co Ltd (Mikhail Mogutov)	47,353,343	14.91%
Pickco Trading Co Ltd (Yuri Radchenko)	39,642,658	12.48%
Euroclear Nominees Ltd	37,906,313	11.93%
Subishico Trading Co Ltd (Leonid Skoptsov)	23,628,543	7.44%
Clonico Holdings Ltd	11,862,400	3.73%
Hagico Holdings Ltd	11,862,400	3.73%
Hanover Nominees	10,656,508	3.35%

Group undertakings

Details of the company's subsidiary and joint venture undertakings are set out in Note 23 to the financial statements.

Directors' interest in contracts

None of the directors had a beneficial interest in any contract to which the company was a party during the period except as detailed in Note 26.

Going concern

As further disclosed in Note 1, the future of the Group is dependent on the successful future outcome of its exploration and development interests.

The directors have reviewed the current state of the Group's finances, taking into account the resources currently available to the Group, and are satisfied that sufficient funding will be available to the group to enable the Group to trade at its projected level of operations for the foreseeable future.

The directors consider that in preparing the financial statements they have taken into account all information that could reasonably be expected to be available. On this basis, they consider that it is appropriate to prepare the financial statements on the going concern basis.

CORPORATE GOVERNANCE STATEMENT

The Directors are committed to maintaining the highest standards of corporate governance commensurate with the size, stage of development and financial status of the Group.

Board

The Company currently has nine Directors, comprising four executive Directors and five non-executive Directors. The Board met formally on seven occasions during 2006. An agenda and supporting documentation was circulated in advance of each meeting. All the Directors bring independent judgment to bear on issues affecting the Group and all have full and timely access to information necessary to enable them to discharge their duties. The Directors have a wide and varying array of experiences in the industry. Non-executive Directors are not appointed for specific terms. Each non-executive Director comes up for re-election every three years and each new Director is subject to election at the next Annual General Meeting following the date of appointment.

The following committees deal with the specific aspects of the Group affairs:

Audit Committee

This Committee comprises two non-executive Directors and one executive Director. The external auditors have the opportunity to meet with members of the Audit Committee without executive management present at least once a year. The duties of the Committee include the review of the accounting principles, policies and practices adopted in preparing the financial statements, external compliance matters and the review of the Group's financial results.

Nominations Committee

Given the current size of the group a Nominations Committee is not considered necessary. The Board reserves to itself the process by which a new Director is appointed.

Remuneration Committee

This Committee comprises two non-executive Directors and one executive Director. This Committee determines the contract terms, remuneration and other benefits of the executive Directors, Chairman and non-executive Directors. Further details of the Group's policies on remuneration, service contracts and compensation payments are given in the Remuneration Committee Report below.

Communications

The Group maintains regular contact with shareholders through publications such as the annual and half-year report and via press releases and the Group's website, www.ovocagold.com. The Directors are responsive to shareholder enquiries throughout the year. The Board regards the Annual General Meeting as a particularly important opportunity for shareholders, Directors and management to meet and exchange views.

Internal Control

The Directors have overall responsibility for the Group's system of internal control and have delegated responsibility for the implementation of this system to executive management. This system includes financial controls that enable the Board to meet its responsibilities for the integrity and accuracy of the Group's accounting records.

Remuneration Committee Report

The Group's policy on senior executive remuneration is designed to attract and retain people of the highest calibre who can bring their experienced and independent views to the policy, strategic decisions and governance of the Group.

In setting remuneration levels, the Remuneration Committee takes into consideration the remuneration practices of other companies of similar size and scope. A key philosophy is that staff must be properly rewarded and motivated to perform in the best interests of the shareholders.

Total remuneration to Directors during the year ended 31 December 2006 was €479,813. The highest paid Director received remuneration of €104,600.

Details of non-executive directors

Mikhail Alexandrovich Mogutov (50)

Mr Mogutov was born in the town of Shakhtersk, Sakhalin Isle, Russia. In 1979 he graduated from the Moscow Physics-Technical Institute and he has a Ph.D. degree in biology. In 1988 Mr Mogutov co-founded the Bioprocess group in which he has been a major shareholder and a senior manager for a number of years. The Bioprocess group has founded, acquired and successfully operated some heavy machinery, ship-building and chemical industry companies. The largest company of the group – JSC ''United Machinery Plants'' (OMZ), at one time produced 70 per cent. of Russian drilling and 90 per cent. of mining equipment. Between 1997 and 1999 Mr Mogutov was also the Chairman of the Board of Vostsibugol, a company that mined over 13 million tons of steam coal annually. By 1999 certain of the assets of the Bioprocess group were sold, and the remaining assets were divided into two independent businesses. Mikhail Mogutov and Leonid Skoptsov became senior managers and the owners of one of the businesses, which was named Bioprocess-holding. The key business of Bioprocess-holding is exploration and mining of minerals in various regions of the Russian Federation. Mr Mogutov is also Chairman of JSC Biomed and member of the board of a number of Russian companies in the resources and fine chemical sectors.

Barrie William Oakes (62)

Dr Oakes a Geologist and Geochemist by profession a graduate from Aston University in Birmingham, a Msc in Mineral Exploration from McGill University, Canada and a Doctorate in Geochemistry from the Royal School of Mines, Imperial College London. He worked for BP Oil (Canada) Limited and Eldorado Nuclear in Canada exploring for uranium, Pan African Resources in West Africa as General Manager of PARC (Gabon), and as project manager for Kazminco in Kazakhstan. He was a Director of Norox Limited, a subsidiary of Oxus Gold plc, responsible for the Jerooy Project in Kyrgyzstan from 1997 to 2001. He was one of the founders of Norplat in 2001 and was appointed Chief Executive. On the acquisition of Norplat by Ovoca plc in May 2005 he was appointed Chief Executive of Ovoca. He has many years of experience in the evaluation and acquisition of precious metal deposits in Africa and the Former Soviet Union.

Richard O'Shea (50)
Mr. O'Shea joined the Board in 2003, and served as Chief Executive Officer from 2003 until May 2005. Mr. O'Shea has been involved in many Irish and international production engineering projects over the last twenty-five years.

Guido ('Guy') Edward M. Pas (56)
Mr Pas held the position of Vice President (Structured Trade/Commodity Finance) at Chase Manhattan Bank (Belgium, France, Switzerland) between 1973 and 1983. In 1984 he joined the oil trading community and in 1987 co-founded The Addax & Oryx Group, a private African focused oil production and trading group and parent of TSX/AIM listed Addax Petroleum. In 1989 he co-founded, and was chairman of, Samax Resources, a company that discovered several gold deposits in Tanzania and in 1998 was acquired by Ashanti Goldfields. In 1995 he was founder of Mano River Resources, a TSXV and AIM listed company with whom he currently holds the position of chairman. He was a director of Oxus Gold between 1997 and 2002. In 2004 he co-founded Afren, an AIM listed African oil & gas exploration company, of which he is still a director. He is also director of a number of other private resources companies and of Gaia (formerly Synergy) Resources Fund. Since its break up he has been involved in a number of mining projects within the Former Soviet Union. He joined the Board in 2005.

Yuri Ivanovich Radchenko (56)
Mr Radchenko was born in Almaty, Kazakhstan and graduated as a geologist from the Kazakhstan Polytechnical Institute. From 1975 Mr Radchenko worked with the Dukat Exploration Expedition, and began work on the Dukat gold-silver deposit. In 1991 Mr Radchenko was appointed head of the Dukat Exploration Expedition where he was involved in the prospecting, exploration and assessment of the Julietta deposit and many other exploration programmes. In 1994 Mr Radchenko assisted with the foundation and management of JSC Dukatskaya Mining Geological Company which completed the exploration of the Julietta deposit and undertook other exploration activities in the Magadan Oblast including a programme to study and develop the copper porphyry deposits in north east Russia. In 1995 Mr Radchenko founded the joint venture Omsukchanskaya Mining Geological Company with Arian Resources Limited, a company, subsequently acquired by Bema Gold Corporation, which was involved in the development of the Julietta mine. In July 1998 Mr Radchenko was awarded the ''Order of Honour'' by the President of the Russian Federation for his contribution in the development of the mineral law of the Magadan Oblast and also was awarded the Diploma of 'Mineral Deposit Discoverer' as discoverer of the Lunnoe gold and silver deposit.

Subsequent events

On 8 Feb 2007, the Company issued the results of the Bankable Feasibility Study, Phase 1, on the Goltsovoye deposit, including a JORC Code (2004) statement confirming seventy eight million equivalent ounces of silver. The report was prepared for the Company by Wardell Armstrong International.

On 30 May 2007, the Company announced that it had appointed Scott Wilson International to complete the Bankable Feasibility Study on the Goltsovoye deposit.

On 8 June 2007, the Company announced a Joint Venture agreement with BKG Exploration Limited to explore the Swedish licences held by Ovoca's subsidiary, Klippen Guld AB.

Political donations

The Group made no political donations during the period.

Accounting records

The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to the books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account are maintained at 36 Dame Street, Dublin 2, Ireland.

Auditors

LHM Casey McGrath have expressed their willingness to continue in office in accordance with Section 160(2) of the Companies Act, 1963.

On behalf of the board

Leonid Skoptsov	John O'Connor	
Director	*Director*	*27 June 2007*

Irish company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to :

- select suitable accounting policies and then apply them consistently ;
- make judgements and estimates that are reasonable and prudent ;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and of the group and which enable them to ensure that the financial statements comply with accounting standards generally accepted in Ireland and comply with Irish statute comprising the Companies Acts, 1963 to 2006 and all Regulations to be construed as one with those Acts. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

On behalf of the board

Leonid Skoptsov	John O'Connor	
Director	*Director*	*27 June 2007*

Independent auditors' report to the members of Ovoca Resources plc

We have audited the financial statements of Ovoca Resources plc for the period ended 31 December 2006 which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses, and the related Notes 1 to 30. These financial statements have been prepared under the accounting policies set out on pages 18 to 20.

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act 1990. 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 auditors' 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.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report and the Group financial statements in accordance with applicable law and the accounting standards issued by the Accounting Standards Board (Generally Accepted Accounting Practice in Ireland), are set out in the statement of Directors' Responsibilities on page 15.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Acts 1963 to 2006. We also report to you whether, in our opinion: proper books of account have been kept by the Company; whether at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the Company; and whether the information given in the Report of the Directors is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the Parent Company financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding Directors' remuneration and Directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Report of the Directors, the Chairman's Review and the Review of Operations. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of Ovoca Resources plc *(continued)*

Fundamental uncertainties

In forming our opinion, we have considered the adequacy of the disclosures in notes 1 and 8 concerning the uncertainties as to:

1. The realisation by the group of expenditure on exploration properties of €27,787,384 in the consolidated balance sheet and €1,523,329 in the company balance sheet,

2. The realisation of the company's investment in subsidiary undertakings of €22,710,146 and advances to subsidiary undertakings of €4,966,336 in the company balance sheet,

which are dependent upon the successful outcome of future exploration and development.

3. The availability of sufficient funding to enable the group to trade at its projected level of operations for the foreseeable future.

In view of the significance of these uncertainties we consider that they should be drawn to your attention, but our opinion is not qualified in this respect.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the group's and parent company's affairs as at 31 December 2006 and of the group's loss for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2006.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The company balance sheet is in agreement with the books of account.

In our opinion the information given in the Report of the Directors is consistent with the financial statements.

The net assets of the company, as stated in the company balance sheet are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2006 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

LHM Casey McGrath
Chartered Certified Accountants &
Registered Auditors
6 Northbrook Road,
Dublin 6

27 June 2007

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

Basis of preparation

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain intangible assets, investments and land. The financial statements are prepared in accordance with accounting standards generally accepted in Ireland and Irish Statute comprising the Companies Acts, 1963 to 2006 and the European Communities (Companies: Group Accounts) Regulations, 1992.

The financial statements are prepared and presented in Euro.

Basis of Consolidation

The Group financial statements consolidate the financial statements of the company and of all subsidiary undertakings ("the Group") made up to 31 December 2006.

Joint venture undertakings ("joint ventures") are those undertakings over which the group exercises control jointly with another party and are accounted for using the gross equity method. The group includes its share of joint ventures' profits and losses and separately discloses its share of its joint ventures' turnover (if any) in the consolidated profit and loss account. The group includes its share of gross assets and gross liabilities of joint ventures in the consolidated balance sheet.

The results of subsidiaries and joint ventures acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Exploration costs

The company uses the full cost method of accounting for exploration costs. Under this method all costs associated with exploration, whether or not productive, are capitalised until the results of the projects, which are based on geographical areas, mainly countries, are known. The recovery of exploration costs is dependent on the successful production of economic quantities of base metals and other minerals. If commercial production is achieved, the unit of production basis will be used to amortise all remaining balances in the proportion that current production in a year bears to total estimated recoverable reserves. Provision for impairment is made where a project is abandoned or considered to be of no further interest to the group or its anticipated income potential is less than carrying value of the project on the balance sheet.

Foreign currency

Transactions of the company in foreign currency are translated into Euro at rates current at the date of such transactions. Monetary assets and liabilities arising in foreign currencies are translated into Euro at the rate ruling at the balance sheet date and differences arising are included in the trading results for the period.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, less accumulated depreciation. No depreciation is provided on land. Depreciation is calculated to write off the original cost of the assets over their expected useful lives at the following annual rates:

Mining equipment	20%
Office furniture and equipment	10%

Where there is impairment in the value of an asset, the net book value is written down to the estimated recoverable amount, and depreciated over the remaining useful life.

Financial assets

Investment in subsidiaries and joint ventures are shown in the company balance sheet as financial fixed assets and are valued at cost, less provisions for impairments.

Share premium account and issue expenses

Issue expenses are written off against the premium arising on the issue of ordinary share capital.

Taxation

Current taxation is provided for on taxable profits at current rates.

Deferred taxation, where material, is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are only recognised to the extent that they are regarded as recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term.

Liquid resources

Bank deposits with a maturity period of greater than one day are treated as liquid resources in the cashflow statement.

Share Based Payments

The Company has applied the requirements of FRS 20 share based payments. In accordance with the transitional provisions of that standard, only those awards that were granted after 7 November 2002, and had not vested at 1 January 2006, are included.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instrument at the grant date in accordance with FRS 20. Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Further details on how the fair value of equity-settled share based transactions has been determined can be found in note 19.

The fair value determined at the grant date of the equity settled share-based payments is expensed or capitalised where appropriate on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. All share options granted to date by the company have vested immediately upon granting. Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

	Note	**2006** €	2005 €
Administrative expenses		**(5,342,731)**	(906,960)
Other operating income	4	**-**	3,894
Operating loss - continuing operations		**(5,342,731)**	(903,066)
Interest receivable (net)	2	**114,849**	5,740
Loss on ordinary activities		**(5,227,882)**	(897,326)
Taxation	6	**(19,345)**	-
Loss for the financial period		**(5,247,227)**	(897,326)
Minority interest		**_**	93,224
Loss for the financial period		**(5,247,227)**	(804,102)
Profit and loss account at beginning of period		**(6,785,000)**	(5,980,898)
Profit and loss account at end of period		**(12,032,227)**	(6,785,000)
Basic loss per ordinary share	7	**(2.25)c**	(0.78)c
Diluted loss per ordinary share	7	**(1.41)c**	(0.55)c

There were no gains or losses in the period other than those recognised in the Profit & Loss Account.

The accompanying notes are an integral part of these financial statements.

Leonid Skoptsov
Director

John O'Connor
Director

27 June 2007

	Note	**2006** €	2005 €
Retained loss on ordinary activities before tax		**(5,247,227)**	(804,102)
Realisation of property revaluation gains of previous years	4	**-**	16,874
Historical cost loss on ordinary activities before taxation		**(5,247,227)**	(787,228)
Historical cost loss on ordinary activities after taxation		**(5,247,227)**	(787,228)

The accompanying notes are an integral part of these financial statements.

Leonid Skoptsov
Director

John O'Connor
Director

27 June 2007

	Note	2006 €	2006 €	2005 €	2005 €
Fixed assets					
Intangible assets	8		**27,787,384**		8,986,597
Tangible assets	9		**183,615**		5,944
			27,970,999		8,992,541
Current assets					
Trade Debtors	11	**365,638**		90,624	
Cash at bank and in hand		**3,413,909**		2,069,908	
		3,779,547		2,160,532	
Creditors: Amounts falling due within one year	12	**(921,857)**		(556,375)	
Net current assets / (liabilities)			**2,857,690**		1,604,157
Net assets			**30,828,689**		10,596,698
Financed by:					
Capital and reserves					
Called-up share capital	13		**7,942,025**		3,052,183
Share premium account	14		**34,349,541**		13,496,065
Other reserves	15		**11,482**		11,482
Share based payment reserve	16		**520,436**		-
Profit and loss account	16		**(12,032,227)**		(6,785,000)
Shareholders' funds - equity			**30,791,257**		9,774,730
Minority Interests			**37,432**		821,968
			30,828,689		10,596,698

The accompanying notes are an integral part of these financial statements.

Leonid Skoptsov
Director

John O'Connor
Director

27 June 2007

	Note	2006 €	2006 €	2005 €	2005 €
Fixed assets					
Intangible assets	*8*		**1,523,329**		4,551,648
Tangible assets	*9*		**-**		-
Financial assets	*10*		**22,710,146**		4,544,060
			24,233,475		9,095,708
Current assets					
Debtors: amounts falling due within one year	*11*	**194,286**		77,525	
Debtors: amounts falling due after one year	*11*	**4,966,336**		1,059,765	
Cash at bank and in hand		**3,190,972**		2,069,217	
		8,351,594		3,206,507	
Creditors: Amounts falling due within one year	*12*	**(2,319,782)**		(2,475,963)	
Net current assets			**6,031,812**		730,544
Net assets			**30,265,287**		9,826,252
Financed by:					
Capital and reserves					
Called-up share capital	*13*		**7,942,025**		3,052,183
Share premium account	*14*		**34,349,541**		13,496,065
Capital conversion reserve fund	*15*		**11,482**		11,482
Share based payment reserve			**520,436**		-
Profit and loss account	*17*		**(12,558,197)**		(6,733,478)
Shareholders' funds - equity			**30,265,287**		9,826,252

The accompanying notes are an integral part of these financial statements.

On behalf of the Board

Leonid Skoptsov	John O'Connor	
Director	*Director*	*27 June 2007*

	Note	2006 €	2006 €	2005 €	2005 €
Net cash (outflow)/inflow from operating activities	*20*		**(548,549)**		(469,139)
Returns on investments and servicing of finance					
Interest received – net		**114,849**		5,740	
Sale of tangible asset		**-**		22,000	
Net cash inflow from returns on investments and servicing of finance			**114,849**		27,740
Tax paid			**(19,345)**		-
Capital expenditure and financial investment					
Purchase of tangible assets		**(151,830)**		(4,084)	
Purchase of intangible assets		**(5,130,917)**		(3,682,325)	
Net cash outflow from capital expenditure and financial investment			**(5,282,747)**		(3,686,409)
Net cash outflow before financing and management of liquid resources			**(5,735,792)**		(4,127,808)
Financing and management of liquid resources					
Proceeds received from issue of share capital		**7,079,793**		6,181,327	
Net cash inflow from financing and use of liquid resources			**7,079,793**		6,181,327
(Decrease)/Increase in cash in the period	*21*		**1,344,001**		2,053,519

1 Basis of preparation

The group financial statements consolidate the financial statements of Ovoca Resources plc and its subsidiary undertakings and joint ventures for the period ended 31 December 2006.

The company uses the full cost method of accounting for exploration costs. Under this method all costs associated with exploration, whether or not productive, are capitalised until the results of the projects, which are based on geographical areas, mainly countries, are known. The recovery of exploration costs is dependent on the successful production of economic quantities of base metals and other minerals. If commercial production is achieved, the unit of production basis will be used to amortise all remaining balances in the proportion that current production in a period bears to total estimated recoverable reserves. Provision for impairment is made where a project is abandoned or considered to be of no further interest to the group or its anticipated income potential is less than carrying value of the project on the balance sheet.

The directors have reviewed the current state of the group's finances, taking into account resources currently available to the group. The Company has had talks with banks with a view to financing the development of the Goltsovoye project. As part of this financing the company commissioned Scott Wilson International to complete the Bankable Feasibility Study on the project. The company is also investigating a bridging finance option to carry out ground works prior to the completion of the Bankable Feasibility Study. The directors are satisfied that sufficient funding will be available to the group to enable it to trade at its projected level of operations for the foreseeable future. On this basis the directors consider that it is appropriate to prepare the financial statements on the going concern basis.

The directors consider that in preparing the financial statements they have taken into account all information that could reasonably be expected to be available. The financial statements do not include any adjustments that would result if the directors' plans were not successful.

2 Interest receivable (net)

	2006	2005
	€	€
Deposit interest receivable	**114,849**	5,740
Interest payable and similar charges	**-**	-
	114,849	5,740

3 Statutory and other information

	2006	2005
	€	€
Auditors' remuneration - audit	**37,025**	25,000
- non audit services	**3,932**	2,905
Depreciation of tangible fixed assets	**17,894**	1,239
Directors' remuneration	**339,878**	-
Directors Consultancy fees	**139,935**	190,062

Details of directors' consultancy services are set out in Note 26.

4 Other Operating Income

In 2005, Albannach Limited, a subsidiary company, made a profit before tax of €22,000 through the sale of a portion of its land which was surplus to its requirements. €16,784 of this profit referred to the realisation of previous revaluations and is therefore reported in the note of historical cost profits and losses on page 20, while the remaining profit of €3,894 represents the profit when comparing the net sales proceeds, to the revalued carrying value of the assets and is reported as "Other Operating Income" on page 19.

5 Employees

The group has twenty-five full time employees *(2005: One).*

The aggregate payroll cost was as follows:	**2006**	2005
	€	€
Wages and salaries	**636,212**	33,401
Social welfare costs	**79,337**	3,590
	715,549	36,991
Staff costs capitalised	**(439,339)**	-
Net staff costs charged to Profit & Loss account	**276,210**	36,991

6 Taxation

	2006	2005
(a) Analysis of the tax charge for the year:	**€**	€
Corporation tax - current period	**19,345**	-
	19,345	-

(b) Reconciliation of factors affecting tax charge for the year:

	2006	2005
(Loss) on ordinary activities before tax	**(5,227,882)**	(804,102)
Corporation tax at standard rate 2006: 12.5% (2005 12.5%)	**(653,845)**	(100,512)
Taxation effects of:		
Russian Corporation Tax	**19,345**	-
Tax Losses forward	**653,845**	100,512
	19,345	-

Deferred tax assets have not been recognised as the Directors consider that they would not be recoverable in the foreseeable future.

7 Loss per share

	2006	2005
	€	€
Basic		
Loss after taxation	**(5,247,227)**	€(804,102)
Weighted average number of ordinary shares outstanding	**233,696,419**	102,034,612
Basic loss per share	**(2.25)c**	(0.78)c

Basic loss per share is calculated by dividing the weighted average number of ordinary shares in issue into the loss after taxation for the period.

Fully diluted number of ordinary shares outstanding	**372,615,236**	145,267,242
Fully diluted loss per share	**(1.41)c**	(0.55)c

Diluted loss per share is calculated by dividing the maximum number of ordinary shares that could be in issue into the loss after taxation for the period.

8 Intangible assets

	Group €	Company €
Deferred Exploration costs:		
At 1 January 2006	8,986,597	4,551,648
Acquired on acquisition during the year	17,835,254	-
Expenditure incurred during the year	5,651,353	1,315,087
Expenditure written off during the year	(4,685,820)	(4,343,406)
At 31 December 2006	**27,787,384**	**1,523,329**

Geographical Analysis

	Group €	Company €
Ireland	-	-
Sweden	-	-
Russia	27,787,384	1,523,329
	27,787,384	1,523,329

Expenditure on exploration activities is deferred on areas of interest until a reasonable assessment can be determined of the existence or otherwise of economically recoverable reserves. The Directors are satisfied that this deferred expenditure is worth not less than cost and that the exploration projects and prospecting licences described above have the potential to achieve mine production and positive cash flows.

With the advancement of the Goltsovoye project and the Group's concentration in Russia, the Board considered it prudent to write down the carrying value of the assets in Sweden and Ireland. This resulted in €4,685,820 being written off through the Profit & Loss account.

8 Intangible assets (cont'd)

Acquisitions in the year

Acquisition of a 74% interest in CJSC Ayax

	Acquiree's Carrying amount	Fair value Adjustment	Fair value
	€	€	€
Net Assets acquired:			
Tangible assets	43,735	-	**43,735**
Development costs	132,324	16,408,689	**16,541,013**
Trade and other receivables	90,206	-	**90,206**
Bank and cash balances	93,412	-	**93,412**
Trade and other payables	(215,706)	-	**(215,706)**
Minority shareholders' interests	(37,432)	-	**(37,432)**
	106,539	16,408,689	**16,515,228**

Total consideration, satisfied by cash	-
Shares allotted	16,515,228
	16,515,228
Net cash inflow arising on acquisition:	
Cash consideration paid	-
Cash and cash equivalents acquired	**90,206**
	90,206

Acquisition of remaining 37% interest in Norplat Limited

Minority shareholders interests acquired	929,139
Fair value adjustment in respect of exploration costs	1,294,241
	2,223,380
Total consideration, satisfied by cash	-
Shares allotted	2,223,380
	2,223,380

9 Tangible assets

Group	Mining equipment	Office furniture & equipment	Total
	€	**€**	**€**
Cost or valuation			
At 1 January 2006	70,528	29,979	100,507
Additions/(disposals) during period	173,564	22,001	195,565
At 31 December 2006	**244,092**	**51,980**	**296,072**
Depreciation			
At 1 January 2006	70,528	24,035	94,563
Charged during period	16,029	1,865	17,894
At 31 December 2006	**86,557**	**25,900**	**112,457**
Net book value:			
At 31 December 2006	**157,535**	**26,080**	**183,615**
At 31 December 2005	-	5,944	5,944

10 Financial assets

	At 1 January 2006	Movements during year	**At 31 December 2006**
	€	€	**€**
Company			
Investment in subsidiary undertakings (net of provisions)	594,060	(594,060)	**-**
Investment in Norplat Limited	3,950,000	2,223,380	**6,173,380**
Investment in CJSC Ayax	**-**	16,515,228	**16,515,228**
Investment in Ovoca Gold (Cyprus) Ltd	**-**	3,000	**3,000**
Investment in Boreal Minerals plc	**-**	18,538	**18,538**
	4,544,060	18,166,086	**22,710,146**

In the opinion of the directors, the fair value of financial assets in the company balance sheet at 31 December 2006 was in excess of the carrying value at that date.

11 Debtors

	Group		Company	
	2006	2005	**2006**	2005
	€	€	**€**	€
Amounts falling due within one year:				
Prepayments and other debtors	**218,213**	39,336	**46,861**	26,237
Value added tax	**147,425**	51,288	**147,425**	51,288
Called up share capital unpaid	**-**	-	**-**	-
	365,638	90,624	**194,286**	77,525
Amounts falling due after one year:				
Due from subsidiary undertaking	**-**	-	**4,966,336**	1,059,765
,	**365,638**	90,624	**5,160,622**	1,137,290

There were no loans advanced to directors at any time during the year.

12 Creditors: Amounts falling due within one year

	Group		Company	
	2006	2005	**2006**	2005
	€	€	**€**	€
Trade creditors	**735,080**	114,924	**298,729**	93,977
Accruals	**79,274**	306,260	**86,369**	282,473
Due to subsidiary undertakings	-	-	**1,934,684**	2,099,513
Other creditors	**107,503**	135,191	**-**	-
	921,857	556,375	**2,319,782**	2,475,963

13 Share capital

	2006	2005
	€	€
Authorised:		
500,000,000 ordinary shares of 2.5c each	**12,500,000**	2,500,000
Issued, called up and fully paid:		
122,087,242 *(28 Feb 2005: 53,261,625)* ordinary shares of 2.5c each	**3,052,183**	1,331,542
Shares issued during the year	**4,889,842**	1,720,641
317,681,010 *(2005: 122,087,242)* ordinary shares of 2.5c each	**7,942,025**	3,052,183

14 Share premium account

	2006 €	2005 €
At beginning of year	13,496,065	9,035,379
Premium arising on shares issued during the year	21,555,266	4,532,299
Share issue expenses payable	(701,790)	(71,613)
At end of year	34,349,541	13,496,065

15 Other reserves

	2006 €	2005 €
Capital conversion reserve at beginning of year	**11,482**	11,482
Foreign currency movement	**-**	-
Balance at end of year	**11,482**	11,482

16 Equity reserves

Group

	Share premium account €	Share Based Payment €	Profit and loss account €	Other reserves €	Total €
At 1st January 2006	13,496,065	-	(6,785,000)	11,482	6,722,547
Retained profit/(loss) for the year			(5,247,227)		(5,247,227)
Other movements	20,853,476	520,436	-	-	21,373,912
At 31 December 2006	**34,349,541**	**520,436**	**(12,032,227)**	**11,482**	**22,849,232**

17 Profit and loss account

Of the consolidated loss for the period ended 31 December 2006, €5,824,719 (*2005: €575,309*) is dealt with in the accounts of the company. The company has availed of the exemption in Section 3(2) of the Companies (Amendment) Act, 1986 from the requirement to prepare a separate profit and loss account.

18 Reconciliation of shareholders' funds - Group

	2006 €	2005 €
Shareholders' funds at beginning of year	**9,774,730**	4,414,579
Total recognised losses for year	**(5,247,227)**	(804,102)
Other reserve movements	**520,436**	(17,072)
	5,049,939	3,593,405
Transactions with shareholders:		
Par value of share capital issued	**4,889,842**	1,720,639
Share premium on shares issued in year	**21,555,266**	4,532,299
Share issue costs recovered/(payable)	**(701,790)**	(71,613)
Shareholders' funds at end of year	**30,791,257**	9,774,730

Issue of Shares - Company

On 27 February 2006, 13,232,798 new ordinary shares were issued as payment for 12,112,543 shares in Norplat Limited. On 7 June 2006 60,408,452 new ordinary shares were issued in a placing at 8.25 pence sterling each, and warrants to subscribe for 30,204,226 Ovoca shares at a price of 12 pence sterling until 27 November 2007. On 7 June 2006, 110,101,518 new ordinary shares were issued as payment for 74% of CJSC Ajax. On 25 August 2006 8,910,000 new ordinary shares were issued as payment to take the company's holding in Norplat to 100%. On 18 October 2006 2,850,000 new ordinary shares were issued, 2,750,000 in settlement of two creditor invoices, and 100,000 under a warrant conversion at 13 cents.

19 Share based payments

Under the share option scheme employees of the Group can receive conditional awards of share options depending on their performance, seniority and length of service. All options issued to date vested once granted.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2006 Number	2006 WAEP	2005 Number	2005 WAEP
Outstanding as at 1 January	10,730,000	€0.12	4,080,000	€0.12
Granted During the Year	14,000,000	€0.15	7,000,000	€0.12
Exercised During the Year	-		-	
Lapsed During the Year	-		(350,000)	€0.11
Outstanding at 31 December	24,730,000	€0.14	10,730,000	€0.12
Exercisable at 31 December	24,730,000		10,730,000	

The inputs of the option valuation model were:

Risk free interest rate	4.0% pa
Expected volatility	64%
Dividend yield	0% pa

The Company recognised a total expense of €520,436 (2005:NIL) in respect of Share Options all of which was capitalised as exploration expenditure.

20 Reconciliation of operating loss to net cash outflow from operating activities

	2006 €	2005 €
Operating loss	**(5,342,731)**	(813,736)
Depreciation	**17,894**	1,239
Other operating profit	**-**	(17,073)
Write off of Intangibles	**4,685,820**	**-**
(Increase) /Decrease in debtors	**(275,014)**	18,340
Increase/(Decrease) in creditors	**365,482**	342,092
Net cash outflow from operating activities	**(548,549)**	(469,138)

21 Reconciliation of net cash flow to movement in net funds

	2006	2005
	€	€
Increase/(decrease) in cash in the year	**1,344,001**	2,053,519
Movement in net funds in the year	**1,344,001**	2,053,519
Net funds at beginning of year	**2,069,908**	16,389
Net funds at end of year	**3,413,909**	2,069,908

22 Analysis of net funds

	At 31 December 2005	Cash Flow	**At 31 December 2006**
	€	€	**€**
Cash	2,069,908	1,344,001	**3,413,909**
Liquid resources	-	-	**-**
Total	2,069,908	1,344,001	**3,413,909**

Liquid resources comprise bank deposits with maturity periods of greater than one day.

23 Subsidiary and joint venture undertakings

Subsidiary undertakings

Company	*Group Holding*	*Country of Incorporation*	*Activity*	*Address*
Albannach Limited	100%	Ireland	Dormant	Dublin Ireland
Barnagapal Limited	100%	Ireland	Dormant	Dublin Ireland
X-Ore Limited	100%	Ireland	Dormant	Dublin Ireland
CJSC Ajax	74%	Russia	Mineral Exploration In Russia	MagadanTown Russia
Klippen Guld AB	100%	Sweden	Mineral exploration in Sweden	Skelleftea, Sweden.
Norplat Limited	100%	BVI	Mineral Exploration In Russia	Tortola British Virgin Islands
CJSC Black Fox	100%	Russia	Mineral Exploration In Russia	Monchegorsk Town Russia
CJSC Lovozero	100%	Russia	Mineral Exploration In Russia	Monchegorsk Town Russia
Boreal Minerals plc	100%	UK	Support Company	London United Kingdom
Ovoca Gold Cyprus Ltd	100%	Cyprus	Dormant	Cyprus

All of the shares held in subsidiaries, with the exception of Black Fox and Lovozero which are held through Norplat Limited, comprise ordinary shares and are held directly by the parent company. In the opinion of the directors, the recoverable amount of the unlisted investments included above is not less than their net book value.

24 Pensions

The company does not operate a pension scheme.

25 Capital commitments

Capital commitments at 31 December 2006 amounted to €nil. (2005 €nil)

26 Related party transactions

Mr Roger Turner, a director, is a principal of Turner Associates, to whom €104,553 (2005: €51,537) net of VAT was payable by the group during the period, €17,664 for the provision of consultancy services and €86,889 as salary.

Mr John O'Connor, a director and secretary, is a principal of F.R. O'Connor & Co, Chartered Accountants, to whom €91,359 (2005: €53,173) net of VAT was payable by the group during the year, analysed between fees for accounting and company secretarial services of €87,009 (2005: €50,934) and reimbursed costs of €4,350 (2005: €2,392). He is also a director of Travel Edge Limited, to whom €17,586 (2005: €4,233) was payable during the year for travel costs.

Dr Barrie Oakes, a director, to whom €104,553 (2005: €41,230) net of VAT was payable by the group during the period, €17,664 for the provision of consultancy services and €86,889 as salary.

Mr Danesh Varma, a director, is a principal of Turner Associates, to whom €40,042 (2005: €36,812) net of VAT was payable by the group during the period, €13,248 for the provision of consultancy services and €26,794 as salary.

The balances owed to these parties at the year-end were as follows:

	2006	2005
	€	€
F.R. O'Connor & Co	**-**	-
Traveledge Ltd.	**7,708**	50
Barrie Oakes	**-**	-
Roger Turner	**-**	-
Danesh Varma	**-**	-

27 Financial instruments

The group finances the business from the proceeds of issuing share capital. It has no external borrowings and no undrawn borrowing facilities. Therefore its financial instruments are comprised of only cash on short-term deposit and short-term non-interest bearing debtors and creditors.

The group does not enter into derivative transactions and it does not undertake trading activity in any financial instruments.

The group manages its liquidity risk by regularly monitoring its cash flow requirements, and the amount and maturity profile of its cash deposits.

The group's surplus cash is placed on short-term deposit with financial institutions. At 31 December 2006 there were no funds on short-term deposit *(2005: €nil).*

The group has no significant financial assets or liabilities which are denominated in foreign currencies.

28 Subsequent events

On 8 Feb 2007, the Company issued the results of the Bankable Feasibility Study, Phase 1, on the Goltsovoye deposit, including a JORC Code (2004) statement confirming seventy eight million equivalent ounces of silver. The report was prepared for the Company by Wardell Armstrong International.

On 30 May 2007, the Company announced that it had appointed Scott Wilson International to complete the Bankable Feasibility Study on the Goltsovoye deposit.

On 8 June 2007, the Company announced a Joint Venture agreement with BKG Exploration Limited to explore the Swedish licences held by Ovoca's subsidiary, Klippen Guld AB.

29 Operating lease commitments

Annual commitments exist under non-cancellable operating leases for land and buildings as follows:

Group and company	**2006**	2005
	€	€
Expiring:		
Between one and five years	**74,389**	16,667

30 Approval of financial statements

These financial statements were approved by the directors on 27 June 2007.

OVOCA GOLD Plc

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