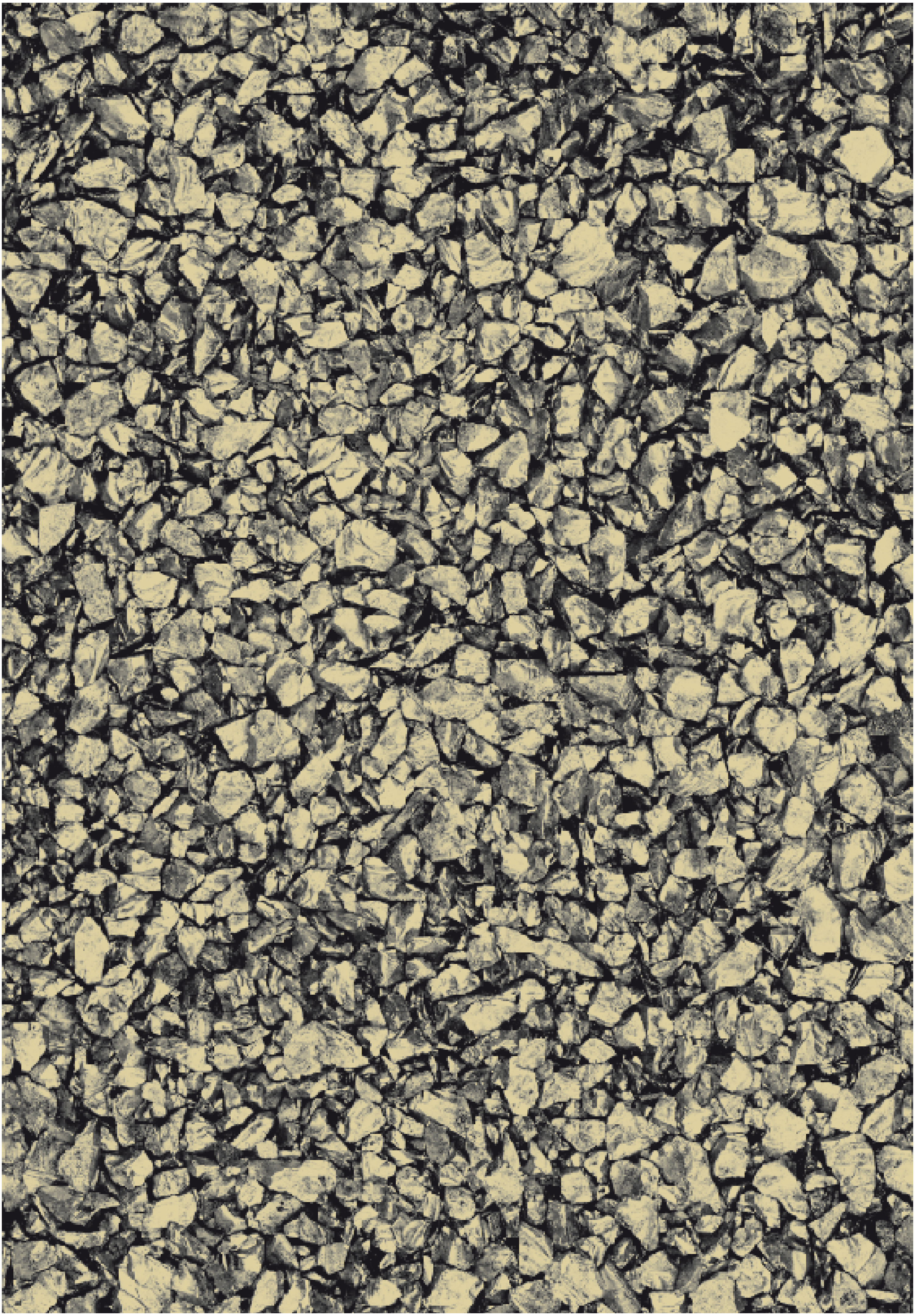
OVOCA GOLD Plc

ANNUAL REPORT 2008



Ovoca Gold is an international precious metals exploration company quoted on the Frankfurt Stock Exchange (OVX), the London AIM Stock Exchange (OVG) and the Irish Stock Exchange (OVX).

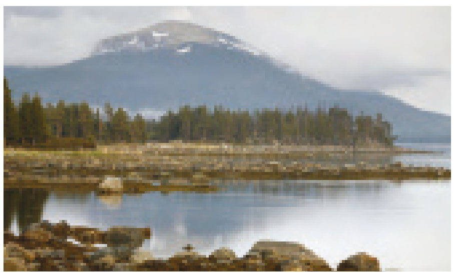
The company has a portfolio of exploration properties in Russia. Through its various properties the company has interests in gold, molybdenum and copper.

The company's ethos is simple: the right sites; the right strategy; and the right people.

WELCOME

CONTENTS

- Extension of exploration license in the Kola peninsula to July 2011
- Placement for £0.4m
- Disposal of Goltsovoye for US$ 11m cash, 7.5 million Polymetal common shares and US$ 0.7m cash payment for certain other ancillary assets
- In the 2008 exploration season the Company drilled 4,709 metres on Pellapakh
- Additionally in the 2009 exploration season (started at the end of 2008) the Company drilled 780 metres on Oleninskoye



"Utilizing our cash position wisely, and deploying our human capital on our existing projects in the Kola Peninsula as well as making opportunistic, value accretive acquisitions will serve to raise the value of Ovoca"

SINCE TAKING OVER THE CHAIRMANSHIP OF OVOCA I HAVE BEEN INCREASINGLY IMPRESSED WITH THE COMPANY'S ABILITY TO SUCCESSFULLY MEET AND OVERCOME CHALLENGES. AS SUCH I AM VERY MUCH AN OPTIMIST FOR THE FUTURE, ESPECIALLY CONSIDERING THAT OVOCA HAS CONSIDERABLE FREEDOM OF MOVEMENT IN THE JUNIOR MINING SECTOR, WITH A TREASURY BUILT UP, NO DEBT, AND AN EXPERT TEAM OF MINING PROFESSIONALS.

The board is directing the company to stay focused, while at the same time remaining open to new ideas. Although we have an advantage working in Russia, we are not limiting our review of opportunities to just Russia and her neighbours. Indeed, geology does not know political borders. However, I would like to assure you all that I am well aware of our limitations. The collective business experience of the board is multiple decades, and no matter how attractive a business opportunity is, the board recognizes that acquisition is the easy part, running an operation is a constant process, for which one must be capable and prepared.

I would like to take this opportunity to address shareholders directly. I know it has been a frustrating experience as the share price has been depressed for so long. As a large shareholder of the company I am particularly aware of this issue. However, sometimes the market is irrational and this seems to be the case now, as we trade at a fraction of the cash and securities value the company has. However, we are not alone; there are multiple junior mining companies that are currently trading below their cash level. This may not be particularly reassuring, but it does let you know that the share price phenomenon of Ovoca is far from unique. What is the answer to this issue? What is the road to higher share price valuation? I think it is clear. Utilizing our cash position wisely, and deploying our human capital on our existing projects in the Kola Peninsula as well as making opportunistic, value accretive acquisitions will serve to raise the value of Ovoca. It is here where I must make a point; short-term promotion, without substance, will only lead to disappointment. In fact, I would argue that much of the world's current economic malaise is due to promotion in the absence of tangible value. Please note, lack of promotion does not mean passivity. It simply means acting like the serious company that we are.

I look forward to 2009 as a year of change and new beginning. Crisis is also opportunity, and Ovoca like never before is prepared to seize opportunity and create value.

Sincerely,

Mikhail Mogutov
Chairman

OVOCA GOLD CERTAINLY HAD AN EVENTFUL 2008. AND DESPITE THE UPS AND DOWNS DURING THAT YEAR, WE ARE NOW ONE OF THE MOST FINANCIALLY ROBUST COMPANIES IN THE JUNIOR MINING SPACE.

Ovoca started 2008 on a high note, having completed in January its bankable feasibility study for the Goltsovoye silver deposit in the Magadan region, Russia. I believe everyone involved with Ovoca was very excited about this watershed event, which marked the successful end of years of work, as well as marking the beginning of the company's future as a major silver producer. Although we had spoken with financial institutions before the bankable feasibility study was completed, with its completion we immediately held more concrete discussions based on the conclusions of the study. By July we had received an attractive proposal from a major Russian bank for USD 92.7m and we believed that by the end of the third quarter 2008, after the bank had finished its due diligence, we would receive financing and begin construction of the Goltsovoye mine.

Unfortunately, events did not transpire as expected. What happened? I think there are three key factors that conspired against Ovoca in the later summer of 2008. One, the silver price plunged during the bank's due diligence period. When we announced the proposal from the major Russian bank, the silver price was slightly over USD 17 per ounce. Two months later the silver price was barely above USD 10 per ounce. Although the Goltsovoye project was very financially robust, a fall in the silver price that dramatic no doubt gave the bank reason to pause in making a loan decision. Two, the banking system globally, as well as in Russia, underwent a extreme crisis of liquidity and confidence starting in the second quarter of 2008 and progressively deepened up to the end of the year. Unfortunately, there was no safe bank haven for us to access financing. Third, concurrent with the banking crisis mentioned above the equity markets collapsed, and Ovoca Gold's share price went from 10 pence in July to 2 pence by the end of the year. As a result of that, the reality was that any equity financing required to satisfy a bank financing would have been massively dilutive to all the shareholders who had so patiently stayed with the company awaiting the construction of Goltsovoye. The dilution would have been so bad, in fact, that little economic value would have remained in the hands of long-time shareholders.

"We are now entering a new phase for the company, one in which we are well funded, well staffed, and with very little limiting our scope of action"

I regret missing the chance to build and operate the Goltsovoye silver mine, as I firmly believe it would have been a world class asset and the envy of the Russian mining sector. However, given the circumstances that we faced at the end of 2008, the deal done with Polymetal was very successful and the best we could have hoped for. At the time of announcement, the terms proposed by Polymetal represented a 78.31% premium to Ovoca's market capitalization. That premium and the fact that there was slim chance to find an alternative deal in an acceptable time frame meant shareholders received the best value possible. I want to take this moment to thank all of Ovoca's management team and advisors for bringing the deal with Polymetal to a successful close, as it was certainly a difficult and stressful process.

We are now entering a new phase for the company, one in which we are well funded, well staffed, and with very little limiting our scope of action. Indeed, it is a thrilling time but I intend to tread cautiously and avoid being heady with enthusiasm. Our projects in the Kola peninsula are progressing and in general the markets for both base and precious metals is improving. Any expansion of Ovoca's asset base will be done via a sober analysis of the benefits and liabilities such an asset brings to the company's shareholders.

Last year ended with a complete change in the company after selling Goltsovoye. This has given Ovoca a fresh start and I look forward to writing to you again in 2009's annual report, as I myself am excited and interested in what our company will look like this time next year.

Sincerely,

Leonid Skoptsov
CEO

Key highlights:

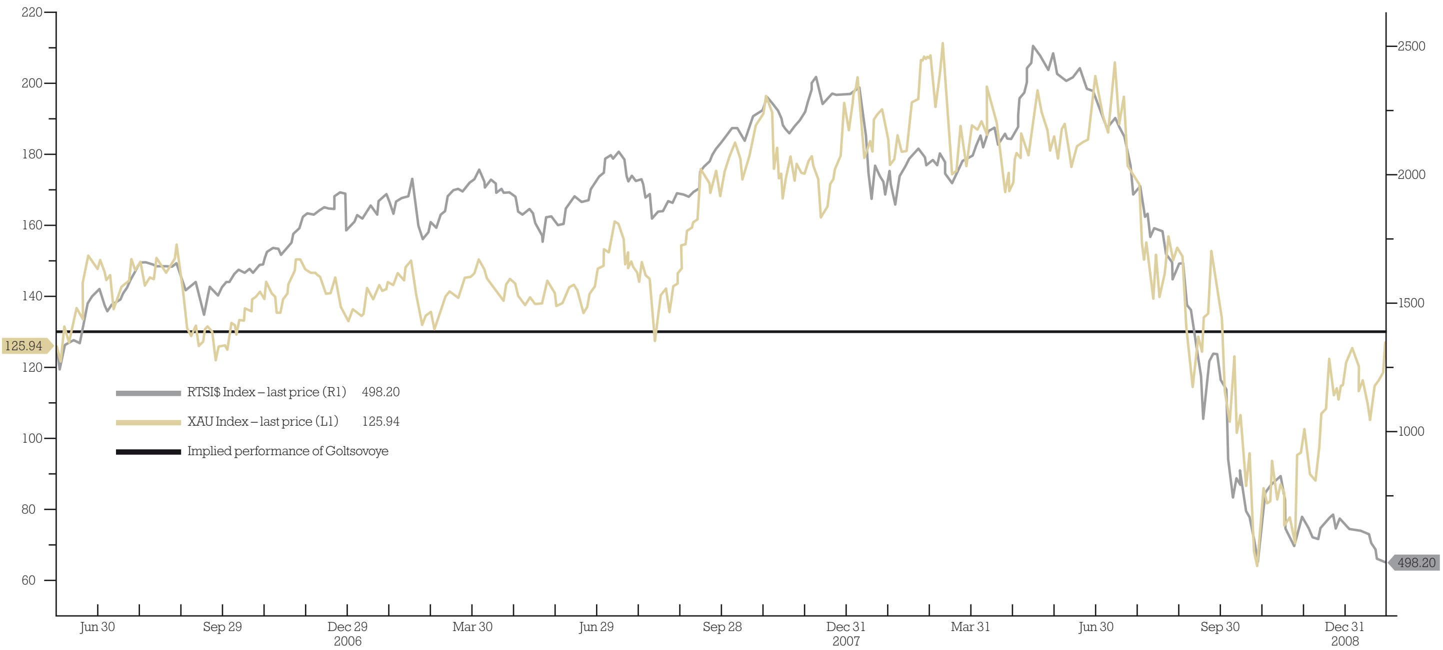
- Completion of Bankable Feasibility Study for the Goltsovoye silver deposit
- Extension of exploration license in the Kola peninsula to July 2011
- Placement for £0.4m
- Disposal of Goltsovoye for US$ 11m cash, 7.5 million Polymetal common shares and US$ 0.7m cash payment for certain other ancillary assets.

Investment Performance

In 2008 Ovoca came full circle in the development of its core asset, the Goltsovoye silver deposit in the Magadan region, Russia. At the beginning of the year the Company completed the Bankable Feasibility Study for Goltsovoye, while at the end of the year the Company sold it as a mature development asset. At the time the Goltsovoye disposal closed, the value of the cash and securities Ovoca received was US$47.7m, which was a 194% premium to Ovoca's market capitalization (US$16.2m at disposal closing). The total value of the acquisition cost and investment into Goltsovoye since it was acquired by Ovoca in June 2006 was approximately US$46m.

For a sector peer comparison, the Philadelphia Gold and Silver Sector Index, which is used by many industrial professionals as a major benchmark for financial performance, was flat over the period of Goltsovoye acquisition to disposal (XAU from 128 in 06/2006 to 126 in 01/2009). For a Russia peer comparison, the RTS Russian Stock Index was at 1431 at the acquisition of Goltsovoye, and at 498 at the disposal. In a comparison context, Ovoca Gold's return on its investment into Goltsovoye was comparable to the overall performance of the gold and silver sector and significantly better than the performance of investments in Russia.

Relative performance during Goltsovoye ownership period



Source: Bloomberg, Ovoca Gold

Kola Peninsula

Ovoca holds two exploration licenses in the Kola Peninsula, Russia, which are the Company's key exploration assets.

The Kolmozero-Voronye property is located in the central part of Kola Peninsula approximately 50 kilometers from the Serebryanskay hydropower station, 80 kilometers from the Revda railway station and 160 kilometers from Murmansk sea-port. The Murmansk region is a mining-friendly region of Russia with multiple operating ferrous and non-ferrous mines, administrative support for the sector and a deep human capital base from which to draw for future operations.

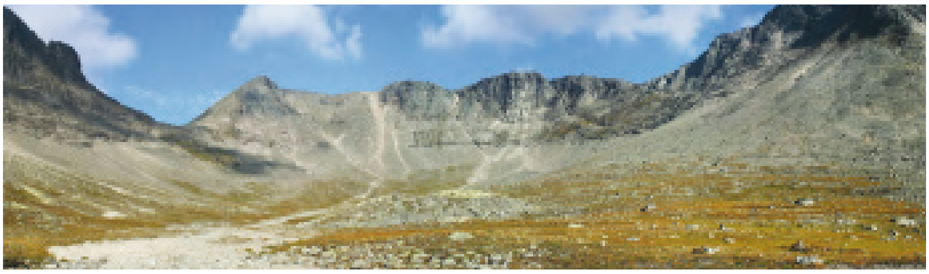
In the first quarter of 2008 the Company successfully extended the license term of the main license (The Kolmozero-Voronye property on which are Pellapakh and Oleninskoye) for an additional three years to July 2011. The company's second license on the Kola Peninsula is valid until November 2010.

In the 2008 exploration season the Company drilled 4,709 metres on Pellapakh, which is now known to be a large molybdenum/copper ore body. Metallurgical test work carried out by Gintsvetmet, a leading Russian non-ferrous metallurgical laboratory, indicates that recoveries of molybdenum and copper of 82% into concentrates using a simple flotation process can be achieved. Pellapakh is a potential large scale open pit deposit and it is still open along strike and in depth with significant geochemical and geophysical anomalies to the north which have not yet been drilled. Ovoca is currently evaluating different development options for Pellapakh in the current low molybdenum and copper price environment.

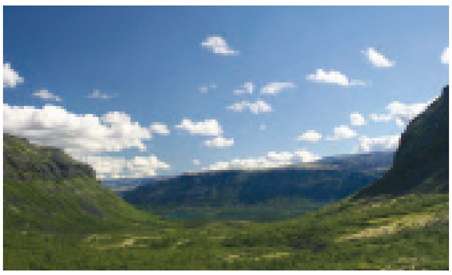
Additionally in the 2009 exploration season (started at the end of 2008) the Company drilled 780 meters on Oleninskoye, a high-grade gold target within the Company's license area which is similar in geology to active gold mines in neighboring Finland. The Company is waiting for the laboratory results of this exploration work, which are expected by the end of 2Q09.

Human Capital

Despite the events of 2008 and the disposal of Goltsovoye, the Company has managed to keep its core staff intact and has the necessary operational know-how to evaluate and operate new projects. Ovoca's geologist team is world-class and collectively is responsible for the discovery or development of such deposits as Dukat, Kubaka and Amantaytau. The company's metallurgist was previously in charge of metallurgy at Lunnoye and Julietta, while the Company's COO has extensive experience working for Glencore developing mining projects. Additionally, the company's core shareholders (two of whom are executive directors) have extensive experience managing enterprises in Russia, ranging from mid-sized oil companies to super-giant coal mines.



"In the 2008 exploration season the Company drilled 4,709 meters on Pellapakh, which is now known to be a large molybdenum/copper ore body"



Directors

Mikhail Mogutov
Executive Chairman

Leonid Skoptsov
CEO (Executive Director)

Rowan Maule
Non-Executive Director

John O'Connor
Non-Executive Director

Yuri Radchenko
Non-Executive Director

Timothy McCutcheon
Non-Executive Director

Registered Office

Connaught House
Burlington Road
Dublin 4
Ireland

Business Address

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8 Little Trinity Lane
London
United Kingdom

Other Business Information

CFO & Secretary – Danesh Varma
Registration number 105274
Incorporated 15 January 1985
www.ovocagold.com

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Chartered Certified Accountants
and Registered Auditors
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Dublin 6
Ireland

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Allied Irish Bank
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Rathgar
Dublin 6
Ireland

Barclays plc
Canary Wharf
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United Kingdom

Bank of Bermuda
Front Street
Hamilton HM11
Bermuda

Deutsche Bank
82 Sadovnicheskaya Street
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Russia

Solicitors

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Burlington Road
Dublin 4
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Stockbrokers & Nomad

Davy
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Dublin 2
Ireland

Registrars

Computershare Investor Services
(Ireland) Limited
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Sandyford Industrial Estate
Dublin 18
Ireland

The Directors present their annual report and audited financial statements for the year ended 31 December 2008 of Ovoca Gold plc ("the Company") and its subsidiaries (collectively "the Group").

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 Review of Operations.

RESULTS AND DIVIDENDS

The results are disclosed on page 19 of the financial statements. The directors do not recommend the payment of a dividend.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's activities are carried out principally in Russia. Accordingly, the principal risks and uncertainties are considered to be the following:

Exploration Risk; Exploration and development activities may be delayed or adversely affected by factors outside the Group's control, in particular: climatic conditions, performance of joint venture partners or suppliers, availability, delays or failures in installing and commissioning plant and equipment; unknown geological conditions; remoteness of location; actions of host governments or other regulatory authorities (relating to, inter alia, the grant, maintenance or renewal of any required authorisations, environmental regulations or changes in law).

Commodity Price Risk; The demand for, and price of gold, tungsten, base metals and other minerals is dependent on global and local supply and demand, actions of governments or cartels and general global economical and political developments.

Political Risk; As a consequence of activities in different parts of the world, the Group may be subject to political, economic and other uncertainties, including but not limited to terrorism, war or unrest, changes in national laws and energy policies and exposure to different legal systems.

Foreign Exchange Risk; Exchange rate fluctuations may affect the cost that the Company incurs with its operations. Any fluctuations of the Euro against the USD will have a significant impact of the Company's s financial position and results in future.

Credit Risk; This refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining significant collateral, where appropriate, as a means of mitigating the risk of financial loss from defaulters.

Liquidity Risk; The Company holds its cash in currencies in which it expects to incur expenditure. The Company's reporting currency is the Euro and this has strengthened over other currencies over the year. The most meaningful information relates to the Company's current liquidity – since it is not generating any income from its mineral projects. The financial statements are also shown in US Dollars, as the Company is in a transition phase and it is intended that future financial statements will be reported in US Dollars.

Market Risk; Factors beyond the control of the Company may affect the marketability of its securities. Prices are subject to fluctuation and are affected by factors beyond the control of the Company. The effect of these factors on the Company's operations cannot be accurately predicted.

DIRECTORS AND SECRETARY AND THEIR INTERESTS

Mr. Rowan Maule retires in accordance with Article 95 of the Articles of Association of the Company and being eligible, offers himself for re-election. Mr. John O'Connor is retiring from the Board at the AGM. Mr. Roger Turner retired from the Board on 29 October 2008. Mr. Timothy McCutcheon was appointed as Non Executive Director on 19 January 2009.

The Interests (all of which are beneficial) of the Directors who held office at the date of approval of the annual report and at 31 December 2008 and their families in the share capital of the Company were:

	Ordinary Shares of €0.25c each			Options over Ordinary Shares		
	24/06/09	31/12/08	01/01/08	24/06/09	31/12/08	01/01/08
Leonid Skoptsov	47,849,368	47,849,368	45,692,368	1,000,000	1,000,000	1,000,000
John O'Connor	60,000	60,000	60,000	2,625,000	2,625,000	2,740,000
Rowan Maule	-	-	-	1,000,000	1,000,000	1,000,000
Mikhail Mogutov	72,287,718	72,287,718	72,287,718	1,000,000	1,000,000	1,000,000
Yuri Radchenko	53,981,158	53,981,158	53,981,158	1,000,000	1,000,000	1,000,000
Timothy McCutcheon	-	-	-	-	-	-

Further details of the above share options of the Directors as at 31 December 2008 are as follows:

	Options	Exercise Price (€)	Expiry Date
John O'Connor	100,000	25.0c	6 January 2010
	125,000	7.0c	17 September 2013
	150,000	9.0c	20 October 2013
	150,000	12.0c	22 December 2013
	100,000	11.0c	1 March 2014
	250,000	12.4c	10 May 2015
	750,000	11.0c	8 August 2015
	1,000,000	15.0c	28 July 2016
Rowan Maule	1,000,000	14.71c	7 June 2016
Mikhail Mogutov	1,000,000	16.0c	28 July 2016
Yuri Radchenko	1,000,000	16.0c	28 July 2016
Leonid Skoptsov	1,000,000	16.0c	28 July 2016

No change in the above share options has occurred between 31 December 2008 and the date of approval of these financial statements.

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.

SHARE PRICE

The Company's shares are traded on the Irish Emerging Exchange (IEX) of the Irish Stock Exchange, the Alternative Investment Market (AIM) of the London Stock Exchange and on the Frankfurt exchange (DAX).

The market price of the Company's shares on IEX at 31 December 2008 was €0.029 cents. During the year ended 31 December 2008 the market price of the Company's shares ranged from €0.02 cents to €0.20 cents.

The market price of the Company's share on AIM at 31 December 2008 was 2.38 pence. During the year ended 31 December 2008 the market price of the Company's shares ranged from 2.13 pence to 10.5 pence.

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 24 June 2009.

	Ordinary Shares of €0.025 cents each	Percentage of issued Share capital
Salyco Trading Company Limited (Mikhail Mogutov)	72,287,718	16.34%
Pickco Trading Company Limited (Yuri Radchenko)	53,981,158	12.20%
BBHISL Nominees Limited (120165)	50,229,626	11.36%
Subishico Trading Company Limited (Leonid Skoptsov)	47,849,368	10.82%
Citibank Nominees (Ireland)	47,591,918	10.76%
Euroclear Nominees Ltd	34,638,062	7.83%
BBHISL Nominees Limited (120123)	20,700,500	4.68%

GROUP UNDERTAKINGS

Details of the company's subsidiary and joint venture undertakings are set out in Note 11 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 20.

POLITICAL DONATIONS

The Group made no political donations during the period.

GOING CONCERN

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 that 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.

DETAILS OF EXECUTIVE DIRECTORS

Mikhail Alexandrovich Mogutov

Executive Chairman

Mikhail Mogutov was born in Shakhtersk town, Sakhalin Isle, Russia. In 1979 he graduated from the Moscow Physics-Technical Institute and has a Ph.D. degree. In 1988 Mr Mogutov together with his colleagues founded the Bioprocess Group and is a major shareholder and an executive manager. For many years, the Bioprocess Group have founded, acquired and successfully operated larger machinery, ship-building and chemical industry companies. The largest company of the group – JSC "United Machinery Plants" (OMZ), which used to produce 70% of Russian drilling and 90% of mining equipment. Between 1997 and 1999 Mr Mogutov was also the Chairman of the Board of Vostsibugol that mined over 13 million tons of steam coal annually. By 1999 part of the assets of the group were sold and the remaining assets were divided into two independent businesses, Bioprocess Holding and JSC Biomed. The key business of Bioprocess Holding is exploration and mining of minerals in various regions of the Russian Federation. Also Mr Mogutov is Chairman of JSC Biomed and a member of the board of a number of Russian companies in resources and fine chemical sectors etc.

Leonid Pavlovich Skoptsov,

Chief Executive Officer

Mr Skoptsov was born in Krasnodar in southern Russia and graduated from the Moscow State University in 1979. Mr Skoptsov was a shareholder and Chairman of OAO Pervaya Gornorudnaya Companiya, which in 2002 discovered the large Pavlovskoe lead-zinc, silver deposit, in the Yuzhny Isle of the New Land archipelago, Russia. Mr Skoptsov was Chairman of OAO Volganeft in Samara Oblast until December 2004, which was acquired by the Russian oil company Rosneft. He is a shareholder and director of the Magadan Geological Expedition and a number of other companies with exploration licences for precious metals on the Russian Far East.

DETAILS OF NON EXECUTIVE DIRECTORS

Yuri Ivanovich Radchenko

Yuri 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.

Timothy McCutcheon

Timothy McCutcheon joined the Board on 19 January 2009. He is a founding partner of DBM Capital Partners, an investment manager and corporate finance boutique in Moscow that specialises in the mining sector in Russia. Timothy has a BA, cum laude from Columbia College, New York, and a MBA Finance from Columbia Business School. Previously Timothy worked with Aton Capital, where he was an award winning analyst who pioneered coverage in the Russian and CIS gold mining and uranium sectors and originated mining deals of over US$200 million. Timothy was a past director of Consolidated Puma Minerals Corp.

Rowan Maule

Rowan Maule is a graduate of Cardiff University, having obtained an honours degree in Mine Engineering in 1983. He has worked extensively in mining operations in Africa, Europe, the Far East and Russia during the past twenty years in various positions from Operations Manager to Project Director.

John O'Connor

John O'Connor joined the Board in 1997. He is a Fellow of the Institute of Chartered Accountants in Ireland. He is principal of F.R. O'Connor & Co, Chartered Accountants, having previously worked with Ernst & Young, Dublin Gas Company and Thorn EMI Computer Software. He is also director of a number of private companies.

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 board currently has six directors, comprising two Executive Directors and four Non-Executive Directors. The Board met formally on eight occasions during 2008. An agenda and supporting documentation was circulated in advance of each meeting. All the Directors bring independent judgement 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. 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 one Non-Executive Director 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.

The Group's system of internal financial control provides reasonable, though not absolute assurance that assets are safeguarded, transactions authorised and recorded properly and that material errors or irregularities are either prevented or detected within a timely period. Having made appropriate enquiries, the Directors consider that the system of internal financial, operational and compliance controls and risk management operated effectively during the period covered by the financial statements and up to the date on which the financial statements were signed. The internal control system includes the following key features, which have been designed to provide internal financial control appropriate to the Group's businesses:

– budgets are prepared for approval by the Board;
– expenditure and income are compared to previously approved budgets;
– a detailed investment approval process which requires Board approval of all major capital projects and regular review of the physical performance and expenditure on these projects.

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 2008 was €427,395 (US$602,427). The highest paid Director received remuneration of €92,552 (US$130,455).

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. As required by AIM and IEX rules and as permitted by company law, the Directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU (EU IFRS) and have elected to prepare the company financial statements in accordance with EU IFRS, as applied in accordance with the provisions of the Companies Acts, 1963 to 2006.

The Group and Company financial statements are required by law and EU IFRS to present fairly the financial position and performance of the Group; the Companies Acts 1963 to 2006 provide, in relation to such financial statements, that references in the relevant part of the Acts to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the Group and Company 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

Under applicable law and the requirements of the IEX rules issued by the Irish Stock Exchange, the Directors are also responsible for preparing a Directors' Report and reports relating to Directors remuneration and corporate governance that comply with that law and those rules.

The Directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Acts 1963 to 2006. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

BOOKS AND ACCOUNTING RECORDS

The Directors are responsible for ensuring proper books and accounting records, as outlined in Section 202 of the Companies Act 1990, are kept by the Company. The Directors, through the use of appropriate procedures and systems and the employment of competent persons, have ensured that measures are in place to secure compliance with these requirements. These books and accounting records are maintained at Painters Hall Chambers, 8 Little Trinity Lane, London, EC4V 2AN.

AUDITORS

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

On behalf of the Board

Leonid Skoptsov
Director

Timothy McCutcheon
Director

Date: 24 June 2009

We have audited the financial statements of Ovoca Gold plc for the year ended 31 December 2008 which comprise of the Group Income Statement, Group Balance Sheet, Company Balance Sheet, Group Cash Flow, Company Cash Flow and Group Statement of Changes in Equity and Notes thereon. These financial statements have been prepared under the accounting policies set out on page 16-18.

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 that we are required to state to them in the audit 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 or 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 financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union (''IFRS'') are set out in the Statement of Directors' Responsibilities on page 13.

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 Group financial statements give a true and fair view in accordance with IFRS as adopted by the European Union and are properly prepared in accordance with the Companies Acts 1963 to 2006. We also report to you to 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 Directors' Report 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 Company's financial statements are in agreement with the books of account.

We report to the shareholders if, in our opinion, any information specified by law regarding Directors' remuneration and Directors' transactions is not given 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. This other information comprises only the Directors' Report, Chairman's Review and the Review of Activities. We consider the implications for our audit report if we become aware of any apparent misstatement or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF 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 judgements made by the Directors in the preparation of the financial statements, and 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.

OPINION

In our opinion

- the Group Financial Statements give a true and fair view, in accordance with IFRS's as adopted by the EU, of the state of the Group's affairs as at 31 December 2008 and of its loss for the year then ended;
- the Company Financial Statements give a true and fair view in accordance with IFRS's as adopted by the EU, and has applied in accordance with the provisions of the Companies Acts, 1963 to 2006, of the State of the Company's affairs as at 31 December 2008; and
- the Financial Statements have been properly prepared in accordance with the Companies Acts 1963 to 2006.

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

In our opinion the information given in the Directors' Report on pages 9–13 is consistent with the financial statements.

The net assets of the Company, as stated in the Balance Sheet on page 22, 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 2008 a financial situation which under Section 40 (1) of the Companies (Amendment) Act 1983 may require the convening of an extraordinary meeting of the Company.

EMPHASIS OF MATTER

In forming our opinion, we have considered the adequacy of disclosures made in Note 9 to the financial statements, in relation to the Directors' assessment of the carrying value of the Group's deferred exploration costs amounting to €7,473,160 (US$10,535,350). The realisation of the intangible assets is dependent on the successful development or disposal of base metal and other minerals in the Group's licence areas. Such successful development is dependent on several variables including the existence of commercial deposits of base metal and other minerals, availability of finance and the market price of base metal and other minerals.

The financial statements do not include the adjustments that would result if the exploration and evaluation assets were not recoverable. In view of the significance of these uncertainties we consider that they should be drawn to your attention. Our opinion is not qualified in these respects.

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

Date: 24 June 2009

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

STATEMENT OF COMPLIANCE

As permitted by the European Union and in accordance with AIM and IEX Rules, the Group financial statements have been prepared in accordance with International Financial Reporting Standards (''IFRSs'') and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU (IFRS). The individual financial statements of the Company (''Company financial statements'') have been prepared in accordance with the Companies Acts, 1963 to 2006 which permits a company, that publishes its company and group financial statements together, to take advantage of the exemption in Section 148(8) of the Companies Act 1963, from presenting to its members its company income statement and related notes that form part of the approved company financial statements.

The IFRSs adopted by the EU as applied by the Company and the Group in the preparation of these financial statements are those that were effective at 31 December 2008.

The following provides a brief outline of the likely impact on future financial statements of relevant IFRSs and interpretations adopted by the EU which are not yet effective and have not been adopted in these financial statements:

- IFRS 8 Operating Segments, effective for accounting periods beginning on or after 1 January 2009, sets out the requirements for disclosure of financial and descriptive information about an entity's operating segments, its products and services, the geographical areas in which it operates, and its major customers. IFRS 8 will replace IAS 14 Segment Reporting and will require additional disclosures.
- Amendment to IFRS 2 Share-based payment – Vesting Conditions and Cancellations clarifies the definition of vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to IFRS 2 will have no impact on the financial statements.
- Revised IFRS 3 Business Combinations (2008) incorporates the following changes and will have no impact on the Group financial statements unless it acquires a business:
- The definition of a business has been broadened, which may result in more acquisitions being treated as business combinations.
  - (i) Contingent consideration will be measured at fair value, with subsequent changes in fair value recognised in the income statement.
  - (ii) Transaction costs, other than share and debt issue costs, will be expensed as incurred.
  - (iii) Any pre-existing interest in an acquiree will be measured at fair value, with the related gain or loss recognised in the income statement.
  - (iv) Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquiree, on a transaction-by-transaction basis.

Revised IAS 23 Borrowing Costs removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. As the Group has no borrowings, this will have no impact on the Group's financial statements.

Amended IAS 27 Consolidated and Separate Financial Statements (2008) requires accounting for changes in ownership interests in a subsidiary that occur without loss of control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in a former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to IAS 27, which become mandatory for the Group's 2010 consolidated financial statements, are not expected to have a significant impact on the consolidated financial statements.

Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship.
The amendments will become mandatory for the Group's 2010 consolidated financial statements, with retrospective application required. The amendment is not expected to have an impact on the Group financial statements.

- Revised IAS 1 Presentation of Financial Statements (2007) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. Revised IAS 1, which becomes mandatory for the Group's 2009 consolidated financial statements, and its impact on the Group financial statements will be presentational only and will not impact on the reported earnings of the Group.

BASIS OF PREPARATION

The Group and Company financial statements are prepared on the historical cost basis, except for available-for-sale assets, which are carried at fair value. The accounting policies have been applied consistently by Group entities.

FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Euro (€), which is the Company's functional currency. The US$ equivalent is shown for information purposes.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with EU IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

In particular, significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are in the following areas:
– Measurement of the recoverable amounts of intangible assets
– Utilisation of tax losses
– Measurement of share-based payments

REVENUE RECOGNITION – INTEREST REVENUE

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

CONSOLIDATION

The consolidated financial statements comprise the financial statements of Ovoca Gold Plc and its subsidiaries for the year ended 31 December 2008.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Intra-group balances and any unrealised gains or losses or income or expenses arising from intra-group transactions are eliminated in preparing the Group financial statements.

INTANGIBLE FIXED ASSETS (DEFERRED EXPLORATION COSTS)

In accordance with International Financial Reporting Standard 6 – Exploration for and Evaluation of Mineral Resources, the Group uses the cost method of recognition. Exploration costs include licence costs, survey, geophysical and geological analysis and evaluation costs, costs of drilling and project-related overheads.

Exploration expenditure in respect of properties and licences not in production is deferred and is carried forward in the balance sheet under intangible assets in respect of each area of interest where:

(i) the operations are ongoing in the area of interest and exploration or evaluation activities have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves; or
(ii) such costs are expected to be recouped through successful development and exploration of the area of interest or alternatively by its realisation.

When the Directors decide that no further expenditure on an area of interest is worthwhile, the related expenditure is written off or down to an amount which it is considered represents the residual value of the Group's interest therein.

IMPAIRMENT

The carrying amounts of the Group's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that is expected to generate cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the Income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset.

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 provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Mining equipment	– 20% Straight line
Office furniture and equipment	– 10% Straight line
Fixtures and fittings	– 20% Straight line

TAXATION

Full provision is made for deferred tax liabilities arising from the timing differences between the gains and losses in the financial statements and their recognition in a tax computation, using the liability method. Timing differences are temporary differences between profits as computed for taxation purposes and profits as stated in the financial statements. Deferred tax assets are recognised to the extent that it is considered probable that future taxable profits will be generated to enable the Group to utilise either the timing difference or tax losses.

FOREIGN CURRENCIES

Monetary assets and liabilities denominated in a foreign currency are translated into Euro at the exchange rate ruling at the balance sheet date, unless specifically covered by foreign exchange contracts whereupon the contract rate is used. Revenues, costs and non monetary assets are translated at the exchange rates ruling at the dates of the transactions. All exchange differences are dealt with through the income statement.

On consolidation, the assets and liabilities of overseas subsidiary companies are translated into Euro at the rates of exchange prevailing at the balance sheet date. Exchange differences arising from the restatement of the opening balance sheets of these subsidiary companies are dealt with through reserves. The operating results of overseas subsidiary companies are translated into Euro at the average rates applicable during the year.

SHARE BASED PAYMENTS

The Group has applied the requirements of IFRS 2 'share based payments'. The Group issues share options as an incentive to certain key management and staff (including directors). The fair value of share options granted to Directors and employees under the Company's share option scheme is recognised as an expense with a corresponding credit to the share based payment reserve. The fair value is measured at grant date and spread over the period during which the awards vest. The fair value is measured using a binomial lattice model, taking into account the terms and conditions upon which the options were granted. A discount for market conditions has been applied to the fair values determined by the Black-Scholes-Merton model.

The options issued by the Group are subject to both market-based and non-market based vesting conditions. Market conditions are included in the calculation of fair value at the date of the grant. Non-market vesting conditions are not taken into account when estimating the fair value of awards as at grant date; such conditions are taken into account through adjusting the equity instruments that are expected to vest.

The proceeds received net of any directly attributable transaction costs will be credited to share capital (nominal value) and share premium when options are converted into ordinary shares.

ISSUE EXPENSES AND SHARE PREMIUM ACCOUNT

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

EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

FINANCIAL ASSETS

Investment in subsidiaries and joint ventures are shown in the Company Balance Sheet as financial assets and are valued at cost, less provisions for impairment. Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), and 'available for sale' (AFS) financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Unlisted shares held by the Group that are traded in an active market are classified as being AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss.

OPERATING LEASES

Operating lease rentals are charged to the Income statement 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 Cash Flow Statement.

	Notes	31/12/08 €	31/12/07 €	31/12/08 US$	31/12/07 US$
Continuing Operations					
Administrative expenses	3	**(1,029,304)**	(913,601)	**(1,511,000)**	(1,333,127)
Exploration costs written off		**(201,845)**	-	**(296,305)**	-
Operating profit/(loss)		**(1,231,149)**	(913,601)	**(1,807,305)**	(1,333,127)
Interest Receivable and similar income	4	**4,716**	59,064	**6,923**	84,462
Profit/(Loss) for the year before tax		**(1,226,433)**	(854,537)	**(1,800,382)**	(1,248,665)
Taxation	7	-	-	**-**	-
Profit/(Loss) from continuing operations		**(1,226,433)**	(854,537)	**(1,800,382)**	(1,248,665)
Discontinued Operations					
Loss for the year from discontinued operations	24	**(7,382,554)**	-	**(10,405,931)**	-
Loss for the year		**(8,608,987)**	(854,537)	**(12,206,313)**	(1,248,665)
Attributable to:					
Equity holders of the Parent Company		**(8,608,987)**	(854,537)	**(12,206,313)**	(1,248,665)
Minority Interest		**-**	-	**-**	-
		(8,608,987)	(854,537)	**(12,206,313)**	(1,248,665)
Basic earnings per share					
From continuing operations	8	**(0.28 Cents)**	(0.25 Cent)	**(0.41 Cents)**	(0.37 Cent)
From discontinued operations	8	**(1.69 Cents)**	-	**(2.39 Cents)**	-
Total basic earnings per share	8	**(1.97 Cents)**	(0.25 Cent)	**(2.80 Cents)**	(0.37 Cent)
Diluted earnings per share					
From continuing operations	8	**(0.26 Cents)**	(0.22 Cent)	**(0.39 Cents)**	(0.32 Cent)
From discontinued operations	8	**(1.58 Cents)**	-	**(2.23 Cents)**	-
Total diluted earnings per share	8	**(1.84 Cents)**	(0.22 Cent)	**(2.62 Cents)**	(0.32 Cent)
Comprehensive Income/(loss)					
(Loss)/gain on fair value changes of Available for sale investments	24	**9,737,289**	-	**13,725,000**	-
Loss on disposal of subsidiary	24	**(17,119,843)**	-	**(24,130,931)**	-
		(7,382,554)	-	**(10,405,931)**	-

The accompanying notes on pages 25 to 33 form an integral part of these financial statements.

On behalf of the Board

Leonid Skoptsov
Director

Timothy McCutcheon
Director

***Group Statement of Changes in Equity* (€)**	Share Capital €	Share Premium €	Share based Payment Reserve €	Other Reserves €	Retained Losses €	Foreign currency translation reserve US$	Total €
Balance at 1 January 2007	7,942,025	34,349,541	520,436	11,482	(12,032,226)	-	30,791,258
Loss for the year	-	-	-	-	(854,536)	-	(854,536)
Proceeds of share issue	2,882,301	13,236,209	-	-	-	-	16,118,510
Balance at 31 December 2007	**10,824,326**	**47,585,750**	**520,436**	**11,482**	**(12,886,762)**	**-**	**46,055,232**
Balance at 1 January 2008	10,824,326	47,585,750	520,436	11,482	(12,886,762)	-	46,055,232
Loss for the year	-	-	-	-	(8,608,987)	-	(8,608,987)
Proceeds of share issue	233,025	522,030	-	-	-		755,055
Balance at 31 December 2008	**11,057,351**	**48,107,780**	**520,436**	**11,482**	**(21,495,749)**	**-**	**38,201,300**
(US$)							
Balance at 1 January 2007	10,447,914	45,317,349	686,611	15,149	(15,874,116)	-	40,622,907
Loss for the year	-	-	-	-	(1,248,665)	-	(1,248,665)
Foreign currency translation reserve	1,111,088	4,805,501	72,809	1,606	(1,305,288)	(376,293)	4,309,423
Proceeds of share issue	4,205,854	19,314,276	-	-	-		23,520,130
Balance at 31 December 2007	**15,794,856**	**69,437,126**	**759,420**	**16,755**	**(18,428,069)**	**(376,293)**	**67,203,795**
Balance at 1 January 2008	15,794,856	69,437,126	759,420	16,755	(18,428,069)	(376,293)	67,203,795
Loss for the year	-	-	-	-	(12,206,314)	-	(12,206,314)
Foreign currency translation reserve	(537,644)	(2,363,584)	(25,850)	(570)	(920,990)	1,632,762	(2,215,876)
Proceeds of share issue	328,456	735,817	-	-	-	-	1,064,273
Balance at 31 December 2008	**15,585,668**	**67,809,359**	**733,570**	**16,185**	**(31,555,373)**	**1,256,469**	**53,845,878**
***Company Statement of Changes in Equity* (€)**							
Balance at 1 January 2007	7,942,025	34,349,541	520,436	11,482	(12,558,197)	-	30,265,287
Loss for the year	-	-	-	-	(851,078)	-	(851,078)
Proceeds of share issue	2,882,301	13,236,209	-	-	-	-	16,118,510
Balance at 31 December 2007	**10,824,326**	**47,585,750**	**520,436**	**11,482**	**(13,409,275)**	**-**	**45,532,719**
Balance at 1 January 2008	10,824,326	47,585,750	520,436	11,482	(13,409,275)	-	45,532,719
Loss for the year	-	-	-	-	(1,011,393)	-	(1,011,393)
Gain on disposal of subsidary	-	-	-	-	16,358,101	-	16,358,101
Proceeds of share issue	233,025	522,030	-	-	-	-	755,055
Balance at 31 December 2008	**11,057,351**	**48,107,780**	**520,436**	**11,482**	**1,937,433**	**-**	**61,634,482**
(US$)							
Balance at 1 January 2007	10,477,914	45,317,349	686,611	15,149	(16,568,029)	-	39,928,994
Loss for the year	-	-	-	-	(1,217,042)	-	(1,217,042)
Foreign currency translation reserve	1,111,088	4,805,501	72,809	1,606	(1,390,192)	(391,551)	4,209,261
Proceeds of share issue	4,205,854	19,314,276	-	-	-		23,520,130
Balance at 31 December 2007	**15,794,856**	**69,437,126**	**759,420**	**16,755**	**(19,175,263)**	(391,551)	**66,441,343**
Balance at 1 January 2008	15,794,856	69,437,126	759,420	16,755	(19,175,263)	(391,551)	66,441,343
Loss for the year	-	-	-	-	(1,484,707)	-	(1,484,707)
Foreign currency translation reserve	(537,644)	(2,363,584)	(25,850)	(570)	(622,558)	391,551	(3,158,655)
Gain on disposal of subsidary	-	-	-	-	24,013,398	-	24,013,398
Proceeds of share issue	328,456	735,817	-	-	-	-	1,064,273
Balance at 31 December 2008	**15,585,668**	**67,809,359**	**733,570**	**16,185**	**2,730,870**	**-**	**86,875,652**

The accompanying notes on pages 25 to 33 form an integral part of these financial statements.

On behalf of the Board

Leonid Skoptsov Director **Timothy McCutcheon** Director

	Notes	31/12/08 €	31/12/07 €	31/12/08 US$	31/12/07 US$
Assets					
Non-Current Assets					
Intangible assets	9	**7,473,160**	39,312,022	**10,535,350**	57,363,174
Property, plant and equipment	10	**1,092,485**	1,578,024	**1,538,184**	2,302,653
Other financial assets	12	**23,944,152**	-	**33,750,000**	-
		32,509,797	40,890,046	**45,823,534**	59,665,827
Current Assets					
Trade and other receivable	13	**268,788**	1,325,199	**378,865**	1,933,730
Cash and cash equivalents	14	**6,788,925**	5,032,701	**9,569,193**	7,344,646
		7,057,713	6,357,900	**9,948,058**	9,278,376
Total Assets		**39,567,510**	47,247,946	**55,771,592**	68,944,203
Equity and Liabilities					
Equity					
Called up share capital	16	**11,057,351**	10,824,326	**15,585,668**	15,794,856
Share premium account	16	**48,107,780**	47,585,750	**67,809,359**	69,437,126
Other reserves		**11,482**	11,482	**16,185**	16,755
Share based payment reserve		**520,436**	520,436	**733,570**	759,420
Foreign currency translation reserve		**-**	-	**1,256,469**	(376,293)
Profit and loss account	17	**(21,495,749)**	(12,886,763)	**(31,555,373)**	(18,428,070)
Attributable to equity shareholders		**38,201,300**	46,055,231	**53,845,878**	67,203,794
Minority Interest		**-**	1	**-**	1
		38,201,300	46,055,232	**53,845,878**	67,293,795
Current Liabilities					
Trade and other payables	15	**1,366,210**	1,192,714	**1,925,714**	1,740,408
Total Liabilities		**1,366,210**	1,192,714	**1,925,714**	1,740,408
Total Equity and Liabilities		**39,567,510**	47,247,946	**55,771,592**	68,944,203

The accompanying notes on pages 25 to 33 form an integral part of these financial statements.

On behalf of the Board

Leonid Skoptsov
Director

Timothy McCutcheon
Director

	Notes	31/12/2008 €	31/12/2007 €	31/12/2008 US$	31/12/2007 US$
Assets					
Non-Current Assets					
Intangible assets	9	**27,237**	2,819,743	**38,391**	4,114,569
Financial assets	11	**6,204,363**	29,161,234	**8,745,236**	42,552,073
		6,231,600	31,980,977	**8,783,627**	46,666,642
Current Assets					
Trade and other receivables	13	**58,185,022**	12,109,685	**82,013,534**	17,670,452
Cash and cash equivalents	14	**20,289**	4,085,303	**28,598**	5,961,274
		58,205,311	16,194,988	**82,042,122**	23,631,726
Total Assets		**64,436,911**	48,175,965	**90,825,759**	70,298,368
Equity and Liabilities					
Equity					
Called up share capital	16	**11,057,351**	10,824,325	**15,585,668**	15,794,856
Share premium account	16	**48,107,780**	47,585,749	**67,809,359**	69,437,126
Capital conversion reserve fund		**11,482**	11,482	**16,185**	16,755
Share based payment reserve		**520,436**	520,436	**733,570**	759,420
Foreign currency translation reserve		**-**	-	**-**	(391,551)
Profit and loss account	17	**1,937,433**	(13,409,275)	**2,730,870**	(19,175,263)
Attributable to equity shareholders		**61,634,482**	45,532,717	**86,875,652**	66,441,343
Current Liabilities					
Trade and other payables	15	**2,802,429**	2,643,248	**3,950,107**	3,857,025
Total Liabilities		**2,802,429**	2,643,248	**3,950,107**	3,857,025
Total Equity and Liabilities		**64,436,911**	48,175,965	**90,825,759**	70,298,368

The accompanying notes on pages 26 to 33 form an integral part of these financial statements.

On behalf of the Board

Leonid Skoptsov
Director

Timothy McCutcheon
Director

	Notes	31/12/08 €	31/12/07 €	31/12/08 US$	31/12/07 US$
Cash flows from operating activities					
Net Loss for the year before taxation		**(1,226,433)**	(913,601)	**(1,800,382)**	(1,248,665)
Adjustments for:					
Depreciation		**17,253**	62,077	**24,317**	90,582
Exploration costs written off		**201,845**	-	**296,305**	-
Foreign currency translation differences		**-**	-	**(197,870)**	299,528
(Increase)/Decrease in debtors		**1,056,410**	(959,561)	**1,554,866**	(1,400,194)
Increase/(Decrease) in creditors		**173,496**	270,857	**185,306**	395,235
Net cash from operating activities		**222,571**	(1,540,228)	**62,542**	(1,863,514)
Cash flows from financing activities					
Proceeds of issue of share capital		**755,055**	9,667,422	**1,064,273**	14,106,702
Net cash from financing activities		**755,055**	9,667,422	**1,064,273**	14,106,702
Cashflows from investing activities					
Proceeds from sale of subsidiary		**7,804,020**	-	**11,000,000**	-
Expenditure on exploration activities		**(6,241,178)**	(5,110,982)	**(8,797,128)**	(7,457,945)
Purchases of property, plant & equipment		**(788,960)**	(1,456,484)	**(1,112,063)**	(2,125,301)
Interest received		**4,716**	59,064	**6,923**	84,462
Net cash flow from investing activities		**778,598**	(6,508,402)	**1,097,732**	(9,498,784)
Net (Decrease)/Increase in cash and cash equivalents		**1,756,224**	1,618,792	**2,224,547**	2,744,404
Cash and Cash Equivalents at beginning of year	14	**5,032,701**	3,413,909	**7,344,646**	4,600,242
Cash and cash equivalents at end of year	14	**6,788,925**	5,032,701	**9,569,193**	7,344,646

Cash and cash equivalents are made up of

Cash at bank	**6,788,925**	5,032,701	**9,569,193**	7,344,646

The accompanying notes on pages 25 to 33 form and integral part of these financial statements.

	Notes	31/12/08 €	31/12/07 €	31/12/08 US$	31/12/07 US$
Cash flows from operating activities					
Net Loss for the year before taxation		**(1,011,393)**	(851,078)	**(1,484,707)**	(1,217,042)
Adjustments for:					
Foreign currency translation reserve		**-**	-	**(614,271)**	(24,714)
Interest expense		**-**	(4,716)	**-**	(6,882)
(Increase)/Decrease in debtors		**(46,075,337)**	(6,949,063)	**(64,343,082)**	(10,140,073)
Increase/(Decrease) in creditors		**159,181**	323,466	**93,079**	472,002
Net cash from operating activities		**(46,927,549)**	(7,481,391)	**(66,348,981)**	(10,916,709)
Cash flows from financing activities					
Proceeds from issue of shares		**755,055**	16,118,508	**1,064,273**	23,520,127
Proceeds from loan repayment		**6,139,410**	-	**8,653,683**	-
Net cash from financing activities		**6,894,465**	16,118,508	**9,717,956**	23,520,127
Cashflows from investing activities					
Expenditure on exploration activities		**(1,602,940)**	(1,296,414)	**(2,259,392)**	(1,891,726)
Acquisition of subsidiary		**-**	(6.451,088)	**-**	(9,413,428)
Proceeds of disposal of subsidiary		**37,566,294**		**52,950,818**	-
Interest received		**4,716**	4,716	**6,923**	6,744
Net cash flow from financing activities		**35,968,070**	(7,742,786)	**50,698,349**	(11,298,410)
Net (Decrease)/Increase in cash and cash equivalents		**(4,065,014)**	894,331	**(5,932,676)**	1,305,008
Cash and Cash Equivalents at beginning of year		**4,085,303**	3,190,972	**5,961,274**	4,656,266
Cash and cash equivalents at end of year		**20,289**	4,085,303	**28,598**	5,961,274

The accompanying notes on pages 25 to 33 form and integral part of these financial statements.

1 GOING CONCERN

The group financial statements consolidate the financial statements of Ovoca Gold Plc and its subsidiary undertakings for the period ended 31 December 2008.

The company uses the full cost method of accounting for exploration costs. Under this method all costs associated with exploration, whether productive, are capitalised until the results of the projects, which are based on geographical areas, mainly countries are unknown. 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 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 SEGMENTAL REPORTING

For the purpose of segmental information the operations of the Group comprise one class of business, the exploration for base metals and other minerals.

By geographical area by origin:-

		Carrying value of Segment Assets		Additions/(deductions) to non current assets and intangible assets		Total Liabilities
	31/12/08	31/12/07	31/12/08	31/12/07	31/12/08	31/12/07
	€	€	€	€	€	€
Russia	**39,567,510**	47,247,946	**(31,838,862)**	11,524,638	**1,366,210**	1,192,714
	39,567,510	47,247,946	**(31,838,862)**	11,524,638	**1,366,210**	1,192,714

		Carry value of Segment Assets		Additions/(deductions) to non current assets and intangible assets		Total Liabilities
	31/12/08	31/12/07	31/12/08	31/12/07	31/12/08	31/12/07
	US$	US$	US$	US$	US$	US$
Russia	**55,771,592**	68,944,203	**(46,827,824)**	16,816,752	**1,925,714**	1,740,408
	55,771,592	68,944,203	**(46,827,824)**	16,816,752	**1,925,714**	1,740,408

3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	31/12/08 €	31/12/07 €	31/12/08 US$	31/12/07 US$
This is arrived at after charging:				
Depreciation of tangible assets	**17,252**	62,075	**24,317**	90,582
Directors' remuneration	**288,007**	309,311	**405,955**	451,346
Directors' consultancy fees	**139,388**	197,450	**196,472**	288,119
Auditors' remuneration	**49,219**	42,500	**69,375**	62,016
Auditors' remuneration from non-audit work	**4,469**	3,025	**6,299**	4,414

Details of director's consultancy services are set out in Note 20.

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	31/12/08 €	31/12/07 €	31/12/08 US$	31/12/07 US$
Deposit interest receivable	**4,716**	59,064	**6,923**	84,462
	4,716	59,064	**6,923**	84,462

5 EMPLOYEES

Number of employees:

The average monthly number of employees (including the Directors) during the year was:

	31/12/08 Number	31/12/07 Number
Administration	**23**	25
	23	25

Employment costs:

	31/12/08 €	31/12/07 €	31/12/08 US$	31/12/07 US$
Wages & Salaries	**1,221,589**	815,361	**1,793,270**	1,165,966
Staff costs capitalised	**(780,589)**	(494,233)	**(1,145,890)**	(706,753)
Net staff costs charged to the Income Statement	**441,000**	321,128	**647,380**	459,213

6 PENSION COSTS

The Company does not operate a pension scheme.

7 TAXATION

	31/12/08 €	31/12/07 €	31/12/08 US$	31/12/07 US$
(a) Analysis of the tax charge for the year:				
Corporation Tax – current period	-	-	**-**	-
(b) Reconciliation of factors affecting the tax charge for the year:				
(Loss) on ordinary activities before tax	**(1,226,433)**	(854,537)	**(1,800,382)**	(1,248,665)
Corporation tax at standard rate 2008: 12.5% (2007: 12.5%)	**(153,304)**	(106,817)	**(225,048)**	(156,083)
Effects of:				
Russian Corporation Tax	**-**	-	**-**	-
Tax losses carried forward	**153,304**	106,817	**225,048**	156,083
	-	-	**-**	-

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

8 LOSS PER SHARE

	31/12/08 €	31/12/07 €	31/12/08 US$	31/12/07 US$
Basic				
Loss after taxation from continuing operations	**(1,226,433)**	(854,537)	**(1,800,382)**	(1,248,665)
Loss after taxation from continuing and discontinued operations	**(8,608,987)**	-	**(12,206,313)**	-
Weighted average number of ordinary shares for purposes of basic earnings per share (all measures)	**436,472,541**	340,050,979	**436,472,541**	340,050,979
Basic loss per share from continuing operations	**(0.28) c**	(0.25) c	**(0.41) c**	(0.37) c
Basic loss per share from continuing and discontinued operations	**(1.97) c**	(0.25) c	**(2.80) c**	(0.37) c

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

	31/12/08 €	31/12/07 €	31/12/08 US$	31/12/07 US$
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (all measures)	**466,428,637**	391,215,704	**466,428,637**	391,215,704
Fully diluted loss per share from continuing operations	**(0.26) c**	(0.22) c	**(0.39) c**	(0.32) c
Fully diluted loss per share from continuing and discontinued operations	**(1.84) c**	(0.22) c	**(2.62) c**	(0.32) c

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

9 INTANGIBLE ASSETS – GROUP

	Deferred Exploration Costs €	Total €	Deferred Exploration Costs US$	Total US$
Cost				
At 1 January 2008	39,312,022	39,312,022	57,363,174	57,363,174
Expenditure incurred during the year	6,241,178	6,241,178	8,797,128	8,797,128
Disposal during the year	(38,080,040)	(38,080,040)	(53,675,931)	(53,675,931)
Foreign exchange translation differences	-	-	(1,949,021)	(1,949,021)
At 31 December 2008	7,473,160	7,473,160	10,535,350	10,535,350
Net book values				
At 31 December 2008	**7,473,160**	**7,473,160**	**10,535,350**	**10,535,350**
At 31 December 2007	39,312,022	39,312,022	57,363,174	57,363,174

Intangible assets Company

	Deferred Exploration Costs €	Total €	Deferred Exploration Costs US$	Total US$
Cost				
At 1 January 2008	2,819,743	2,819,743	4,114,569	4,114,569
Expenditure incurred during the year	1,602,940	1,602,940	2,259,392	2,254,392
Disposal during the year	(4,395,446)	(4,395,446)	(6,335,570)	(6,335,570)
At 31 December 2008	27,237	27,237	38,391	38,391
Net book values				
At 31 December 2008	**27,237**	**27,237**	**38,391**	**38,391**
At 31 December 2007	2,819,743	2,819,743	4,114,569	4,114,569

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. No amortisation has been charged in the period. The Directors have reviewed the carrying value of the deferred exploration expenditure and consider it to be fairly stated and not impaired at 31 December 2008. The recoverability of the intangible assets is dependent on the successful development or disposal of base metals and other minerals in the Group's licence areas.

10 PROPERTY, PLANT & EQUIPMENT – GROUP

	Mining equipment €	Office furniture & equipment €	Total €	Mining equipment US$	Office furniture & equipment US$	Total US$
Cost						
At 1 January 2008	1,700,576	51,980	1,752,556	2,475,394	73,267	2,548,661
Additions	683,553	105,407	788,960	963,489	148,574	1,112,063
Disposal	(1,377,843)	(29,871)	(1,407,714)	(2,022,197)	(42,104)	(2,064,301)
At 31 December 2008	1,006,286	127,516	**1,133,802**	1,416,686	179,737	**1,596,423**
Depreciation						
At 1 January 2008	145,838	28,694	174,532	205,563	40,445	246,008
Charge for the year	12,337	4,916	17,253	17,387	6,930	24,317
Disposal	(135,897)	(14,571)	(150,468)	(191,548)	(20,538)	(212,086)
At 31 December 2008	22,278	19,039	**41,317**	31,402	26,837	**58,239**
Net book values						
At 31 December 2008	**984,008**	**108,477**	**1,092,485**	**1,385,284**	**152,900**	**1,538,184**
At 31 December 2007	1,554,738	23,286	1,578,024	2,269,831	32,822	2,302,653

11 FINANCIAL ASSETS – COMPANY

	01/01/08 €	Movement during year €	31/12/08 €	01/01/08 US$	Movement during year US$	31/12/08 US$
Investment in Norplat Limited	6,173,380	-	6,173,380	9,008,196	-	9,008,196
Investment in CJSC Ayax	22,966,316	(22,966,316)	0	33,512,448	(33,512,448)	0
Investment in Ovoca Mining Ltd	3,000	-	3,000	4,378	-	4,378
Investment in Boreal Minerals Plc	18,538	-	18,538	27,051	-	27,051
Investment in Silver Star Ltd	-	8,513	8,513	-	12,000	12,000
Investment in Ovoca Gold (Russia) Ltd	-	2	2	-	3	3
Investment in Kom Trans	-	930	930	-	1,311	1,311
Foreign currency translation differences	-	-	-	-	(307,703)	(307,703)
Investment in subsidiaries at cost	**29,161,234**	**(22,956,871)**	**6,204,363**	**42,552,073**	**(33,806,837)**	**8,745,236**

Movement in investments		
Disposal of CJSC Ayax	€	US$
Sale of Ayax to Polymetal	(22,966,316)	(33,512,448)
Total	**(22,966,316)**	**(33,512,448)**

In the opinion of the directors, the fair value of financial assets in the company balance sheet at 31 December 2008 was in excess of the carrying value of that date. In the opinion of the Directors' the carrying value of the investment is appropriate.
At 31 December 2008 the Company had the following subsidiary undertakings:

Name	Incorporated in	Main Activity	Proportion of holding
Albannach Limited	Ireland	Dormant	100%
Barnagapal Limited	Ireland	Dormant	100%
X-Ore Limited	Ireland	Dormant	100%
Norplat Limited	British Virgin Islands	Investment	100%
CJSC Black Fox	Russia	Mineral Exploration in Russia	95%
CJSC Lovozero	Russia	Dormant	100%
Boreal Minerals Plc	United Kingdom	Support Company	100%
Ovoca Mining Limited	Cyprus	Investment	100%
Silver Star Limited	Bermuda	Investment	100%
Ovoca Gold (Russia) Limited	Ireland	Support Company	100%
Kom Trans	Russia	Support Company	100%

All the shares held in subsidiaries, with the exception of CJSC Black Fox and CJSC Lovozero which are held through Norplat Limited, comprise of ordinary shares and are held directly by the parent company.

12 OTHER FINANCIAL ASSETS

	31/12/08 €	31/12/08 US$
Marketable securities at €1.89 per share	14,206,863	20,025,000
Unrealised gain at 31 December 2008 at €3.19	9,737,289	13,725,000
Total value of marketable securities at 31 December 2008	23,944,152	33,750,000

At 31 December 2008, the Group had 7,500,000 shares in Polymetal which it received as part consideration for the sale of its subsidiary to Polymetal. The percentage holding in Polymetal is 2.38% The value of the shares was €3.19 (US$4.50) at 31 December 2008.

	Group 31/12/08 €	Group 31/12/07 €	Company 31/12/08 €	Company 31/12/07 €	Group 31/12/08 US$	Group 31/12/07 US$	Company 31/12/08 US$	Company 31/12/07 US$
Marketable Securities	14,206,863	-	-	-	20,025,000	-	-	-
Unrealised gain	9,737,289	-	-	-	13,725,000			
Total marketable Securities	23,944,152	-	-	-	33,750,000	-	-	-

13 TRADE AND OTHER RECEIVABLES

	Group 31/12/08 €	Group 31/12/07 €	Company 31/12/08 €	Company 31/12/07 €	Group 31/12/08 US$	Group 31/12/07 US$	Company 31/12/08 US$	Company 31/12/07 US$
Amounts falling due within one year:								
Trade debtors	**268,788**	359,343	**204,917**	-	**378,865**	524,353	**288,837**	-
Amounts owed by Group undertakings	-	-	**57,980,105**	11,147,143	**-**	-	**81,724,697**	16,265,911
Other debtors	-	878,110	-	874,796	**-**	1,281,338	**-**	1,276,502
Prepayments and accrued income	-	87,746	-	87,746	**-**	128,039	**-**	128,039
	268,788	1,325,199	**58,185,022**	12,109,685	**378,865**	1,933,730	**82,013,534**	17,670,452

14 CASH AND CASH EQUIVALENTS

	Group 31/12/08 €	Group 31/12/07 €	Company 31/12/08 €	Company 31/12/07 €	Group 31/12/08 US$	Group 31/12/07 US$	Company 31/12/08 US$	Company 31/12/07 US$
Cash at bank	**6,788,925**	5,032,701	**20,289**	4,085,303	**9,569,193**	7,344,646	**28,598**	5,961,274
	6,788,925	5,032,701	**20,289**	4,085,303	**9,569,193**	7,344,646	**28,598**	5,961,274

15 TRADE AND OTHER PAYABLES

	Group 31/12/08 €	Group 31/12/07 €	Company 31/12/08 €	Company 31/12/07 €	Group 31/12/08 US$	Group 31/12/07 US$	Company 31/12/08 US$	Company 31/12/07 US$
Trade creditors	**919,346**	913,114	**618,728**	598,606	**1,260,566**	1,332,416	**872,116**	873,484
Amounts owed to group undertaking	**-**	-	**1,930,301**	1,930,364	**-**	-	**2,720,817**	2,816,786
Other creditors	**190,204**	142,684	**20,527**	1,149	**305,518**	208,204	28,933	1,677
Accruals and deferred income	**256,660**	136,916	**232,873**	113,129	**359,630**	199,788	328,241	165,078
	1,366,210	1,192,714	**2,802,429**	2,643,428	**1,925,714**	1,740,408	**3,950,107**	3,857,025

Some trade creditors had reserved title to goods supplied to the Company. Since the extent to which such creditors are effectively secured depends on a number of factors and conditions, some of which are not readily determinable, it is not possible to indicate how much of the above amount is secured under reservation of title.

16 SHARE CAPITAL – GROUP AND COMPANY

	31/12/08 €	31/12/07 €	31/12/08 US$	31/12/07 US$
Authorised equity				
600,000,000 Ordinary shares of 2.5 cent each	**15,000,000**	15,000,000	**21,000,000**	21,000,000
	15,000,000	15,000,000	**21,000,000**	21,000,000

Issued, called up and fully paid:

	Number of Ordinary shares	Share Capital €	Share Premium €	Share Capital US$	Share Premium US$
At 1 January 2008	432,973,026	10,824,326	47,585,751	15,794,856	69,437,126
Issued in year	9,321,000	233,025	522,029	328,456	735,817
Foreign currency translation differences	-	-	-	(537,644)	(2,363,584)
Share issue costs	-	-	-	-	-
As at 31 December 2008	442,294,026	11,057,351	48,107,780	15,585,668	67,809,359

In February 2008, 1,675,000 share options were exercised. The Company issued 1,675,000 €0.025 Ordinary shares at €0.08 (US$0.11) per share for cash. In April 2008, 925,000 share options were exercised. The Company issued 925,000 €0.025 Ordinary shares at €0.11 (US$0.15) per share for cash. In August 2008, 250,000 share options were exercised. The Company issued 250,000 €0.025 Ordinary shares at €0.07 (US$0.10) per share for cash. In October 2008, the Company issued 4,314,000 €0.025 Ordinary Shares at €0.08 (US$0.11) per share for cash. In November 2008, the Company issued 2,157,000 €0.025 Ordinary Shares at €0.08 (US$0.11) per share for cash.

17 RETAINED LOSSES

	Group 31/12/08 €	Group 31/12/07 €	Company 31/12/08 €	Company 31/12/07 €	Group 31/12/08 US$	Group 31/12/07 US$	Company 31/12/08 US$	Company 31/12/07 US$
Deficit at beginning of year	**(12,886,763)**	(12,032,226)	**(13,409,275)**	(12,558,197)	**(18,428,070)**	(15,874,117)	**(19,175,363)**	(16,568,029)
Foreign currency differences	**-**	-	**-**	-	**(920,990)**	(13,005,288)	**(622,558)**	(1,390,192)
Gain/(Loss) for the year	**(1,226,433)**	(854,537)	**(1,011,393)**	(851,078)	**(1,800,382)**	(1,248,665)	**(1,484,707)**	(1,217,042)
Gain/(Loss) on sale of subsidiary	**(7,382,554)**	-	**16,358,101**	-	**(10,405,931)**	-	**24,013,398**	-
Deficit at end of year	**(21,495,749)**	(12,886,763)	**1,937,433**	(13,409,275)	**(31,555,373)**	(18,428,070)	**2,730,870**	(19,175,263)

In accordance with the provisions of the Companies (Amendment) Act 1986, the Company has not presented an income statement. A loss for the period of €1,011,393 (2007– loss of €851,078) has been dealt with in the income statement of the company.

18 FINANCIAL COMMITMENTS

At 31 December 2008 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Land and buildings	
	31/12/08 €	31/12/07 €	31/12/08 US$	31/12/07 US$
Expiry date:				
Between one and five years	**57,625**	20,950	**81,224**	30,579

19 OTHER RESERVES – GROUP AND COMPANY

	Share based Payment Reserve €	Capital conversion Reserve €	Total €	Share based Payment Reserve US$	Capital conversion Reserve US$	Total US$
Balance at 1 January 2007	520,436	11,482	531,918	686,611	15,149	701,760
Foreign currency translation differences				72,809	1,606	74,415
Balance at 31 December 2007	**520,436**	**11,482**	**531,918**	**759,420**	**16,755**	**776,175**
Balance at 1 January 2008	520,436	11,482	531,918	759,420	16,755	776,175
Foreign currency translation differences				(25,850)	(570)	(26,420)
Balance at 31 December 2008	**520,436**	**11,482**	**531,918**	**733,570**	**16,185**	**749,755**

20 RELATED PARTY TRANSACTIONS

Details of subsidiary undertakings are shown in note 11. In accordance with International Accounting Standard 4 – Related Party Disclosures, transactions between group entities that have been eliminated on consolidation are not disclosed.

Mr. Yuri Radchenko, a Director, was paid a salary of €12,326 (US$18,098) during the year.

Mr. Leonid Skoptsov, a Director, was paid a salary of €89,830 (US$131,869) during the year. He is a director of Subishico Trading Company Limited (a shareholder of the Company), that made a short term loan of GBP 50,000 to the Company.

Mr. Mikhail Mogutov, a Director, is a director of Bioprocess Holdings, which was paid €5,444 (US$7,992) in interest for a short-term working capital loan during the year. Mr. Mogutov was paid a salary of €12,326 (US$18,098) during the year.

Mr. Roger Turner, a former Director is a principal of Turner Associates to whom €79,925 (US$117,328)(2007: €120,475; US$ 175,797) net of VAT was paid by the Group during the period; €5,273 (US$7,740) for reimbursed costs and €74,652 (US$109,588) as salary.

Mr. John O'Connor, a Director, is a principal of F.R. O'Connor & Co., Chartered Accountants to whom €93,600 (US$137,403) (2007: €123,401; US$180,067) net of VAT was paid by the Group during the year, analysed between fees for accounting and company secretarial services of €92,552 (US$135,865)(2007: €116,417; US$169,876) & reimbursed costs of €1,048 (US$1,538) (2007: €6,985; US$10,193).

21 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 in service. All options issued to date vested once granted.

This standard requires that a recognised valuation methodology be employed to determine the fair value of share options granted. The expense reported in the group income statement of €0 (2007: €0) US$0 (2007: US$0) has been arrived at through applying the Black-Scholes-Merton formula. The factors used in the option pricing model were as follows:

	2008	2007
Weighted average fair value of options granted	n/a	n/a
Weighted average share price at date of grant	n/a	n/a
Average exercise price	n/a	n/a
Expected volatility	n/a	n/a
Average expected term to exercise (years)	n/a	n/a
Risk free rate (%)	n/a	n/a
Expected dividend yield	n/a	n/a

The average expected term to exercise used in the model has been adjusted on the directors' best estimate, for the effects of non-transferability, exercise restrictions and behavioural conditions, forfeiture and historical experience.

The risk free rate has been determined from market yields for government bonds with outstanding terms equal to the average expected term to exercise for each relevant grant.

The movement on outstanding share options during the year was as follows:

	Number of Options	2008 Weighted Average Exercise price (€ cent per share)	Number of Options	2007 Weighted Average Exercise price (€ cent per share)
Outstanding at start of year	**21,475,000**	**14**	24,730,000	14
Adjustments to 2007	**2,915,000**	**-**	-	-
Granted during the year	**-**	**-**	-	-
Exercised during the year	**(2,850,000)**	**12**	(2,725,000)	11
Lapsed during the year	**(2,640,000)**	**12**	(530,000)	23
Outstanding at the end of the year	**18,900,000**	**14**	21,475,000	14
Of which:				
Exercisable at year end	**18,900,000**	**14**	21,475,000	14

The following table shows the number of options outstanding with the exercise prices and dates of expiry:

Number of Options	Exercise price € /GBP	Exercise price US$	Date of expiry
1,000,000	GBP 0.10	US$0.10	23 July 2009
125,000	€0.07	US$0.13	19 September 2009
350,000	€0.09	US$0.13	19 September 2009
775,000	€0.11	US$0.16	19 September 2009
150,000	€0.12	US$0.17	19 September 2009
2,250,000	€0.124	US$0.18	19 September 2009
1,000,000	€0.15	US$0.21	19 September 2009
2,000,000	€0.16	US$0.23	19 September 2009
100,000	€0.25	US$0.35	6 January 2010
425,000	€0.11	US$0.16	29 April 2010
1,000,000	€0.124	US$0.18	29 April 2010
2,000,000	€0.15	US$0.21	29 April 2010
125,000	€0.07	US$0.10	17 September 2013
150,000	€0.09	US$0.13	20 October 2013
150,000	€0.12	US$0.17	22 December 2013
100,000	€0.11	US$0.16	1 March 2014
250,000	€0.11	US$0.16	10 May 2015
750,000	€0.124	US$0.18	8 August 2015
800,000	GBP 0.10	US$0.14	7 June 2016
1,000,000	€0.15	US$0.21	28 July 2016
3,000,000	€0.16	US$0.23	28 July 2016
1,400,000	GBP 0.10	US$0.14	28 July 2016
18,900,000			

22 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 has available for sale financial assets which are denominated in US$, and the value of these would be affected if the market price fluctuated.

23 POST BALANCE SHEET EVENTS

On 19 January 2009, the Group sold its Goltsovoye silver interest held through its Ayax subsidiary to Polymetal for €7.8 million (US$11 million) cash and 7,500,000 Polymetal shares priced at €1.89 (US$2.67) per share. The effective date of the sale for accounting purposes has been deemed to be 31 December 2008 and these accounts reflect this.

Available for sale investments

The unrealised gain of €9,737,289 (US$13,725,000) on the Polymetal shares as at 31 December 2008 has been included in Comprehensive Income. Of this, €5,838,698 (US$8,174,178) was realised between March and June 2009 on the sale of 1,267,883 shares at an average price of €5.18 (US$7.25) and 3,750,000 shares at a price of €4.10 (US$5.75). The expenses incurred in selling these shares were €188,580 (US$264,010). The number of shares remaining is 2,482,117 and the market value of each share at the date of this Report is €5.81 (US$8.10).

	€	US$
Market value at 31 Dec 08 of 7,500,000 Polymetal shares at €3.19 (US$4.50)	23,944,152	33,750,000
Less cost of shares at €1.89 (US$2.67)	(14,206,863)	(20,025,000)
Unrealised gain on available for sale investments	**9,737,289**	**13,725,000**

Loss on sale of subsidiary

The loss on sale of the subsidiary of €17,119,843 (US$10,405,931) is the excess of the carrying value of €39,047,725 (US$55,039,912) after deducting assets of €967,685 (US$1,363,981) retained over cash of €7,804,020 (US$11,000,000) and 7,500,000 shares in Polymetal at €1.89 (US$2.67) being the market price in September 2008 for €14,206,863 (US$20,025,000) less selling expenses of €1,050,686 (US$1,480,000).

	€	US$
Carrying value	39,047,725	55,039,912
Less certain assets not acquired by purchaser	(967,685)	(1,363,981)
	38,080,040	53,675,931
Value of 7,500,000 Polymetal shares at €1.89 (US$2.67)	14,206,863	20,025,000
Cash received	7,804,020	11,000,000
Less commission on sale transaction of subsidiary	(1,050,686)	(1,480,000)
	(20,960,197)	29,545,000
Loss on sale of subsidiary	**(17,119,843)**	**(24,130,931)**
Net Group loss on sale of subsidiary		
Loss on sale of subsidiary	**(17,119,843)**	**(24,130,931)**
Unrealised gain on available for sale investments	9,737,289	13,725,000
Net Group loss on sale of subsidiary	**(7,382,554)**	**(10,405,931)**

24 APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for use by Mikhail Mogutov, Leonid Skoptsov and Timothy McCutcheon.

OVOCA GOLD PUBLIC LIMITED COMPANY

("the Company")

NOTICE is hereby given that the Annual General Meeting of the Company will be held at Buswells Hotel, 23-25 Molesworth Street Dublin 2 on Monday 20th July 2009 at 11.00am for the purpose of considering and, if thought fit, passing the following resolutions:

Ordinary Business:

(1) To receive and consider the accounts for the year ended 31 December 2008 and the reports of the Directors and Auditors thereon.

(2) (a) To re-elect Rowan Maule as a director – Rowan Maule retires by rotation in accordance with Article 95 of the Articles of Association of the Company and seeks re-election.
(b) John O'Connor will retire by rotation and will not offer himself for re-election.

(3) To appoint LHM Casey McGrath as Auditors.

(4) To authorise the Directors to fix the remuneration of the Auditors.

Special Business:

(5) By way of ordinary resolution, to approve and adopt the share option scheme of the Company in the form attached to this resolution.

(6) To consider and, if thought fit, pass the following ordinary resolution:
"That the Directors be generally and unconditionally authorised to exercise all the powers of the Company to allot and issue relevant securities (within the meaning of Section 20 of the Companies (Amendment) Act, 1983) up to an amount equal to the authorised but unissued share capital of the Company. The authority hereby conferred shall expire at the conclusion of the next Annual General Meeting unless previously renewed, varied or revoked by the Company in general meeting save that the Company may make an offer or agreement before the expiry of this authority which would or might require relevant securities to be allotted or issued after this authority has expired and the Directors may allot and issue relevant securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired."

(7) To consider and, if thought fit, pass the following special resolution:
"That, the Directors be empowered pursuant to Section 24 of the Companies Act 1983 to allot equity securities (within the meaning of Section 23 and Section 24(1) of the Companies (Amendment) Act 1983) for cash pursuant to the authority conferred on the Directors under Section 20 of the Companies (Amendment) Act 1983 by resolution 5 above as if subsection 1 of the said Section 23 did not apply to any such allotment provided that this power shall be limited to:
(a) the allotment of equity securities in connection with any offer of securities open for any period fixed by the Directors by way of rights, open offer or otherwise in favour of Ordinary Shareholders (other than those holders with registered addresses outside the State to whom an offer would, in the opinion of the Directors, be impractical or unlawful in any jurisdiction) and/or any persons having a right to subscribe for or convert securities into ordinary shares in the capital of the Company (including, without limitation, any holders of options under the Company's share option schemes for the time being) and subject to such exclusion or other arrangements as the Directors may deem necessary or expedient to deal with legal or practical problems in respect of overseas shareholders, fractional entitlements or otherwise, and
(b) (in addition to the authority conferred by paragraphs (a) and (b) of this resolution), the allotment of equity securities up to a maximum aggregate nominal value of €1,105,735. The powers hereby conferred shall expire on the next Annual General Meeting unless previously renewed, varied or revoked by the Company in general meeting save that the Company may make an offer or agreement before the expiry of this power which would or might require equity securities to be allotted or issued after this authority has expired and the Directors may allot and issue equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired".

By Order of the Board.

Danesh Varma
Company Secretary
Dated: 24 June 2009

Notes

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend, speak and, on a poll, vote on his/her behalf. A Proxy need not be a member of the Company. Completing and returning a Form of Proxy will not preclude a member from attending and voting at the Meeting should he/she so wishes.

2. To be effective, a Form of Proxy (if executed by an Attorney together with any power of attorney or other authority under which it is executed, or a notarially certified copy thereof) must be completed and reach the registered offices of the Company's registrars, Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland, not less than forty eight hours before the time appointed for the Meeting.

3. The Form of Proxy must (i) in the case of an individual member be signed by the member or his/her attorney duly authorised in writing; or (ii) in the case of a body corporate be given either under its common seal or signed on its behalf by its duly authorised officer or attorney.

4. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.

5. Only those Shareholders on the register of members of the Company as at 11.00am on 18 July 2009 will be entitled to vote at the Annual General Meeting and may also only vote in respect of the number of Ordinary Shares registered in their name at that time.

For use at the Annual General Meeting (''the Meeting'') to be held at Buswells Hotel, 23-25 Molesworth Street, Dublin 2 at 11.00hrs on Monday 20th July 2009 and any adjournment thereof.

I/We the undersigned being a member/members of the above named Company hereby appoint the Chairman of the Meeting*

or ____

as my/or proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Monday 20th July 2009 and at any adjournment thereof.

I/We direct that my/our vote(s) be cast on the resolutions as indicated by an ''X'' in the appropriate box. Unless otherwise directed, the proxy may vote as he/she thinks fit.

	Ordinary Resolution	**For**	**Against**
Resolution 1	To consider and, if approved, adopt the Accounts for the year ended 31 December 2008 and the reports of the Directors and Auditors thereon.		
Resolution 2	To re-elect Rowan Maule as a Director.		
Resolution 3	To appoint LHM Casey McGrath as Auditors.		
Resolution 4	To authorise the Directors to fix the remuneration of the Auditors.		
Resolution 5	To approve the share option scheme of the Company.		
Resolution 6	To authorise the Directors to allot and issue relevant securities pursuant to section 20 of the Companies Act, 1983.		

	Special Resolution		
Resolution 7	To authorise the Directors to allot and issue relevant securities as if section 23 of the Companies Act, 1983 did not apply.		

*If it is desired to appoint another person as a proxy, the words ''the Chairman of the Meeting'' should be deleted and the name and address of the proxy, who need not be a member of the Company inserted.

Date: ______________________________

Signature: ______________________________

Name in full (block capitals): ______________________________

Address: ______________________________

Notes

1. A member entitled to attend and vote in entitled to appoint a proxy to attend. Speak and vote in stead of him/her.

2. The forms of proxy must be executed under the hand of the shareholder or his attorney duly authorised in writing, or if the shareholder is a body corporate, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing. A proxy need not be a member of the Company.

3. To be effective, the form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, should be deposited at the offices of Computershare Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland, not later than 11am on 18 July 2009.

4. In the case of joint holders, the vote of the senior of them who tenders a vote, whether in person or proxy, shall be accepted to the exclusion of the other joint holders and for this purpose, seniority shall be determined by the order in which the names stated in the register.

5. Completion and return of a proxy form will not preclude a member from attending and voting at the Meeting should he/she so wish.

Second Fold

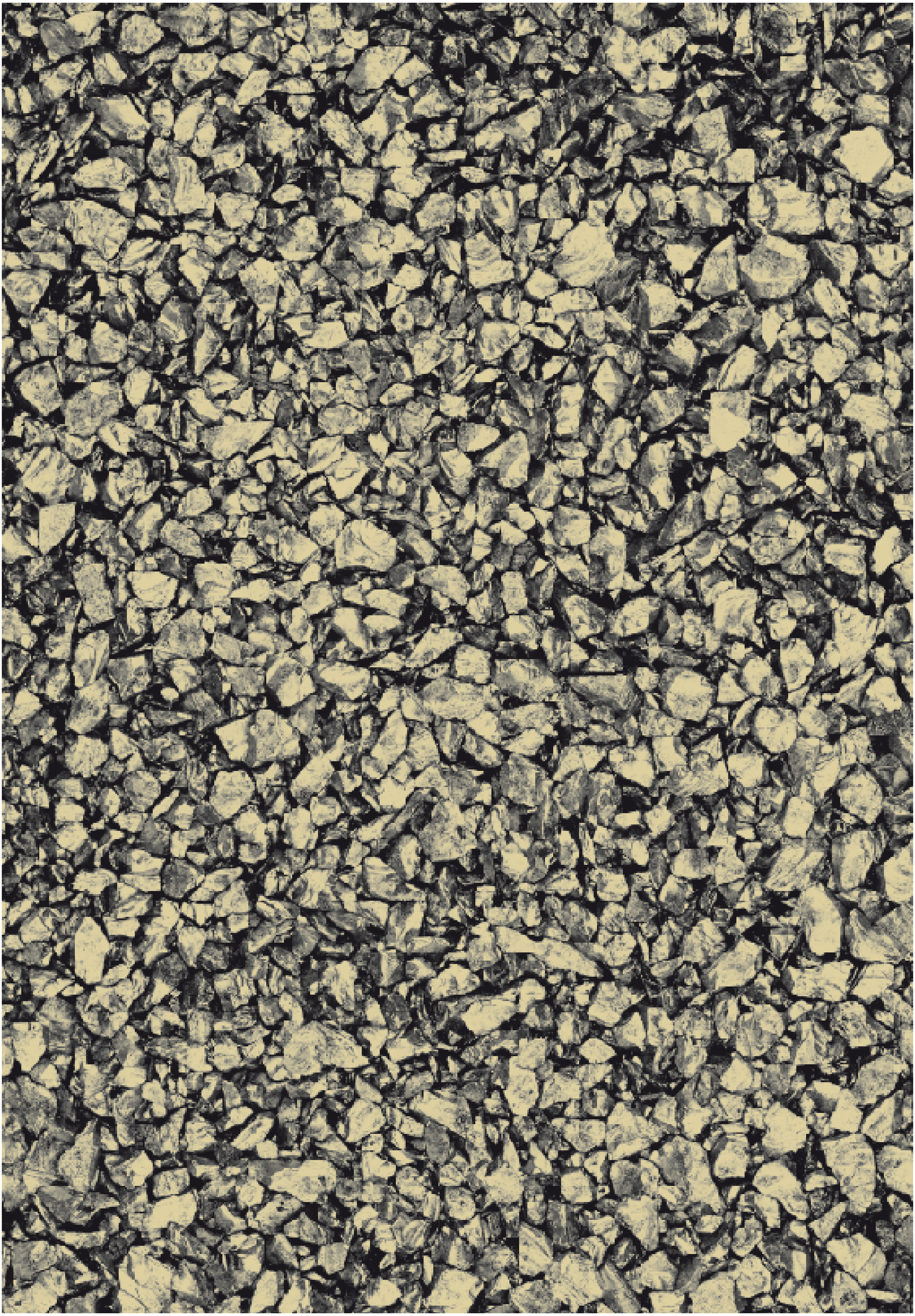
Affix
correct
postage

Computershare Services (Ireland) Limited,
Heron House,
Corrig Road,
Sandyford Industrial Estate,
Dublin 18,
Ireland

First Fold

Cut carefully out of Report

Third Fold, then seal



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