OVOCA GOLD Plc

Annual report

2012

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Welcome

We are

Ovoca Gold is an AIM-quoted and ESM-quoted gold exploration and mine development company focused on gold and silver deposits in Russia.

Our mission

Ovoca will deliver shareholder value through targeted exploration, resource expansion and mine development by maximizing the use of our human capital while minimizing the use of our financial resources.

Our strategic vision

We are committed to making Ovoca a self-sufficient company, with its own sources of cash flow from mining projects, a project pipeline to provide for growth, and a corporate platform that has the capacity to expand in Russia and globally.

2012 key points

- Cash and cash equivalents and available for sale financial assets of 26.6 million euro (35.1 million dollars) as at 31 December 2012
- Appointment of Kirill Golovanov as Chief Executive Director
- Exploitation license for the Olcha gold deposit received from the Russian State regulatory bodies
- Disposal of the Olcha gold deposit agreed with Polymetal International Plc, for total consideration of 775,000 ordinary shares in Polymetal
- Exploration works at five prospective sites at Rassoshinskaya license area
- Operational commissioning of the processing facility and completion of bulk sampling exploration program on Stakhanovsky site

Operating statistics

- 1,580 meters drilled and 986 meters trenching dug on Podgorniy
- 1,050 meters drilled and 600 meters trenching dug on Bazar
- 700 meters drilled on Vist
- 2,229 meters drilled on Zet
- 1,580 meters trenching dug on Ogromniy
- 3,118 meters drilled and 4,513 meters trenching dug on Stakhanovsky
- 22,220 tons sample ore collected and 22,220 processed on Stakhanovsky

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CEO's Statement

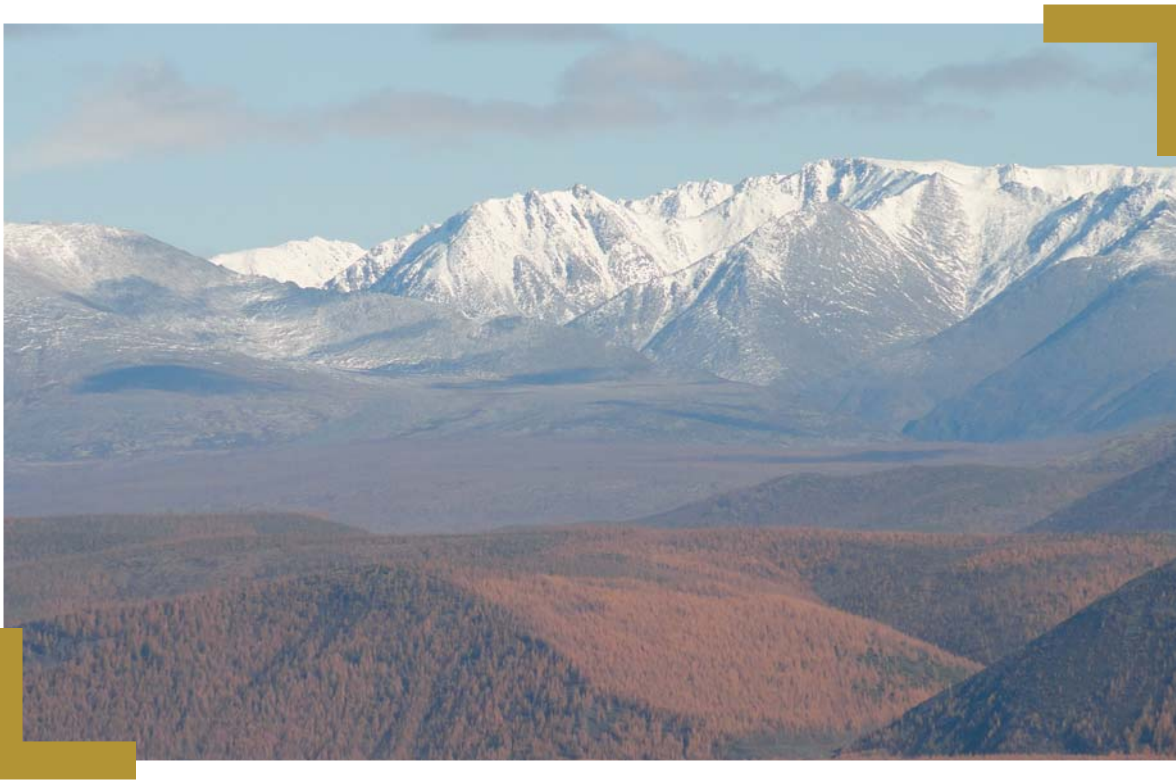
Dear Shareholders,

Last year we continued our successful operations as a company. As you know, I took over the CEO position at the peak of planning activity for the 2012 exploration season, and my main task was to ensure nothing was overlooked or miscalculated during the crucial period of mobilization. I am therefore happy to report that in 2012 the Company was able to successfully complete its exploration and operational goals.

In 2012 Ovoca's main activity was focused on Stankhanovsky, where we were determined to finish what we started in 2011 and complete the geological exploration effort in order to attain data needed to calculate an updated resource estimate beyond our initial estimate which was announced at the beginning of 2011. The key event was the operational commissioning of the on-site processing facility at Stakhanovsky. The work at Stakhanovsky was not easy, as the extreme seasonality of the site's location meant that all work in the field needed to be completed before temperatures turned consistently below zero (usually by late September). Additionally, given the scale and nature of our task, we not only relied on external contractors, but we also had to bulk up our own operation and hire seasonal staff, which created new challenges to manage and overcome. Despite the odds, the Ovoca team was able to successfully put the processing facility into operation, collect the necessary bulk samples and orderly wrap-up the exploration program by the onset of winter.

For the collection of bulk samples we used bulldozers and mining explosives to collect a total of 40,649 cubic meters of material, and in total over 22,000 tonnes of ore material were processed at our on-site plant. In addition, we drilled 3,100 meters on Stakhanovsky to compliment past drilling and the bulk sample program. The high quality of our work on-site and full compliance with internationally accepted norms for QA/QC (quality assurance/quality control) were confirmed by our consultants, Wardell Armstrong International, in the fall of 2012. As a result of the work mentioned above, the Company collected a considerable amount of geological data for Stakhanovsky and the entire management team is eagerly awaiting the results of the resource calculation, which will play a decisive role in our decision on how to advance the asset.

Aside from Stakhanovsky, in 2012 the Company successfully received an exploitation license for the Olcha gold deposit, a project Ovoca acquired in 2009 as part of the Rassoshinskaya license. In December 2012 the Company agreed to a transaction to sell Olcha to Polymetal Internationalfor a consideration of 775,000 shares of Polymetal (which had a market value of US$13.5 million at the time of the announcement) and which also allowed Ovoca to retain the vast majority of the Rassoshinskaya area. This transaction was a great success for the Company and demonstrated that our team is very adept at developing assets that have hidden value. Additionally, now that Polymetal is active on Olcha, which sits inside the rest of the Rassoshinskaya exploration license area, it seems to me that other targets such as Zet and Podgorniycould now be of greater interest to gold miners. Ovoca is focusing on potential options to explore gold targets within 50km of Olcha, which could have the potential to become satellite deposits to the Olcha license now owned by Polymetal. In 2012 Ovoca drilled a total of 4,859 meters throughout the Rassoshinskaya license area, as well as completing 3,166 meters of trenching. The final receipt and analysis of this data collection will guide the Company for the next stage of development at Rassoshinskaya.



Our operations outside of pure exploration in 2012 included the restoration and renovation of our Magadan office and logistics hub. This building was acquired during the build out of the Goltsovoye asset more than five years ago, but has proven to be a valuable asset in its own right and greatly eases the challenges of mobilization and operations. The Magadan office building is where the Company stores core and sample material, repairs and deploys vehicles and movable equipment, and also provides housing for the Company's local employees, contractors, geologists, logistics specialists and accountants.

Finally, I would like to thank all of our employees and contractors for their hard work and dedication, as well as thank all of our shareholders for their support. Unfortunately, we cannot control the actions of the wider market and the backdrop that affects the gold price, but our strong balance sheet allows our Company the move confidently forward and be only minimally affected by the volatility that is damaging to our lesser funded peers. Ovoca's strength is our ability to outlast this turbulence and focus on opportunities by being methodical and doing things right, the first time, without cutting corners. Because of this, I am very confident in the future of Ovoca and I look forward to developing our Company.

Sincerely,
Kirill Golovanov, CEO

Chairman's Statement

Dear Shareholders,

The market for junior natural resource companies is being squeezed from two sides right now: from the capital markets which is impacting stock prices and from the commodities market which is giving multi-year lows for such things as gold, copper and oil. I think it is clear that the current environment is extremely challenging and it seems that unless there is a swift turnaround in overall market sentiment, many of Ovoca's peers will be gone by this time next year due to lack of funds and inability to retain qualified people. On this note I would like to comment on how Ovoca is different.

With the appointment in May 2012 of our new CEO, Kirill Golovanov, Ovoca has built on past success and built a corporate platform that is unique in the junior natural resource space. Ovoca has a team of geologists and engineers who can properly evaluate, provide recommendations, and then lead development work on projects. Ovoca has a management team that can find projects, structure transactions and then manage these projects. Ovoca has a substantial cash treasury, which gives it the ability to wait for the best opportunities and then have the ability to execute on a desired transaction. I know of no other company in the same space as Ovoca that can make such a boast. And because of this I am proud to be the Company's Chairman and a shareholder.

In 2012 Ovoca was able to continue on its exploration and development success with the sale of Olcha for US$13.5 million in December. This is now the second time that the Ovoca team has been able to acquire, develop and then sell assets for a premium to the entire Company's market capitalization; first Goltsovoye in 2009 and then Olcha in 2012. This shows that the Ovoca team knows how to develop assets and maximize value. We are doing what we can to extract the most value from our current portfolio of assets and the Ovoca team is always on the search for the next project that can bring the Company value.

It seems to me that 2013 will be a year of evaluation and assessment, a year in which Ovoca will need to see how it can best advance what it has and be on the lookout for distressed assets where our balance sheet can be used to its best advantage. Of one thing I am sure, Ovoca has the human talent and financial means to be in business for many years to come, and in that regard the Company is a shining star among the crowd.

Sincerely,
Mikhail Mogutov, Chairman

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Company Information and Properties Overview

Rassoshinskaya

The Rassoshinskaya Exploration License is owned by ZAO Bulun, a wholly-owned subsidiary of Ovoca Gold. The license can be extended upon successful petition to the appropriate Russian authorities and currently has an expiry date of 15 February 2015.

The Rassoshinskaya Exploration License covers an area of 2,460 km^2 and is located within the Kedon terrain of the Omolon Central Massif, a Devonian-Carboniferous continental margin arc with underlying Precambrian basement (Siberian Craton). Ovoca's exploration efforts at Rassoshinskaya have historically focussed on low-sulphidation, quartz-adularia type epithermal mineralisation at Olcha. On-going exploration at Podgorniy, Zet, Maliy, Bazar, Northwest Bazaar, and Ogromniy has continued to provide encouraging results throughout 2012.

Bulun River Valley in September

Gold and silver mineralisation on the Rassoshinskaya license is controlled by similar geological structures and lithologies that host the large high-grade Kubaka gold and silver deposit which is located 200 km to the south-east of the Rassoshinskaya licence. Kubaka has produced approximately 2.5 M oz. Au and over 20 M oz. of Ag since the operation began in 2005. As of the end of 2012, Kinross reported that Kubaka had Proved and Probable Reserves totalling 2.4 M oz. Au and 29.8 M oz. Ag.

Rassoshinskaya is further linked geologically to Kubaka by being located on the opposite side of the rim of a volcanic dome with a radius of 200 km. This rim has been interpreted from Landsat TM and Geocover mosaic images. Furthermore, a major transfer fault, thought to have formed during northwest Devonian-Carboniferous subduction, connects the Kubaka and Rassoshinskaya areas.

Future discoveries on the Rassoshinskaya licence may act as satellite deposits to the mining and processing operation at the Olcha gold-silver deposit.

Olcha

Olcha is situated on the Rassoshinskaya Exploration License, 800 km north-east from Magadan in the Far East of Russia. Olcha is a low sulphidation epithermal gold/silver deposit, similar to Kupol, Kubaka, and Julietta, which are also situated in the Russian Far East. In recent years these deposits have been some of the most profitable mining operations in Russia.

The Olcha prospect includes Centralnii (Zones 1 and 2), Zond, and Trigopunkt. The epithermal system is hosted by andesite and andesite-basalt breccias and occupies approximately 20 km^2. The mineralised system is characterised by a small number of major quartz veins which are linked erratically by zones of stockwork. The central part of the system is 2,500 m long and up to 1,000 m wide.

Metallurgical test work showed that the mineralisationis amenable to direct cyanidation processing and this would yield a gold recovery of 97 % and a silver recovery of 74 %.

In 2011 Ovoca announced a revised resource estimate following the completion of an additional 10,272 m of drilling. Reporting to a cut-off grade of 1.0 g/t Au the JORC Inferred Resource comprised 9.2 Mt & 2.2 g/t Au and 12.1 g/t Ag, for 653,000 oz. Au and 3,590,000 oz. Ag.

Reporting to a cut-off grade of 4.0 g/t and reporting under the Russian Guidelines, Ovoca released a Russian C1+C2 Reserve comprising 279,000 oz. Au at a grade of 13.4g/t Au and 655,000 oz. Ag at a grade of 31.6 g/t Ag.

In 2012 Ovoca announced that the Russian State regulatory body concerning the licensing of state resources granted a 25 year exploitation license for Olcha. The Olcha exploitation licence (ID: MAG 04395 BE) covers approximately a 2.5 km^2 and allows for exploration and mining activities during the period, 12 September 2012 to 3 April 2037. The Olcha exploitation license is a “carve out” of the Rassoshinskaya License, which expires on 15 February 2015.

On 11 December 2012, Ovoca announced that it had entered into a conditional agreement to sell its 100 percent interest in its subsidiary Olymp; whose only asset is a mining and exploration license for the Olcha gold-silver deposit, to a subsidiary of Polymetal International Plc. for the consideration of 775,000 ordinary shares of Polymetal International Plc. The transaction was approved by Shareholders at the Extraordinary General Meeting on 16 January 2013 and on 24 January 2013 it was completed.

Podgorniy

The Podgorniy Prospect is situated 50 km north of Olcha.

An extensive exploration programme has been underway at this project since 2010 and is summarised below. The mineralisation is considered to be similar to gold-silver mineralisation at the Olcha Prospect.

During the 2010 field season mapping and rock chip sampling at Podgorniy returned encouraging results with one sample assaying 21 g/t Au and 68 g/t Ag. Historical rock chip sampling at Podgorniy had previously returned encouraging results with one sample in the area assaying 57 g/t Au and 657 g/t Ag.

Podgorniy Prospect
View to the North

In 2010, soil sampling outlined a 50 ppb Au anomaly, extending over an area of 3 km^2. This anomaly comprised a 100 ppb Au core extending over an area of 500 m x 500 m.

In 2010 an IP resistivity and ground magnetic geophysics was completed and identified anomalies which coincided with gold and silver, soil geochemical anomalies. It is likely that the geophysical anomalies were mapping a silicified contact, commonly associated with epithermal mineralisation.

In 2011, twenty trenches totalling 1,073.1 m were excavated and 391 samples submitted for gold and silver analysis. Significant results from this programme included a trench intersection of 2.6 m & 14.45 g/t Au and 36.59 g/t Ag.

In 2011, forty six NQ diameter diamond drillholes, totalling 4,613.2 m were drilled along four traverses. This drilling targeted the central portion of the coincident soil and geophysical anomaly. Significant results from this programme included 1.3 m & 42.55 g/t Au and 43.80 g/t Au and 10.2 m & 7.90 g/t Au and 10.93 g/t Ag. The drilling tested a strike length of 1,400 m and drilling was generally limited to 100 m depth.

Anomalous drilling intersections occur in low-sulphidation, silicified hydrothermal breccias, and quartz-adularia veins exhibiting chlorite-sericite-adularia-pyrite-silica alteration. Propylitic alteration is extensive and grades into Potassic alteration around gold-silver mineralisation. Some mineralised intervals contain minor chalcopyrite, galena, and sphalerite.

Exploration Drilling at Podgorniy in 2012

During 2012, eight diamond drillholes totalling 1,580 m were completed to test a mineralised zone 1,000 m long and 350 m wide to a maximum depth of 300 m. Drillhole PGDD-57 intersected 0.9 m & 10.0 g/t Au and 11.5 g/t Ag from 356.0 m downhole, suggesting that gold and silver mineralisation extends to considerable depth in the central zone of this prospect.

A further 986 m of trenches were also completed during the year.

The company plans to complete a full assessment of both 2012 exploration results and historical data with recommendations for further work during 2013 in this area.

Podgorniy Prospect HQ Diamond Core Drill Intersections Containing > 1.0 g/t Au

Hole Name	From (m)	To (m)	Downhole Width (m)	Gold (g/t)	Silver (g/t)
PGDD-48	74.8	76.3	1.5	2.36	53.80
PGDD-49	14.6	15.5	0.9	1.20	0.50
PGDD-49	19.4	19.9	0.5	3.01	34.50
PGDD-51	26.0	27.2	1.2	10.40	101.00
PGDD-51	169.6	170.6	1.0	1.00	2.47
PGDD-54	182.5	183.8	1.3	1.53	3.99
PGDD-55	34.4	37.3	2.9	7.94	18.70
PGDD-55	164.8	165.8	1.0	1.55	1.02
PGDD-55	167.8	168.8	1.0	1.04	3.19
PGDD-57	229.5	230.4	0.9	6.00	2.47
PGDD-57	356.0	356.9	0.9	10.00	11.50
PGDD-57	358.0	361.2	3.2	3.37	3.94

Results determined by Fire Assay method a 50 gram charge sample

Podgorniy Prospect Channel Samples Intersections Containing > 1.0 g/t Au

Trench Name	From (m)	To (m)	Intersection Width (m)	Gold (g/t)	Silver (g/t)
PGTR-10	95.0	104.7	9.7	2.76	2.28
PGTR-11	53.2	56.8	3.6	8.04	57.16

Bazar Prospect

Bazar is situated 50 km north from the Olcha Prospect in proximity to the Podgorniy Prospect.

Exploration at the Bazar Prospect has identified a quartz-pyrite linear stockwork and breccia zone, developed along of Bazar fault. The zone exhibits extensive veining and brecciation and contains appreciable pyrite.

600 m of trenches were excavated at Bazar to identify potential targets for later drilling. The work uncovered a 20 m wide, stockwork of

View of Bazar Prospect from Podgorniy Hill

Stripping of Overburden Quaternary Sediments in TRENCH BTR-01 at Bazar Prospect

quartz-carbonate-barite-pyrite veining located near and area which was previously sampled and which uncovered two float rock samples containing 24 g/t Au and 60 g/t Au. No significant intersections were found.

A total of five NQ diameter diamond core holes, totalling 1,050 m were drilled at Bazar during the year. Two holes were completed to test stockwork mineralisation which was discovered during earlier trench work. These two holes indicated significant alteration and tectonic structures trended towards an unconformity.

Three additional drillholes were drilled 800 m along strike to test the unconformity, west of the trench. In the most westerly located drill hole (BDD-04) intense silica, pyrite, clay, and white mica alteration was discovered around the contact between Devonian volcanic rhyolite and Proterozoic basalt. The drill hole was extended to 289 m depth, well beyond its planned 150 m depth. The drill hole continued in 5 % pyrite alteration.

The company plans to complete a full assessment of both 2012 exploration results and historical data with recommendations for further work during 2013 in this area.

Bazar Prospect HQ Diamond Core Drill Intersections Containing > 1.0 g/t Au

Hole name	From (m)	To (m)	DownholeWidth (m)	Gold (g/t)	Silver (g/t)
BDD-02	124.0	126.0	2.00	2.18	1.61
BDD-02	130.0	132.6	2.60	1.79	1.57

Vist Prospect

Vist Prospect is situated 15 km east from the Podgorniy Prospect at the left bank of Pravaya Vizualnaya River.

Historical geological mapping and soil geochemical sampling have indicated complex gold-silver-cupper anomaly near contact between granodiorite massive and Vendian sedimentary rocks. Wide distribution of sulphide minerals in groundmass of host rocks can be an evidence for discovery of porphyry type mineralisation.

Drill Rig Mobilisation to Vist Prospect in August 2012

Three vertical diamond drill holes, total length 700, at the Vist Prospect has intersected an alternation of altered Vendian sediments with porphyry diorite dykes. No significant ore intervals were obtained. Geochemical results have been not integrated yet.

The company plans to complete a full assessment of both 2012 geochemical results and historical data with recommendations for further work during 2013 around this area.

Zet

The Zet prospect is situated 30 km north of Olcha and is located within horizontal Devonian intermediate and felsic volcanic rocks with minor tuffs/breccia and conglomerate. Diorite intrusives outcrop around the deposit. Sub-vertical faults offset stratigraphy in normal and reverse sense with vertical metasomatic breccia and propylitic alteration zones.

Earlier investigations identified a low-sulphidation epithermal system similar to Olcha and in 2011 a total of 2,500 m was drilled to test the potential of the mineralisation at depth. During 2012 a follow-up programme comprising 15 drillholes for 2,229 m was completed. 325 drilling samples were prepared from the 2012 programme for analysis by fire assay and the significant results from this programme are detailed in Table 4.

Drilling was completed over a 2 km strike length and tested the mineralised structure to a maximum vertical depth of 200 m. Drilling confirmed the continuation of banded epithermal quartz-adularia veining along strike and at depth.

Exploration at Zet has confirmed that there are anomalous gold and silver mineralised zones within a quartz vein system which extends along

Exploration Camp at Zet Prospect

strike for 2,500 m. However the width of mineralisation is not considered significant to justify further drilling at this stage.

Ovoca considers that although Zet has potential to be mined as a small open pit operation this could only be achieved if a larger resource is discovered and exploited nearby. The company plans to complete a full assessment of all exploration results with recommendations for further work during 2013.

Zet Prospect HQ Diamond Core Drill Intersections Containing > 1.0 g/t Au

Hole name	From (m)	To (m)	DownholeWidth (m)	Gold (g/t)	Silver (g/t)
CZ-30	108.4	108.9	0.5	74.40	342.00
CZ-31	144.0	146.4	2.4	4.53	38.90

Results determined by Fire Assay method a 50 gram charge sample

Ogromniy Prospect

Ogromniy is situated 30 km north of the Olcha Prospect at the opposite site of wide flood plains of Bulun River, at proximity of Zet Prospect.

A quartz stockwork plug shape body containing extensive silver and lead mineralisation, at least 200 by 50 m, was exposed on the contact with Cambrian dolomite and Devonian tuff. Four trenches total length 1580 m were excavated to assess the width, and channel samples are to be collected. Following the removal of the colluvium layer, chip and channel samples were collected and found to be anomalous in gold and silver.

Ogromny Prospect
Channel Samples Intersections

Trench Name	From (m)	To (m)	Intersection Width (m)	Gold (g/t)	Silver (g/t)
OGTR-1	493.0	499.0	6.0	0.29	7.87
OGTR-2	0.0	4.0	4.0	0.29	7.95
OGTR-2	5.0	30.0	25.0	0.24	4.70
OGTR-2	36.0	50.0	14.0	0.24	73.25
OGTR-2_L_2	0.0	6.0	6.0	0.46	20.39
OGTR-3_L_1	1.5	13.0	11.5	0.27	24.95
OGTR-3_L_2	0.0	2.0	2.0	0.98	48.90
OGTR-3_L_2	4.0	10.0	6.0	0.24	22.14
OGTR-3_L_2	15.0	26.0	11.0	0.37	11.34
OGTR-3_L_3	0.0	18.0	18.0	1.10	5.06

The company plans to complete a full assessment of both 2012 exploration results and historical data with recommendations for further work during 2013 in this area.

The above information regarding Rassoshinskaya has been reviewed and verified by Donald Schissel for the purposes of the Guidance Note for Mining, Oil and Gas Companies issued by London Stock Exchange in March 2006.

Mr. Schissel, MSc Geology, University of Montana, USA, has been at Rassoshinskaya site in 2011 and has over 30 years' experience of gold and base metal mining and exploration in Australia, Mongolia, China, Russia and Kazakhstan. Experience includes operational and management roles at BHP Billiton where he was Regional Manager Eurasia (1992-1999), as well as Exploration Manager Russia and Kazakhstan (2005–2009). He was involved in the team discovery of the Oyu-Tolgoi porphyry copper deposit in Mongolia, the Jinlong deposit in China and the Fedorova Tundra PGM deposit in Russia. Currently Don Schissel is also mining exploration advisor to Denham Capital (Sao Paulo) and director of the privately funded companies Mining Ventures of Brazil,(MVB), Stellar Mining of Peru, and Santiago Metals of Chile.

Stakhanovsky

The Stakhanovsky Exploration License is situated in the Northwestern part of the Magadan Region and covers an area of 73 km^2.

The site is 40 km from Susuman, a town with a population of 7,500 and approximately 700 km northwest of Magadan.The Stakhanovsky Exploration License is owned by OOO Magsel, a wholly-owned subsidiary of Ovoca Gold. The license allows for exploration work, mine development, and mining and is currently valid until 7 May 2027; however this can be extended upon successful petition to the appropriate Russian authorities.

The deposit area is dominated by two main fault systems, a sub-longitudinal (south southeast striking) set of faults, and gently sloping thrust faults which strike northeast. The two different fault sets are believed to have acted as conduits for magmatic fluids leading to the development of dykes and sills, which are believed to be of upper Jurassic age. The shallow dipping structures, forming sills, are of acidic to intermediate composition. The dykes/sills comprise intensely altered diorite-porphyry to granite-porphyry which has undergone metasomatic alteration. Metasomatic alteration is in the form of beresitisation, characterised by quartz, sericite, and carbonate assemblages.

Stakhanovsky Area Scenery
View to the North East
from Zabolochennay-1 Dyke

The dykes and sills vary in thickness from several metres up to twenty metres averaging eight metres, and have a strike from several tens of metres to several kilometres. Gold mineralisation is associated with the quartz veinlet stockwork that cuts through the beresite dykes/sills. The gold mineralisation is most prevalent in the more intensely altered dykes/sills which often contain visible gold.

Metallurgical test work has shown that a significant proportion of the gold contained within the diorite-quartz veins is free in character and 60 % gold recovery can be achieved following conventional crushing and gravitation processing facility.

Apophyse of Altered
Porphyry Diorite in Jurassic
Siltstone at Albitovaya Dyke

In February 2011 Ovoca announced an Inferred Mineral Resource estimate in accordance with the JORC Code for Stakhanovsky. Reporting to a cut-off grade of 0.5 g/t Au Stakhanovsky contained 9.1 Mt at an average gold grade of 1.2 g/t for a gold content of some 350,000 oz.Au. The resource estimate was prepared by SRK Consulting (UK) Ltd using both historic data and results from the 2010 exploration programme conducted by Ovoca. The historic data includes 27 drillholes totalling 3,013 metres of diamond drilling, and 3,042 m of trenching. The data collected by Ovoca in 2010 includes 120 RC holes totalling 7,100 m and 20 diamond holes totalling 1,168 m. Reverse Circular drilling ("RC") was used in 2010 to achieve large volume samples from drill holes, which were felt to be more representative of the true grade of the deposit, particularly considering the frequent occurrence of course gold mineralization.

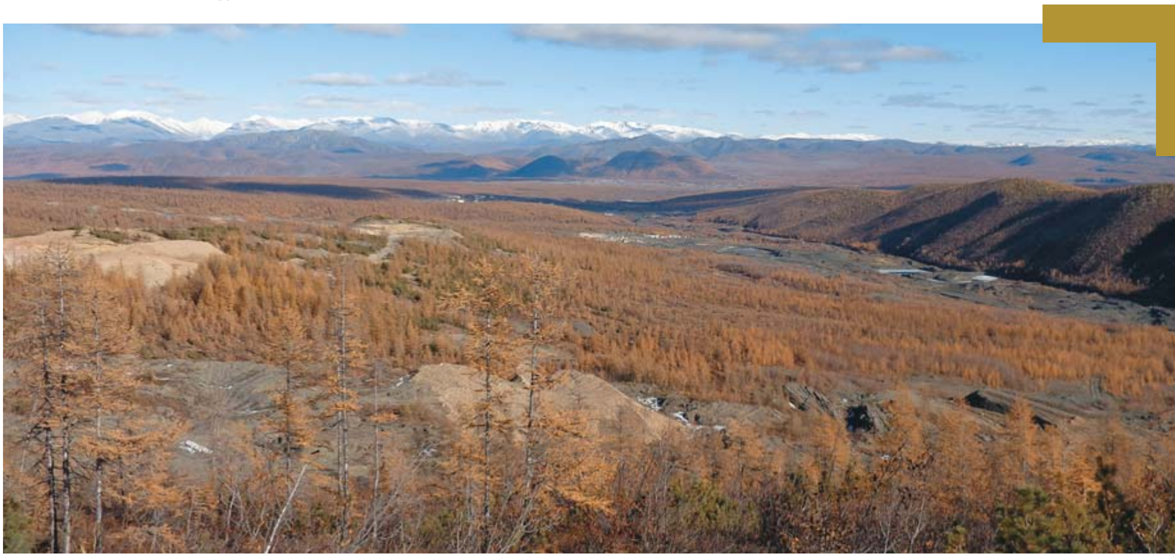
Main types of field exploration work at Stakhanovsky in 2012 include as follow:

- Bulk sampling. 28 bulk samples from four main dykes were collected, processed and analysed
- Diamond drilling HQ. 56 Diamond Drill Holes (DDHs), total length 3,118 m were logged and sampled for gold;
- Trenching. 139 trenches, total length 4,513 m were logged. 30 % of these trenches were sampled.

Bulk Sample Results

Bulk sample ID	Weight,kg	AU grade, g/t	Dyke
KA-4	13,370	2.60	Albitovaya
KA-1	69,845	0.76	Albitovaya
KA-7-2	366,189	0.79	Albitovaya
TA-1	419,382	0.79	Albitovaya
KA-8	552,406	0.62	Albitovaya
KA-7-1	565,558	0.81	Albitovaya
KBR-5	64,687	4.51	Berezitovaya
KBR-2	106,360	1.43	Berezitovaya
KBR-4	147,582	0.55	Berezitovaya
K80	168,100	2.10	Berezitovaya
KBR-1	354,954	0.66	Berezitovaya
TBR-2	2,578,217	0.62	Berezitovaya
TBR-1	3,363,993	2.03	Berezitovaya
KBU-2	14,906	0.74	Burovaya
KBU-3	161,403	0.88	Burovaya
DTBU-1	741,233	2.09	Burovaya
KZ1-7	67,300	9.43	Zabolochenaya-1
K78	91,700	1.80	Zabolochenaya-1
KZ1-5	100,305	0.65	Zabolochenaya-1
K-75A	108,217	1.07	Zabolochenaya-1
KZ1-9	143,292	0.56	Zabolochenaya-1
KZ1-6	165,223	0.93	Zabolochenaya-1
KZ1-8	229,406	2.12	Zabolochenaya-1
KZ1-14	239,720	0.58	Zabolochenaya-1
KZ1-15	280,220	0.69	Zabolochenaya-1
KZ1-16	341,878	0.93	Zabolochenaya-1
TZ1-1	1,978,638	1.06	Zabolochenaya-1
TZ1-5	2,131,743	2.06	Zabolochenaya-1
TZ1-2	2,534,795	1.89	Zabolochenaya-1
TZ1-4	4,380,000	1.92	Zabolochenaya-1
Total	22,480,622	1.55	Total Stakhanovsky

Bulk Sample Trench TZ1-2.
Bulk Sample Weight 2534.79 t,
Gold Grade 1.89 g/t



In 2012 Ovoca Gold put in operation a small bulk sampling process plant adjacent to the accommodation buildings at the Stakhanovsky exploration camp with an average throughput of 200 t per day. Bulk samples have been supplied from each of the four main mineralized bodies comprising the Stakhanovsky deposit. Bulk sample volumesand weights vary considerably with submitted weights ranging from 13,370 kg to 4,380,000 kg.

In total, 30 bulk samples (22,480 t, including 2 bulk samples collected in 2011) have been processed and analyzed.

The gravity concentrates and samples from the mill were collected and transported to Magadan for further processing by shaking table.

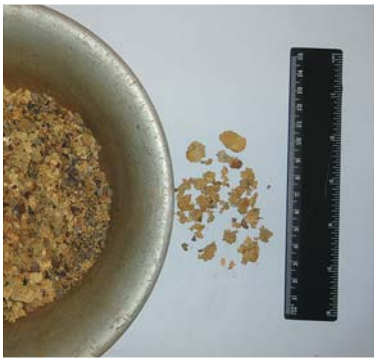
The final processed samples were sent to Alex Stewart Laboratories in Moscow for fire assay.

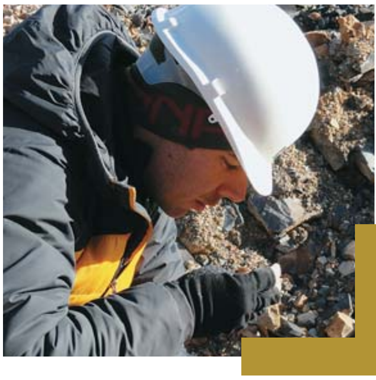
Bulk sampling has returned higher average grades compared to drilling and trench sampling; however it must be understood that these samples are restricted to a near surface environment, which may be subjected to surficial gold enrichment processes, hence the bulk samples may not be representative of the entire mineralised domains.

Stakhanovsky 200 Tons
per Day Gravity Plant

Mill at the
Stakhanovsky Plant

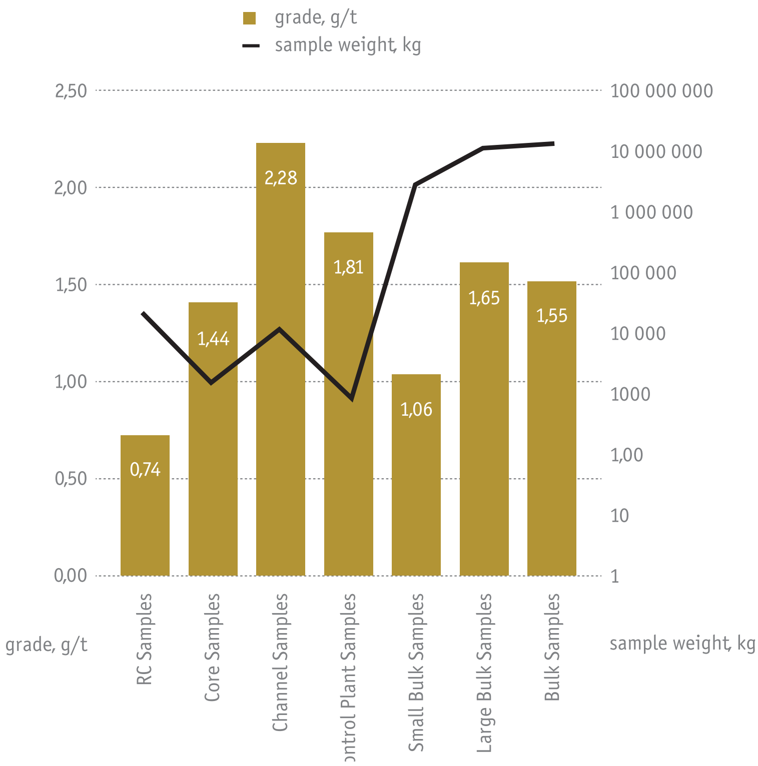
Gold Gravity Concentrate from Bulk Sample





Nick Szebor. WAI Principal Resource Geologist at Stakhanovsky Prospect

Average AU Grades* for Different Types of Samples from Mineralised Dykes

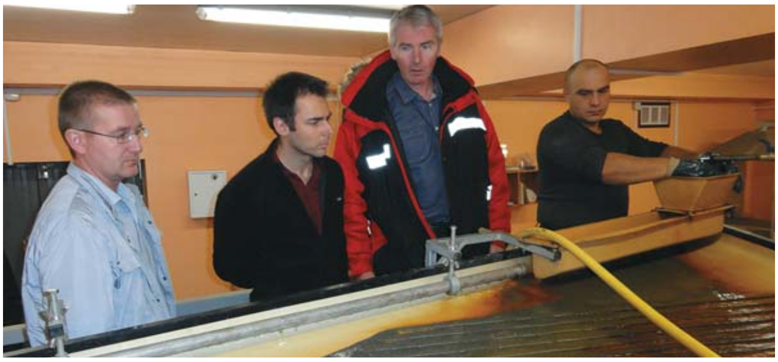


* Average grade including extreme high grade samples for DD and TR

Stakhanovskiy Prospect. Composite Intervals Containing > 1g/t Au Recalculated from Core Samples 2012

Hole name	From (m)	To (m)	Width (m)	True thickness (m)	Gold (g/t)
DDBR_16	33.40	4.60	38.00	4.19	3.48
DDBR_18	10.50	3.40	13.90	3.35	13.00
DDBR_25	22.90	0.55	23.45	0.54	1.09
DDBR_29	4.60	2.70	7.30	2.65	7.94
DDBR_34	4.30	6.90	11.20	6.77	1.53
DDBR_36	5.30	1.70	7.00	1.67	2.05
DDZ1_44	41.10	8.90	50.00	8.90	1.81
DDZ1_45	70.00	7.30	77.30	6.34	13.82
DDZ1_69	46.80	8.10	54.90	8.10	1.16
DDZ1_70	27.20	23.80	51.00	23.70	1.38

Magadan Sample Preparation Laboratory
Wifley Shaking Table



Core from
Stakhanovsky Prospect

Exploration drilling was planned by Ovoca Gold personnel and implemented by their contractors, Dukat Mining Geological Company(DMGC). Diamond drilling was performed using an Atlas Copco Christensen 1000 drill, which produces HQ diameter core samples.

As part of the exploration works performed by Ovoca Gold, a channel sampling program has been undertaken in areas where bulk samples had been collected.

Stakhanovskiy Prospect. Composite Intervals Containing > 1G/T Au Recalculated from Channel Samples 2012

Trench	From (m)	To (m)	Width (m)	True thickness (m)	Gold (g/t)
KA-1	6.0	13.0	19.0	3.2	1.43
KA-4-C	0.0	9.1	9.1	1.2	1.88
KA-8	50.5	11.0	61.5	2.8	2.04
KBR-4	4.5	22.0	26.5	4.2	1.12
KZ1-7	5.5	18.2	23.7	9.9	16.55
KZ1-7-C	4.3	18.0	22.2	9.5	50.64
KZ1-9-C	2.5	13.5	16.0	7.3	5.18
TA-1-3	5.8	8.2	14.0	2.2	12.44
TBR-2-7	0.0	11.5	11.5	1.0	2.06
TBR-2a-5-C	0.0	26.0	26.0	1.5	1.14
TZ1-2-3-C	15.0	17.0	32.0	8.4	9.55
TZ1-2-6-C	0.0	21.0	21.0	11.1	1.16
TZ1-4-1	0.0	28.0	28.0	13.6	1.24
TZ1-4-1-C	0.0	26.0	26.0	11.3	1.04
TZ1-4-5-C	0.0	21.5	21.5	10.7	4.47
TZ1-4-9	0.0	25.5	25.5	13.8	1.06
TZ1-5-1-C	0.0	18.7	18.7	9.9	3.47
TZ1-5-6-C	0.0	18.0	18.0	9.9	2.33
TZ1-5-9	0.0	16.8	16.8	8.5	1.18

Results determined by Fire Assay method a 50 gram material from gravity concentrate and tailings

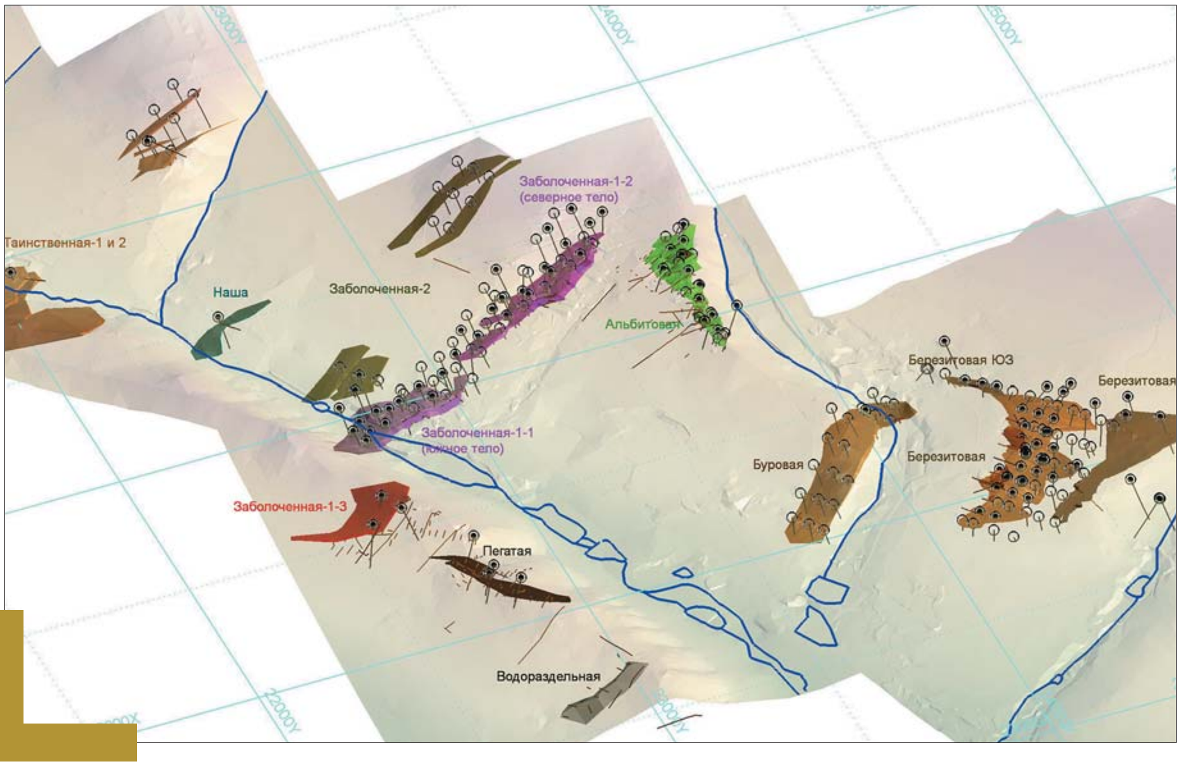
Renovated Office Building
in Magadan

Sample Racks
in Magadan Office Storage Area

Sample preparation
Laboratory
in Magadan Office

A site visit to the Stakhanovsky deposit was undertaken by Principal resource Geologist of Wardell Armstrong International in September 2012. The site visit included an audit of the exploration camp at the Stakhanovsky deposit, exploration drilling procedure, core handling and storage facilities, trenching and bulk sampling methodology, and included review of the bulk sampling plant and Ovoca's sample preparation facility in Magadan.

By the end of 2012 the Stakhanovsky database had grown to include 103 diamond drillholes (7,301 m), 120 reverse circulation drillholes (7,110 m), and 177 lines of trenches (7,281 m). Interpretation and 3D modelling of



exploration results from the Stakhanovsky area has been performed using Micromine 12 and ArcGIS Software.

Ovoca intends to commence a scoping study and open pit optimisation using a new block model which will then allow for a pre-feasibility study to be completed in 2013–2014. Russian state reserves will be estimated for C1 and C2 categories to allow open pit mining. Results from the work programme completed on the Stakhanovsky Licence during 2012 have proved promising enough to warrant further development work on the project during 2013. The resource calculations for the Stakhanovsky project will be announced in the 2nd quarter of 2013.

The above information regarding Stakhanovsky has been reviewed and verified by Mark Owen for the purposes of the Guidance Note for Mining, Oil and Gas Companies issued by London Stock Exchange in March 2006. Mark Owen, BSc, MSc (MCSM), CGeol, FGS, EurGeol, Technical Director-Resources and Reserves has over 30 years as a Mining and Exploration Geologist, in both the metalliferous and industrial mineral mining sectors. He has considerable expertise of front line production open pit and underground mining, as well as exploration environments, working on mines and licences in the UK, Saudi Arabia and Venezuela. Throughout his experience he has had responsibility for technical teams addressing grade control, resource estimation, exploration planning and management, mining and process issues. At WAI over the last 13 years, he has gained considerable experience of completing gold and base metal projects in Russia and the CIS, Europe and west Africa, from scoping level through to full Bankable Feasibility Study and at the same time is fully conversant with the requirements of both the London and North American stock exchanges both acting as a Competent and Qualified Person and author of numerous MER, CPR and NI 43-101 reports.

Directors and corporate information

Directors

Mikhail Mogutov
Executive Chairman

Kirill Golovanov
CEO (Executive Director)

Kenneth Kuchling
Non-Executive Director

Yuri Radchenko
Non-Executive Director

Don Schissel
Non-Executive Director

Leonid Skoptsov
Non-Executive Director

Timothy McCutcheon
Non-Executive Director

Registered Office
78 Merrion Square South
Dublin 2
Ireland

Business Address
78 Merrion Square South
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

Principal banker
Allied Irish Banks plc
Terenure Road
Rathgar
Dublin 6
Ireland

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

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

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Directors' Report

The Directors present their annual report and audited financial statements for the year ended 31 December 2012 of Ovoca Gold plc ("the Company"), a company registered and domiciled in the Republic of Ireland and its subsidiaries (collectively "the Group").

Principal Activity, Business Review and Future Developments

The Group's main activity is the exploration for precious metals and other minerals in Russia. The Directors have reviewed the financial position of the Group and are satisfied that the Group will continue to operate at its projected level of activity for the foreseeable future.

A detailed business review is included in company information and property overview.

Key Performance Indicators

At this stage of the Group's business activities the Directors think it appropriate to limit the Key Performance Indicators (KPIs) used to monitor progress in the delivery of the Group's strategic objectives, to assess actual performance against targets and to aid management of the business, other than the monitoring of licenses and stages of exploration.

The Board monitors relevant KPIs which it considers appropriate for managing the activities inherent in exploration and appraisal operations. The KPIs for the Group are as follows:

> Financial KPIs
Shareholder return — the performance of the share price;
Exploration expenditure — funding and development costs.

> Non financial KPIs
Environment management — strict environmental policies in place;
Operational success — completion of production plan.

Results and Dividends

The results are disclosed on page 47 of the financial statements. The directors do not recommend the payment of a dividend.

Principal Risks and Uncertainties

The Group's operating activities are principally carried out in Russia. Accordingly, the principal risks and uncertainties detailed below have been identified. The Group seeks to minimise the effects of these risks through careful monitoring of the risks on an ongoing basis.

> **Exploration Risk;** Exploration and development activities may be delayed or adversely affected by factors outside the Group's control, in particular: climatic conditions, performance of joint venture partners

or suppliers, availability, delays or failures in installing and commissioning plant and equipment; unknown geological conditions; remoteness of location; actions of host governments or other regulatory authorities (relating to, inter alia, the grant, maintenance or renewal of any required authorisations, environmental regulations or changes in law).

> **Commodity Price Risk;** The demand for, and price of precious metals and other minerals is dependent on global and local supply and demand, actions of governments or cartels and general global economic and political developments.

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

> **Foreign Exchange Risk;** Exchange rate fluctuations may affect the cost that the Group incurs with its operations. Any fluctuations of the Euro and Russian Ruble against the US Dollar may have a significant impact of 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 Group. The Group 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. The table below analyses the Group's financial assets which are subject to credit risk:

	Group 31/12/2012 €'000	Group 31/12/2011 €'000	Group 31/12/2012 US $'000	Group 31/12/2011 US $'000
Cash and cash equivalents (Note 22)	15,927	19,826	21,047	25,672
Trade and other receivables (Note 19)	739	7,241	977	9,373
Total	16,666	27,067	22,024	35,045

The Group continuously monitors defaults of customers and other counterparty, identified either individually or by the group, and incorporates this information into its credit risk controls. In relation to the credit risk for cash and cash equivalents, the risk is considered to be negligible, since the counterparties are reputable banks with high quality external credit ratings. The Group's management considers that all of the above financial assets are of good credit quality, as the Group's policy is to deal only with creditworthy customers.

> **Liquidity Risk;** the Group holds its cash in currencies in which it expects to incur expenditure. The Group's reporting currency is the Euro. The most meaningful information relates to the Group's current liquidity — since it is not generating any income from its mineral projects.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the earliest date on which the Group can be required to pay. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due equal their carrying balances as the impact of the discounting is not significant.

Balances due within 1 year	Group 31/12/2012 €'000	Group 31/12/2011 €'000	Group 31/12/2012 US $'000	Group 31/12/2011 US $'000
Trade and other payables (Note 22)	239	476	316	616
Total	239	476	316	616

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and available for sale financial assets. The Group's current cash resources (Note 21), trade and other receivables (Note 19) and available for sale financial assets (Note 17) significantly exceed the current cash outflow requirements.

> **Market Risk**; Factors beyond the control of the Group may affect the marketability of its securities. Prices are subject to fluctuation and are affected by factors beyond the control of the Group. The effect of these factors on the Group's operations cannot be accurately predicted. Fluctuations in stock market prices affect the Group's available for sale financial assets. The Group seek to minimise this risk by closely monitoring stock market movements on an ongoing basis.

Directors and Secretary and Their Interests

Mr. Kirill Golovanov was appointed as Non Executive Director and joined the Board on 12 April 2012 and later on 3 May 2012 he was appointed as Chief Executive Officer of the Company.

The interests (all of which are beneficial) of the Directors and Secretary who held office at the date of approval of the annual report and at 31 December 2012 and their families in the share capital of the Company were:

	Ord shares of € 0.125c each			Options over Ord shares		
	30/04/13	31/12/12	01/01/12	30/04/13	31/12/12	01/01/12
Mikhail Mogutov	11,656,203	12,086,188	14,457,546	200,000	200,000	200,000
Leonid Skoptsov	11,656,203	12,086,189	14,341,834	200,000	200,000	200,000
Yuri Radchenko	11,656,202	10,796,237	10,796,231	200,000	200,000	200,000
Timothy McCutcheon	-	-	400,000	2,200,000	2,200,000	2,200,000
Donald Schissel	-	-	-	200,000	200,000	200,000
Kenneth Kuchling	-	-	-	200,000	-	-
Kirill Golovanov	-	-	-	1,800,000	1,800,000	1,800,000

Further details of the above share options of the directors as at 31 December 2012 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
Timothy McCutcheon	2,200,000	£0.25	20 January 2017
Donald Schissel	200,000	£0.30	20 January 2017
Kenneth Kuchling	200,000	£0.36	20 January 2017
Kirill Golovanov	1,800,000	£0.25	20 January 2017

Share Price

The Company's shares are primarily traded on the Enterprise Securities Market (ESM) of the Irish Stock Exchange, the Alternative Investment Market (AIM) of the London Stock Exchange. The Company's shares are also traded on the Frankfurt, Berlin, Munich and Stuttgart exchanges.

The market price of the Company's shares on ESM at 31 December 2012 was € 0.17. During the year ended 31 December 2012 the market price of the Company's shares ranged from € 0.12 to € 0.31.

The market price of the Company's share on AIM at 31 December 2012 was £0.14 pence. During the year ended 31 December 2012 the market price of the Company's shares ranged from £ 0.095 to £0.25.

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 percent or more of the issued share capital of the Company as at 30/04/13 are as follows:

	Ordinary shares of €0.125c each	% of Total Voting Rights*
BBHISL Nominees Limited (120165)	10,187,925	11.66%
Pickco Trading Co. Limited (Yuri Radchenko)	10,002,077	11.45%
Salyco Trading Co. Limited (Mikhail Mogutov)	9,221,421	10.56%
The Bank of New York (Nominees)	7,507,749	8.59%
VIDACOS Nominees Limited	5,265,647	6.03%
Damille Investments II Limited	4,807,100	5.50%
Citibank Nominees (Ireland)	4,626,108	5.30%
Trikeri Investments Limited	4,600,000	5.27%
Euroclear Nominees Limited (EOC01)	4,203,883	4.81%
Chase Nominees Limited	3,247,200	3.72%
Hanover Nominees Limited	2,888,453	3.31%

* "Total Voting Rights" represents the existing issued share capital of 88,458,806 ordinary shares, less 1,095,000 ordinary shares held in treasury

Group Undertakings

Details of the company's subsidiary undertakings are set out in note 16 to the financial statements.

Directors' Interest in Contracts

None of the Directors had a beneficial interest in any contract to which the Company or Group was a party during the period except as detailed in note 27.

Political Donations

The Group made no political donations during the period.

Going Concern

The Group uses the full cost method of accounting for exploration costs. Under this method, all costs associated with exploration are capitalized. The recovery of exploration costs is dependent on the successful production of economic quantities of precious metals and other minerals. 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. The Directors have reviewed the current state of the Group's finances, taking into account the resources currently available to the Group. The Group has significant liquid resources in the form of cash reserves of €15.9 million and available for sale financial assets of €10.6million and the Directors are satisfied that there are sufficient levels of funding within the Group to enable them to trade at the projected level of operations for the foreseeable future.

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

Details of Executive Directors

Mikhail Alexandrovich Mogutov, Executive Chairman

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 became 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.

Kirill Andreyevich Golovanov, Chief Executive Officer

Mr. Golovanov joined the board of Ovoca in April 2012 and became Chief Executive Officer in May 2012. He worked for Ovoca as a corporate advisor in 2007-2009 and he became a manager of Company's representative office in Russia and a Company Secretary in 2009. During his time at Ovoca he played a major role in the development and the subsequent sale of the Goltsovoye silver deposit. He has extensive experience in mining and corporate law, as well as working experience at leading Russian banks, such as Gazprombank and Vnesheconombank.

Mr. Golovanov holds a JD from Moscow State Law Academy in Moscow, Russia. MBA, Duke University's Fuqua School of Business, NC, USA.

Details of Non-Executive Directors

Tim McCutcheon, Non-Executive Director

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.

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. Mr. Schissel was Regional Exploration Manager - Eurasia between 1992 — 1999, as well as Exploration Manager — Russia and Kazakhstan between 2005 — 2009. During Mr. Schissel's tenure at BHP he was involved in the team discovery of the OyuTolgoi 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.

Kenneth Kuchling, Non-Executive Director

Mr. Kuchling joined the board of Ovoca in March 2011. Mr. Kuchling provides mining consulting services with multiple clients globally. He has worked on such projects as Northgate Mining's Kemess North copper-gold mine in Canada, NovaGold's Rock Creek project in Canada, Oromin Exploration's Sabodala gold project in Senegal, as well as having assisted with BHP Billiton's study of potash projects globally. Additionally, from 1997 to 2000 Mr. Kuchling was the Senior Mining Engineer for Rio Tinto's Diavik diamond mine in Canada, playing a key role in completing the feasibility study and permitting of the project.

M. Eng. in Mining Engineering from the University of British Columbia, Vancouver, Canada, and a B. Eng. in Mining Engineering from McGill University, Montreal Canada.

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 seven directors, comprising two Executive Directors and five Non-Executive Directors. The Board met formally on 6 occasions during 2012. An agenda and supporting documentation was circulated in advance of each meeting. All the Directors bring independent judgment to bear on issues affecting the Group and all have full and timely access to information necessary to enable them to discharge their duties. The Directors have a wide and varying array of experiences in the industry, Non-Executive Directors are not appointed for specific terms. Each Non-Executive Director comes up for re-election every three years and each new Director is subject to election at the next Annual General Meeting following the date of appointment.

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

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

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

Remuneration Committee: This Committee comprises one Non-Executive Director and one Executive Director (Leonid Skoptsov and Mikhail Mogutov). This Committee determines the contract terms, remuneration and other benefits of the Executive Directors, Chairman and Non-Executive Directors. Further details of the Group's policies on remuneration, service contracts and compensation payments are given in the Remuneration Committee Report below.

Communications: The Group maintains regular contact with shareholders through publications such as the annual and half-year report and via press releases on 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.

Directors' Responsibility Statement

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

Company law requires the Directors to prepare financial statements for each financial year. The Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU IFRS) and have elected to prepare the Company financial statements in accordance with EU IFRS, as applied in accordance with the provisions of the Companies Acts, 1963 to 2012.

The Group and Company financial statements are required by law to present fairly the financial position and performance of the Group; the Companies Acts 1963 to 2012 provide, in relation to such financial statements, that references in the relevant part of the Acts to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the Group and Company financial statements, the Directors are required to:

> select suitable accounting policies and then apply them consistently;

- make judgements and estimates that are reasonable and prudent;
- 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 and Company will continue in business.

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

The Directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Acts 1963 to 2012. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and Company and to prevent and detect fraud and other irregularities.

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

Books and Accounting Records

The Directors are responsible for ensuring proper books and accounting records, as outlined in Section 202 of the Companies Act 1990, are kept by the Company. The Directors, through the use of appropriate procedures and systems and the employment of competent persons, have ensured that measures are in place to secure compliance with these requirements. These books and accounting records are maintained at 78 Merrion Square, Dublin 2, Ireland.

Events after Reporting Period

Events subsequent to the period end are dealt with in note 30 to the financial statements.

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.

Approved on behalf of the Board on 30 April 2013

Leonid Skoptsov
Director

Kirill Golovanov
Director

Independent Auditors' Report to the Members of Ovoca Gold Plc

We have audited the group and parent company financial statements of Ovoca Gold plc for the year ended 31 December 2012 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 Cashflows, Accounting Policies, Company Statement of Financial Position, Company Statement of Changes in Equity, Company Statement of Cash Flow 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 Directors' Report on pages 33 and 34.

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 2012. We report to you our opinion as to whether the parent company financial statements give a true and fair view, in accordance with IFRSs, and have been properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2012. 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 statement of financial position 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 statement of financial position, 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 CEO's statement, Chairman's statement, Company information and properties overview and the 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 IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 December 2012 and of its loss/income and cash flows for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2012;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs and cashflowsas at 31 December 2012; and
- the parent company financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2012.

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 statement of financial position 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 statement of financial position, 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 2012 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 exploration licenses and deferred exploration costs amounting to €18.591million (US$26.520 million). The realisation of the intangible assets is dependent on the successful development or disposal of precious 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 precious metal and other minerals, availability of finance and the market price of precious 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.

Aidan Connaughton
For and on behalf of
Grant Thornton
Chartered Accountants and Registered Auditors
24-26 City Quay
Dublin 2

30 April2013

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Statement of Accounting Policies

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 2012 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 2012.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the group.

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

The following are the new standards that were effective for the Group's financial year ending 31 December 2012. They had no impact on the results or financial position as set out herein.

> Amendments to IFRS 7 — Transfers of Financial Assets
> Amendments to IFRS 1 — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
> Amendments to IAS 12 — Deferred Tax: Recovery of Underlying Assets

There are a number of forthcoming requirements of IFRSs as adopted by the EU which are not yet effective and have therefore not been adopted in these financial statements. These new standards and interpretations, which are effective from the beginning of the periods outlined below include:

IAS 1	Presentation of Items of Other Comprehensive Income — Amendments to IAS 1	July 1, 2012 (not yet adopted by the EU)
IAS 19	Employee Benefits (Amendment)	January 1, 2013 (not yet adopted by the EU)
IAS 27	Separate financial statements	January 1, 2013 (not yet adopted by the EU)
IAS 28	Investments in associates and joint ventures	January 1, 2013 (not yet adopted by the EU)
IFRS 1	Government loans	January 1, 2013 (not yet adopted by the EU)
IFRS 7	Financial Instruments: Disclosures (Amendment)	January 1, 2013 (not yet adopted by the EU)
IFRS 10	Consolidated Financial Statements	January 1, 2013 (not yet adopted by the EU)
IFRS 11	Joint Arrangements	January 1, 2013 (not yet adopted by the EU)
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013 (not yet adopted by the EU)
IFRS 13	Fair Value Measurement	January 1, 2013 (not yet adopted by the EU)
IFRIC 13	Fair Value Measurement	January 1, 2013 (not yet adopted by the EU)
IFRIC 20	Stripping costs in production phase of surface mine	January 1, 2013 (not yet adopted by the EU)
IAS 32	Offsetting financial assets and liabilities	January 1, 2014 (not yet adopted by the EU)
IAS 9	Financial instruments	January 1, 2015 (not yet adopted by the EU)

The Group does not plan to adopt these standards early and the extent of their impact has not yet been determined.

Basis of preparation

The Group and Company financial statements are prepared on the historical cost basis as modified by the measurement at fair value of certain financial assets and liabilities at fair value through profit and loss and available-for-sale financial assets. 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 2012.

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 licenses not in production is deferred and is carried forward in the statement of financial position under intangible assets in respect of each area of interest where:

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

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

Impairment

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

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

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

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 statement of financial position 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 statement of financial position 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 statement of financial position date. The carrying amounts of deferred tax assets are subject to review at each year end 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 statement of financial position date. 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 statement of financial position date. Exchange differences arising from the restatement of the opening statements of financial position 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.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity, shall be reclassified from equity to the income statement when the gain or loss on disposal is recognised.

Property, plant and equipment and depreciation

Property, plant & equipment are stated at cost, 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, which are reviewed each financial year, as follows:

Mining equipment — 20% Straight line
Office furniture and equipment — 10% Straight line
Fixtures and Fittings — 20% Straight line
Land — not depreciated
Buildings — 4% Straight line

Assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than continued use. This condition is regarded as satisfied only when the sale is highly probable (to be completed within one year from date of classification) and the asset is available for immediate sale in its present condition.

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 29 of the consolidated financial statements.

In line with the transitional provisions applicable to a first-time adopter of IFRS, 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 income 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 income 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 andshare options granted to employees.

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 statement of financial position 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 statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets are 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 statement of financial position date. Loans and receivables are recognized at fair value on recognition and amortised cost thereafter.

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.

Inventories

Inventories are carried at the lower of cost or net realisable value.

Trade payables

Trade payables are initially stated at fair value which, given the short-dated nature of these liabilities equates to initial cost. Trade payables 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 judgments

The Group makes estimates and assumptions concerning the future in preparing the financial statements. Estimates and judgments 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 judgment to assess the assets recoverability.

Utilisation of tax losses

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

Contingent consideration

The directors have assessed the expected payment dates of contingent consideration recognised as a result of acquisitions in the prior year. These are managements best estimate based on all available information to them however the resultant payment dates and amounts could also be affected by factors external to the company's control.

Provisions, contingent liabilities and contingent assets

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of legal or constructive commitment that has resulted from past events. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material. All provisions are reviewed at each statement of financial position date and are adjusted to reflect the current best estimate.

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Financial Statements

Consolidated Income Statement

	Note	2012 €'000	2011 €'000	2012 $'000	2011 $'000
Exploration costs written off	13	-	(1,528)	-	(2,128)
Gross loss		**-**	**(1,528)**	**-**	**(2,128)**
Administration expenses	3	(2,487)	(2,160)	(3,190)	(2,967)
Other gains and losses	5	197	7,750	260	10,793
Operating (loss)/profit		**(2,290)**	**4,062**	**(2,930)**	**5,698**
Finance costs	6	(540)	(410)	(694)	(612)
Finance income	6	599	611	771	851
Gain for the year before tax		**59**	**201**	**77**	**239**
Income tax	11	-	-	-	-
(Loss)/gain for the year		**(2,231)**	**4,263**	**(2,853)**	**5,937**
Attributable to:					
Owners of the parent		(2,231)	4,263	(2,853)	5,937
	3	**(2,231)**	**4,263**	**(2,853)**	**5,937**
(Loss)/earnings per share					
Basic (loss)/earnings per share	12	(2.55)c	4.85c	(3.26)c	6.75c
Fully diluted (loss)/earnings per share	12	(2.51)c	4.51c	(3.22)c	6.28c

The accompanying notes on pages 55 to 72 form an integral part of these financial statements.

Approved on behalf of the Board on 30 April 2013

Leonid Skoptsov
Director

Kirill Golovanov
Director

Consolidated Statement of Comprehensive Income

	2012 €'000	2011 €'000	2012 $'000	2011 $'000
(Loss)/gain for the year	(2,231)	4,263	(2,853)	5,937
Other comprehensive income/(expense): Fair value movement on available for sale financial assets during the year	799	(2,483)	1,056	(2,985)
Reclassification of previously unrecognised gains now recognised in income	-	(8,139)	-	(11,335)
Exchange movement on available for sale financial assets during the year	(96)	115	68	(506)
Total comprehensive loss for the year	**(1,528)**	**(6,244)**	**(1,729)**	**(8,889)**

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 55 to 72 form an integral part of these financial statements.

Approved on behalf of the Board on 30 April 2013

Leonid Skoptsov
Director

Kirill Golovanov
Director

Consolidated Statement of Changes In Equity

	Share capital €'000	Share premium €'000	Other reserves €'000	Foreign currency translation reserve €'000	Share based payment reserve €'000	Retained earnings €'000	Total (attributable to owners of the parent) €'000
At 1 January 2012	11,057	-	6,107	2,609	1,294	29,086	50,153
Comprehensive income:							
Loss for the year	-	-	-	-	-	(2,231)	(2,231)
Other comprehensive income							
Fair value movement on available for sale financial assets during the year	-	-	799	-	-	-	799
Exchange movement	-	-	-	(96)	-	-	(96)
Total comprehensive income	**-**	**-**	**799**	**(96)**	**-**	**(2,231)**	**(1,528)**
Balance at 31 December 2012	**11,057**	**-**	**6,906**	**2,513**	**1,294**	**26,855**	**48,625**
At 1 January 2011	**11,057**	**48,108**	**16,729**	**2,494**	**1,253**	**(22,893)**	**56,748**
Comprehensive income:							
Gain for the year	-	-	-	-	-	4,263	4,263
Other comprehensive income							
Fair value movement on available for sale financial assets during the year	-	-	(2,483)	-	-	-	(2,483)
Reclassification of previously unrecognised gains now recognised in income	-	-	(8,139)	-	-	-	(8,139)
Realised exchange movement on available for sale assets disposed of during the year	-	-	-	129	-	-	129
Exchange movement	-	-	-	(14)		-	(14)
Total comprehensive income	**-**	**-**	**(10,622)**	**115**	**-**	**4,263**	**(6,244)**
Transactions with owners							
Transfer of share premium	-	(48,108)	-	-	-	48,108	-
Shares held by subsidiary company	-	-	-	-	-	(392)	(392)
Share based payments	-	-	-	-	41	-	41
At 31 December 2011	**11,057**	**-**	**6,107**	**2,609**	**1,294**	**29,086**	**50,153**

The accompanying notes on pages 55 to 72 form an integral part of these financial statements.

Company Statement of Changes in Equity

	Share capital €'000	Share premium €'000	Other reserves €'000	Share based payment reserve €'000	Retained earnings €'000	Total (attributable to owners of the parent) €'000
At 1 January 2012	**11,057**	**-**	**11**	**1,294**	**34,917**	**47,279**
Comprehensive income:						
Loss for the year	-	-	-	-	(1,682)	(1,682)
Total comprehensive income	**-**	**-**	**-**	**-**	**(1,682)**	**(1,682)**
At 31 December 2012	**11,057**	**-**	**11**	**1,294**	**33,235**	**45,597**
At 1 January 2011	**11,057**	**48,108**	**11**	**1,253**	**(11,613)**	**48,816**
Comprehensive income:						
Loss for the year	-	-	-	-	(1,578)	(1,578)
Total comprehensive income	**-**	**-**	**-**	**-**	**(1,578)**	**(1,578)**
Transactions with owners						
Transfer between reserves	-	(48,108)	-	-	48,108	-
Share based payments	-	-	-	41	-	41
At 31 December 2011	**11,057**	**-**	**11**	**1,294**	**34,917**	**47,279**

The accompanying notes on pages 55 to 72 form an integral part of these financial statements.

Consolidated Statement of Financial Position

	Note	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Assets					
Current assets					
Inventories	18	134	120	177	155
Trade and other receivables	19	739	7,241	977	9,373
Cash and cash equivalents	21	15,927	19,826	21,047	25,672
		16,800	**27,187**	**22,201**	**35,200**
Assets held for sale	23	11,078	-	14,630	-
Total current assets		**27,878**	**27,187**	**36,831**	**35,200**
Non-current assets					
Property, plant and equipment	15	3,232	2,583	4,384	3,603
Intangible assets	13	18,591	24,635	26,520	34,954
Available for sale financial assets	17	10,668	8,877	14,097	11,494
Total non-current assets		**32,491**	**36,095**	**45,001**	**50,051**
Total assets		**60,369**	**63,282**	**81,832**	**85,251**
Liabilities					
Current liabilities					
Trade and other payables	22	239	476	316	616
Contingent provisions	14	10,787	2,275	14,254	2,946
		11,026	**2,751**	**14,570**	**3,562**
Liabilities directly associated with assets held for sale	23	718	-	949	-
Total current liabilities		**11,744**	**2,751**	**15,519**	**3,562**
Non-current liabilities					
Contingent provisions	14	-	10,378	-	13,647
Total liabilities		**11,744**	**13,129**	**15,519**	**17,209**
Net assets		**48,625**	**50,153**	**66,313**	**68,042**
Equity					
Ordinary shares	24	11,057	11,057	15,586	15,586
Other reserves	26	6,906	6,107	8,950	7,894
Foreign currency translation reserve	26	2,513	2,609	2,964	2,896
Share based payment reserve	26	1,294	1,294	1,759	1,759
Retained earnings	25	26,855	29,086	37,054	39,907
		48,625	**50,153**	**66,313**	**68,042**

The accompanying notes on pages 55 to 72 form an integral part of these financial statements.

Approved on behalf of the Board on 30 April 2013

Leonid Skoptsov
Director

Kirill Golovanov
Director

Company Statement Of Financial Position

	Note	2012 €'000	2011 €'000	2012 $'000	2011 $'000
Assets					
Current assets					
Trade and other receivables	19	5,816	7,406	7,685	9,590
Cash and cash equivalents	21	115	163	152	211
Total current assets		**5,931**	**7,569**	**7,837**	**9,801**
Noncurrent assets					
Property, plant and equipment	15	20	28	27	37
Financial assets	16	39,918	39,918	56,264	56,264
Total non-current assets		**39,938**	**39,946**	**56,291**	**56,301**
Total assets		**45,869**	**47,515**	**64,128**	**66,102**
Liabilities					
Current liabilities					
Trade and other payables	22	272	236	359	306
Total current liabilities		**272**	**236**	**359**	**306**
Total liabilities		**272**	**236**	**359**	**306**
Net assets		**45,597**	**47,279**	**63,769**	**65,796**
Equity					
Ordinary shares	24	11,057	11,057	15,586	15,586
Other reserves	26	11	11	16	16
Foreign currency translation reserve	26	-	-	(1,708)	(1,871)
Share based payment reserve	26	1,294	1,294	1,764	1,764
Retained earnings	25	33,235	34,917	48,111	50,301
		45,597	**47,279**	**63,769**	**65,796**

The accompanying notes on pages 55 to 72 form an integral part of these financial statements.

Approved on behalf of the Board on 30 April 2013

Leonid Skoptsov
Director

Kirill Golovanov
Director

Consolidated Statement Of Cashflows

	Note	2012 €'000	2011 €'000	2012 $'000	2011 $'000
Cash flows from operating activities					
Continuing operations					
Net (loss)/gain for the year before tax		(2,231)	4,263	(2,853)	5,937
Foreign currency reserve movement		(29)	115	42	(506)
Exploration costs written off	13	-	1,528	-	2,128
Depreciation	15	194	78	249	109
Net finance income	6	(59)	(201)	(77)	(239)
Share option expense	29	-	41	-	53
Increase in inventories	18	(14)	(85)	(22)	(109)
Decrease/(increase) in trade and other receivables	19	6,502	(2,323)	8,396	(2,856)
Decrease in trade and other payables	22	(2,103)	(106)	(2,639)	(329)
Net cash flow from operating activities		**2,260**	**3,310**	**3,096**	**4,188**
Cash flows from financing activities					
Net Interest received	6	59	201	77	239
Payments to acquire treasury shares	25	-	(392)	-	(575)
Net cash flow from financing activities		**59**	**(191)**	**77**	**(336)**
Cash flows from investing activities					
Expenditure on exploration activities	13	(4,360)	(2,750)	(5,479)	(3,830)
Net (purchases)/proceeds of property, plant and equipment	15	(843)	(1,911)	(1,030)	(2,688)
Net (purchases)/proceeds from disposal of available for sale asset	17	(1,015)	12,974	(1,289)	17,215
Net cash flow from financing activities		**(6,218)**	**8,313**	**(7,798)**	**10,697**
Net (decrease)/increase in cash and cash equivalents		(3,899)	11,432	(4,625)	14,549
Cash and cash equivalents at the beginning of year	21	19,826	8,394	25,672	11,123
Cash and cash equivalents at the end of year	**21**	**15,927**	**19,826**	**21,047**	**25,672**

The accompanying notes on pages 55 to 72 form an integral part of these financial statements.

Company Statement Of Cashflows

	Note	2012 €'000	2011 €'000	2012 $'000	2011 $'000
Cash flows from operating activities					
Net loss for the year before tax		(1,682)	(1,578)	(2,190)	(2,197)
Foreign currency reserve movement		-	-	163	(152)
Depreciation	**15**	10	9	13	12
Share option expense	**29**	-	41	-	57
Decrease in trade and other receivables	**19**	1,590	1,146	1,905	1,742
Increase/(decrease) in trade and other payables	**22**	36	(141)	53	(194)
Impairment of financial assets	**16**	-	409	-	576
Net cash outflow from operating activities		**(46)**	**(114)**	**(56)**	**(156)**
Cash flows from investing activities					
Purchases of property, plant and equipment	**15**	(2)	(3)	(3)	(4)
Net cash outflow from financing activities		**(2)**	**(3)**	**(3)**	**(4)**
Net decrease in cash and cash equivalents		(48)	(117)	(59)	(160)
Cash and cash equivalents at the beginning of year	**21**	163	280	211	371
Cash and cash equivalents at the end of year	**21**	**115**	**163**	**152**	**211**

The accompanying notes on pages 55 to 72 form an integral part of these financial statements.

9

Notes to the Financial Statements

1 Going concern

The group financial statements consolidate the financial statements of Ovoca Gold Plc and its subsidiary undertakings for the year ended 31 December 2012. 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 precious 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 statement of financial position.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

At 31 December 2012, the Group had two business segments, exploration activities and investment. Exploration activities are primarily carried out by subsidiary companies, Comtrans, Bulun and Magsel which are carried out in the Russian Federation. Investing activities are carried out by another subsidiary company, Silver Star Limited, a company located in Bermuda. Unallocated costs represent group administration costs, primarily incurred in Ireland and the Russian Federation.

Contituing Operations — 31 December 2012

	Exploration activities €'000	Investment €'000	Unallocated €'000	Total €'000	Exploration activities US$'000	Investment US$'000	Unallocated US$'000	Total US$'000
Exploration costs written off	-	-	-	-	-	-	-	-
Administration expenses	(806)	(548)	(1,133)	(2,487)	(1,028)	(705)	(1,457)	(3,190)
Other gains and losses	-	20	177	197	-	26	234	260
Operating (loss)/gain	(806)	(528)	(956)	(2,290)	(1,028)	(679)	(1,223)	(2,930)
Finance costs	(15)	(522)	(3)	(540)	(18)	(672)	(4)	(694)
Finance income	100	499	-	599	129	642	-	771
(Loss)/gain before tax	(721)	(551)	(959)	(2,231)	(917)	(709)	(1,227)	(2,853)
Income tax	-	-	-	-	-	-	-	-
(Loss)/gain after tax	(721)	(551)	(959)	(2,231)	(917)	(709)	(1,227)	(2,853)
Segment assets	27,599	32,570	200	60,369	37,731	43,858	243	81,832
Segment liabilities	(35)	(11,505)	(204)	(11,744)	(46)	(15,204)	(269)	(15,519)
Net assets	27,564	21,065	(4)	48,625	37,685	28,654	(26)	66,313

Contituing Operations — 31 December 2011

	Exploration activities €'000	Investment €'000	Unallocated €'000	Total €'000	Exploration activities US$'000	Investment US$'000	Unallocated US$'000	Total US$'000
Exploration costs written off	(1,528)	-	-	(1,528)	(2,128)	-	-	(2,128)
Administration expenses	(156)	(636)	(1,368)	(2,160)	(217)	(845)	(1,905)	(2,967)
Other gains and losses	-	7,757	(7)	7,750	-	10,803	(10)	10,793
Operating gain/(loss)	(1,684)	7,121	(1,375)	4,062	(2,345)	9,958	(1,915)	5,698
Finance costs	(10)	(395)	(5)	(410)	(14)	(591)	(7)	(612)
Finance income	1	610	-	611	1	850	-	851
Gain/(loss) before tax	(1,693)	7,336	(1,380)	4,263	(2,358)	10,217	(1,922)	5,937
Income tax	-	-	-	-	-	-		-
Gain/(loss) after tax	(1,693)	7,336	(1,380)	4,263	(2,358)	10,217	(1,922)	5,937
Segment assets	21,245	41,814	223	63,282	28,620	56,330	301	85,251
Segment liabilities	(269)	(12,653)	(207)	(13,129)	(353)	(16,585)	(271)	(17,209)
Net assets	20,976	29,161	16	50,153	28,267	39,745	30	68,042

3 (Loss)/gain on ordinary activities before taxation on continuing operations	31/12/2012 €'000	31/12/2011 €'000	31/12/2012 US$'000	31/12/2011 US$'000
Employee expense (net of amounts capitalised)	(621)	(1,234)	(798)	(1,718)
Directors remuneration	(390)	(295)	(502)	(410)
Depreciation				
- Included in administration expenses and net of amounts capitalised	(62)	(78)	(80)	(109)
Services provided by the Group's auditors (Note 4)	(76)	(76)	(98)	(105)
Gain on disposal of available for sale asset	-	8,139	-	11,335
Operating lease rentals				
- Property (Note 31)	(125)	(133)	(160)	(185)
Effective interest on contingent consideration (Note 14)	(515)	(806)	(661)	(1,123)
Fair value adjustment on re-evaluation of payment dates of deferred consideration (note 14)	-	417	-	540
Realised foreign exchange gain/(loss)	66	(208)	92	(404)
Interest received	599	611	771	851
Exploration costs written off	-	(1,528)	-	(2,128)
Other administration expenses	(1,107)	(546)	(1,417)	(607)
(Loss)/gain on ordinary activities before taxation	**(2,231)**	**4,263**	**(2,853)**	**5,937**

4 Services provided by the auditor	31/12/2012 €'000	31/12/2011 €'000	31/12/2012 US$'000	31/12/2011 US$'000
Audit services – group audit	34	34	44	47
Audit services- statutory entities	34	34	44	47
Tax advisory services	8	8	10	11
Total auditors remuneration	**76**	**76**	**98**	**105**

5 Other gains and losses	31/12/2012 €'000	31/12/2011 €'000	31/12/2012 US$'000	31/12/2011 US$'000
Net gain on disposal of available for sale financial assets	-	8,139	-	11,335
Exchange movement on contingent consideration	131	(181)	168	(252)
Realised foreign exchange gains	66	(208)	92	(290)
	197	7,750	260	10,793

The above gain on the sale of available for sale financial assets represents the sale of shares held in quoted securities.

6 Finance costs and finance income	31/12/2012 €'000	31/12/2011 €'000	31/12/2012 US$'000	31/12/2011 US$'000
Finance costs				
Bank interest and charges	(25)	(21)	(33)	(29)
Unwinding of discount relating to contingent provision and exchange variance during the year (Note 14)	(515)	(806)	(661)	(1,123)
Fair value adjustment on re-evaluation of payment dates of deferred consideration	-	417	-	540
Finance income				
Bank interest received	599	611	771	851
	59	201	77	239

7 Employees	31/12/2012 Number	31/12/2011 Number
Administration and operational staff	30	38

8 Employment costs	31/12/2012 €'000	31/12/2011 €'000	31/12/2012 US$'000	31/12/2011 US$'000
Wages and salaries	932	1,375	1,198	1,914
Social welfare costs	79	154	102	214
Total employment costs	1,011	1,529	1,300	2,128

The above employment costs relate to short term benefits only

9 Directors remuneration

Details of individual remuneration of directors for the year ended 31 December 2012 are set out in the table below.

	Basic Salary and fees €'000	Performance Bonus €'000	Pension Costs €'000	Other Benefits €'000	Total 2012 €'000	Total 2011 €'000
Executive directors						
Mikhail Mogutov	93	-	-	-	93	86
Kirill Golovanov	166	-	-	-	166	-
	259	**-**	**-**	**-**	**259**	**86**
Non-executive directors						
Yuri Radchenko	14	-	-	-	14	13
Leonid Skoptsov	14	-	-	-	14	13
Don Schissel	14	-	-	-	14	13
Kenneth Kuchling	14	-	-	-	14	13
Timothy McCutcheon	75	-	-	-	75	157
	131				**131**	**209**

A summary of share options granted to the directors under the group's share option plan is set out below. Details of the share option plan are outlined in note 29 to the financial statements.

	Number of options	Exercise price	End of exercise period
Mikhail Mogutov	200,000	€0.80	28 July 2016
Yuri Radchenko	200,000	€0.80	28 July 2016
Leonid Skoptsov	200,000	€0.80	28 July 2016
Don Schissel	200,000	£0.30	20 January 2017
Kenneth Kuchling	200,000	£0.36	20 January 2017
Timothy McCutcheon	2,200,000	£0.25	20 January 2017
Kirill Golovanov	1,800,000	£0.25	20 January 2017

10 Pension costs

The group does not operate a pension scheme.

11 Income tax

Analysis of tax charge for the year	31/12/2012 €'000	31/12/2011 €'000	31/12/2012 US$'000	31/12/2011 US$'000
Income Tax	-	-	-	-
Reconciliation of factors affecting the income tax charge for the year				
Loss on ordinary activities before tax	(2,231)	4,263	(2,853)	5,937
Corporation tax at standard rate 2012: 12.5% (2011: 12.5%)	(279)	533	(357)	742
Effects of				
Income not subject to taxation	-	(917)	-	(1,277)
Ineligible costs and losses carried forward to future periods	279	384	357	535
Income tax charge	-	-	-	-

12 (Loss)/ earnings per share

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

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of share in issue to assume conversion of all potential ordinary shares.

Basic	31/12/2012 €'000	31/12/2011 €'000	31/12/2012 US$'000	31/12/2011 US$'000
(Loss)/gain after taxation from continuing operations	(2,231)	4,263	(2,853)	5,937
Weighted average number of ordinary shares **(thousands)**	87,364	87,954	87,364	87,954
Basic (loss)/earnings per share from continuing operations	(2.55)c	4.85c	(3.26)c	6.75c
Diluted				
Weighted average number of ordinary shares (all measures) **(thousands)**	88,714	94,475	88,714	94,475
Fully diluted (loss)/earnings per share from continuing operations	(2.51)c	4.51c	(3.22)c	6.28c

13 Intangible assets

Group	Exploration licenses €'000	Deferred exploration costs €'000	Total €'000	Exploration licenses US$'000	Deferred exploration costs US$'000	Total US$'000
At 1 January 2012	12,825	11,810	24,635	18,611	16,343	34,954
Expenditure incurred during the year	-	4,360	4,360	-	5,479	5,479
Capitalised exploration licences transferred to assets held for sale	(2,138)	-	(2,138)	(3,000)	-	(3,000)
Capitalised exploration costs transferred to assets held for sale	-	(8,266)	(8,266)	-	(10,913)	(10,913)
At 31 December 2012	10,687	7,904	18,591	15,611	10,909	26,520
Net book values						
At 31 December 2012	10,687	7,904	18,591	15,611	10,909	26,520
At 31 December 2011	12,825	11,810	24,635	18,611	16,343	34,954

Group	Exploration licenses €'000	Deferred exploration costs €'000	Total €'000	Exploration licenses US$'000	Deferred exploration costs US$'000	Total US$'000
At 1 January 2011	12,825	10,588	23,413	18,611	14,641	33,252
Expenditure incurred during the year	-	2,750	2,750	-	3,830	3,830
Amounts written off during the year	-	(1,528)	(1,528)	-	(2,128)	(2,128)
At 31 December 2011	12,825	11,810	24,635	18,611	16,343	34,954
Net book values						
At 31 December 2011	12,825	11,810	24,635	18,611	16,343	34,954
At 31 December 2010	12,825	10,588	23,413	18,611	14,641	33,252

In accordance with IFRS 6 - Exploration for and Evaluation of Mineral Resources, the carrying value of the Group and Company intangible assets was reviewed for indicators of impairment. On review the recoverable amount of the assets 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. All of the deferred exploration costs written off relate to exploration activities carried out in Russia. While development in these areas is ongoing, an amount of €'000 Nil (2011: €'000 1,528) was written off during the period.

14 Business combinations (exploration licenses) and related contingent provision

On 15 January 2010, the company acquired 100 percent of the share capital of Magsel, Bulun and Olymp. The companies are the owners of the Stakhanovsky Licence, the Rassoshinskaya Licence and the Nevsko-Pestrinskoye Licences respectively. Total consideration consisted of an initial cash consideration of €4.796m (US$6.960m) and deferred consideration of up to a maximum of US$18 million, payment of which is contingent upon the achievement of certain exploration and licence targets.

The directors have reviewed the probability of the remaining contingent consideration being paid in whole or in part. Given all available information they consider that it will be paid in full over the following twelve months from the statement of financial position date. Contingent consideration is carried at amortised cost with the effective interest rate being determined as the equivalent of a government bond with similar time frame and jurisdiction to that of the contingent consideration.

The contingent consideration on acquisitionwascalculated as follows:

	31/12/2010 €'000	31/12/2010 US$'000
Amount of contingent consideration deemed payable	12,403	18,000
Discounted to date of acquisition (effective interest rate of 7.59%)	10,148	14,726
Effective interest for the period from acquisition to 31 December 2011	967	1,284
Exchange rate movement from the period from acquisition to 31 December 2011	967	-
Deferred consideration at 31 December 2010	12,082	16,010

The movement on deferred consideration during the year is as follows:

	31/12/2012 €'000	31/12/2012 US$'000
Deferred consideration at 31 December 2011	12,653	16,593
Effective interest for the year (effective interest rate of 7.49%)	515	661
Exchange rate movement from the year	(131)	-
Consideration paid during the year	(2,250)	(3,000)
Deferred consideration at 31 December 2012	10,787	14,254

The movement on deferred consideration during the prior year was as follows:

	31/12/2011 €'000	31/12/2011 US$'000
Deferred consideration at 31 December 2010	12,082	16,010
Effective interest for the year (effective interest rate of 7.43%)	806	1,123
Exchange rate movement from the year	182	-
Fair value adjustment on re-evaluation of payment dates of deferred consideration	(417)	(540)
Deferred consideration at 31 December 2011	12,653	16,593

Deferred consideration expected to fall due as follows:

	31/12/2012 €'000	31/12/2011 €'000	31/12/2012 US$'000	31/12/2011 US$'000
Deferred consideration due within 1 year	10,787	2,275	14,254	2,946
Deferred consideration due after 1 year but less than 5 years	-	10,378	-	13,647
Deferred consideration at 31 December 2012	10,787	12,653	14,254	16,593

15 Property, plant and equipment

Group	Mining equip. €'000	Office furniture & equip. €'000	Land and buildings €'000	Assets under const. €'000	Total €'000	Mining equip. $'000	Office furniture and equip. $'000	Land and buildings $'000	Assets under constr. $'000	Total $'000
Cost										
At 1 January 2012	342	219	826	1,360	2,747	477	302	1,136	1,894	3,809
Additions	535	102	371	74	1,082	634	131	477	95	1,337
Disposal	(18)	(249)	-	-	(267)	(23)	(320)	-	-	(343)
Transfers	1,434	-	-	(1,434)	-	1,989	-	-	(1,989)	-
At 31 December 2012	2,293	72	1,197	-	3,562	3,077	113	1,613	-	4,803
Depreciation										
At 1 January 2012	75	40	49	-	164	70	55	81	-	206
Charge for year	134	31	29	-	194	172	40	37	-	249
Disposal	(4)	(24)	-	-	(28)	(5)	(31)	-	-	(36)
At 31 December 2012	205	47	78	-	330	237	64	118	-	419
Net book values										
At 31 December 2012	2,088	25	1,119	-	3,232	2,840	49	1,495	-	4,384
At 31 December 2011	267	179	777	1,360	2,583	407	247	1,055	1,894	3,603

During the prior year, the company commenced construction of facilities in order to commence the commercial extraction and production of gold. In 2012, this construction project was complete and the cost of the asset transferred to mining equipment. The assets were not in use in the prior year and as such no deprecations was been charged. The company commenced charging deprecation once the asset was put in to use in 2012.

15 Property, plant and equipment (continued)

Group	Mining equip-ment €'000	Office furniture & equip-ment €'000	Land and buildings €'000	Assets under const. €'000	Total €'000	Mining equip-ment $'000	Office furniture and equip-ment $'000	Land and buildings $'000	Assets under const. $'000	Total $'000
Cost										
At 1 January 2011	218	53	614	-	885	304	71	814	-	1,189
Additions	220	166	212	1,360	1,958	307	231	322	1,894	2,754
Disposal	(96)	-	-	-	(96)	(134)	-	-	-	(134)
At 31 December 2011	342	219	826	1,360	2,747	477	302	1,136	1,894	3,809
Depreciation										
At 1 January 2011	85	23	27	-	135	84	31	50	-	165
Charge for year	39	17	22	-	78	54	24	31	-	109
Disposal	(49)	-	-	-	(49)	(68)	-	-	-	(68)
At 31 December 2011	75	40	49	-	164	70	55	81	-	206
Net book values										
At 31 December 2011	267	179	777	1,360	2,583	407	247	1,055	1,894	3,603
At 31 December 2010	133	30	587	-	750	220	40	764	-	1,024

Company	Office furniture and equipment €'000	Total €'000	Office furniture and equipment $'000	Total $'000
Cost				
At 1 January 2012	45	45	60	60
Additions	2	2	3	3
At 31 December 2012	47	47	63	63
Depreciation				
At 1 January 2012	17	17	23	23
Charge for year	10	10	13	13
At 31 December 2012	27	27	36	36
Net book values				
At 31 December 2012	20	20	27	27
At 31 December 2011	28	28	37	37

16 Financial assets - company

	01/01/2012 €'000	Movement during year €'000	31/12/2012 €'000	01/01/2012 US$'000	Movement during year US$'000	31/12/2012 US$'000
Ovoca Mining Limited	9	-	9	12	-	12
Silver Star Limited	39,909	-	39,909	56,252	-	56,252
Investment in subsidiaries at cost	**39,918**	**-**	**39,918**	**56,264**	**-**	**56,264**

	01/01/2011 €'000	Movement during year €'000	31/12/2011 €'000	01/01/2011 US$'000	Movement during year US$'000	31/12/2011 US$'000
Ovoca Mining Limited	9	-	9	12	-	12
Silver Star Limited	39,909	-	39,909	56,252	-	56,252
Comtrans Limited	409	(409)	-	576	(576)	-
Investment in subsidiaries at cost	**40,327**	**(409)**	**39,918**	**56,840**	**(576)**	**56,264**

In the opinion of the directors, the fair value of financial assets in the company statement of financial position at 31 December 2012 and at 31 December 2011 was in excess of the carrying value at that date.

At 31 December 2012 the company had the following direct and indirect subsidiary undertakings:

Name	Incorporated	Activity	Proportion holding
CJSC Bulun	Russia	Mineral Exploration	100%
Magsel Limited	Russia	Mineral Exploration	100%
Olymp Limited	Russia	Holding of exploration licences for disposal	100%
Comtrans	Russia	Support Company	100%
Ovoca Mining Limited	Cyprus	Dormant	100%
Silver Star Limited	Bermuda	Investment	100%
Ovoca Gold (Russia) Limited	Ireland	Support company	100%

All the shares are directly held in subsidiaries, with the exception of CJSC Bulun, Magsel Limited and Olymp Limited which are held through Silver Star Limited, and comprise of ordinary shares held in each company. As further described in note 23, the group were in the process of disposing of its full shareholding in Olymp Limited.

17 Available for sale financial assets - group	31/12/2012 €'000	31/12/2011 €'000	31/12/2012 US$'000	31/12/2011 US$'000
At 1 January 2012	8,877	32,473	11,494	43,029
Additions	1,015	7,887	1,289	11,000
Disposals	-	(20,990)	-	(28,215)
Fair value movement on available for sale financial assets during the year	799	(2,483)	1,056	(2,985)
Reclassification of previously unrecognised gains now recognised in income	-	(8,139)	-	(11,335)
Exchange movement	(23)	129	258	-
	10,668	8,877	14,097	11,494
Available for sale financial assets include the following				
Quoted securities	10,668	8,877	14,097	11,494
Investment in Polymetal	9,057	8,227	11,969	10,652
Asset managed fund	1,611	650	2,128	842
	10,668	8,877	14,097	11,494

In the prior year the investment held in Polymetal represented shares listed on the Russian stock exchange. During 2011 PMTL International Limited, a new UK listed entity announced an offer, through a subsidiary Polymental Holding Limited, to certain eligible existing shareholders of Polymetal to acquire their ordinary shares in Polymetal. The terms provide for the issue of shares in Polymetal International in exchange for Polymetal shares on a one for one basis. As the underlying assets of the investment remained substantially the same, substantially all of the risks and rewards associated with the investment remained the same. In accordance with IAS 39 no derecognition event occurred and no disposal was recognised.

The Investment in Polymetal represents the holding of 630,000 shares. Polymetal is listed on the London stock exchange. The asset managed fund represents investments in quoted investments in US listed entities.

The above securities are denominated in the following currencies:

	31/12/2012 €'000	31/12/2011 €'000	31/12/2012 US$'000	31/12/2011 US$'000
US Dollar	1,611	650	2,128	842
Sterling	9,057	8,227	11,969	10,652
	10,688	8,877	14,097	11,494

At 31 December 2012, if the underlying equity securities price in respect of investments held by the Group and classified on the statement of financial position as available-for-sale had strengthened/weakened by 5% with all other variables held constant, other components of equity would have been €'000 453 / US$'000 598 higher/lower (2011: €'000 411/US$'000 532 higher/lower), mainly as a result of changes in fair values of available-for-sale financial assets.

18 Inventories

	31/12/2012 €'000	31/12/2011 €'000	31/12/2012 US$'000	31/12/2011 US$'000
Inventories	134	120	177	155

The group has not recognised an inventory write down during the year.

19 Trade and other receivables

	Group 31/12/2012 €'000	Group 31/12/2011 €'000	Company 31/12/2012 €'000	Company 31/12/2011 €'000	Group 31/12/2012 US$'000	Group 31/12/2011 US$'000	Company 31/12/2012 US$'000	Company 31/12/2011 US$'000
Trade receivables	-	506	-	-	-	655	-	-
Tax and social welfare	453	421	9	4	599	545	12	5
Amounts owed by group undertakings	-	-	5,807	7,397	-	-	7,673	9,578
Loans and receivables (Note 20)	-	6,309	-	-	-	8,166	-	-
Prepayments and accrued income	286	5	-	5	378	7	-	7
	739	7,241	5,816	7,406	977	9,373	7,685	9,590

All amounts are short term. The net carrying value of trade receivables is considered a reasonable approximation of fair value. All balances are current and deemed to be recoverable.

20 Loans and receivables

	Group 31/12/2012 €'000	Group 31/12/2011 €'000	Company 31/12/2012 €'000	Company 31/12/2011 €'000	Group 31/12/2012 US$'000	Group 31/12/2011 US$'000	Company 31/12/2012 US$'000	Company 31/12/2011 US$'000
At 1 January	6,309	4,120	-	-	8,166	5,459	-	-
Promissory notes issued and interest accrued there-on	202	4,042	-	-	(8,426)	5,229	-	-
Amounts received	(6,511)	(4,120)	-	-	260	(5,459)	-	-
Loans issued to related parties	-	2,267	-	-	-	2,937	-	-
At 31 December	-	6,309	-	-	-	8,166	-	-

Loans and receivables represent promissory notes issued to third parties which are at arm's length and interest bearing, at an annual interest rate of 6% (2011: 6%) and loans issued to related parties as further described in note 27, at an annual interest rate of 11.1%.

The fair value of loans and receivables noted above approximate their book value. Loans and receivables noted above are deemed recoverable in full.

Loans and receivables are all denominated in US Dollars, and were fully repaid during the year.

21 Cash and cash equivalents

	Group 31/12/2012 €'000	Group 31/12/2011 €'000	Company 31/12/2012 €'000	Company 31/12/2011 €'000	Group 31/12/2012 US$'000	Group 31/12/2011 US$'000	Company 31/12/2012 US$'000	Company 31/12/2011 US$'000
Cash at bank and in hand	969	8,326	115	163	1,280	10,781	152	211
Short term deposits	14,958	11,500	-	-	19,767	14,891	-	-
	15,927	19,826	115	163	21,047	25,672	152	211

22 Trade and other payables

	Group 31/12/2012 €'000	Group 31/12/2011 €'000	Company 31/12/2012 €'000	Company 31/12/2011 €'000	Group 31/12/2012 US$'000	Group 31/12/2011 US$'000	Company 31/12/2012 US$'000	Company 31/12/2011 US$'000
Trade payables	159	414	206	165	209	536	272	214
Amounts owed to group undertakings	-	-	2	2	-	-	3	3
Accruals and deferred income	80	62	64	69	107	80	84	89
	239	476	272	236	316	616	359	306

All amounts are short term. The net carrying value of trade payables is considered a reasonable approximation of fair value.

23 Assets held for sale

On 16 January 2013, the shareholders of the Group approved the sale of the group's interest in its subsidiary Olymp Limited. The only asset of the company is a mining and exploration license for the Olcha gold-silver deposit which was purchased in 2010 as set out in Note 14 of the financial statements. The consideration payable by the purchaser, JSC Polymetal a subsidiary of Polymetal International plc is 775,000 ordinary shares in Polymetal International plcwhich at the close of 31 December 2012 had a value of €11.128 m (US$ 14.705m).

At 31 December 2012 the Group's proposal to sell Olymp was at an advanced stage. The Group had entered into a conditional agreement to sell its shareholding in Olymp. As such the subsidiary was classified an asset held for sale at 31 December 2012 and was presented separately in the consolidated balance sheet. This subsidiary was accounted for as an exploration activity of the Group's business segments in 2012 before being classified as a non-current assetsheld for sale.The disposal of OlympLmited was completed on 24 January 2013.

The major classes of assets and liabilities comprising the operations as held for sale at 31 December 2012 are as follows:

	31/12/2012 €'000	31/12/2011 €'000	31/12/2012 US$'000	31/12/2011 US$'000
Capitalised exploration costs transferred from intangible assets (note 13)	8,266	-	10,913	-
Capitalised exploration licences (note 13)	2,138	-	3,000	-
Accrued professional fees and bonuses relating to disposal	718	-	949	-
Foreign exchange amounts recycled	(44)	-	(232)	-
Total non-current assets classified as available for sale	**11,078**	**-**	**14,630**	**-**
Accrued professional fees relating to disposal	718	-	949	-
Total liabilities directly associated with non-current assets held for sale	**718**	**-**	**949**	**-**

24 Share capital				
Group and company	31/12/2012 €	31/12/2011 €	31/12/2012 US$	31/12/2011 US$
Authorised equity				
120,000,000 Ordinary shares of 12.5 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**

Group and company	Number of ordinary shares	Share capital	Share capital
Issued, called up and fully paid		€'000	US$'000
At 1 January 2012	**88,458,806**	**11,057**	**15,586**
At 31 December 2012	**88,458,806**	**11,057**	**15,586**

On the 14 January 2011 the company received high court approval for the cancellation of share premium in the amount of €'000 48,108 and that the reserve resulting from the cancellation of this amount is treated as profits available for distribution as defined by Section 45 of the Companies (Amendment) Act 1983.

25 Retained earnings	Group 31/12/2012 €'000	Group 31/12/2011 €'000	Company 31/12/2012 €'000	Company 31/12/2011 €'000	Group 31/12/2012 US$'000	Group 31/12/2011 US$'000	Company 31/12/2012 US$'000	Company 31/12/2011 US$'000
Surplus/(deficit) at 1 January	29,086	(22,893)	34,917	(11,613)	39,907	(33,264)	50,301	(15,311)
Transfer between reserves	-	48,108	-	48,108	-	67,809	-	67,809
Shares held by subsidiary company	-	(392)	-	-	-	(575)	-	-
(Loss)/gain for the year	(2,231)	4,263	(1,682)	(1,578)	(2,853)	5,937	(2,190)	(2,197)
Deficit at 31 December	26,855	29,086	33,235	34,917	37,054	39,907	48,111	50,301

In accordance with the provisions of the Companies Act 1963, Section 148(8), the company has not presented an income statement. A loss for the period of €'000 1,682 (2011: loss of €'000 1,578) has been recognised in the income statement of the company.

During the prior year a subsidiary company, Silverstar Limited, commenced the on-market purchase of shares in Ovoca Gold plc. As at 31 December 2011 Silverstar Limited had acquired 1,095,000 shares at a total acquisition cost of €'000 392(US$'000575). On consolidation these amounts have been disclosed as treasury shares. In accordance with IAS 32 these amounts have been deducted from equity and in accordance with Irish Company Law these amounts have been deducted from distributable reserves.

Also in the prior year, on the 14 January 2011 the company received high court approval for the cancellation of share premium in the amount of €'000 48,108 and that the reserve resulting from the cancellation of this amount is treated as profits available for distribution as defined by Section 45 of the Companies (Amendment) Act 1983.

26 Other reserves

Group	Other reserves €'000	Foreign currency reserve €'000	Share based payment reserve €'000	Total €'000	Other reserves US$'000	Foreign currency reserve US$'000	Share based payment reserve US$'000	Total US$'000
At 1 January 2011	16,729	2,494	1,253	20,476	22,214	3,402	1,706	27,322
Share options expense in the year	-	-	41	41	-	-	53	53
Fair value movement on available for sale financial assets during the year	(2,483)	-	-	(2,483)	(2,985)	-	-	(2,985)
Reclassification of previously unrecognised gains	(8,139)	-	-	(8,139)	(11,335)	-	-	(11,335)
Exchange movements	-	115	-	115	-	(506)	-	(506)
At 31 December 2011	6,107	2,609	1,294	10,010	7,894	2,896	1,759	12,549
At 1 January 2012	6,107	2,609	1,294	10,010	7,894	2,896	1,759	12,549
Fair value movement on available for sale financial assets during the year	799	-	-	799	1,056	-	-	1,056
Exchange movements	-	(96)	-	(96)	-	65	-	68
At 31 December 2012	6,906	2,513	1,294	10,713	8,950	2,964	1,759	13,673

Company	Other reserves €'000	Foreign currency reserve €'000	Share based payment reserve €'000	Total €'000	Other reserves US$'000	Foreign currency reserve US$'000	Share based payment reserve US$'000	Total US$'000
At 1 January 2011	11	-	1,253	1,264	16	(1,719)	1,707	4
Share options expense in the year	-	-	41	41	-	-	57	57
Exchange movements	-	-	-	-	-	(152)	-	(152)
At 31 December 2011	11	-	1,294	1,305	16	(1,871)	1,764	(91)
At 1 January 2012	11	-	1,294	1,305	16	(1,871)	1,764	(91)
Exchange movements	-	-	-	-	-	163	-	163
At 31 December 2012	11	-	1,294	1,305	16	(1,708)	1,764	(72)

27 Related party transactions

Details of subsidiary undertakings are shown in note 16. In accordance with International Accounting Standard 24 - Related Party Disclosures, transactions between group entities that have been eliminated on consolidation are not disclosed.

Included in amounts due from group undertakings of the Company are amounts of €'000 530 (2011:€'000636) due from Comtrans, €'000 545 (2011:€'000 5,313) due from Bulun, €'000 874 (2011:€'000 1,412) due from Magsel and €'000 3,858 (2011: €'000 35) due from Silver Star Limited. Included in amounts due to group undertakings of the company is an amount of €'000 2 (2011: €'000 2) due to Ovoca Mining Cyprus Limited.

During the year the group entered into an agreement with DGGC, a company wholly owned by Mr. Yuri Radchenko, for the lease of plant and equipment €'000 13 (2011: €'000 14), and a contracted explorations services €'000 2,583 (2011: €'000 2,434). At the year end the company owed DGGC €'000 Nil (2011: €'000 Nil).

During the prior year the group entered into an agreement with Rivo Alto Enterprises Inc. which is considered as a connected company to Mikhail Mogutov, by way of common ownership. A credit facility for Rivo Alto Enterprises Inc was provided by the group for an amount of US$'000 2,700. The loan was guaranteed by way of future contingent payments due by the group in relation to the acquisition detailed in note 14. During the year, the contingent consideration became payable and the credit facility was deemed repaid. At the year end Rivo Alto Enterprises Inc. owed the group an amount of US$'000 nil (US$'000 2,937. This amount is shown in loans and receivables as disclosed in note 20.

Key management personnel are the Board of Directors. Details of the remuneration of Directors are disclosed in note 9 of the consolidated financial statements. In addition to remuneration paid to the Directors during the year, an amount of €'000 183 (2011: €'000 Nil), which was approved by the remuneration committee, has been accrued in respect of the successful disposal of Olymp Ltd as further detailed in note 23, and is payable to Kirill Golovanov.

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

28 Financial instruments

The group monitors relevant aspects of financial instrument risk on an ongoing 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 26.

29 Share based payments - group and company

Under the share option scheme employees of the Group can receive conditional awards of share options depending on their performance, seniority and length of service. All options issued to date vest once granted. IFRS 2 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 granted or vesting is the Bi-nominal model.

The expense reported in the group income statement of €'000 Nil (2011: €'000 41) US$'000 Nil (2011: US$'000 53) has been arrived at by applying the Bi-nomial Model formula.

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

	Number of options	2012 Weighted average exercise price (€ cent per share)	Number of options	2011 Weighted average exercise price (€ cent per share)
Outstanding at 1 January 2012	6,300,000	35	6,640,000	28
Lapsed during the year	(100,000)		(540,000)	42
Granted during the year	-	-	200,000	43
Outstanding at 31 December 2012	6,200,000	36	6,300,000	35
Of which:				
Exercisable at 31 December 2012	6,200,000	36	6,300,000	35

Below are the weighted average assumptions used in the Bi-nomial model formula in determining the fair value of the share options. There were no share options granted during 2012.

	31/12/2012	31/12/2011
Weighted average fair value of options granted (cent)	-	33.44
Weighted average share price at date of grant (cent)	-	38.22
Average exercise price (cent)	-	42.71
Expected volatility (%)	-	60.53
Average expected term to exercise (years)	-	6
Risk free rate (%)	-	2.75
Expected dividend yield	-	Nil

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

Number of options	Exercise price	Date of expiry
600,000	€0.80c	28/07/2016
5,200,000	£0.25p	20/01/2017
200,000	£0.30p	20/04/2017
200,000	£0.36p	20/01/2017
6,200,000		

30 Events after the reporting period

Subsequent to the year end, the value of the company's available for sale financial assets, which are predominantly linked to gold, silver and other mineral prices decreased significantly. At the date of signing the financial statements the value of the investments held at the year end were €6.8m (US$ 8.9m) which represented a decrease of approximately €3.9m (US$5.2) from the year end value. In addition to the shares held at the year end, the company also received a significant further sharehol-ding in Polymetal International plc. for the disposal of its interests in Olymp Ltd,as further detailed in note 23. The fair value at date of receipt of these shares was €11.1m (US$14.7). At the date of signing the financial statements the value of these shares were €6.7m (US$ 8.8m) which represented a decrease of approximately €4.4m (US$5.9).

There were no other significant events after the year end date.

31 Commitments

	Group 31/12/2012 €'000	Group 31/12/2011 €'000	Company 31/12/2012 €'000	Company 31/12/2011 €'000	Group 31/12/2012 US$'000	Group 31/12/2011 US$'000	Company 31/12/2012 US$'000	Company 31/12/2011 US$'000
No later than one year	10	10	10	10	13	13	13	13
Total	10	10	10	10	13	13	13	13

The Group leases offices under non-cancellable operating lease agreements. The lease terms are between one and two years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The lease expenditure charged to the income statement during the year is disclosed in note 3 of the consolidated financial statements.

32 Approval of the financial statements

These financial statements were approved by the Board of Directors on 30 April 2013.

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