



OVOCA GOLD Plc



Annual report 2013



Welcome

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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.

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2013 Key Points Rassoshinskaya

- ◆ In early 2013, the Olcha prospect, which is located in the southern part of the Rassoshinskaya license, was sold to Polymetal. The Olcha prospect comprised a JORC Inferred Resource of 653 koz Au and 3.59 Moz Ag.
- ◆ The 2013 exploration campaign at Rassoshinskaya has been completed and all statutory reporting needs have been met in accordance with the license requirements.
- ◆ Ovoca continues to evaluate a number of mineral occurrences that have been identified at Rassoshinskaya. Ovoca's estimates indicate that the Rassoshinskaya license has potential to host an additional 1.26 Moz Au. Although this estimate is based on a comprehensive exploration programme that has been underway at Rassoshinskaya since 2010, these estimates have not been verified by Russian or JORC experts.
- ◆ Ovoca plans to evaluate the potential of the additional resources at Rassoshinskaya as commodity markets recover.

2013 Key Points Stakhanovsky

- ◆ In accordance with its license obligations, Ovoca has completed its exploration campaign for 2013. To date Ovoca has completed over 14,300 m of diamond drilling and reverse circulation drilling, comprising 4,123 samples. In addition over 7 km of trenching were completed for a further 7,281 samples.
- ◆ A JORC Resource estimate, comprising 4.4 Mt containing 2.3 g/t Au for 327 koz Au was prepared by MIR Resources Limited.
- ◆ Magadannedra (Regional Office of "GKZ" the State Reserves Committee) have approved the temporary resource calculation conditions, aimed at upgrading the Stakhanovsky Resource.
- ◆ Magadannedra has extended terms for next stage of exploration at Stakhanovsky field up to 2018.
- ◆ Ovoca continues to evaluate a number of mineral occurrences that have been identified at Stakhanovsky. Ovoca's estimates indicate that the Stakhanovsky license has potential to host an additional 209 koz Au. This estimate is based on reconnaissance exploration work and these estimates have not been verified by Russian or JORC experts.
- ◆ Ovoca plans to evaluate the potential of the additional resources at Stakhanovsky as commodity markets recover.

CEO's Statement



Dear Shareholders,

The year of 2013 was very challenging, not only for our Company, but for the whole junior mining sector which was impacted by the fall of precious metals prices.

Notwithstanding challenging market conditions, Ovoca started this year with the successful completion of a transaction with Polymetal. The Olcha gold deposit which was discovered and developed by our team between 2009 and 2012 was sold in exchange for 775,000 Polymetal shares. As a result of the Olcha sale, Ovoca's shareholding in Polymetal grew to 1.4 M shares, and in 2013, Ovoca received a dividend payment of \$776,000.

During 2013, a mineral resource estimate which is in accordance with the requirements of the 2004 JORC Code was prepared by MIR Resources Limited and comprises 4.4 Mt grading 2.3 g/t Au for 327 koz Au. The resource estimate is based on over 14,300 m of diamond drilling and reverse circulation drilling, which generated over 4,000 samples. Resource modelling was further enhanced by over 7,000 additional samples that were collected from 7 km of trench excavation.

Following the resource estimate, Ovoca prepared a pre-feasibility study which was submitted to the State authorities of the Magadan region (Magadannedra). Magadannedra subsequently approved the temporary resource calculation conditions and extended the terms for the next stage of exploration up till 2018, which will permit sufficient time to upgrade the Stakhanovsky resource.

Reconnaissance exploration during 2013 identified the potential for extensions to the known resources at Stakhanovsky in addition to a number of new mineral occurrences and our geologists believe that these areas have potential to host at least another 200 koz Au.

Work completed at Stakhanovsky has demonstrated that the project has considerable potential, however the management of Ovoca considers that further exploration at this time would not deliver additional value, worth greater than the \$15 M deferred payment which is due, once commercial production commences. Subject to shareholder approval therefore, the management of Ovoca proposes to reduce this deferred payment to improve the value of the asset and to allow the company to develop the project further or to sell the asset.

Ovoca's focus for 2014 is to attract partners who can assist in the development of the existing portfolio of gold assets at Rassoshinskaya and Stakhanovsky. At the same time we are considering a number of new assets in the gold mining sector as well as the oil and gas sector in Russia and abroad.

Despite the challenges that face the mining industry at present, Ovoca maintains a healthy financial position and is well positioned to invest in new projects that will return superior shareholder value.

Sincerely,
Kirill Golovanov, CEO

Chairman's Statement



Dear Stakeholders,

I am writing to you to recap where we are now with Ovoca in 2014, as clearly the Company needs to make a change and luckily we have ample financial wherewithal to do it. Ovoca Gold has undergone many successful transitions in the past.

In 2006 the Company went from an explorer focused on various metals in the Scandinavian shield to a silver mine developer with the acquisition of Goltsovoye. Ovoca was able to bring Goltsovoye through feasibility study to mine financing and then affect a sale of the asset at a near 200% premium to our market capitalization at the time.

Ovoca transformed again in 2009, using the proceeds from the sale of Goltsovoye to acquire gold exploration assets in the Magadan region. Our team was able to successfully sell the Olcha gold-silver deposit and to put in place a solid resource for Stakhanovsky.

Unfortunately, the downturn in the global precious metals market has been deep and protracted. Since mid-2011 it has been a difficult environment in which to raise financing and advance precious metal projects. On top of this are problems specific to Russia, in that recent geopolitical tensions have done nothing to make managing our Company easier. As we have said in the past, Ovoca has slowed down the pace of spending at its gold assets as there is poor clarity to the market's willingness to join us in financing mine construction.

The Ovoca team in 2013 examined other opportunities, which include not just assets, but teams that can compliment our staff in running a business. We have looked at the oil and gas industry and hope to inform you of our success in that endeavor. While the current "unfashionableness" of Russia makes existing assets more difficult to capitalize, it also means that for a company like Ovoca with cash, it is now cheaper than ever before to acquire attractive assets, which can generate cash and can be financed for growth from domestic sources. Russia is major oil and gas country and there is near always investment available for this business, even when other activities may be out of favor with local financial institutions.

I can assure you our management team is working hard to position Ovoca for its next stage of development and I fully expect 2014 to be a watershed year for us as our financial and management capability is combined with our exhaustive asset evaluation to successfully transform Ovoca again.

Sincerely,
Mikhail Mogutov, Chairman

Company Information and Properties Overview

Rassoshinskaya

The Rassoshinskaya exploration license is owned by ZAO Bulun, a wholly owned subsidiary of Ovoca Gold Plc. Ovoca commenced work in 2008 with reconnaissance geochemical investigations and culminated with a substantial drilling programme to evaluate epithermal gold occurrences. Following drilling works, a resource estimate was completed for the Olcha epithermal deposit in late 2012 and this area of the Rassoshinskaya license was subsequently sold to Polymetal in 2013.

The Rassoshinskaya exploration license covers an area of 2,460 km² 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

The Korkodon River
on the Rassoshinskaya
Exploration License.



Rassoshinskaya have focussed on low-sulphidation, quartz-adularia type epithermal mineralisation at Olcha; however, exploration at Podgorny, Zet, Maliy, Bazar, Northwest Bazaar, and Ogromny has also provided encouraging exploration results. Future discoveries on the Rassoshinskaya licence may act as satellite deposits to the mining and processing operation at the Olcha gold-silver deposit.

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 southeast of the Rassoshinskaya licence. Kubaka has produced approximately 2.5 Moz. Au and over 20 Moz. of Ag since the operation began in 2005.

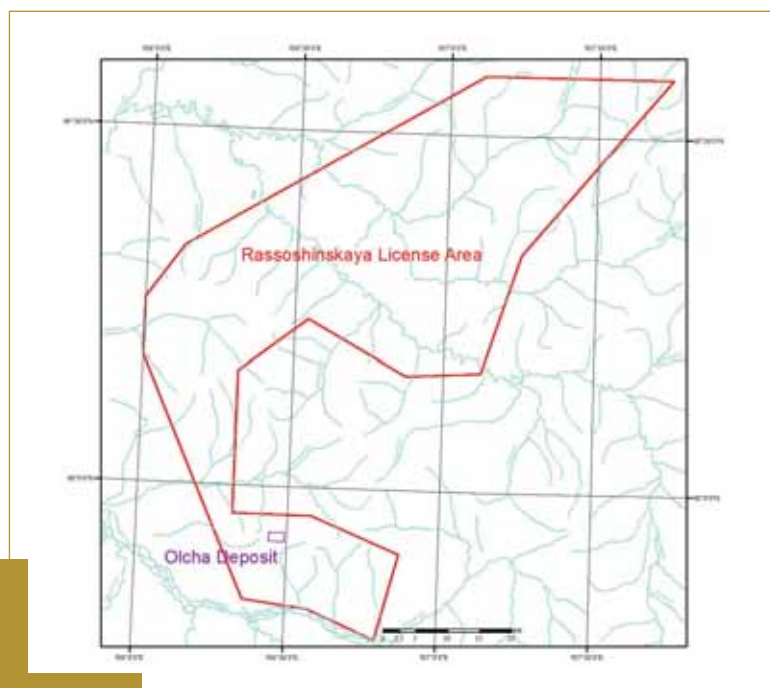
An exploration report detailing the work completed on the Rassoshinskaya licence up until 2013 has been prepared and submitted to Magadannedra for consideration.

Ovoca continues to evaluate a number of mineral occurrences that have been identified at Rassoshinskaya. Ovoca's estimates indicate that the Rassoshinskaya licence has potential to host an additional 1.26 Moz Au. Although this estimate is based on a comprehensive exploration programme that has been underway at Rassoshinskaya since 2010, these estimates have not been verified by Russian or JORC experts. Improved commodity prices will assist in the ongoing development of these prospects.

Olcha

Olcha is situated on the Rassoshinskaya exploration licence, 800 km northeast of Magadan in the Far East of Russia. Olcha is a low-sulphidation

Location of the Olcha Deposit Within the Rassoshinskaya License.



Epithermal Gold Mineralisation at the Olcha Prospect.



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 covers an area of 20 km² and is hosted by andesite and andesite-basalt breccias. The mineralised system is characterised by 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.

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.

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 km² 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 an Extraordinary General Meeting on 16 January 2013 and on 24 January 2013, the transaction was completed.

Although additional resource potential, close to the Olcha deposit has been identified by Ovoca geologists, additional work is required to upgrade this resource potential in accordance with the JORC Code.

Podgorny

An extensive exploration programme has been underway at this prospect, located 50 km north of Olcha, since 2010. The mineralisation is considered similar to gold-silver mineralisation at the Olcha prospect.

Reconnaissance exploration identified a 50 ppb Au in soil anomaly, extending over an area of 3km² with a higher-grade core of 100 ppb Au

Exploration Drilling at Podgorny.



covering an area of 500 m x 500 m. Follow up IP resistivity and ground magnetic geophysics were completed and generated anomalies that were coincident with earlier soil sampling. Twenty trenches totalling 1,073.1 m were excavated and significant results from this programme included a trench intersection of 2.6 m @ 14.45 g/t Au and 36.59 g/t Ag.

Phase 1 drilling targeted the central portion of the coincident soil and geophysical anomaly and comprised forty-six diamond drillholes, totalling 4,613.2 m, drilled along four traverses. 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.



Gold-Bearing Quartz-
Adularia-Sulphide
Mineralisation at Podgorny.
Sample from Drillhole
PGDD-12, interval 89 m,
Au 3,02 g/t, Ag 4,78 g/t.

Phase 2 drilling targeted a zone 1,000 m long and 350 m wide to a maximum depth of 300 m and comprised eight diamond drillholes totalling 1,580 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.

Work completed on the Podgorny prospect is summarised in the following table.

Podgorny Summary of Exploration Works Completed.

| Type | Year | Number | Total Length | Total Area | Best Au Result | Best Ag Result |
|-----------------|------------|-------------|--------------|---------------------|---|--|
| Rock Sampling | 2010 | | | | 21.4 g/t | 68 g/t |
| Rock Sampling | Historical | | | | 12 g/t | 64 g/t |
| Soil Sampling | 2009-2010 | 2520 | | 6.5 km ² | 21.8 g/t | 14 g/t |
| Trench Sampling | 2011 | 20 | 1,073.1 m | | 2.6 m @ 14.45 g/t 0.5 m @ 92.4 g/t | 2.6 m @ 36.59 g/t 0.5 m @ 9150 g/t |
| | 2012 | | 986 m | | 3.6 m @ 8.04 g/t | 3.6 m @ 57.16 g/t |
| Core Drilling | 2011 | 46 NQ Holes | 4,613.2 m | | 10.2 m @ 7.90 g/t 0.4 m @ 77.0 g/t | 10.2 m @ 10.93 g/t 0.4 m @ 81.0 g/t |
| | 2011 | 8 NQ Holes | 1,580.0 m | | 0.9 m @ 10.0 g/t | 0.9 m @ 11.50 g/t |
| IP/Magnetics | 2010 | | | 5.5 km ² | | |

Bazar Prospect

Bazar is situated 50 km north from the Olcha prospect in proximity to the Podgorny prospect. Exploration at the Bazar prospect 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.

Sulphide and Quartz Veining in Drillcore from Bazar. Sample from Drillhole PGDO-9, interval 68,5 m, Au 2,56 g/t, Ag 57 g/t.



Trench excavation at Bazar uncovered a 20 m wide, stockwork of quartz-carbonate-barite-pyrite veining located near an area which was previously sampled and which uncovered two float rock samples containing 24 g/t Au and 60 g/t Au.

Five diamond drillholes, totalling 1,050 m were drilled at Bazar to test stockwork mineralisation, which was discovered by trenching. Drilling identified a 28.8 m wide zone of low-grade mineralisation, containing 0.6 g/t Au, which in turn hosted a high-grade zone of 1.0 m containing 3.75 g/t Au.

Follow up drilling comprised three holes for a total of 800 m along strike and to the west of the earlier trench work. In the most westerly-located drill hole (BDD-04) intense silica, pyrite, clay, and white mica alteration was discovered and hosted a low-grade intersection of 1.9 m containing 0.42 g/t Au.

Bazar Summary of Exploration Works Completed.

| Type | Year | Number | Total Length | Total Area | Best Au Result | Best Ag Result |
|-----------------|----------------------|------------|--------------|------------|--|--|
| Rock Sampling | Historical | | | | 60 g/t | |
| Soil Sampling | Historical | | | Profiles | 1.1 g/t | |
| Trench Sampling | 2012 | | 600 m | | 15.0 m @ 0.28 g/t | 15.0 m @ 0.49 g/t |
| Core Drilling | 2012 (Campaign 1) | 5 NQ Holes | 1,050 m | | 28.8 m @ 0.6 g/t 1.0 m @ 3.75 g/t | 28.8 m @ 1.0 g/t 3.9 m @ 11.7 g/t |
| | 2012 (Campaign 2) | 3 NQ Holes | 800 m | | 1.9 m @ 0.42 g/t | 1.9 m @ 2.0 g/t |

Vist Prospect

Vist prospect is situated 15 km east from the Podgorny prospect. Geological mapping and soil sampling identified a Cu-Au-Ag anomaly on a stratigraphic contact between a sedimentary sequence and a granodiorite, possibly suggesting porphyry style mineralisation. Three diamond drill holes for a total of 700 m were completed and intersected a 1.0 m wide zone containing 2.2 g/t Au from altered sediments and diorite dykes.

Vist Summary of Exploration Works Completed.

| Type | Year | Number | Total Length | Total Area | Best Au Result | Best Ag Result |
|---------------|-----------|------------|--------------|---------------------|-----------------|-----------------|
| Mapping | 2010 | | | | | |
| Soil Sampling | 2009-2010 | 2182 | | 4.5 km ² | 2.24 g/t | 2.0 g/t |
| Core Drilling | 2012 | 3 NQ Holes | 700 m | | 1.0@ 2.2 g/t | 1.0@ 5.6 g/t |
| IP/Magnetics | 2010 | | | 4.4 km ² | | |

Zet

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

Sample from Drillhole CZ-5, interval 60-65 m, Au from 0,4 g/t to 14,2 g/t.

The Zet prospect is situated 30 km north of Olcha. Here, low-sulphidation epithermal mineralisation, similar to Olcha has been identified and a preliminary drilling programme, comprising 2,500 m was completed to test the depth potential of the mineralisation. A follow-up programme comprising a further 15 drillholes for 2,229 m was completed to test the mineralised potential over a strike length of 2 km and to a maximum depth of 200 m. Drilling confirmed the continuation of banded epithermal quartz-adularia veining along strike and at depth. Significant results included a 3.8 m intersection containing 4.27 g/t Au.



Zet Summary of Exploration Works Completed.

| Type | Year | Number | Total Length | Total Area | Best Au Result | Best Ag Result |
|-----------------|------------|-------------|--------------|---------------------|--|--|
| Mapping | 2010-2012 | | | | | |
| Rock Sampling | 2010 | | | | 342 g/t | 12867 g/t |
| Soil Sampling | Historical | | | | 1.6 g/t | 7.0 g/t |
| Trench Sampling | 1970-1971 | 1008 | | | 2.0 @ 22.1 g/t | 2.0 @ 38.9 g/t |
| | 2010-2011 | 1298 | | | 2.7 m @ 5.5 g/t | 2.7 m @ 38.2 g/t |
| Core Drilling | 2011 | 20 NQ Holes | 2,500 m | | 3.8 m @ 4.27 g/t | 3.8 m @ 43.51 g/t |
| | 2012 | 15 HQ Holes | 2,229 m | | 2.4 m @ 4.53 g/t 0.5 m @ 74.4 g/t | 2.4 m @ 38.90 g/t 0.5 m @ 342 g/t |
| IP/Magnetics | 2010 | | | 2.9 km ² | | |

Ogromny Prospect

Ogromny is situated 30 km north of the Olcha prospect. Here a quartz stockwork containing extensive silver and lead mineralisation, covering an area 200 m by 50 m, was exposed on the contact with Cambrian dolomite and Devonian tuff. Four trenches totalling 1,580 m were excavated to assess the width of the mineralisation. Following the removal of the colluvium layer, chip and channel samples were collected and found to be anomalous in gold and silver.

Ogromny Summary of Exploration Works Completed.

| Type | Year | Number | Total Length | Total Area | Best Au Result | Best Ag Result |
|-----------------|------------|--------|--------------|--------------|--|--|
| Mapping | 2012 | | | 200 m x 50 m | | |
| Rock Sampling | 2010 | | | | 15.2 g/t | 1041 g/t |
| Soil Sampling | Historical | | | Profiles | 0.03 g/t | 0.4 g/t |
| Trench Sampling | 2012 | 4 | 1300 m | | 18.0 m @ 1.10 g/t 1.5 m @ 7.4 g/t | 18.0 m @ 5.06 g/t 1.5 m @ 832 g/t |

Altered Dolomite sample from Trench OGTR-3 at Ogromny.
Interval 13,5-15,0 m,
Au - 7,02 g/t.



Stakhanovsky

The Stakhanovsky exploration license is situated in the north-western part of the Magadan Region and covers an area of 73 km². 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.

Bulk Sample Pits at Stakhanovsky.



Historical Shaft Developed along Gold-Bearing Dykes at Stakhanovsky.



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.

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.

RESOURCE ESTIMATION

Resource modelling completed in 2013 at the Stakhanovsky prospect has identified four shallow dipping, gold-bearing, beresite dyke zones that have variable strikes. These four areas are known as: Zabolocheny (1 domain), Albitovy (3 domains), Burovaya (1 domain) and Berizitovy (2 domains). The dyke zones vary in width from one metre to more than five metres. Most of the mineralisation has low average grades; Albitovy (1.14 Mt @ 0.23 g/t Au), Berizitovy (2.73 Mt @ 0.63 g/t Au), Burovaya (1.44 Mt @ 1.15 g/t Au) and Zabolocheny (6.73 Mt @ 1.22 g/t Au).

Most of the mineralisation is shallow dipping and drilling is yet to close the mineralisation off at depth, hence additional resource potential remains. Modelling so far indicates that mineralisation extends to approximately 50 m to 60 m depth. Zabolocheny is the steepest and best-drilled domain and in some areas, this structure has been modelled to approximately 100 m depth. Zabolocheny retains the greatest potential for future resource development. Additional potential also exists at Burovaya and selected areas of Berizitovy.

The mineralisation wireframes have been constructed based on; diamond drilling (7,301 m), reverse circulation drilling (7,110 m), and trenches (7,281 m). Considerable portions of the resource wireframes are less than 2.0 m wide and much of this mineralisation will be uneconomic. Given that the mineralised domains are quite narrow, the proposed open pit would comprise a significant volume of waste and a high stripping ratio is anticipated.

Stakhanovsky Mineral Resources Samples by Type – Complete Database.

| | Number | Samples | Metres |
|-------------------------------------|-----------|---------|--------|
| Diamond Drillholes (DD) | 103 holes | 2,390 | 7,301 |
| Reverse Circulation Drillholes (RC) | 120 holes | 1,733 | 7,110 |
| Trench/Channel (TR/CH) | 177 lines | 2,658 | 7,281 |
| Total | 400 units | 6,781 | 21,692 |

* Note: the above table represents the total sample database, not all samples were used for grade and tonnage estimation.

The total JORC Mineral Resource for Stakhanovsky is 4.4 Mt @ 2.3 g/t Au, comprising 327 koz Au. This estimate is based on a cut-off grade of 0.5 g/t Au. Due to the coarse-grained nature of the gold mineralisation, it is possible that Ovoca will mine the deposit to the geological boundaries in order to maximise gold recovery.

Table 7. Stakhanovsky Mineral Resources by Classification.

| | Number | Samples | Metres |
|-------------------------------------|-----------|---------|--------|
| Diamond Drillholes (DD) | 103 holes | 2,390 | 7,301 |
| Reverse Circulation Drillholes (RC) | 120 holes | 1,733 | 7,110 |
| Trench/Channel (TR/CH) | 177 lines | 2,658 | 7,281 |
| Total | 400 units | 6,781 | 21,692 |

Note:

Unless otherwise stated all Mineral Resources are quoted as 100% and are not attributable with respect to ownership. Results are rounded to one decimal place in this table to reflect the level of accuracy of the estimate. Resources reported to cut-off grade = 0.5 g/t Au.

Magadannedra (Regional Office of "GKZ" the State Reserves Committee) have approved the temporary resource calculation conditions, aimed at upgrading the Stakhanovsky Resource. In addition, Magadannedra has extended the terms for the next stage of exploration at Stakhanovsky field up to 2018.

Processing Plant for Bulk Samples at Stakhanovsky.



RECONNAISSANCE EXPLORATION AND ADDITIONAL RESOURCE POTENTIAL

In June 2013, Ovoca completed reconnaissance work on additional dyke systems within the Stakhanovsky exploration license. This work included mapping and sampling at Vodorzdelnaya-Pegataya and Komarinaya-Nadezhda zones and identified gold-bearing mineralisation in proximity of the main Stakhanovsky Deposit.

Quaternary, gold-bearing alluvial sediments and some hard rock mineralisation were mined near the Vodorzdelnaya Dyke by local prospectors up until the 1980s, indicating that the potential of this area has been well known for some time.

Ovoca continues to evaluate a number of mineral occurrences that have been identified at Stakhanovsky and estimates that the Stakhanovsky license has potential to host an additional 209 koz Au. It should be noted that this estimate is based on reconnaissance exploration work and these estimates have not been qualified by Russian or JORC experts.

Reconnaissance Exploration of Gold-Bearing Dykes at Stakhanovsky.



Gold-Bearing Dykes Have Created
Alluvial Gold Deposits in the
Stakhanovsky Valley.



The above information has been compiled and verified by Mr. Andrew Aitchison, B.Sc., for the purposes of the AIM Note for Mining and Oil & Gas Companies issued by the London Stock Exchange in June 2009. Mr. Aitchison is a member of The Australasian Institute of Mining and Metallurgy and is a Competent Person for the type of minerals being reported on in this statement, in accordance with the JORC Code (2012). Mr. Aitchison is a geologist with over 25 years of work experience in gold and base metals exploration, mining and project development in numerous countries.

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

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Corporate Secretary — Kirill Golovanov

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105274

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15 January 1985

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Directors' Report

The Directors present their annual report and audited financial statements for the year ended 31 December 2013 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 43 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 on the Company's financial position and results in future.
- > **Credit Risk;** this refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the 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 maximum exposure of the Group's financial assets which are subject to credit risk:

| | Group 31/12/2013 €'000 | Group 31/12/2012 €'000 | Group 31/12/2013 US\$'000 | Group 31/12/2012 US\$'000 |
|---------------------------------------|------------------------------|------------------------------|---------------------------------|---------------------------------|
| Cash and cash equivalents (Note 21) | 14,065 | 15,927 | 19,362 | 21,047 |
| Trade and other receivables (Note 20) | 71 | 739 | 97 | 977 |
| Total | 14,136 | 16,666 | 19,459 | 22,024 |

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 31/12/2013 €'000 | Group 31/12/2012 €'000 | Group 31/12/2013 US\$'000 | Group 31/12/2012 US\$'000 |
|------------------------------------|------------------------------|------------------------------|---------------------------------|---------------------------------|
| Trade and other payables (Note 22) | 278 | 239 | 383 | 316 |
| Total | 278 | 239 | 383 | 316 |

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 20) and available for sale financial assets (Note 18) significantly exceed the current cash outflow requirements. In addition to the amounts noted above, contingent consideration is expected to also fall due within the next 12 months as further described in Note 15.

- > **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

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 2013 and their families in the share capital of the Company were:

| | Ord shares of €0.125c each | | | Options over Ord shares | | |
|--------------------|----------------------------|------------|------------|-------------------------|-----------|-----------|
| | 27/06/14 | 31/12/13 | 01/01/13 | 27/06/14 | 31/12/13 | 01/01/13 |
| Mikhail Mogutov | 11,656,203 | 11,656,203 | 12,086,188 | 200,000 | 200,000 | 200,000 |
| Leonid Skoptsov | 11,656,203 | 11,656,203 | 12,086,189 | 200,000 | 200,000 | 200,000 |
| Yuri Radchenko | 11,656,202 | 11,656,202 | 10,796,237 | 200,000 | 200,000 | 200,000 |
| Timothy McCutcheon | - | - | - | - | - | 2,200,000 |
| Donald Schissel | - | - | - | 200,000 | 200,000 | 200,000 |
| Kenneth Kuchling | - | - | - | 200,000 | 200,000 | 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 2013 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 |
| Donald Schissel | 200,000 | €0.30 | 20 January 2017 |
| Kenneth Kuchling | 200,000 | €0.36 | 20 January 2018 |
| 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, and 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 2013 was €0.09 (2012: €0.17). During the year ended 31 December 2013 the market price of the Company's shares ranged from €0.09 to €0.18 (2012: €0.12 to €0.31).

The market price of the Company's share on AIM at 31 December 2013 was £0.08 pence (2012: £0.14 pence). During the year ended 31 December 2013 the market price of the Company's shares ranged from £0.08 to £0.15 (2012: £0.10 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 27 June 2014 are as follows:

| | Ordinary shares of €1.25c each | % of issued share capital |
|--|--------------------------------|---------------------------|
| BBHISL Nominees Limited (120165) | 10,045,925 | 11.36% |
| Pickco Trading Co. Limited (Yuri Radchenko) | 10,002,077 | 11.31% |
| Salyco Trading Co. Limited (Mikhail Mogutov) | 9,221,427 | 10.42% |
| Hanover Nominees Limited | 6,273,953 | 7.09% |
| Citibank Nominees (Ireland) | 5,083,958 | 5.75% |
| Schweco Nominees Limited (17316) | 4,807,100 | 5.43% |
| Trikeri Investments Limited | 4,600,000 | 5.20% |
| Euroclear Nominees Limited (E0C01) | 4,428,391 | 5.01% |
| Chase Nominees Limited | 3,247,200 | 3.67% |

Group Undertakings

Details of the company's subsidiary undertakings are set out in note 17 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 has significant liquid resources in the form of cash reserves of €14.1 million and available for sale financial assets of €10.8 million and the Directors are satisfied that there are sufficient levels of funding within the Group to enable them to trade for twelve months, and to explore further investment opportunities if appropriate projects exist.

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 Ovoca as a corporate advisor in 2007 and moved to be the manager of the Company's Russia representative office in 2009. During his time at Ovoca he played a major role in the development and subsequent sale of the Goltsovoye silver deposit. He has extensive experience in mining and corporate law, as well as working experience at leading Russian enterprises, such as Gazprombank and Vneshekonombank. Additionally, he was a department manager in the Federal Service on Bankruptcy and Finance Restoration – a subdivision of the Russian Federation Ministry of Finance.

JD, Moscow State Law Academy, Moscow, Russia. MBA, Duke University's Fuqua School of Business, NC, USA. Fluent in Russian and English.

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 Volganefit from 2000 to 2004, a mid-tier oil producer in Russia which was successfully sold to Russneft. He was part of the group that vended into Ovoca Gold Plc 100% of OAO Ajax – Goltsovoye.

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

Yuri Ivanovich Radchenko, Non-Executive Director

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

core assets. He was part of the group that vended into Ovoca Gold Plc 100% of OAO Ajax – Goltsovoye.

MS Geology, Kazakhstan Polytechnical Institute, Almaty, Kazakhstan.

Don Schissel, Non-Executive Director

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

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

Kenneth Kuchling, Non-Executive Director

Kenneth Kuchling joined the board of Ovoca in March 2012. 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 2013. 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. The external auditors have the opportunity to meet with members of the Audit Committee without executive management present at least once a year. The duties of the Committee include the review of the accounting principles, policies and practices adopted in preparing the financial statements, external compliance matters and the review of the Group's financial results.

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

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

Communications: The Group maintains regular contact with shareholders through publications such as the annual and half-year report and via press releases 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 2013.

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 2013 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 2013. 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 27 June 2014

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 2013 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Cashflows, the Company Statement of Cashflows and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as applied in accordance with the provisions of the Companies Acts 1963 to 2013.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 29 the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- > the group 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 2013 and of its loss for the year then ended;
- > the parent company statement of financial position gives a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Acts 1963 to 2013, of the state of the parent company's affairs as at 31 December 2013; and

- > the financial statements have been properly prepared in accordance with the requirements of the Companies Acts 1963 to 2013.

Matters on which we are required to report by the Companies Acts 1963 to 2013

- > 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 parent company.
- > The parent 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 parent company, as stated in the parent 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 2013 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 parent company.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts 1963 to 2013 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Aidan Connaughton

For and on behalf of

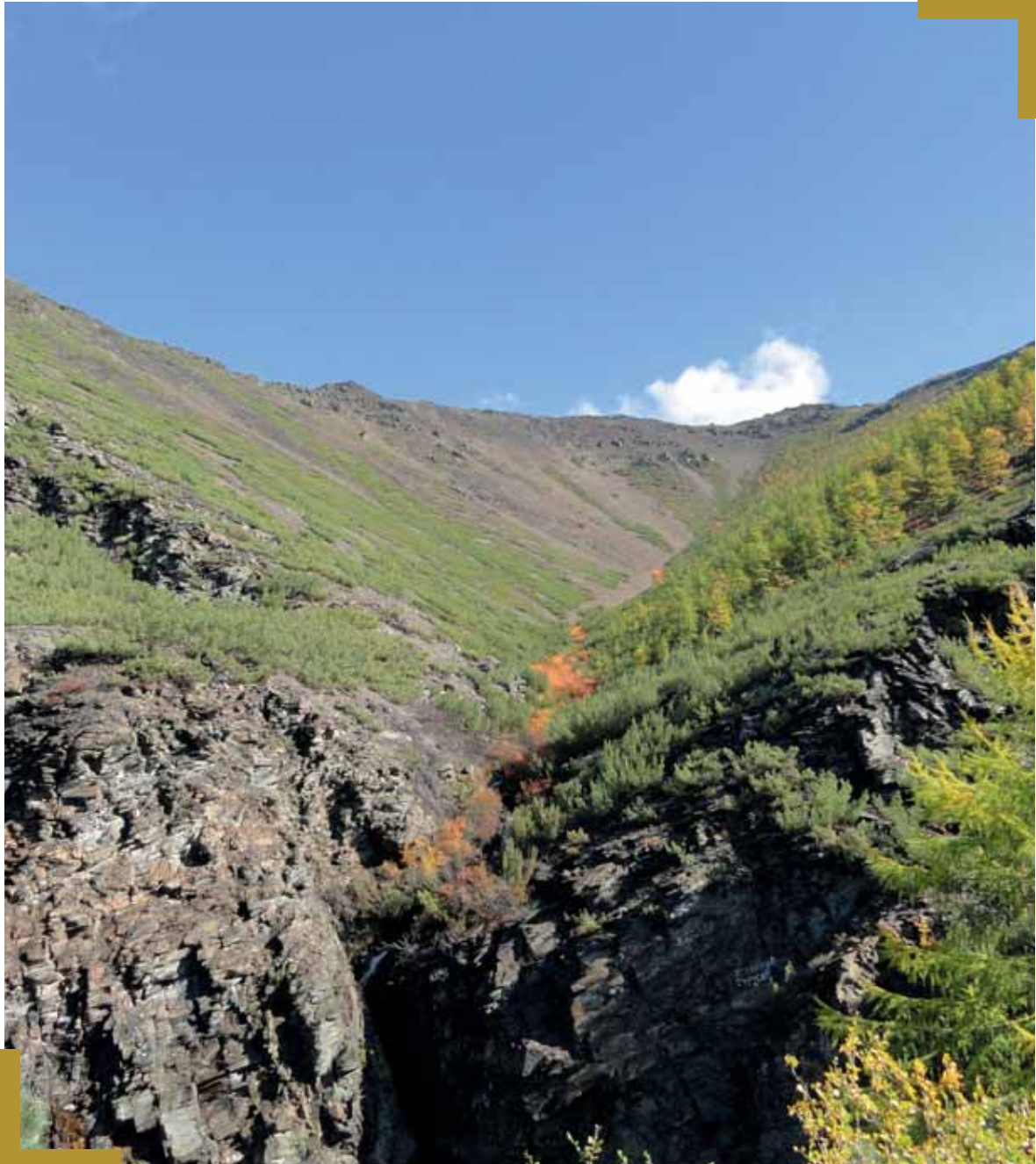
Grant Thornton

Chartered Accountants and Registered Auditors

24-26 City Quay

Dublin 2

Date: 27 June 2014



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 2013 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 2013.

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 2013. 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 19 | Employee Benefits (Amendment) | January 1, 2014 (not yet adopted by the EU) |
| IAS 27 | Separate financial statements | January 1, 2014 (not yet adopted by the EU) |
| IAS 28 | Investments in associates and joint ventures | January 1, 2014 (not yet adopted by the EU) |
| IFRS 10 | Consolidated Financial Statements | January 1, 2014 (not yet adopted by the EU) |
| IFRS 11 | Joint Arrangements | January 1, 2014 (not yet adopted by the EU) |
| IFRS 12 | Disclosure of Interests in Other Entities | January 1, 2014 (not yet adopted by the EU) |
| IAS 32 | Offsetting financial assets and liabilities | January 1, 2014 (not yet adopted by the EU) |
| IFRS 9 | Financial instruments | January 1, 2018 (not yet adopted by the EU) |
| IFRIC 21 | Levies | January 1, 2014 (not yet adopted by the EU) |
| IFRS 8 | Operating segments | July 1, 2014 (not yet adopted by the EU) |
| IFRS 13 | Fair Value Measurement | July 1, 2014 (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 2013.

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 |

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.

For any share options granted, 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 and share 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 recognised 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 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.

Fair values

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- > Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities

- > Level 2: valuation techniques for which the lowest level of inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- > Level 3: valuation techniques for which the lowest level of inputs that have a significant effect on the recorded fair value are not based on observable market data.

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.

Financial Statements

Consolidated Income Statement

| | Note | 2013 €'000 | 2012 €'000 | 2013 \$'000 | 2012 \$'000 |
|--|------|-----------------|----------------|-----------------|----------------|
| Exploration costs written off | 3 | (7,630) | - | (10,532) | - |
| Gross loss | | (7,630) | - | (10,532) | - |
| Administration expenses | 3 | (1,838) | (2,487) | (2,442) | (3,190) |
| Other gains and losses | 5 | (5,372) | 197 | (8,740) | 260 |
| Operating loss | | (14,840) | (2,290) | (21,714) | (2,930) |
| Loss on disposal of assets held for sale | 7 | (1,029) | - | (1,248) | - |
| Finance costs | 6 | (12) | (540) | (16) | (694) |
| Finance income | 6 | 1,065 | 599 | 1,415 | 771 |
| Loss for the year before tax | | (14,816) | (2,231) | (21,563) | (2,853) |
| Income tax | 12 | - | - | - | - |
| Loss for the year | | (14,816) | (2,231) | (21,563) | (2,853) |
| Attributable to: | | | | | |
| Owners of the parent | | (14,816) | (2,231) | (21,563) | (2,853) |
| | | (14,816) | (2,231) | (21,563) | (2,853) |
| Loss per share | | | | | |
| Basic loss per share | 13 | (16.96)c | (2.55)c | (24.68)c | (3.26)c |
| Fully diluted loss per share | 13 | (16.96)c | (2.51)c | (24.68)c | (3.22)c |

The accompanying notes on pages 51 to 67 form an integral part of these financial statements.

Approved on behalf of the Board on 27 June 2014

Leonid Skoptsov
Director

Kirill Golovanov
Director

Consolidated Statement of Comprehensive Income

| | 2013 €'000 | 2012 €'000 | 2013 \$'000 | 2012 \$'000 |
|--|-----------------|----------------|-----------------|----------------|
| Loss for the year | (14,816) | (2,231) | (21,563) | (2,853) |
| Other comprehensive income/(expense): | | | | |
| Fair value movement on available for sale financial assets during the year | (6,895) | 799 | (8,935) | 1,056 |
| Exchange movement on available for sale financial assets during the year | - | (96) | - | 68 |
| Total comprehensive loss for the year | (21,711) | (1,528) | (30,498) | (1,729) |

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 51 to 67 form an integral part of these financial statements

Approved on behalf of the Board on 27 June 2014

Leonid Skoptsov
Director

Kirill Golovanov
Director

Consolidated Statement of Changes In Equity

| | Share capital €'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 2013 | 11,057 | 6,906 | 2,513 | 1,294 | 26,855 | 48,625 |
| Comprehensive income: | | | | | | |
| Loss for the year | - | - | - | - | (14,816) | (14,816) |
| Other comprehensive income | | | | | | |
| Fair value movement on available for sale financial assets during the year | - | (6,895) | - | - | - | (6,895) |
| Exchange movement | - | - | (940) | - | - | (940) |
| Total comprehensive loss | - | (6,895) | (940) | - | (14,816) | (22,651) |
| Balance at 31 December 2013 | 11,057 | 11 | 1,573 | 1,294 | 12,039 | 25,974 |
| 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/ (loss) | - | 799 | (96) | - | (2,231) | (1,528) |
| Balance at 31 December 2012 | 11,057 | 6,906 | 2,513 | 1,294 | 26,855 | 48,625 |

The accompanying notes on pages 51 to 67 form an integral part of these financial statements

Company Statement of Changes in Equity

| | Share capital €'000 | Other reserves €'000 | Share based payment reserve €'000 | Retained earnings €'000 | Total (attribut- able to owners of the parent) €'000 |
|-----------------------------------|------------------------|-------------------------|---|-------------------------------|---|
| At 1 January 2013 | 11,057 | 11 | 1,294 | 33,235 | 45,597 |
| Comprehensive income: | | | | | |
| Loss for the year | - | - | - | (17,628) | (17,628) |
| Total comprehensive income | - | - | - | (17,628) | (17,628) |
| At 31 December 2013 | 11,057 | 11 | 1,294 | 15,607 | 27,969 |
| 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 |

The accompanying notes on pages 51 to 67 form an integral part of these financial statements.

Consolidated Statement of Financial Position

| | Note | 2013 €'000 | 2012 €'000 | 2013 \$'000 | 2012 \$'000 |
|---|------|---------------|---------------|----------------|----------------|
| Assets | | | | | |
| Current assets | | | | | |
| Inventories | 19 | 413 | 134 | 569 | 177 |
| Trade and other receivables | 20 | 71 | 739 | 97 | 977 |
| Cash and cash equivalents | 21 | 14,065 | 15,927 | 19,362 | 21,047 |
| | | 14,549 | 16,800 | 20,028 | 22,201 |
| Assets held for sale | 23 | - | 11,078 | - | 14,630 |
| Total current assets | | 14,549 | 27,878 | 20,028 | 36,831 |
| Non-current assets | | | | | |
| Property, plant and equipment | 16 | 3,115 | 3,232 | 4,228 | 4,384 |
| Intangible assets | 14 | - | 18,591 | - | 26,520 |
| Available for sale financial assets | 18 | 10,767 | 10,668 | 14,822 | 14,097 |
| Total non-current assets | | 13,882 | 32,491 | 19,050 | 45,001 |
| Total assets | | 28,431 | 60,369 | 39,078 | 81,832 |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 22 | 278 | 239 | 383 | 316 |
| Contingent provisions | 15 | 2,179 | 10,787 | 3,000 | 14,254 |
| | | 2,457 | 11,026 | 3,383 | 14,570 |
| Liabilities directly associated with assets held for sale | 23 | - | 718 | - | 949 |
| Total current liabilities | | 2,457 | 11,744 | 3,383 | 15,519 |
| Net assets | | 25,974 | 48,625 | 35,695 | 66,313 |
| Equity | | | | | |
| Ordinary shares | 24 | 11,057 | 11,057 | 15,586 | 15,586 |
| Other reserves | 26 | 11 | 6,906 | 16 | 8,950 |
| Foreign currency translation reserve | 26 | 1,573 | 2,513 | 2,843 | 2,964 |
| Share based payment reserve | 26 | 1,294 | 1,294 | 1,759 | 1,759 |
| Retained earnings | 25 | 12,039 | 26,855 | 15,491 | 37,054 |
| | | 25,974 | 48,625 | 35,695 | 66,313 |

The accompanying notes on pages 51 to 67 form an integral part of these financial statements.

Approved on behalf of the Board on 27 June 2014

Leonid Skoptsov
Director

Kirill Golovanov
Director

Company Statement Of Financial Position

| | Note | 2013 €'000 | 2012 €'000 | 2013 \$'000 | 2012 \$'000 |
|--------------------------------------|------|---------------|---------------|----------------|----------------|
| Assets | | | | | |
| Current assets | | | | | |
| Trade and other receivables | 20 | 518 | 5,816 | 713 | 7,685 |
| Cash and cash equivalents | 21 | 4,826 | 115 | 6,644 | 152 |
| Total current assets | | 5,344 | 5,931 | 7,357 | 7,837 |
| Non-current assets | | | | | |
| Property, plant and equipment | 16 | 14 | 20 | 18 | 27 |
| Financial assets | 17 | 24,634 | 39,918 | 33,910 | 56,264 |
| Total non-current assets | | 24,648 | 39,938 | 33,928 | 56,291 |
| Total assets | | 29,992 | 45,869 | 41,285 | 64,128 |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 22 | 2,023 | 272 | 2,784 | 359 |
| Total current liabilities | | 2,023 | 272 | 2,784 | 359 |
| Total liabilities | | 2,023 | 272 | 2,784 | 359 |
| Net assets | | 27,969 | 45,597 | 38,501 | 63,769 |
| Equity | | | | | |
| Ordinary shares | 24 | 11,057 | 11,057 | 15,586 | 15,586 |
| Other reserves | 26 | 11 | 11 | 16 | 16 |
| Foreign currency translation reserve | 26 | - | - | (2,823) | (1,708) |
| Share based payment reserve | 26 | 1,294 | 1,294 | 1,764 | 1,764 |
| Retained earnings | 25 | 15,607 | 33,235 | 23,958 | 48,111 |
| | | 27,969 | 45,597 | 38,501 | 63,769 |

The accompanying notes on pages 51 to 67 form an integral part of these financial statements

Approved on behalf of the Board on 27 June 2014

Leonid Skoptsov
Director

Kirill Golovanov
Director

Consolidated Statement Of Cashflows

| | Note | 2013 €'000 | 2012 €'000 | 2013 \$'000 | 2012 \$'000 |
|---|-----------|----------------|----------------|----------------|----------------|
| Cash flows from operating activities | | | | | |
| Continuing operations | | | | | |
| Net loss for the year before tax | | (14,816) | (2,231) | (21,563) | (2,853) |
| Foreign currency movement | | (940) | (29) | (437) | 42 |
| Impairment of available for sale assets | 5 | 3,129 | - | 4,138 | - |
| Impairment of Intangibles assets and deferred exploration costs | 14 | 18,615 | - | 26,553 | - |
| Gain on settlement of deferred consideration | | (8,608) | - | (11,254) | - |
| Loss of disposal of assets held for sale | 7 | 1,029 | - | 1,248 | - |
| Depreciation | 16 | 103 | 194 | 137 | 249 |
| Loss on disposal of tangible assets | 3 | 14 | - | 19 | - |
| Net finance income | 6 | (1,053) | (59) | (1,399) | (77) |
| Increase in inventories | 19 | (279) | (14) | (392) | (22) |
| Decrease in trade and other receivables | 20 | 668 | 6,502 | 880 | 8,396 |
| Decrease in trade and other payables | | (679) | (2,103) | (882) | (2,639) |
| Net cash flow from operating activities | | (2,817) | 2,260 | (2,950) | 3,096 |
| Cash flows from financing activities | | | | | |
| Net interest received and dividend income | 6 | 1,053 | 59 | 1,399 | 77 |
| Net cash flow from financing activities | | 1,053 | 59 | 1,399 | 77 |
| Cash flows from investing activities | | | | | |
| Expenditure on exploration activities | 14 | (24) | (4,360) | (33) | (5,479) |
| Net purchases of property, plant and equipment | 16 | - | (843) | - | (1,030) |
| Net purchases of available for sale asset | | (74) | (1,015) | (101) | (1,289) |
| Net cash flow from investing activities | | (98) | (6,218) | (134) | (7,798) |
| Net decrease in cash and cash equivalents | | (1,862) | (3,899) | (1,685) | (4,625) |
| Cash and cash equivalents at the beginning of year | 21 | 15,927 | 19,826 | 21,047 | 25,672 |
| Cash and cash equivalents at the end of year | 21 | 14,065 | 15,927 | 19,362 | 21,047 |

The accompanying notes on pages 51 to 67 form an integral part of these financial statements.

Company Statement Of Cashflows

| | Note | 2013 €'000 | 2012 €'000 | 2013 \$'000 | 2012 \$'000 |
|--|-----------|---------------|---------------|----------------|----------------|
| Cash flows from operating activities | | | | | |
| Net loss for the year before tax | | (17,628) | (1,682) | (24,153) | (2,190) |
| Foreign currency reserve movement | | - | - | (1,115) | 163 |
| Depreciation | 16 | 8 | 10 | 12 | 13 |
| Net finance income | | (180) | - | (239) | - |
| Decrease in trade and other receivables | 20 | 5,298 | 1,590 | 6,972 | 1,905 |
| Increase in trade and other payables | 22 | 1,751 | 36 | 2,425 | 53 |
| Impairment of financial assets | 17 | 15,284 | - | 22,354 | - |
| Net cash outflow from operating activities | | 4,533 | (46) | 6,256 | (56) |
| Cash flows from financing activities | | | | | |
| Net interest received | | 180 | - | 239 | - |
| Net cash outflow from financing activities | | 180 | - | 239 | - |
| Cash flows from investing activities | | | | | |
| Purchases of property, plant and equipment | 16 | (2) | (2) | (3) | (3) |
| Net cash outflow from financing activities | | (2) | (2) | (3) | (3) |
| Net increase (decrease) in cash and cash equivalents | | 4,711 | (48) | 6,492 | (59) |
| Cash and cash equivalents at the beginning of year | 21 | 115 | 163 | 152 | 211 |
| Cash and cash equivalents at the end of year | 21 | 4,826 | 115 | 6,644 | 152 |

The accompanying notes on pages 51 to 67 form an integral part of these financial statements.

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 2013. 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. 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 2013, 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.

Continuing Operations — 31 December 2013

| | 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 | (7,630) | - | - | (7,630) | (10,532) | - | - | (10,532) |
| Administration expenses | (551) | (330) | (957) | (1,838) | (733) | (438) | (1,271) | (2,442) |
| Other gains and losses | (5,372) | - | - | (5,372) | (8,740) | - | - | (8,740) |
| Operating loss | (13,553) | (330) | (957) | (14,840) | (20,005) | (438) | (1,271) | (21,714) |
| Loss on disposal of assets held for sale | - | (1,029) | - | (1,029) | - | (1,248) | - | (1,248) |
| Finance costs | (4) | (5) | (3) | (12) | (5) | (7) | (4) | (16) |
| Finance income | 303 | 599 | 163 | 1,065 | 402 | 768 | 245 | 1,415 |
| Loss before tax | (13,254) | (765) | (797) | (14,816) | (19,608) | (925) | (1,030) | (21,563) |
| Income tax | - | - | - | - | - | - | - | - |
| Loss after tax | (13,254) | (765) | (797) | (14,816) | (19,608) | (925) | (1,030) | (21,563) |
| Segment assets | 11,305 | 12,638 | 4,488 | 28,431 | 15,536 | 17,368 | 6,174 | 39,078 |
| Segment liabilities | (47) | (2,179) | (231) | (2,457) | (65) | (2,994) | (324) | (3,383) |
| Net assets | 11,258 | 10,459 | 4,257 | 25,974 | 15,471 | 14,374 | 5,850 | 35,695 |

Continuing 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) | (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) before tax | (721) | (551) | (959) | (2,231) | (917) | (709) | (1,227) | (2,853) |
| Income tax | - | - | - | - | - | - | - | - |
| (Loss) 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 |

| 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 |
|---|---|---------------------|---------------------|------------------------|------------------------|
| | Exploration costs written off | | | | |
| | Impairment of deferred exploration costs (Note 14) | (7,928) | - | (10,942) | - |
| | Minerals on hand capitalised during the year | 298 | - | 410 | - |
| | | (7,630) | - | (10,532) | - |
| | Administration expenses | | | | |
| | Employee expense (net of amounts capitalised) | (689) | (621) | (915) | (798) |
| | Directors remuneration | (496) | (390) | (659) | (502) |
| | Depreciation | (103) | (62) | (137) | (80) |
| | Loss on sale of tangible assets | (14) | - | (19) | - |
| | Services provided by the Group's auditors (Note 4) | (66) | (76) | (88) | (98) |
| | Loss on disposal of available for sale asset | (1,029) | - | (1,248) | - |
| | Operating lease rentals – property (Note 31) | (133) | (125) | (176) | (160) |
| | Effective interest on contingent consideration (Note 15) | - | (515) | - | (661) |
| | Interest received | 1,065 | 599 | 1,415 | 771 |
| | Other administration expenses | (373) | (1,297) | (615) | (1,662) |
| | Loss on ordinary activities before taxation | (1,838) | (2,487) | (2,442) | (3,190) |

| 4 Services provided by the auditor | 31/12/2013 €'000 | 31/12/2012 €'000 | 31/12/2013 US\$'000 | 31/12/2012 US\$'000 |
|------------------------------------|---------------------|---------------------|------------------------|------------------------|
| Audit services – group audit | 34 | 34 | 45 | 44 |
| Audit services- statutory entities | 24 | 34 | 32 | 44 |
| Tax advisory services | 8 | 8 | 11 | 10 |
| Total auditors remuneration | 66 | 76 | 88 | 98 |

| 5 Other gains and losses | 31/12/2013 €'000 | 31/12/2012 €'000 | 31/12/2013 US\$'000 | 31/12/2012 US\$'000 |
|---|---------------------|---------------------|------------------------|------------------------|
| Gain on settlement of deferred consideration (Note 15) | 8,175 | - | 11,254 | - |
| Impairment of capitalised exploration licences (Note 14) | (10,687) | - | (15,611) | - |
| Impairment of available for sale financial assets (Note 18) | (3,129) | - | (4,138) | - |
| Exchange movement on contingent consideration (Note 15) | 433 | 131 | - | 168 |
| Realised foreign exchange gains | (164) | 66 | (245) | 92 |
| | (5,372) | 197 | (8,740) | 260 |

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 | 31/12/2013 €'000 | 31/12/2012 €'000 | 31/12/2013 US\$'000 | 31/12/2012 US\$'000 |
|--|---------------------|---------------------|------------------------|------------------------|
| Finance costs | | | | |
| Bank interest and charges | (12) | (25) | (16) | (33) |
| Unwinding of discount relating to contingent provision and exchange variance during the year (Note 15) | - | (515) | - | (661) |
| | (12) | (540) | (16) | (694) |
| Finance income | | | | |
| Dividends received | 577 | - | 766 | - |
| Bank interest received | 488 | 599 | 649 | 771 |
| | 1,065 | 599 | 1,415 | 771 |

| 7 | Loss on disposal of assets held for sale | €'000 | US\$'000 |
|---|---|----------------|-----------------|
| | The 24 January 2013, the Group disposed of its 100% equity interest in its subsidiary, Olymp Limited. The subsidiary was classified as held for sale in the prior year (see note 23). The consideration was received in 2013. At the date of disposal, the carrying amounts of the company's net assets, associated costs and consideration received were as follows: | | |
| | Intangible Assets | 10,404 | 13,913 |
| | Foreign Exchange amounts recycled | (44) | (232) |
| | Total Non-Current Assets | 10,360 | 13,681 |
| | Costs associated with disposal | 718 | 949 |
| | Total consideration received in equity shares | (10,049) | (13,382) |
| | Net consideration | (9,331) | (12,433) |
| | Loss on disposal | 1,029 | 1,248 |
| | The consideration payable by the purchaser, JSC Polymetal a subsidiary of Polymetal International plc was 775,000 ordinary shares in Polymetal International plc which at the date of sale had a share value of €12.97 (US\$17.27). | | |

| 8 | Employees | 31/12/2013 Number | 31/12/2012 Number |
|---|--------------------------------------|----------------------|----------------------|
| | Administration and operational staff | 18 | 30 |

| 9 | Employment costs | 31/12/2013 €'000 | 31/12/2012 €'000 | 31/12/2013 US\$'000 | 31/12/2012 US\$'000 |
|---|-------------------------------|---------------------|---------------------|------------------------|------------------------|
| | Wages and salaries | 919 | 932 | 1,221 | 1,198 |
| | Social welfare costs | 7 | 79 | 9 | 102 |
| | Total employment costs | 926 | 1,011 | 1,230 | 1,300 |

The above employment costs relate to short term benefits only

| 10 | Directors remuneration | Share-based benefits | | Short-term benefits | | | |
|----|-------------------------------|----------------------|------------------|---------------------|------------|------------|------------|
| | | 2013 | 2012 | 31/12/2013 | 31/12/2012 | 31/12/2013 | 31/12/2012 |
| | | Number of options | | €'000 | €'000 | US\$'000 | US\$'000 |
| | Mikhail Mogutov | 200,000 | 200,000 | 90 | 93 | 120 | 120 |
| | Timothy McCutcheon | - | 2,200,000 | 14 | 75 | 18 | 97 |
| | Yuri Radchenko | 200,000 | 200,000 | 14 | 14 | 18 | 18 |
| | Don Schissel | 200,000 | 200,000 | 14 | 14 | 18 | 18 |
| | Leonid Skoptsov | 200,000 | 200,000 | 14 | 14 | 18 | 18 |
| | Kenneth Kuchling | 200,000 | 200,000 | 14 | 14 | 18 | 18 |
| | Kirill Golovanov | 1,800,000 | 1,800,000 | 338 | 166 | 449 | 213 |
| | Directors remuneration | 2,800,000 | 5,000,000 | 498 | 390 | 659 | 502 |

The share based benefits relate to the number of exercisable share options held by directors at the year end. Please refer to note 29 for details on share options granted in the year and the expense recognised. There were no options exercised during the year.

| 11 | Pension costs |
|----|--|
| | The group does not operate a pension scheme. |

| 12 Income tax | | | | |
|---|---------------------|---------------------|------------------------|------------------------|
| Analysis of tax charge for the year | 31/12/2013 €'000 | 31/12/2012 €'000 | 31/12/2013 US\$'000 | 31/12/2012 US\$'000 |
| Income Tax | - | - | - | - |
| Reconciliation of factors affecting the income tax charge for the year | | | | |
| Loss on ordinary activities before tax | (14,816) | (2,231) | (21,563) | (2,853) |
| Corporation tax at standard rate 2013: 12.5% (2012: 12.5%) | (1,852) | (279) | (2,695) | (357) |
| Effects of | | | | |
| Ineligible costs and losses carried forward to future periods | 1,852 | 279 | 2,695 | 357 |
| Income tax charge | - | - | - | - |

13 Loss per share

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

Diluted loss per share is calculated by adjusting the weighted average number of share in issue to assume conversion of all potential ordinary shares. For the purpose of calculating diluted loss per share for 2013, the potentially exercisable instruments in issue would have the effect of being antidilutive and, as such, the diluted loss per share is the same as the basic loss per share for 2013.

| Basic | | | | |
|---|---------------------|---------------------|------------------------|------------------------|
| | 31/12/2013 €'000 | 31/12/2012 €'000 | 31/12/2013 US\$'000 | 31/12/2012 US\$'000 |
| Loss after taxation from continuing operations | (14,816) | (2,231) | (21,563) | (2,853) |
| Weighted average number of ordinary shares (thousands) | 87,364 | 87,364 | 87,364 | 87,364 |
| Basic loss per share from continuing operations | (16.96)c | (2.55)c | (24.68)c | (3.26)c |
| Diluted | | | | |
| | 31/12/2013 €'000 | 31/12/2012 €'000 | 31/12/2013 US\$'000 | 31/12/2012 US\$'000 |
| Weighted average number of ordinary shares (all measures) (thousands) | 87,364 | 88,714 | 87,364 | 88,714 |
| Fully diluted loss per share from continuing operations | (16.96)c | (2.51)c | (24.68)c | (3.22)c |

| 14 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 2013 | 10,687 | 7,904 | 18,591 | 15,611 | 10,909 | 26,520 |
| Expenditure incurred during the year | - | 24 | 24 | - | 33 | 33 |
| Impairment of intangible assets | (10,687) | (7,928) | (18,615) | (15,611) | (10,942) | (26,553) |
| At 31 December 2013 | - | - | - | - | - | - |
| Net book values | | | | | | |
| At 31 December 2013 | - | - | - | - | - | - |
| At 31 December 2012 | 10,687 | 7,904 | 18,591 | 15,611 | 10,909 | 26,520 |

| 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) |
| Deferred 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 |

In accordance with IFRS 6 - Exploration for and evaluation of mineral resources, the carrying value of the Group and Company intangible assets were reviewed for indicators of impairment. On review, the carrying amount of the assets was found to exceed the recoverable 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 exploration activity has ceased during the year due to the depreciating value of precious metals. This has resulted in the full impairment of the previously capitalised intangible assets.

15 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.

On 24 January 2013, the Group sold Olymp Limited which was classified as an asset held for sale in the 2012 financial statements.

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 part over the following twelve months from the statement of financial position date. The revised contingent consideration was agreed with the vendors in 2014, and it has been written down to this amounts at 31 December 2013. The gain on settlement has been brought to the income statement to offset the impairment of the licenses previously capitalised, contingent consideration was 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 movement on deferred consideration during the year is as follows:

| | 31/12/2013 €'000 | 31/12/2013 US\$'000 |
|---|---------------------|------------------------|
| Deferred consideration at 1 January 2013 | 10,787 | 14,254 |
| Exchange rate movement from the year | (433) | - |
| Gain on settlement of deferred consideration | (8,175) | (11,254) |
| Deferred consideration at 31 December 2013 | 2,179 | 3,000 |

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

| | 31/12/2012 €'000 | 31/12/2012 US\$'000 |
|--|---------------------|------------------------|
| Deferred consideration at 1 January 2012 | 12,653 | 16,593 |
| Effective interest for the year (effective interest rate of 7.49%) | 515 | 661 |
| Exchange rate movement for the year | (131) | - |
| Consideration paid during the year | (2,250) | (3,000) |
| Deferred consideration at 31 December 2012 | 10,787 | 14,254 |

Deferred consideration expected to fall due as follows:

| | 31/12/2013 €'000 | 31/12/2012 €'000 | 31/12/2013 US\$'000 | 31/12/2012 US\$'000 |
|---|---------------------|---------------------|------------------------|------------------------|
| Deferred consideration due within 1 year | 2,179 | 10,787 | 3,000 | 14,254 |
| Deferred consideration due after 1 year but less than 5 years | - | - | - | - |
| Deferred consideration at 31 December | 2,179 | 10,787 | 3,000 | 14,254 |

16 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 const. \$'000 | Total \$'000 |
|----------------------------|---------------------------|--|--------------------------------|------------------------------------|----------------|----------------------------|--|---------------------------------|-------------------------------------|-----------------|
| Cost | | | | | | | | | | |
| At 1 January 2013 | 2,293 | 72 | 1,197 | - | 3,562 | 3,077 | 113 | 1,613 | - | 4,803 |
| Additions | (63) | - | - | - | (63) | (84) | - | - | - | (84) |
| At 31 December 2013 | 2,230 | 72 | 1,197 | - | 3,499 | 2,993 | 113 | 1,613 | - | 4,719 |
| Depreciation | | | | | | | | | | |
| At 1 January 2013 | 205 | 47 | 78 | - | 330 | 237 | 64 | 118 | - | 419 |
| Charge for year | 39 | 12 | 52 | - | 103 | 51 | 17 | 69 | - | 137 |
| Disposal | (49) | - | - | - | (49) | (65) | - | - | - | (65) |
| At 31 December 2013 | 195 | 59 | 130 | - | 384 | 223 | 81 | 187 | - | 491 |
| Net book values | | | | | | | | | | |
| At 31 December 2013 | 2,035 | 13 | 1,067 | - | 3,115 | 2,770 | 32 | 1,426 | - | 4,228 |
| At 31 December 2012 | 2,088 | 25 | 1,119 | - | 3,232 | 2,840 | 49 | 1,495 | - | 4,384 |

The residual values and useful lives of property, plant and equipment are reviewed at each financial year end. The useful lives have been reviewed and deemed to be appropriate.

| 16 Property, plant and equipment (continued) | | | | | | | | | | |
|--|---------------------------|--|---|------------------------------|----------------|----------------------------|--|--------------|-------------------------------|-----------------|
| Group | Mining equipment €'000 | Office furniture & equipment Land and buildings | | Assets under const. €'000 | Total €'000 | Mining equipment \$'000 | Office furniture and equipment Land and buildings | | Assets under const. \$'000 | Total \$'000 |
| | | €'000 | €'000 | | | | \$'000 | \$'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 |
| Company | | | | | | | | | | |
| | | | Office furniture and equipment €'000 | | Total €'000 | | Office furniture and equipment \$'000 | | | Total \$'000 |
| Cost | | | | | | | | | | |
| At 1 January 2013 | | | 47 | | 47 | | 63 | | | 63 |
| Additions | | | 2 | | 2 | | 3 | | | 3 |
| At 31 December 2013 | | | 49 | | 49 | | 66 | | | 66 |
| Depreciation | | | | | | | | | | |
| At 1 January 2013 | | | 27 | | 27 | | 36 | | | 36 |
| Charge for year | | | 8 | | 8 | | 12 | | | 12 |
| At 31 December 2013 | | | 35 | | 35 | | 48 | | | 48 |
| Net book values | | | | | | | | | | |
| At 31 December 2013 | | | 14 | | 14 | | 18 | | | 18 |
| At 31 December 2012 | | | 20 | | 20 | | 27 | | | 27 |

| 17 Financial assets - company | | | | | | |
|---|---------------------|----------------------------------|---------------------|------------------------|-------------------------------------|------------------------|
| | 01/01/2013 €'000 | Movement during year €'000 | 31/12/2013 €'000 | 01/01/2013 US\$'000 | Movement during year US\$'000 | 31/12/2013 US\$'000 |
| Ovoca Mining Limited | 9 | (9) | - | 12 | (12) | - |
| Silver Star Limited | 39,909 | (15,275) | 24,634 | 56,252 | (22,342) | 33,910 |
| Investment in subsidiaries at cost | 39,918 | (15,284) | 24,634 | 56,264 | (22,354) | 33,910 |
| | 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 |

In the opinion of the directors, the fair value of financial assets in the company statement of financial position at 31 December 2013 was equal to the carrying value at that date.

At 31 December 2013 the company had the following direct and indirect subsidiary undertakings:

| Name | Registered office & country of incorporation | Activity | Proportion holding |
|-----------------------------|---|---------------------|--------------------|
| CJSC Bulun | 13 A Koltcevaya street, Magadan 685000, Russian Federation | Mineral Exploration | 100% |
| Magsel Limited | 13 A Koltcevaya street, Magadan 685000, Russian Federation | Mineral Exploration | 100% |
| Comtrans | 13 A Koltcevaya street, Magadan 685000, Russian Federation | Support Company | 100% |
| Ovoca Mining Limited | 36 Vyrinos Avenue,, Nicosia Tower Center, 8th Floor, 1506 Nicosia, Cyprus | Dormant | 100% |
| Silver Star Limited | 27 Reid Street, 1st Floor, Hamilton HM11, Bermuda | Investment | 100% |
| Ovoca Gold (Russia) Limited | 78 Merrion Sqaure South, Dublin 2, Ireland | Support company | 100% |

All the shares are directly held in subsidiaries, with the exception of CJSC Bulun and Magsel Limited which are held through Silver Star Limited, and comprise of ordinary shares held in each company.

| 18 Available for sale financial assets - group | 31/12/2013 €'000 | 31/12/2012 €'000 | 31/12/2013 US\$'000 | 31/12/2012 US\$'000 |
|---|---------------------|---------------------|------------------------|------------------------|
| At 1 January 2013 | 10,668 | 8,877 | 14,097 | 11,494 |
| Additions | 9,795 | 1,015 | 13,484 | 1,289 |
| Fair value movement | (6,895) | 799 | (8,935) | 1,056 |
| Impairment | (3,129) | - | (4,138) | - |
| Exchange movement | 328 | (23) | 314 | 258 |
| | 10,767 | 10,668 | 14,822 | 14,097 |
| Available for sale financial assets include the following | | | | |
| Quoted securities | 10,767 | 10,668 | 14,822 | 14,097 |
| Investment in Polymetal | 9,678 | 9,057 | 13,323 | 11,969 |
| Asset managed fund | 1,039 | 1,611 | 1,431 | 2,128 |
| Other | 50 | - | 68 | - |
| | 10,767 | 10,668 | 14,822 | 14,097 |

The Investment in Polymetal represents the holding of 1,405,000 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:

| | 31/12/2013 €'000 | 31/12/2012 €'000 | 31/12/2013 US\$'000 | 31/12/2012 US\$'000 |
|------------|---------------------|---------------------|------------------------|------------------------|
| Sterling | 9,678 | 9,057 | 13,323 | 11,969 |
| US Dollar | 1,039 | 1,611 | 1,431 | 2,128 |
| AUS Dollar | 50 | - | 68 | - |
| | 10,767 | 10,668 | 14,822 | 14,097 |

At 31 December 2013, 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 €'000 538/US\$'000 741 higher/lower (2012: €'000 453/US\$'000 598 higher/lower), mainly as a result of changes in fair values.

All items listed are valued using Level 1 inputs. Valuation methods for Levels 1, 2 and 3 are described in the "fair value hierarchy" section of the accounting policies.

19 Inventories

| | 31/12/2013 €'000 | 31/12/2012 €'000 | 31/12/2013 US\$'000 | 31/12/2012 US\$'000 |
|-------------|---------------------|---------------------|------------------------|------------------------|
| Inventories | 413 | 134 | 569 | 177 |

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

20 Trade and other receivables

| | Group 31/12/2013 €'000 | Group 31/12/2012 €'000 | Company 31/12/2013 €'000 | Company 31/12/2012 €'000 | Group 31/12/2013 US\$'000 | Group 31/12/2012 US\$'000 | Company 31/12/2013 US\$'000 | Company 31/12/2012 US\$'000 |
|------------------------------------|------------------------------|------------------------------|--------------------------------|--------------------------------|---------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Tax and social welfare | 71 | 453 | 10 | 9 | 97 | 599 | 13 | 12 |
| Amounts owed by group undertakings | - | - | 508 | 5,807 | - | - | 700 | 7,673 |
| Prepayments and accrued income | - | 286 | - | - | - | 378 | - | - |
| | 71 | 739 | 518 | 5,816 | 97 | 977 | 713 | 7,685 |

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.

21 Cash and cash equivalents

| | Group 31/12/2013 €'000 | Group 31/12/2012 €'000 | Company 31/12/2013 €'000 | Company 31/12/2012 €'000 | Group 31/12/2013 US\$'000 | Group 31/12/2012 US\$'000 | Company 31/12/2013 US\$'000 | Company 31/12/2012 US\$'000 |
|--------------------------|------------------------------|------------------------------|--------------------------------|--------------------------------|---------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Cash at bank and in hand | 9,322 | 969 | 83 | 115 | 12,832 | 1,280 | 114 | 152 |
| Short term deposits | 4,743 | 14,958 | 4,743 | - | 6,530 | 19,767 | 6,530 | - |
| | 14,065 | 15,927 | 4,826 | 115 | 19,362 | 21,047 | 6,644 | 152 |

22 Trade and other payables

| | Group 31/12/2013 €'000 | Group 31/12/2012 €'000 | Company 31/12/2013 €'000 | Company 31/12/2012 €'000 | Group 31/12/2013 US\$'000 | Group 31/12/2012 US\$'000 | Company 31/12/2013 US\$'000 | Company 31/12/2012 US\$'000 |
|------------------------------------|------------------------------|------------------------------|--------------------------------|--------------------------------|---------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Trade payables | 159 | 159 | 159 | 206 | 219 | 209 | 219 | 272 |
| Amounts owed to group undertakings | - | - | 1,796 | 2 | - | - | 2,472 | 3 |
| Accruals and deferred income | 119 | 80 | 68 | 64 | 164 | 107 | 93 | 84 |
| | 278 | 239 | 2,023 | 272 | 383 | 316 | 2,784 | 359 |

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 primary asset of the company was a mining and exploration license for the Olcha gold-silver deposit which was purchased in 2010. The consideration payable by the purchaser, JSC Polymetal a subsidiary of Polymetal International plc was 775,000 ordinary shares in Polymetal International plc which 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 statement of financial position. This subsidiary was accounted for as an exploration activity of the Group's business segments in 2012 before being classified as a non-current assets held for sale. The disposal of Olymp Limited was completed on 24 January 2013. Refer to Note 7 for further details.

The major classes of assets and liabilities comprising the operations as held for sale at 31 December 2013 are as follows:

| | 31/12/2013 €'000 | 31/12/2012 €'000 | 31/12/2013 US\$'000 | 31/12/2012 US\$'000 |
|--|---------------------|---------------------|------------------------|------------------------|
| Deferred exploration costs transferred from intangible assets (note 14) | - | 8,266 | - | 10,913 |
| Capitalised exploration licences (note 14) | - | 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 | 31/12/2013 € | 31/12/2012 € | 31/12/2013 US\$ | 31/12/2012 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 |
| | | | Number of ordinary shares | Share capital |
| Group and company | | | | |
| Issued, called up and fully paid | | | | €'000 |
| | | | | US\$'000 |
| At 1 January 2013 | | 88,458,806 | 11,057 | 15,586 |
| At 31 December 2013 | | 88,458,806 | 11,057 | 15,586 |

25 Retained earnings

| | Group 31/12/2013 €'000 | Group 31/12/2012 €'000 | Company 31/12/2013 €'000 | Company 31/12/2012 €'000 | Group 31/12/2013 US\$'000 | Group 31/12/2012 US\$'000 | Company 31/12/2013 US\$'000 | Company 31/12/2012 US\$'000 |
|------------------------|------------------------------|------------------------------|--------------------------------|--------------------------------|---------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Surplus at 1 January | 26,855 | 29,086 | 33,235 | 34,917 | 37,054 | 39,907 | 48,111 | 50,301 |
| Loss for the year | (14,816) | (2,231) | (17,628) | (1,682) | (21,563) | (2,853) | (24,153) | (2,190) |
| Surplus at 31 December | 12,039 | 26,855 | 15,607 | 33,235 | 15,491 | 37,054 | 23,958 | 48,111 |

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 year of €'000 17,628 (2012: €'000 1,682) has been recognised in the income statement of the Company.

| 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 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) | - | 68 | - | 68 |
| At 31 December 2012 | 6,906 | 2,513 | 1,294 | 10,713 | 8,950 | 2,964 | 1,759 | 13,673 |
| At 1 January 2013 | 6,906 | 2,513 | 1,294 | 10,713 | 8,950 | 2,964 | 1,759 | 13,673 |
| Fair value movement on available for sale financial assets during the year | (6,895) | - | - | (6,895) | (8,934) | - | - | (8,934) |
| Exchange movements | - | (940) | - | (940) | - | (121) | - | (121) |
| At 31 December 2013 | 11 | 1,573 | 1,294 | 2,878 | 16 | 2,843 | 1,759 | 4,618 |

| 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 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 |
| At 1 January 2013 | 11 | - | 1,294 | 1,305 | 16 | (1,708) | 1,764 | 72 |
| Exchange movements | - | - | - | - | - | (1,115) | - | (1,115) |
| At 31 December 2013 | 11 | - | 1,294 | 1,305 | 16 | (2,823) | 1,764 | (1,043) |

27 Related party transactions

Details of subsidiary undertakings are shown in note 17. 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 €'000 508 (2012:€'000 530) due from Comtrans, €'000 Nil (2012:€'000 545) due from Bulun, €'000 Nil (2012:€'000 874) due from Magsel and €'000 Nil (2012: €'000 3,858) due from Silver Star Limited. Included in amounts due to group undertakings of the company is an amount of €'000 2 (2012: €'000 2) due to Ovoca Mining Cyprus Limited and €'000 1,794 (2012: €'000 Nil) due to Silver Star Limited.

During the year the group entered into an agreement with DGGC, a company partly managed by Mr. Yuri Radchenko, for the lease of equipment €'000 01 (2012: €'000 149) and sale and purchase agreement €'000 17 (2012: Nil).

Key management personnel are the Board of Directors. Details of the remuneration of Directors are disclosed in Note 10 of the consolidated financial statements. Last year an amount of €'000 183 was accrued as a bonus for Kirill Golovanov payable on the successful disposal of Olymp Limited. This was paid in the current year and included within directors' emoluments, Note 10.

None of the related party transactions disclosed above was 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 34.

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. Fair value is determined under the equity settled share based remuneration schemes operated by the group.

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last three years.

The market vesting condition was factored into the valuation of the phantom options by applying an appropriate discount to the fair value of equivalent share appreciation rights without the specified vesting conditions.

The Group did not enter into any share-based payment transactions with parties other than employees during the current or previous period.

| | Number of options | 2013 Weighted average exercise price (€ cent per share) | Number of options | 2012 Weighted average exercise price (€ cent per share) |
|---------------------------------|-------------------|---|-------------------|---|
| Outstanding at 1 January 2013 | 6,200,000 | 36 | 6,300,000 | 35 |
| Expired in the year | (2,400,000) | - | (100,000) | - |
| Outstanding at 31 December 2013 | 3,800,000 | 36 | 6,200,000 | 36 |
| Of which: | | | | |
| Exercisable at 31 December 2013 | 3,800,000 | 36 | 6,200,000 | 36 |

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 |
| | 2,800,000 | £0.25p | 20/01/2017 |
| | 200,000 | £0.30p | 20/04/2017 |
| | 200,000 | £0.36p | 20/01/2017 |
| | 3,800,000 | | |

30 Events after the reporting period

On February, 5 2014 the company entered in to a loan agreement, as the lender with Taymura LLC, an unrelated company registered in Russia, as the Borrower. The Company has provided Taymura LLC a loan in the amount of US\$6,345,000. The loan was advanced at an interest rate of 8% per annum. The loan is secured by a charge over the receivables with Taymura LLC charge over fifty percent of the share capital of Taymura LLC and a personal guarantee for the full amount of the loan.

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

31 Commitments

| | Group 31/12/2013 €'000 | Group 31/12/2012 €'000 | Company 31/12/2013 €'000 | Company 31/12/2012 €'000 | Group 31/12/2013 US\$'000 | Group 31/12/2012 US\$'000 | Company 31/12/2013 US\$'000 | Company 31/12/2012 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.

32 Approval of the financial statements

These financial statements were approved by the Board of Directors on 27 June 2014.

