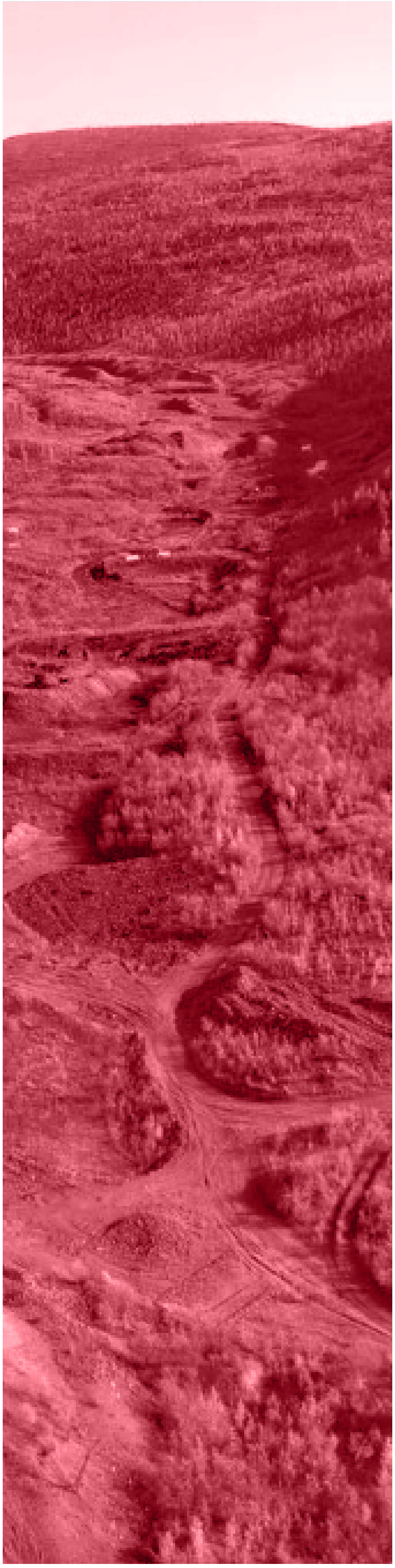
OVOCA GOLD Plc

ANNUAL REPORT 2009



Welcome

Dear Shareholders,

I am pleased to be writing to you as the CEO of Ovoca Gold. Our Company has accomplished much since entering Russia in 2004, and I feel very fortunate to be leading the charge at this point in Ovoca's history. I would like to thank Leonid Skoptsov, former CEO, for his leadership during the development of Goltsovoye. Under his tenure, Ovoca built up a team and established itself as a significant player in the precious metals sector in Russia. The sale of Goltsovoye, which was completed in January 2009, was a major event for Ovoca, as it proved conclusively the company's ability to operate successfully in Russia and to create value.

Ovoca Gold started 2009 in a position opposite to what most junior miners face: an abundance of financial resources with a deficit of assets. The Ovoca team examined many different opportunities in Canada, EU, Indonesia, Ghana, as well as in Russia to build on the Company's success and know-how. However, after serious debate the Board decided to focus on assets in Russia. In the end Ovoca acquired three gold development properties in the Magadan Region, Russia, the same area where Goltsovoye is.

I would like to take this opportunity to explain in more detail the decision making process for this acquisition. One, our share price was trading at a substantial discount to our cash and equivalents position for all of 2009. As such, a deal using Ovoca shares would have been unfairly dilutive to shareholders. Note that we received multiple proposals to merge for shares with other miners at our trading price, which made no sense given our financial resources. Two, because of the way the Goltsovoye sale was structured, distributing cash to shareholders would have been very tax inefficient. And so the conclusion of the board was to buy assets in Russia for cash. The related-party deal to acquire our Magadan assets was contingent on independent shareholder approval, who voted 82% in favor. The terms of the transaction were very favorable to Ovoca, and in particular, over half of the total consideration is performance based, meaning that the Company only pays after it gets a material benefit.

As it stands today, Ovoca is one of the only junior gold companies active in Russia, and is by far the best financed in its peer group. The Company has business know-how specifically in the Magadan Region, Russia, where we developed and sold Goltsovoye and where we currently own three exciting projects. The Company also has a world-class team of technical experts, who are collectively responsible for a large portion of gold and silver mining successes in Russia. In short, all the pieces necessary for a success story are in place at Ovoca.

As CEO my job is to run Ovoca effectively, and it is also my job to be the link between shareholders and the Company. Here I would like to emphasize – I am driven to create shareholder value. Shareholder value does not happen in a vacuum, there must be operational success behind it. However, there are things management can do to enhance value while staying focused on operations. In short, pick the low-hanging fruit. This includes divesting of non-core assets to better use the Company's resources, engaging in share buy backs as we recognize Ovoca equity is demonstrably cheap, and a more vigorous dialog with investors and the market through conferences, press releases and media reports. These factors are no substitute for operational success, but are a demonstration of management squeezing as much value as possible out of the Company's assets for the benefit of shareholders.

In conclusion, I am glad to be in the position to write to you and am open to receive questions and comments. I envisage an Ovoca that in the near future is cash flow positive, key partner to gold development projects, and growing steadily. I will settle for nothing less and I hope I can gain your trust in the coming years.

Sincerely,

Tim McCutcheon
CEO

Dear Shareholders,

The events of the past year have positioned Ovoca for the next stage of corporate development and growth. I was very pleased that the Company managed to successfully sell the Goltsovoye project, and given the market volatility of last year, Ovoca had the good fortune to be well funded at a time when the equity markets were effectively closed for junior gold companies globally.

For Ovoca 2009 was a year of reflection. The Board and the entire team took the year to think at a very basic level about the Company's future. Did it make sense to move forward, liquidate, stay in Russia, operate in a new country? These were all questions we asked ourselves during many debates. In the end we acquired three properties in the Magadan Region, Russia.

As a Company, we feel very comfortable working in Magadan. For one, the region is a top gold producer in Russia and has been for decades, and so we are in the right place to develop new gold mines. Two, we have concrete experience working with the administration and local officials in Magadan in the past, and that built-up relationship of mutual trust and respect will be a benefit to Ovoca in the future. Third, our technical team knows the area better than anyone, and so from that perspective we know what we are doing on the ground. Lastly, the properties we now own have high potential and are the foundation for a solid, growing gold exploration/mining company.

Having made the decision to drive Ovoca forward, we have brought in a new team to accomplish that task. Ovoca has new people in all the top officer positions of CEO, CFO and Corporate Secretary. This team has moved aggressively to make its mark on the Company and is highly professional. There is a new spirit at Ovoca, new energy in advancing our assets, and I want to let every constituent of Ovoca know, even though we are small we are committed to the highest standards of corporate governance and management.

I look forward to 2010 as a year of development, a year to put our new assets and team to work. We all at Ovoca are excited about the Company we have put together, and now we are executing our business plan to deliver results.

Sincerely,

Mikhail Mogutov
Executive Chairman

EVENTS FOR 2009:

Closure of Goltsovoye sale to Polymetal for $11.7 million in cash and 7.5 million shares of Polymetal (at time of close on 23 January 2009 total value of transaction was $47.7 million)

9 hole diamond drilling programme completed on the Oleninskoye gold deposit

Diversification from Polymetal equity position to a balanced, liquid portfolio of gold mining shares and gold

CEO search and appointment of Tim McCutcheon

Retesting of drill results on the Oleninskoye gold deposit using a new sample preparation technique and geoelectric down hole survey

Announced acquisition of the Rassoshinskaya, Stakhanovsky and Nevsko-Pestrinskoye gold properties in the Magadan Region, Russia (completed in 2010)

SUBSEQUENT EVENTS TO END OF 2009:

Completion of Magadan properties acquisition

Share roll-up of 5 old shares for 1 new share (note: all share numbers, both pre and post share roll up, in the Directors' Report are given as post roll-up for ease of reading and comparison)

Business office move from London to Dublin

Mobilization of drilling season on Stakhanovsky and Rassoshinskaya

Announcement of proposed share buy back of up to 10% of Ovoca equity

Maiden resource of 344,000 ounces gold in JORC inferred category established on Olcha (Rassoshinskaya)

Clockwise: At Stakhanovsky field camp - Sergey Pakhomov (Magadan Regional Manager), Kirill Golovanov (Corporate Secretary), Vladimir Golub (Geologist), Alexander Buiyanov (Geologist). Stakhanovsky - trench at Berezitoviy target. Drill rig at Olcha.

Olcha field camp

DEVELOPMENT PLAN

Ovoca Gold's development plan is to build a company that is independent and financially stable as soon as possible. To achieve this, management intends to put the Stakhanovsky gold project into production by 2013. By using the cash resources the Company currently has, management believes this asset can be put in production of a scale that will at least pay for on-going operations (SG&A as well as exploration at other projects). At Rassoshinskaya, management is aggressively advancing the exploration of the Olcha gold ore body with the view to bring in a strategic partner to help share the cost of development. The most likely scenario is an earn-in arrangement with a mining partner. At Nevsko-Pestrinskoye management believes this is a low-cost option on the mineralization extensions of the Goltsovoye silver deposit (previously owned by Ovoca) which are not on the Goltsovoye license. At the end of five years, management intends to have built Ovoca into a 30,000 – 50,000 ounce/year gold producer with significant Joint Ventures on Rassoshinskaya and Nevsko-Pestrinskoye.

Development time-line for Ovoca projects

	Exploration	Mine development	Exploitation	Management intentions (3–5 years)
Stakhanovsky	2010 - 2011	2012	2013 –	a cash generating asset producing 30,000 – 50,000 ounces Au annually (preliminary in-house estimate)
Rassoshinskaya	2010 - 2013	2014-2015	2016 –	a significant gold resource ready for feasibility study and/or JV partner with global mining companies
Nevsko-Pestrinskoye	2010 - 2011	Divest / JV		agree with a JV partner to capitalise on the ore zone extensions beyond the Goltsovoye silver deposit sold by Ovoca in 2009
Murmansk assets	Divest / JV			Divest / JV following completion of current analysis

OPERATIONS OVERVIEW

Ovoca has three projects in the Magadan Region, Russia. The Magadan Region is located in the Far East part of the country, directly North of Japan. The region's total population is 170,000 and cities which are important for Ovoca's operations include Magadan (population 100,000), Susuman (7,800), Omsukchan (4,500) and Seimchan (3,700).

The Magadan Region in geography is marked by rolling mountains with a maximum height of 2,000 meters above sea level. The region is in a permafrost zone, although there is vegetation consisting of various arctic trees and shrubs. The area's climate is continental with long winters up to seven months and a short dry summer. The minimum average air temperature for January is between -40 and -50 degrees Celsius and the maximum average air temperature for July is between +10 and +20 degrees Celsius. Snow cover is established in early October and melts by the end of May.

Because of the harsh climate and general poor infrastructure development of the region, exploration and mine building logistics are very seasonal. Equipment is moved to off-road sites before the winter thaw starts in April, so that frozen riverbeds can be used as a transport system and so that wet bogs do not hinder movement. While drilling and other operations can be conducted in winter, summer is a more effective time to work.

Ovoca's three properties in the Magadan Region are: Stakhanovsky, Rassoshinskaya, Nevsko-Pestrinskoye.

Stakhanovsky - view from Zabolocheniy target to field camp

PROPERTIES DESCRIPTION

Stakhanovsky is located approximately 40 kilometres north of Susuman, the second largest city in the Magadan Region. It is accessible by year-round road and there is power infrastructure on site. Internal preliminary estimates suggest a gold resource (non JORC code nor Russian standard compliant) of over 700,000 ounces. The Company intends to put Stakhanovsky into production by 2013.

Rassoshinskaya is in the North Eastern part of the Magadan Region about 200 kilometres from the town of Simchan. There is no nearby infrastructure. Rassoshinskaya hosts an epithermal gold deposit named Olcha, which is the focus of Ovoca's exploration program. Olcha and nearby satellite deposits have the potential to host a high grade multi-million ounce gold resource. Currently there are 344,000 ounces of gold at Olcha under JORC inferred category.

Nevsko-Pestrinskoye is located in the central part of the Magadan Region near the town of Omsukchan. A year-round road and powerline are near the site. The license completely surrounds the Goltsovoye silver deposit, which was owned by the Company from 2006 - 2009 and sold to JSC Polymetal for US$47.7 million at the time of closing. Ovoca intends to investigate and explore known mineral occurrences that extend beyond the Goltsovoye license area onto Nevsko-Pestrinskoye.

Magadan Region map, location of Ovoca properties

DIRECTORS AND CORPORATE INFORMATION

DIRECTORS

MIKHAIL MOGUTOV
Executive Chairman

TIMOTHY MCCUTCHEON
CEO (Executive Director)

YURI RADCHENKO
Non-Executive Director

DON SCHISSEL
Non-Executive Director

LEONID SKOPTSOV
Non-Executive Director

REGISTERED OFFICE

Connaught House
Burlington Road
Dublin 4
Ireland

BUSINESS ADDRESS

78 Merrion Square
Dublin 2
Ireland

OTHER BUSINESS INFORMATION

CFO – Svetlana Radchenko
Corporate Secretary – Kirill Golovanov

Registration number: 105274
Incorporated 15 January 1985
Web site: www.ovocagold.com

AUDITORS

Grant Thornton
Chartered Accountants & Registered Auditors
24-26 City Quay
Dublin 2
Ireland

PRINCIPAL BANKERS

Allied Irish Bank
Terenure Road
Rathgar
Dublin 6
Ireland

SOLICITORS

McEvoy Partners
Connaught House
Burlington Road
Dublin 4
Ireland

STOCKBROKERS & NOMAD

Davy
Davy House
49 Dawson Street
Dublin 2
Ireland

REGISTRARS

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

DIRECTORS` REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

The Directors present their annual report and audited financial statements for the year ended 31 December 2009 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 gold and other metals in Russia. The Directors have reviewed the financial position of the Group and are satisfied that the Group will continue to operate at its projected level of activity for the foreseeable future.

A detailed business review is included in the Operations Overview, Chairman's Statement and CEO's Statement.

RESULTS AND DIVIDENDS

The results are disclosed starting on page 23 of the financial statements. The Directors do not recommend the payment of a dividend.

EVENTS SUBSEQUENT TO YEAR-END

After year-end 2009 the Group completed the acquisition of three Russian companies: Bulun, Magsel, Olimp for an initial consideration of US$7 million and debt assumption of US$7.5 million. There is deferred consideration of US$18 million. The three gold exploration licenses owned by these three companies are now the core focus of the Group. Additionally, the Directors have moved to establish a new top management team. A new CEO was appointed by the Company in December 2009 and a new CFO and Corporate Secretary were appointed in March 2010. The Directors have given the new management team a wide mandate to revamp the Group into order to make it more efficient. In addition to operational activity, the new management team is working to improve the profile of the Company on the capital markets. To date, the Company has moved its business office from London to Dublin, changed auditors, announced a share buy-back, and initiated the exploration season for 2010. Additionally, the Directors have instructed management to pursue opportunities to dispose of non-core assets, which is currently underway.

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 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). The Group employs experienced personnel who are expert at exploration in the climate and location where the Group's activity takes place. The Group hires contractors who are expert at addressing the challenges of exploration in remote arctic locations. The Group has both in-house and external legal support to ensure regulatory issues are addressed properly and in a timely manner.

- *Commodity Price Risk;* The demand for, and price of gold and other metals is dependent on global and local supply and demand, actions of governments or cartels and general global economical and political developments. The Group monitors and analyzes market conditions regularly to ensure its exploration activity, i.e. establishing a commercially viable mineral resource, is not jeopardized by metal price volatility.

- *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. The main area of the Group's activity is in Russia. The Group has been in Russia since 2004 and has accumulated significant business know-how in that jurisdiction. The Directors have no current plans to begin operations in other jurisdictions.

- *Foreign Exchange Risk;* Exchange rate fluctuations may affect the cost that the Company incurs with its operations. Any fluctuations of the Euro and Russian Ruble against the USD may have a significant impact on the Company'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 US Dollar 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.
- *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. However, the Group carefully monitors its financing needs and its financial resources to ensure, to the extent possible, the timely access of additional financing if needed.

KEY PERFORMANCE INDICATORS

The Group uses financial measures of financial performance to evaluate projects and the investment attractiveness. Performance measures including net present value, return on capital and internal rate of return are used by the Group's management and Directors to make financial allocation decisions. Currently, as the primary activity of the Group is gold exploration, the main performance indicator is the US$ cost per ounce of finding gold via exploration.

DIRECTORS AND SECRETARY AND THEIR INTERESTS

Mr John O'Connor retired from the Board on 19 January 2009. Mr. Rowan Maule retired from the Board on 29 March 2010. Mr. Don Schissel was appointed as Non Executive Director on 29 March 2010.

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 2009 and their families in the share capital of the Company were:

	Ordinary shares of €1.25c each			Options over ordinary shares		
	25/06/10	31/12/09	01/01/09	25/06/10	31/12/09	01/01/09
Mikhail Mogutov	14,457,544	14,457,545	14,457,546	200,000	200,000	200,000
Leonid Skoptsov	14,341,834	14,341,834	14,341,834	200,000	200,000	200,000
Yuri Radchenko	10,796,231	10,796,231	10,796,231	200,000	200,000	200,000
Timothy McCutcheon	400,000	0	0	2,200,000	0	0
Don Schissel	0	0	0	200,000	0	0
Kirill Golovanov	0	0	0	1,800,000	0	0

Further details of the share options held by the directors as at 31 December 2009 are as follows:

	Number of options	Exercise Price	End of exercise period
Mikhail Mogutov	200,000	€0.80	28 July 2016
Leonid Skoptsov	200,000	€0.80	28 July 2016
Yuri Radchenko	200,000	€0.80	28 July 2016

Further details of share options granted to directors subsequent to 31 December 2009 are as follows:

	Number of options	Exercise Price	End of exercise period
Timothy McCutcheon	2,200,000	25p	20 January 2017
Don Schissel	200,000	30p	20 January 2017
Kirill Golovanov	1,800,000	25p	20 January 2017

SHARE PRICE

The Company's shares are traded on the Irish Enterprise 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 2009 was 20 cents. During the year ended 31 December 2009 the market price of the Company's shares ranged from 6 cents to 35 cents.

The market price of the Company's share on AIM at 31 December 2009 was 17.53 pence. During the year ended 31 December 2009 the market price of the Company's shares ranged from 9.37 pence to 28.45 pence.

SIGNIFICANT SHAREHOLDERS

So far as the Directors are aware, the names of the persons other than the Directors who, directly or indirectly, are interested in 3 per cent. or more of the issued share capital of the Company as at 25/06/10 are as follows:

	Ordinary shares of €1.25c each	% of issued share capital
BBHISL Nominees Limited	15,685,958	17.73%
Salyco Trading Co. Limited (Mikhail Mogutov)	12,022,761	13.59%
Pickco Trading Co. Limited (Yuri Radchenko)	9,142,106	10.33%
Citibank Nominees (Ireland)	6,498,493	7.35%
Euroclear Nominees Limited	6,424,183	7.26%
Subishico Trading Co. Limited (Leonid Skoptsov)	5,049,566	5.71%
Chase Nominees Limited	3,247,200	3.67%

GROUP UNDERTAKINGS

Details of the Company's subsidiary and joint venture undertakings are set out in Note 15 to the financial statements.

DIRECTORS' INTEREST IN CONTRACTS

None of the Directors had a beneficial interest in any contract to which the Company was a party during the period except as detailed in Note 26 and Note 29.

POLITICAL DONATIONS

The Group made no political donations during the period.

GOING CONCERN

The Group's business is gold and precious metals exploration and mine development. Given the cash and securities position of the group and the absence of a substantial debt burden at the end of 2009, the Directors believe the company is well funded to conduct its business in the foreseeable future. Although the Group does not have a source of revenue, it does have a portfolio of securities that have provided the Group with capital gains and dividend income to help fund exploration and mine development. The Directors believe that given successful exploration and mine development at Stakhanovsky, the Group will be able to put the asset into production and achieve revenue and positive cash flow within the next three to four years. The Directors believe putting Stakhanovsky into production can be done within the scope of the current financial resources the Group currently has, or with credit facilities that the Directors believe will be available. The Directors believe Rassohinskaya and Nevsko-Pestrinskoye are to remain exploration and development projects for the next three to four years in the future and not generate revenue.

Accordingly, at the time of approving the consolidated financial statements, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

DETAILS OF EXECUTIVE DIRECTORS

Mikhail Alexandrovich Mogutov

Executive Chairman

Mr. Mogutov joined the board of Ovoca in June 2006 and became Chairman in 2008. In 1988 Mr. Mogutov was a founder of the Bioprocess Group, which was an asset management and business-development company with interests in various industries. One notable success of the Bioprocess Group is OAO "United Machinery Plants" (OMZ), which is Russia's largest machine building company producing the majority of Russian-made oil rigs and mining/drilling equipment. In 1996 OMZ was the first Russian company to list on the London Stock Exchange.

Between 1997 and 1999 Mr. Mogutov was the Chairman of Vostsibugol, one of Russia's largest coal mining enterprises, with an annual output of over 13 million tons of coal. He become increasingly active in natural resource development after 1999 and in 2006 he was part of the group that vended into Ovoca Gold Plc 100% of OAO Ajax - the owner of the high grade Goltsovoye silver project in the Magadan Region, Russia.

Doctorate, Moscow Physics-Technical Institute, Moscow, Russia. Fluent in Russian and English

Tim McCutcheon

Chief Executive Officer

Mr. McCutcheon joined the Board of Ovoca as a Non-Executive Director in January 2009 and moved into the CEO position in December 2009. Prior to Ovoca Mr. McCutcheon was a partner at DBM Capital Partners, an investment manager and corporate finance boutique specializing in the mining sector of Russia and the former Soviet Union. He also worked at several investment banks such as Bear Stearns, Aton Capital and Pioneer Investments as an award-winning metals and mining sector analyst and as an investment banker. He was one of the first analysts in Russia to write about its gold mining sector and he has advised numerous international gold mining companies on M&A, business development, and Russian business practices.

BA, cum laude, Columbia College, New York, NY. MBA, Finance, Columbia Business School. Fluent in English and Russian

DETAILS OF NON-EXECUTIVE DIRECTORS

Leonid Pavlovich Skoptsov

Non-Executive Director

Mr. Skoptsov joined the board of Ovoca in June 2006 and was the Company's CEO from 2006 to 2009. Mr. Skoptsov was part of the Bioprocess Group team that owned and ran OAO "United Machinery Plants" (OMZ). He also played an active part in natural resource development prior to Ovoca. He was the Chairman of OAO Pervaya Gornorudnaya Companiya from 2001 - 2005, a zinc-lead asset developer. He was also the Chairman of OAO Volganeft from 2000 to 2004, a mid-tier oil producer in Russia which was successfully sold to Russneft. He was part of the group that vended into Ovoca Gold Plc 100% of OAO Ajax – Goltsovoye.

BA, cum laude, Moscow State University, Moscow, Russia. Fluent in Russian and English

Yuri Ivanovich Radchenko

Non-Executive Director

Mr. Radchenko became a board member of Ovoca in June 2006. Mr. Radchenko is a Magadan resident and has a long history of natural resource development in the region. He was deeply involved in the development of the Julietta gold-silver mine by Bema Gold Corporation and he is currently the Chairman of Julietta's operating company. Additionally, he was the discoverer of the Lunnoye silver deposit, which is now one of OAO Polymetal's core assets. He was part of the group that vended into Ovoca Gold Plc 100% of OAO Ajax – Goltsovoye.

MS Geology, Kazakhstan Polytechnical Institute, Almaty, Kazakhstan

Don Schissel

Non-Executive Director

Mr. Schissel joined the board of Ovoca in March 2010. Before Ovoca, he retired from BHP Billiton after a career there that extends back for almost 30 years. Donald was Regional Exploration Manager - Eurasia between 1992 – 1999, as well as Exploration Manager - Russia and Kazakhstan between 2005 – 2009. During Don's tenure at BHP he was involved in the team discovery of the Oyu Tolgoi porphyry copper deposit in Mongolia (currently a core asset of Ivanhoe Mines Ltd (Nasdaq: IVN)), the Jinlong gold deposit in China, and the Fedorova Tundra PGM deposit in Russia.

MSc Geology, University of Montana, Missoula, Montana, USA

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 five directors, comprising two Executive Directors and three Non-Executive Directors. The Board met formally on 11 occasions during 2009. An agenda and supporting documentation was circulated in advance of each meeting. All the Directors bring independent judgment to bear on issues affecting the Group and all have full and timely access to information necessary to enable them to discharge their duties. The Directors have a wide and varying array of experiences in the industry, Non-Executive Directors are not appointed for specific terms. Each Non-Executive Director comes up for re-election every three years and each new Director is subject to election at the next Annual General Meeting following the date of appointment. Given the significant change in the Board of Directors, the composition of the Company's committees is currently under review.

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

AUDIT COMMITTEE: This Committee is comprised of one Executive Director and one Non-Executive Director. The external auditors have the opportunity to meet with members of the Audit Committee 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. The members of the audit committee are Leonid Skoptsov and Tim McCutcheon.

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. The members of the remuneration committee are Mikhail Mogutov and Leonid Skoptsov.

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 2009 was €226,121 (US$315,356). The highest paid Director received remuneration of €85,935 (US$119,848).

DIRECTORS' RESPONSIBILITY STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with applicable IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2009. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the web site. Legislation in the Republic of Ireland concerning 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 78 Merrion Square, Dublin 2, Ireland.

AUDITORS

The auditors, Grant Thornton, 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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OVOCA GOLD PLC

We have audited the group and parent company financial statements of Ovoca Gold plc for the year ended 31 December 2009 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flow, Accounting Policies, Company Statement of Comprehensive Income, Company Statement of Financial Position, Company Statement of Changes in Equity, Company Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors' responsibilities for preparing the Annual Report and the consolidated and parent company financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the statement of Directors' responsibility.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the consolidated financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, and have been properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2009. We report to you our opinion as to whether the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, and have been properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2009. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit. We also report to you our opinion as to:

- whether the company has kept proper books of account;
- whether the Directors' report is consistent with the financial statements;
- whether at the balance sheet date there existed a financial situation which may require the company to convene an extraordinary general meeting of the company; such a financial situation may exist if the net assets of the company, as stated in the company balance sheet, are not more than half of its called-up share capital; and
- whether any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and where practicable, include such information in our report.

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

BASIS OF AUDIT OPINION

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

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

OPINION

In our opinion:

- the consolidated financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the group's affairs as at 31 December 2009 and of its profit and cash flows for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2009;
- the parent company financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the group's affairs as at 31 December 2009; and
- the parent company financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

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

In our opinion the information given in the directors' report is consistent with the financial statements.

The net assets of the company, as stated in the company balance sheet are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2009 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

EMPHASIS OF MATTER

In forming our opinion, we have considered the adequacy of disclosures made in Note 13 to the financial statements, in relation to the Directors' assessment of the carrying value of the Group's deferred exploration costs amounting to €3,022. 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.

Grant Thornton

Chartered Accountants and Registered Auditors

24-26 City Quay

Dublin 2

28 June 2010

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 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

The consolidated and company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations approved by the International Accounting Standards Board (IASB) as adopted by the European Union (EU) and those parts of the Companies Acts, 1963 to 2009 applicable to companies reporting under IFRS.

The Company has availed of the exemption in Section 148(8) of the Companies Act 1963 not to present its individual Income Statement and related notes that form part of the approved Company financial statements. The Company has also availed of the exemption from filing its individual Income statement with the Registrar of Companies as permitted by Section 7(1A) of the Companies (Amendment) Act 1986.

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 2009.

STANDARDS ADOPTED DURING THE FINANCIAL YEAR

The Group has adopted the following standards and interpretations during the financial year ended 31 December 2009:

IFRS 7 Financial Instruments Disclosure

The amendments require additional disclosures for financial instruments that are measured at fair value in the Statement of Financial Position. A separate quantitative maturity analysis must be presented for the derivative financial liabilities that shows the remaining contractual maturities, where these are essential for an understanding of the timing of cash flows. The Group has taken advantage of the transitional provisions in the amendments and has not provided comparative information in respect of the new requirements.

IAS 1 Presentation of Financial Statements

Changes in this Standard required a number of terminology changes. The term "equity holders" has been replaced by "owners".

Owners are classified as "holders of instruments classified as equity". All changes in equity arising from transactions with owners in their capacity as holders of equity instruments are termed "owner changes in equity".

The following terminology changes have been applied:

- "Statement of Financial Position" replace the heading "Balance Sheet"
- "Consolidated Cash Flow Statement" replace "Cash Flow Statement" and;
- "Statement of Comprehensive Income" replace "Statement of Recognised Income and Expenditure"

The Group has adopted the option to include two statements: an "Income Statement" and a "Statement of Comprehensive Income". Changes in equity arising from transactions with owners are excluded from the Statement of Comprehensive Income and have been included in a "Statement of Changes in Equity". IAS 1 (revised) 2009 requires presentation of a comparative balance sheet as at the beginning of the first comparative period in som y circumstances. Management considers that this is not necessary this year because the 2008 balance sheet is as previously published.

IFRS 8 Operating Segments

This IFRS contains requirements for additional disclosures on operating segments and replaces IAS 14 Segemental Reporting. The standard is concerned with disclosure only and will not have an impact on measurement in the Group Financial Statements.

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:

STANDARDS HAVING AN IMPACT IN FUTURE YEARS

IFRS 3 (revision) – Business Combinations

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply the revised standard prospectively to all business combinations from 1 January 2010, subject to EU endorsement, and the impact on the Group's financial statements will be dependent on future acquisitions.

The following standards and interpretations became effective for the 2009 financial statements but these were either not relevant to or did not have a material impact on the Group's financial statements:

IFRS 1 (amendment) – First-time Adoption of International Financial Reporting Standards;

IFRS 2 (amendment) – Share-based Payments;

IFRS 5 (amendment) – Non-current Assets Held for Sale and Discontinued Operations;

IFRS 7 (amendment) – Financial Instruments: Disclosure – Improving Disclosures about Financial Instruments;

IAS 16 (amendment) – Property, Plant and Equipment;

IAS 19 (amendment) – Employee Benefits;

IAS 20 (amendment) – Accounting for Government Grants and Disclosure of Government Assistance;

IAS 23 (amendment) – Borrowing Costs;

IAS 27 (amendment) – Consolidated and Separate Financial Statements;

IAS 27 (revised) – Consolidated and Separate Financial Statements;

IAS 28 (amendment) – Investments in Associates;

IAS 29 (amendment) – Financial Reporting in Hyperinflation Economies;

IAS 31 (amendment) – Interests in Joint Ventures;

IAS 32 (amendment) – Financial Instruments: Presentation;

IAS 36 (amendment) – Impairment of Assets;

IAS 38 (amendment) – Intangible Assets;

IAS 39 (amendment) – Financial Instruments: Recognition and Measurement;

IAS 40 (amendment) – Investment Property;

IAS 41 (amendment) – Agriculture;

IFRIC 9 (amendment) – Reassessment of Embedded Derivatives;

IFRIC 13 – Customer Loyalty Programmes;

IFRIC 15 – Agreements for Construction of Real Estate;

IFRIC 16 – Hedges of a Net Investment in a Foreign Operation;

IFRIC 16 (amendment) – Hedges of a Net Investment in a Foreign Operation;

IFRIC 16 (amendment) – Hedges of a Net Investment in a Foreign Operation;

IFRIC 17 – Distributions of Non-cash Assets to Owners; and

IFRIC 18 – Transfer of Assets from Customers.

The Group has not applied the following standards and interpretations which have been issued and become effective for accounting periods beginning after the commencement of the Group's next financial year but either have no impact or are not expected to have a material impact on the Group's financial statements:

IFRS 1 (amendment) – First-time adoption of International Financial Reporting Standards;

IFRS 2 (amendment) – Share Based Payments;

IFRS 5 (amendment) – Non-current Assets Held for Sale and Discontinued Operations;

IFRS 8 (amendment) – Operating Segments;

IFRS 9 – Financial Instruments;

IAS 1 (amendment) – Presentation of Financial Statements;

IAS 7 (amendment) – Statement of Cash Flows;

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 Thousand (€'000), which is the Company's functional currency. The US$ Thousand ($'000) equivalent is shown for information purposes.

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 2009.

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 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 rejects current market assessments of the time value of money and the risk specific to the asset.

TAXATION

Taxation on the profit or loss for the period comprises current and deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case the related tax is recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates and laws that have been enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on the basis of the liability method on temporary differences at the balance sheet date. Temporary differences are defined as the difference between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, or where, in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, the timing and reversal of the temporary differences is subject to control by the Group and it is probable that reversal will not occur in the foreseeable future. Deferred tax assets and liabilities are not subject to discounting and are measured at the tax rates that are anticipated to apply in the period in which the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The carrying amounts of deferred tax assets are subject to review at each balance sheet date and are reduced to the extent that future taxable profits are considered to be inadequate to allow all or part of any deferred tax asset to be utilised.

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.

PROPERTY, PLANT & EQUIPMENTS AND DEPRECIATION

Property, plant & equipment is 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

SHARE BASED PAYMENTS

Employees (including Directors) of the Group may be entitled to remuneration in the form of share – based payment transactions, whereby employees render service in exchange for shares or rights over shares. Details of the Group's share option scheme are set out in note 28 on page 38 of the consolidated financial statements.

In line with the transitional provisions applicable to a first-time adopter of IFRS, as contained in IFRS 2 – Share-based Payment, the recognition and measurement principles of this standard have been applied only in respect of share options granted after 7 November 2002 that had not vested at the date of transition to IFRS. In accordance with the standard, the disclosure requirements of IFRS 2 – Share-based Payment – are applied to all outstanding share-based payments regardless of their grant date.

For any share options granted after 7 November 2002, the fair value of the option is recognised as an expense in the income statement with a corresponding increase in equity. The fair value is measured at grant date excluding the impact of non-market conditions and spread over the period during which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest where vesting conditions are non-market conditions. When the options are exercised, the proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

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.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Group's investments in equity securities, that are not accounted for as a subsidiary, associate or joint venture, are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, including translation differences, are recognised directly in equity. The fair value of investments classified as available-for-sale is their quoted market price at the balance sheet date. When such an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

OPERATING LEASES

Operating lease rentals are charged to the Income statement on a straight line basis over the lease term.

OTHER LOANS AND RECEIVABLES

Other loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. They are included at fair value in non-current assets unless the investment is due to mature within 12 months of the balance sheet date. After initial recognition, gains or losses arising from changes in the fair value are included in other gains/(losses) in the income statement in the period in which they arise.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value. Given the short-dated nature of these assets the original invoice value equates to initial fair value. Trade receivables are subsequently measured at amortised cost using the effective interest method, less an impairment provision when there is objective evidence that it will not be possible to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original rate of interest. The amount of the provision is recognised in the income statement in selling and distribution costs.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits, including bank deposits of less than three months maturity. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

TRADE PAYABLES

Trade payables are initially stated at cost which, given the short-dated nature of these liabilities equates to initial fair value and are subsequently measured at amortised cost, using the effective interest rate method, when the age or payment terms of the liability indicates that initial cost no longer equates to fair value.

USE OF ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future in preparing the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. By definition, estimates cannot be expected to predict future results with certainty. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Measurement of the recoverable amounts of intangible assets - 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. The directors base the recoverability of the carrying value of these intangible assets on industry specific data in addition to using their judgement to assess the assets recoverability

- Utilisation of tax losses - The Directors have not deemed is appropriate to recognise deferred tax assets resulting for significant losses being carried forward from previous years on the basis that it is not certain that these losses will be utilized in future periods.

OVOCA GOLD PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2009

CONSOLIDATED INCOME STATEMENT	Note	2009 €'000	2008 €'000	2009 $'000	2008 $'000
Continuing operations					
Turnover		-	-	-	-
Exploration costs written off	13	(4 733)	(202)	(6 601)	(296)
Gross loss		**(4 733)**	**(202)**	**(6 601)**	**(296)**
Administration expenses		(1 062)	(1 029)	(1 481)	(1 511)
Other gains and losses	5	7 611	-	10 615	-
Operating profit/(loss)		**1 816**	**(1 231)**	**2 533**	**(1 807)**
Finance costs	6	(26)	-	(36)	-
Finance income	6	252	5	351	7
Gain/(Loss) for the year before tax		**2 042**	**(1 226)**	**2 848**	**(1 800)**
Income tax	11	-	-	-	-
Gain/(Loss) for the year from continuing operations		**2 042**	**(1 226)**	**2 848**	**(1 800)**
Discontinued operations					
Loss for the year from discontinued operations		-	(7 383)	-	(10 406)
Profit/(Loss) for the year		**2 042**	**(8 609)**	**2 848**	**(12 206)**
Attributable to:					
Owners of the parent		2 042	(8 609)	2 848	(12 206)
Minority interest		-	-	-	-
		2 042	**(8 609)**	**2 848**	**(12 206)**
Earnings/(Loss) per share					
Basic earning/(loss) per share from continuing operations	12	0.46c	(0.28)c	0.64c	(0.41)c
Basic earnings/(loss)loss per share from discontinued operations	12	-	(1.97)c	-	(2.80)c
Fully diluted earnings/(loss) per share from continuing operations	12	0.45c	(0.26)c	0.63c	(0.32)c
Fully diluted earnings/(loss) per share from discontinued operations	12	-	(1.84)c	-	(2.62)c

The accompanying notes on pages 30 to 40 form an integral part of these financial statements.

On behalf of the Board

Leonid Skoptsov
Director

Timothy McCutcheon
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2009 €'000	2008 €'000	2009 $'000	2008 $'000
Profit/(Loss) for the year	2 042	(8 609)	2 848	(12 206)
Other comprehensive income/expense:				
Fair value gain on available for sale financial assets	6 542	-	9 576	-
Exchange movement	(364)	-	(960)	-
Total comprehensive income/(expense) for the year	**8 220**	**(8 609)**	**11 464**	**(12 206)**

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	2009 €'000	2008 €'000	2009 $'000	2008 $'000
Profit/(Loss) for the year	(3 463)	(1485)	(4 828)	(1 868)
Total comprehensive expense for the year	**(3 463)**	**(1 485)**	**(4 828)**	**(1 868)**

There is no income tax impact in respect of the components recognised within the consolidated and company statements of comprehensive income.

The accompanying notes on pages 30 to 40 form an integral part of these financial statements.

On behalf of the Board

Leonid Skoptsov
Director

Timothy McCutcheon
Director

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital €'000	Share Premium €'000	Other reserves €'000	Exchange movement €'000	Share based payment reserve €'000	Retained losses €'000	Total (attributable to owners of the parent) €'000
At 1 January 2009	**11 057**	**48 108**	**11**	**–**	**520**	**(21 495)**	**38 201**
Comprehensive income:							
Profit for the year	-	-	-	-	-	2 042	2 042
Other comprehensive income							
Fair value gain on available for sale financial assets	-	-	6 542	-	-	-	6 542
Exchange movement	-	-	-	(364)	-	-	(364)
At 31 December 2009	**11 057**	**48 108**	**6 553**	**(364)**	**520**	**(19 453)**	**46 421**
At 1 January 2008	**10 824**	**47 586**	**11**	**0**	**520**	**(12 886)**	**46 055**
Comprehensive income:							
Loss for the year	-	-	-	-	-	(8 609)	(8 609)
Proceeds of share issue	233	522	-	-	-	-	755
At 31 December 2008	**11 057**	**48 108**	**11**	**0**	**520**	**(21 495)**	**38 201**

COMPANY STATEMENTS OF CHANGES IN EQUITY

	Share capital €'000	Share Premium €'000	Other reserves €'000	Exchange movement €'000	Share based payment reserve €'000	Retained losses €'000	Total €'000
At 1 January 2009	**11 057**	**48 108**	**11**	**–**	**520**	**1 938**	**61 634**
Comprehensive income:							
Profit for the year	-	-	-	-	-	(3 463)	(3 463)
At 31 December 2009	**11 057**	**48 108**	**11**	**–**	**520**	**(1 525)**	**58 171**
At 1 January 2008	**10 824**	**47 586**	**11**	**–**	**520**	**(13 409)**	**45 532**
Comprehensive income:							
Loss for the year	-	-	-	-	-	(1 011)	(1 011)
Proceeds of share issue	233	522	-	-	-	-	755
Gain on disposal of subsidiary	-	-	-	-	-	16 358	16 358
At 31 December 2008	**11 057**	**48 108**	**11**	**–**	**520**	**1 938**	**61 634**

The accompanying notes on pages 30 to 40 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2009 €'000	2008 €'000	2009 $'000	2008 $'000
Assets					
Current assets					
Inventories	**17**	7	-	10	-
Trade and other receivables	**18**	3 997	269	5 728	379
Cash and cash equivalents	**20**	19 754	6 789	28 313	9 569
		23 758	**7 058**	**34 051**	**9 948**
Non current assets					
Property, plant and equipment	**14**	799	1 092	1 121	1 538
Intangible assets	**13**	3 022	7 473	4 331	10 535
Available for sale financial assets	**16**	20 681	23 944	29 187	33 750
		24 502	**32 509**	**34 639**	**45 823**
Total assets		**48 260**	**39 567**	**68 690**	**55 771**
Liabilities					
Current liabilities					
Trade and other payables	**21**	1 839	1 366	2 636	1 926
		1 839	**1 366**	**2 636**	**1 926**
Total liabilities		1 839	1 366	2 636	1 926
Net assets		**46 421**	**38 201**	**66 054**	**53 845**
Equity					
Ordinary shares	**22**	11 057	11 057	15 586	15 586
Share premium accounts	**22**	48 108	48 108	67 809	67 809
Other reserves	**25**	6 553	11	9 140	16
Foreign currency translation reserve	**25**	(364)	-	1 493	1 256
Share based payment reserve	**25**	520	520	733	733
Profit and loss account	**23**	(19 453)	(21 495)	(28 707)	(31 555)
		46 421	**38 201**	**66 054**	**53 845**

The accompanying notes on pages 30 to 40 form an integral part of these financial statements.

On behalf of the Board

Leonid Skoptsov
Director

Timothy McCutcheon
Director

COMPANY STATEMENT OF FINANCIAL POSITION

	Note	2009 €'000	2008 €'000	2009 $'000	2008 $'000
Assets					
Current assets					
Trade and other receivables	**18**	12 637	58 185	18 122	82 014
Cash and cash equivalents		1 266	20	1 814	28
		13 903	**58 205**	**19 936**	**82 042**
Non current assets					
Intangible assets	**13**	-	27	-	38
Financial assets	**15**	47 071	6 204	66 655	8 746
		47 071	**6 231**	**66 655**	**8 784**
Total assets		**60 974**	**64 436**	**86 591**	**90 826**
Liabilities					
Current liabilities					
Trade and other payables	**21**	2 803	2 802	4 016	3 950
		2 803	**2 802**	**4 016**	**3 950**
Total liabilities		2 803	2 802	4 016	3 950
Net assets		**58 171**	**61 634**	**81 211**	**86 876**
Equity					
Ordinary shares	**22**	11 057	11 057	15 587	15 587
Share premium accounts	**22**	48 108	48 108	67 809	67 809
Other reserves	**25**	11	11	16	16
Share based payment reserve	**25**	520	520	734	734
Exchange movement		-	-	539	-
Profit and loss account	**23**	(1 525)	1 938	(2 100)	2 730
		58 171	**61 634**	**82 575**	**86 876**

The accompanying notes on pages 30 to 40 form an integral part of these financial statements.

On behalf of the Board

Leonid Skoptsov
Director

Timothy McCutcheon
Director

CONSOLIDATED STATEMENT OF CASHFLOWS

	Note	2009 €'000	2008 €'000	2009 $'000	2008 $'000
Cash flows from operating activities					
Net profit/(loss) for the year before tax		2 042	(1 226)	2 848	(1 800)
Exchange movement		-	-	721	(198)
Depreciation	**14**	122	17	174	24
Exploration costs written off	**13**	4 733	202	6 597	296
Net finance costs	**6**	(226)	-	(315)	-
Increase in inventories		(7)	-	(10)	-
(Increase)/Decrease in debtors		(3 728)	1 056	(5 349)	1 556
Increase in creditors		473	173	710	185
Net cash flow from operating activities		**3 409**	**222**	**5 376**	**63**
Cash flow from financing activities					
Proceeds from issue of shares		-	755	-	1 064
Net cash flow from financing activities		**–**	**755**	**–**	**1 064**
Cash flows from investing activities					
Proceeds from sale of subsidiary		-	7 804	-	11 000
Expenditure on exploration activities	**13**	(282)	(6 241)	(393)	(8 797)
Net proceeds/(purchases) of property, plant & equipment		171	(788)	243	(1 113)
Purchase of available for sale asset	**16**	17 670	-	24 710	-
Proceeds from disposal of available for sale asset	**16**	(8 229)	-	(11 507)	-
Interest received		226	5	315	7
Net cash flow from financing activities		**9 556**	**780**	**13 368**	**1 097**
Net increase in cash and cash equivalents		12 965	1 757	18 744	2 224
Cash and cash equivalents at the beginning of year		6 789	5 032	9 569	7 345
Cash and cash equivalents at the end of year		**19 754**	**6 789**	**28 313**	**9 569**

The accompanying notes on pages 30 to 40 form an integral part of these financial statements.

COMPANY STATEMENT OF CASHFLOWS

	Note	2009 €'000	2008 €'000	2009 $'000	2008 $'000
Cash flows from operating activities					
Net loss for the year before tax		(3 463)	(1011)	(4 830)	(1 485)
Exchange movement		-	-	529	(614)
Exploration costs written off	**13**	27	-	38	-
Decrease/(Increase) in debtors		45 548	(46 075)	63 892	(64 343)
Increase in creditors		1	159	66	93
Net cash flow from operating activities		**42 113**	**(46 927)**	**59 695**	**(66 349)**
Cash flow from financing activities					
Proceeds from issue of shares		-	755	-	1 064
Proceeds from loans repayments		-	6139	-	8 654
Net cash flow from financing activities		**–**	**6 894**	**–**	**9 718**
Cash flows from investing activities					
Exploration expenditure		-	(1 603)	-	(2 259)
Advances to subsidiaries	**15**	(40 867)	-	(57 909)	-
Proceeds on disposal of subsidiary		-	37 566	-	52 951
Interest received		-	5	-	6
Net cash flow from financing activities		**(40 867)**	**35 968**	**(57 909)**	**50 698**
Net Decrease/Increase in cash and cash equivalents		1 246	(4 065)	1 786	(5 933)
Cash and cash equivalents at the beginning of year		20	4 085	28	5 961
Cash and cash equivalents at the end of year		**1 266**	**20**	**1 814**	**28**

The accompanying notes on pages 30 to 40 form an 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 2009. The company uses the full cost method of accounting for exploration costs. Under this method all costs associated with exploration are capitalised. The recovery of exploration costs is dependent on the successful production of economic quantities of 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 the 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 the 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 Director's plans were not successful.

2. SEGMENTAL REPORTING

(a) Primary reporting format – business segments

Segment information is presented in accordance with IFRS 8 – Operating Segments with effect from 1 January 2009. Comparative information for 2008 is presented on a consistent basis.

At 31 December 2009, the Group had two business segments, Exploration activities and Investment. Investment activities are primarily carried out by subsidiary companies CSJC Black Fox, Kom Trans and Norplat Limited. Investing activities are carried out by another subsidiary company, Silver Star Limited, a company incorporated in Bermuda. Unallocated costs represent group administration costs, primarily incurred in Ireland and the United Kingdom.

Year ended 31 December 2009	Exploration Activities €'000	Investment €'000	Unallocated €'000	Total €'000	Exploration Activities US$'000	Investment US$'000	Unallocated US$'000	Total US$'000
Revenue	–	–	–	–	–	–	–	–
Other gains and losses	–	**7 611**	–	**7 611**	–	–	–	–
EBITDA	**(4 360)**	**7 611**	**(1 375)**	**1 876**	**(6 080)**	**10 614**	**(1 916)**	**2 618**
Depreciation and amortisation	(58)	-	(2)	(60)	(81)	-	(4)	(85)
Operating (loss)/profit	**(4 418)**	**7 611**	**(1 377)**	**1 816**	**(6 161)**	**10 614**	**(1 920)**	**2 533**
Finance costs	(7)	(13)	(6)	(26)	(10)	(18)	(8)	(36)
Finance income	-	252	-	252	-	351	-	351
(Loss)/profit before tax	**(4 425)**	**7 850**	**(1 383)**	**2 042**	**(6 171)**	**10 947**	**(1 928)**	**2 848**
Income tax	-	-	-	-	-	-	-	-
	(4 425)	**7 850**	**(1 383)**	**2 042**	**(6 171)**	**10 947**	**(1 928)**	**2 848**
Segment assets	4 387	38 867	5 006	48 260	6 287	55 708	6 695	68 690
Segment liabilities	(23)	(1 268)	(548)	(1 839)	(33)	(1 817)	(786)	(2 636)
Net assets	**4 364**	**37 599**	**4 458**	**46 421**	**6 254**	**53 891**	**5 909**	**66 054**

Year ended 31 December 2008	Exploration Activities	Investment	Unallocated	Total	Exploration Activities	Investment	Unallocated	Total
	€'000	€'000	€'000	€'000	US$'000	US$'000	US$'000	US$'000
Revenue	–	–	–	–	–	–	–	–
Other gains and losses	–	–	–	–	–	–	–	–
EBITDA	**(188)**	**(8)**	**(1 018)**	**(1 214)**	**(276)**	**(12)**	**(1 494)**	**(1 782)**
Depreciation and amortisation	(15)	-	(2)	(17)	(22)	-	(3)	(25)
Operating loss	**(203)**	**(8)**	**(1 020)**	**(1 231)**	**(298)**	**(12)**	**(1 497)**	**(1 807)**
Finance costs	-	-	-	-	-	-	-	-
Finance income	-	5	-	5	-	7	-	7
Loss before tax	**(203)**	**(3)**	**(1 020)**	**(1 226)**	**(298)**	**(5)**	**(1 497)**	**(1 800)**
Income tax	-	-	-	-	-	-	-	-
Loss for the year from discontinued operations	(7 383)	-	-	(7 383)	(10 406)	-	-	(10 406)
	(7 586)	**(3)**	**(1 020)**	**(8 609)**	**(10 704)**	**(5)**	**(1 497)**	**(12 206)**
Segment assets	6 828	31 674	1 065	39 567	9 624	44 645	1 502	55 771
Segment liabilities	(320)	-	(1 046)	(1 366)	(452)	-	(1 474)	(1 926)
Net assets	**6 508**	**31 674**	**19**	**38 201**	**9 172**	**44 645**	**28**	**53 845**

(b) Secondary reporting format – geographical segments

The Group's business segments and its assets are located in Russia, Bermuda, Ireland and the United Kingdom. The table above shows income and expenditure and assets and liabilities by primary geographical segments on the basis that exploration activities are carried out in Russia, investment activity is carried out in Bermuda and unallocated amounts relate to costs incurred in Ireland and the United Kingdom.

3.

GAIN/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	€'000	€'000	US$'000	US$'000
Employee expense (net of amounts capitalised)	(506)	(14)	(706)	(21)
Directors remuneration	(226)	(427)	(315)	(627)
Depreciation				
- Included in administration expenses	(170)	(17)	(84)	(24)
Services provided by the Group's auditors (Note 4)	(46)	(53)	(64)	(78)
Gain on disposal of available for sale asset	7 611	-	10 614	-
Net finance income	226	5	315	7
Write off of capitalised exploration costs	(4 733)	(202)	(6 600)	(297)
Other administration expenses	(114)	(518)	(312)	(760)
Gain/(Loss) on ordinary activities before taxation	**2 042**	**(1 226)**	**2 848**	**(1 800)**

4.

SERVICES PROVIDED BY THE AUDITOR

	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	€'000	€'000	US$'000	US$'000
Audit services - statutory audit	46	49	64	69
Other services	-	4	-	6
Total auditors remuneration	**46**	**53**	**64**	**75**

5.

OTHER GAINS AND LOSSES

	31.12.2009 €'000	31.12.2008 €'000	31.12.2009 US$'000	31.12.2008 US$'000
Gain on disposal of available for sale financial assets	**7 611**	**–**	**10 615**	**–**

The above gain represents the profit on sale of shares held in quoted securities.

6.

FINANCE COSTS AND FINANCE INCOME

	31.12.2009 €'000	31.12.2008 €'000	31.12.2009 US$'000	31.12.2008 US$'000
Finance costs				
Bank interest paid	(26)	-	(36)	-
Finance income				
Bank interest received	252	5	351	7
	226	**5**	**315**	**7**

7.

EMPLOYEES

	31.12.2009 Number	31.12.2008 Number
Administration	**30**	**23**

8.

EMPLOYMENT COSTS

	31.12.2009 €'000	31.12.2008 €'000	31.12.2009 US$'000	31.12.2008 US$'000
Wages and salaries	804	1 173	1 121	1 722
Social welfare costs	67	49	93	72
Staff costs capitalised	(139)	(781)	(193)	(1 146)
Total employment costs	**732**	**441**	**1 021**	**648**

9.

DIRECTORS REMUNERATION

	31.12.2009 €'000	31.12.2008 €'000	31.12.2009 US$'000	31.12.2008 US$'000
Directors remuneration	**226**	**427**	**315**	**627**

Directors remuneration noted above relates to short term benefits.

10.
PENSION COSTS

The group does not operate a pension scheme.

11.

TAXATION

	31.12.2009 €'000	31.12.2008 €'000	31.12.2009 US$'000	31.12.2008 US$'000
Analysis of tax charge for the year				
Income Tax	**-**	**-**	**-**	**-**
Reconciliation of factors affecting the income tax charge for the year				
Loss on ordinary activities before tax	2 042	(1 226)	2 848	(1 800)
Corporation tax at standard rate 2009: 12.5% (2008: 12.5%)	255	(153)	356	(225)
Effects of				
Income not subject to taxation	(951)	-	(1 327)	-
Tax losses carried forward to future periods	696	153	971	225
	-	**-**	**-**	**-**

12.

LOSS PER SHARE

	31.12.2009 €'000	31.12.2008 €'000	31.12.2009 US$'000	31.12.2008 US$'000
Basic				
Gain/(Loss) after taxation from continuing operations	2 042	(1 226)	2 848	(1 800)
Gain/(Loss) after taxation from discontinued operations	-	(8 608)	-	(12 206)
Weighted average number of ordinary shares (thousands)	442 294	436 473	442 294	436 473
Basic earning/(loss) per share from continuing operations	0.46c	(0.28)c	0.64c	(0.41)c
Basic earnings/(loss)loss per share from discontinued operations	-	(1.97)c	-	(2.80)c

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

	31.12.2009 €'000	31.12.2008 €'000	31.12.2009 US$'000	31.12.2008 US$'000
Diluted				
Weighted average number of ordinary shares (all measures) (thousands)	453 461	466 428	453 461	466 428
Fully diluted earnings/(loss) per share from continuing operations	0.45c	(0.26)c	0.63c	(0.32)c
Fully diluted earnings/(loss) per share from discontinued operations	-	(1.84)c	-	(2.62)c

13.

INTANGIBLE ASSETS

Group	Deferred exploration costs	Total	Deferred exploration costs	Total
	€'000	€'000	US$'000	US$'000
At 1 January 2009	7 473	7 473	10 535	10 535
Expenditure incurred during the year	282	282	393	393
Disposal during the year	-	-	-	-
Amounts written off during the year	(4 733)	(4 733)	(6 601)	(6 601)
Foreign exchange translation reserves	-	-	4	4
At 31 December 2009	3 022	3 022	4 331	4 331
Net book values				
At 31 December 2009	3 022	3 022	4 331	4 331
At 31 December 2008	7 473	7 473	10 535	10 535

Company	Deferred exploration costs	Total	Deferred exploration costs	Total
	€'000	€'000	US$'000	US$'000
At 1 January 2009	27	27	38	38
Amounts written off during the year	(27)	(27)	(38)	(38)
At 31 December 2009	-	-	-	-
Net book values				
At 31 December 2009	-	-	-	-
At 31 December 2008	27	27	38	38

In accordance with IFRS 6 - Exploration for and Evaluation of Mineral Resources, the carrying value of the group and company intangible assets were reviewed for indicators of impairment. On review the asset's recoverable amount was found to exceed the carrying amount. The intangible assets were reviewed on the basis of cash generating units, which is in line with the geographical and operational segments as disclosed in note 2. Substantially all of the deferred exploration costs written off relate to Exploration Activities carried out in Russia. While development of these projects is ongoing, an amount of €4,733 (2008 €202) was written off.

14.

PROPERTY, PLANT & EQUIPMENT	Mining equipment	Office furniture & equipment	Total	Mining equipment	Office furniture & equipment	Total
	€'000	€'000	€'000	US$'000	US$'000	US$'000
Cost						
At 1 January 2009	1 005	128	1 133	1 416	180	1 596
Additions	603	10	613	842	14	856
Disposal	(730)	(127)	(857)	(1 029)	(179)	(1 208)
At 31 December 2009	**878**	**11**	**889**	**1 229**	**15**	**1 244**
Depreciation						
At 1 January 2009	**22**	**19**	**41**	**31**	**27**	**58**
Charge for year	120	2	122	166	4	170
Disposal	(63)	(10)	(73)	(89)	(16)	(105)
At 31 December 2009	**79**	**11**	**90**	**108**	**15**	**123**
Net book values						
At 31 December 2009	799	-	799	1 121	-	1 121
At 31 December 2008	**983**	**109**	**1 092**	**1 385**	**153**	**1 538**

No property, plant and equipment was held by the parent company in the current or prior year.

15.
FINANCIAL ASSETS -COMPANY

	01.01.2009 €'000	Movement during year €'000	31.12.2009 €'000	01.01.2009 US$'000	Movement during year US$'000	31.12.2009 US$'000
Norplat Limited	6 173	-	6 173	9 008	-	9 008
Ovoca Mining Limited	3	-	3	4	-	4
Boreal Minerals plc	18	-	18	27	-	27
Silver Star Limited	9	39 900	39 909	12	56 240	56 252
Kom Trans	1	967	968	1	1 363	1 364
Foreign currency translation differences	-	-	-	(306)	306	-
Investment in subsidiaries at cost	**6 204**	**40 867**	**47 071**	**8 746**	**57 909**	**66 655**

In the opinion of the directors, the fair value of financial assets in the company balance sheet at 31 December 2009 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 2009 the company had the following subsidiary undertakings:

Name	Incorporated	Activity	Proportion holding
Albannach Limited	Ireland	Dormant	100%
Barnagapal Limited	Ireland	Dormant	100%
X-Ore Limited	Ireland	Dormant	100%
Norplat Limited	British Virgin Islands	Investment	100%
CSJC black Fox	Russia	Mineral exploration	95%
CSJC Lovozero	Russia	Dormant	100%
Boreal Minerals plc	United Kingdom	Support company	100%
Ovoca Mining Limited	Cyprus	Dormant	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.

16.
AVAILABLE FOR SALE FINANCIAL ASSETS

	Group 31.12.2009 €'000	Group 31.12.2008 €'000	Group 31.12.2009 US$'000	Group 31.12.2008 US$'000
At 1 January 2009	23 944	-	33 750	-
Additions	8 229	23 944	11 816	20 025
Disposals	(17 670)	-	(25 325)	-
Fair value adjustment	6 542	-	8 946	13 725
Exchange movement	(364)	-	-	-
	20 681	**23 944**	**29 187**	**33 750**

Available for sale financial assets include the following

Quoted securities	**20 681**	**23 944**	**29 187**	**33 750**
Investment in Polymetal	12 120	23 944	17 371	33 750
Asset managed fund	8 561	0	11 816	-
	20 681	**23 944**	**29 187**	**33 750**

Investment in Polymental represents the holding of 1,872,203 shares. Polymetal is listed on the Russian stock exchange. The asset managed fund represents investments in quoted securities in US, UK and Canadian listed entities.

The above securities are denominated in the following currencies

	Group 31.12.2009 €'000	Group 31.12.2008 €'000	Group 31.12.2009 US$'000	Group 31.12.2008 US$'000
Russian Rubles	12 120	23 944	17 371	33 750
US Dollar	6 641	-	9 166	-
Canadian Dollar	1 208	-	1 668	-
Sterling	712	-	982	-
	20 681	23 944	29 187	33 750

At 31 December 2009, if the underlying equity securities price in respect of investments held by the Group and classified on the balance sheet as available-for-sale had strengthened/weakened by 5% with all other variables held constant, other components of equity would have been €1,034/US$ 1,459 (2009:€1,197/ US$1,687) lower/higher, mainly as a result of changes in fair values of available-for-sale financial assets. No available for sale financial assets were held by the holding company in the current or prior year.

17. INVENTORIES

	Group 31.12.2009 €'000	Group 31.12.2008 €'000	Group 31.12.2009 US$'000	Group 31.12.2008 US$'000
Inventories	7	-	10	-

The group has not recognised an inventory write down during the year. No investories were held by the holding company in the current or prior year.

18. TRADE AND OTHER RECEIVABLES

	Group 31.12.2009 €'000	Group 31.12.2008 €'000	Company 31.12.2009 €'000	Company 31.12.2008 €'000	Group 31.12.2009 US$'000	Group 31.12.2008 US$'000	Company 31.12.2009 US$'000	Company 31.12.2008 US$'000
Trade debtors	63	269	10	205	102	379	14	289
Tax and social welfare	323	-	-	-	451	-	-	-
Amounts owed by group undertakings	-	-	9 016	57 980	-	-	12 923	81 725
Loans and receivables (Note 18)	3 611	-	3 611	-	5 175	-	5 185	-
	3 997	269	12 637	58 185	5 728	379	18 122	82 014

19. LOANS AND RECEIVABLES

	Group 31.12.2009 €'000	Group 31.12.2008 €'000	Company 31.12.2009 €'000	Company 31.12.2008 €'000	Group 31.12.2009 US$'000	Group 31.12.2008 US$'000	Company 31.12.2009 US$'000	Company 31.12.2008 US$'000

Loans and receivables represent loans to third parties which are arms length and interest bearing.

At 1 January 2009	-	-	-	-	-	-	-	-
Additions	3 611	-	3 611	-	5 175	-	5 175	-
At 31 December 2009	3 611	-	3 611	-	5 175	-	5 175	-

The fair value of loans and receivables noted above approximate their book value

Loans and receivables are denominated in the following currency

US Dollars	3 611	-	3 611	-	5 175	-	5 175	-

20.
CASH AND CASH EQUIVALENTS

	Group 31.12.2009 €'000	Group 31.12.2008 €'000	Company 31.12.2009 €'000	Company 31.12.2008 €'000	Group 31.12.2009 US$'000	Group 31.12.2008 US$'000	Company 31.12.2009 US$'000	Company 31.12.2008 US$'000
Cash at bank and in hand	7 423	6 789	220	20 289	10 638	9 569	314	28
Short term deposits	12 331	-	1 046	-	17 675	-	1 500	-
	19 754	6 789	1 266	20 289	28 313	9 569	1 814	28

21.
TRADE AND OTHER PAYABLES

	Group 31.12.2009 €'000	Group 31.12.2008 €'000	Company 31.12.2009 €'000	Company 31.12.2008 €'000	Group 31.12.2009 US$'000	Group 31.12.2008 US$'000	Company 31.12.2009 US$'000	Company 31.12.2008 US$'000
Bank loans	1 267	-	-	-	1 816	-	-	-
Trade creditors	373	919	236	619	535	1 261	1 317	872
Amounts owed to group undertakings	-	-	2 368	1 930	-	-	-	2 721
Other creditors	-	190	-	20	-	306	272	29
Accruals and deferred income	199	257	199	233	285	359	368	328
	1 839	1 366	2 803	2 802	2 636	1 926	1 957	3 950

22.
SHARE CAPITAL - GROUP AND COMPANY

	31.12.2009 €	31.12.2008 €	31.12.2009 US$	31.12.2008 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

	Number of ordinary shares	Share Capital	Share Premium	Share Capital	Share Premium
Issued, called up and fully paid:		€'000	€'000	US$'000	US$'000
At 1 January 2009	**442294026**	**11 057**	**48 108**	**15 587**	**67 809**
At 31 December 2009	**442294026**	**11 057**	**48 108**	**15 587**	**67 809**

23.
RETAINED LOSSES

	Group 31.12.2009 €'000	Group 31.12.2008 €'000	Company 31.12.2009 €'000	Company 31.12.2008 €'000	Group 31.12.2009 US$'000	Group 31.12.2008 US$'000	Company 31.12.2009 US$'000	Company 31.12.2008 US$'000
Deficit at 1 January 2009	(21 495)	(12 886)	1 938	(13 409)	(31 555)	(18 428)	2 730	(19 175)
Exchange movement	-	-	-	-	-	(921)	-	(623)
Gain/(Loss) for the year	2 042	(1 226)	(3 463)	(1 011)	2 848	(1 800)	(4 830)	(1 485)
Gain/Loss on sale of subsidiary	-	(7 383)	-	16 358	-	(10 406)	-	24 013
Deficit at 31 December 2009	(19 453)	(21 495)	(1 525)	1 938	(28 707)	(31 555)	(2 100)	2 730

In accordance with the provisions of the Companies Act 1 963, Section 148(8), the company has not presented an income statement. A loss for the period of €3,463 (2009: loss of €1,011) has been recognised in the income statement of the company.

24.
FINANCIAL COMMITMENTS

	Land and buildings		Land and buildings	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	€'000	€'000	US$'000	US$'000
Expiry date:				
Not later than one year	74	-	103	-
Later than one year not later than five years	-	57	-	81
Later than five years	-	-	-	-
	74	**57**	**103**	**81**

25.
OTHER RESERVES

	Other reserves	Share based payment reserve	Total	Other reserves	Share based payment reserve	Total
	€'000	€'000	€'000	US$'000	US$'000	US$'000
Balance at 1 January 2008	11	520	531	16	759	775
Exchange movements		-	-	-	(26)	(26)
Balance at 31 December 2008	11	520	531	16	733	749
Balance at 1 January 2009	11	520	531	16	733	749
Foreign currency translation reserve						
Available for sale investments	6 542	-	6 542	9 124	-	9 124
Exchange movements	(364)	-	(364)	1 493	-	1 493
Balance at 31 December 2009	6 189	520	6 709	10 633	733	10 366

26.
RELATED PARTY TRANSACTIONS

Details of subsidiary undertakings are shown in Note 15. In accordance with International Accounting Standard 4 - Related Party Disclosures, transactions between group entities that have been eliminated on consolidation are not disclosed.

Key management personnel are the Board of Directors. Details of the remuneration of Directors are disclosed in note 9 of the consolidated financial statements.

Subishco Trading Company Limited, a company with a common director to Ovoca Gold plc, Mr. Leonid Skoptsov, made a loan of €89,830 in the prior year. This amount was repaid by Subishco Trading Company Limited, including related interest during the current year.

During the year the Company entered into an agreement with DGGC, a company owned by Mr. Yuri Radchenko, a director of Ovoca Gold plc, for the lease of both plant and equipment (€24,518)and property (€1,176). At the year end the company owed DGGC €17,770.

None of the related party transaction disclosed above were undertaken with the parent company Ovoca Gold plc.

27.
FINANCIAL INSTRUMENTS

The group monitors relevant aspects of financial instrument risk on an on going basis. Financial instrument risks primarily relates to foreign exchange risk, liquidity risk and market risk.

The Group's policy is set out the Directors' report on page 9

28.
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 valuation model used by the company in years where options are grated or vesting is the Clack-Scholes-Merton model. no options were granted or were vesting during the year, or prior year and no inputs to the valuation model were required and are not reproduced here-in.

The expense reported in the group income statement of €0 (2009: €0) US$0 (2009: US$0) has been arrived at through applying the Black-Scholes-Merton formula.

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

	2009 Number of options	2009 Weighted average exercise price (€ cent per share)	2008 Number of options	2008 Weighted average exercise price (€ cent per share)
Outstanding at 1 January 2009	18 900 000	14	21 475 000	14
Adjustments to previous year	-	-	29 15 000	-
Granted during the year	-	-	-	-
Exercised during the year	-	-	(2 850 000)	12
Lapsed during the year	(7 650 000)	13	(2 640 000)	12
Outstanding at 31 December 2009	11 250 000	13	18 900 000	14
Of which:				
Exercisable at 31 December 2009	11 250 000	13	18 900 000	14

The following table shows the number of options outstanding with the exercise price:

Number of options	Exercise price	Date of expiry
100 000	€ 0.25	06.01.2010
125 000	€ 0.07	20.01.2010
150 000	€ 0.09	20.01.2010
150 000	€ 0.12	20.01.2010
100 000	€ 0.11	20.01.2010
250 000	€ 0.11	20.01.2010
750 000	€ 0.124	20.01.2010
1 000 000	€ 0.15	20.01.2010
425 000	€ 0.11	29.04.2010
1 000 000	€ 0.124	29.04.2010
2 000 000	€ 0.15	29.04.2010
1 000 000	£0.10p	05.07.2010
800 000	£0.10p	07.06.2016
1 000 000	€ 0.16	28.07.2016
1 000 000	€ 0.16	28.07.2016
400 000	£0.10p	28.07.2016
1 000 000	€ 0.16	28.07.2016
11 250 000		

29.
POST BALANCE SHEET EVENTS

On 21 December 2009 the company announced that it would hold an extraordinary general meeting on 15 January 2 010 to obtain shareholder approval for the acquisition of 100% interest in a portfolio of gold exploration projects in the Magadan region of the Russian Federation.

The target companies, Magsel, Bulun and Olymp are the owners of the Stakhanovsky Licence, the Rassoshinskaya Licence and the Nevsk-Petrinskoys Licence respectively. These companies are wholly owned by Mikhail Mogutov, Leonid Skoptsov and Yuri Radchenko who are directors of Ovoca Gold plc.

Initial consideration of approximately US$7 million and deferred consideration of up to a maximum of US$18 million would be paid on successful completion of the proposal. The company would assume debt of approximately US$7.5 million.

The company also proposed a 5 for 1 Capital reorganisation to create a more appropriate capital structure and share price for the Company.

The above transaction were approved by the company shareholders subsequent to the year end.

30.
APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 28 June 2010

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