

Ovoca Gold plc
Interim results for the six months ended 30 June 2013

CONSOLIDATED INCOME STATEMENT

| | Unaudited 6 Months ended 30/06/2013 €'000 | Unaudited 6 Months ended 30/06/2012 €'000 | Unaudited 6 Months ended 30/06/2013 \$'000 | Unaudited 6 Months ended 30/06/2012 \$'000 |
|--|--|--|---|---|
| Administration expenses | (936) | (977) | (1,235) | (1,267) |
| Other gains and losses | (6,550) | (1,023) | (8,538) | (1,328) |
| Operating (loss)/profit | (7,486) | (2,000) | (9,773) | (2,595) |
| Finance costs | (284) | (526) | (374) | (685) |
| Finance income | 984 | 368 | 1,297 | 478 |
| (Loss)/profit for the period before tax | (6,786) | (2,158) | (8,850) | (2,802) |
| Income tax | - | - | - | - |
| (Loss)/profit for the period from continuing operations | (6,786) | (2,158) | (8,850) | (2,802) |
| (Loss)/profit for the period | (6,786) | (2,158) | (8,850) | (2,802) |
| Attributable to: | | | | |
| Owners of the parent | (6,786) | (2,158) | (8,850) | (2,802) |
| | (6,786) | (2,158) | (8,850) | (2,802) |

Loss per share

| | | | | |
|---|--------------|--------------|--------------|--------------|
| Basic loss per share from continuing operations | (0.08) cents | (0.02) cents | (0.10) cents | (0.03) cents |
| Fully diluted loss per share from continuing operations | (0.08) cents | (0.02) cents | (0.10) cents | (0.03) cents |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Unaudited 6 Months ended 30/06/2013 €'000 | Unaudited 6 Months ended 30/06/2012 €'000 | Unaudited 6 Months ended 30/06/2013 \$'000 | Unaudited 6 Months ended 30/06/2012 \$'000 |
|---|--|--|---|---|
| Loss for the period | (6,786) | (2,158) | (8,850) | (2,802) |
| Other comprehensive income/(expense): | | | | |
| Movement on available for sale financial assets | (6,895) | (1,504) | (8,934) | (1,891) |
| Exchange movement | 86 | 1,475 | (442) | (1,007) |
| Total comprehensive loss for the period | (13,595) | (2,187) | (18,226) | (5,700) |

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

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Share capital €'000 | Share premium €'000 | Share based payment reserve €'000 | Other reserves €'000 | Foreign Currency Translation Reserve €'000 | Retained earnings €'000 | Total (attributable to owners of the parent) €'000 |
|--|------------------------|---------------------------|--|----------------------------|--|-------------------------------|--|
| At 1 January 2013 | 11,057 | - | 1,294 | 6,906 | 2,513 | 26,855 | 48,625 |
| Comprehensive income: | | | | | | | |
| Loss for the period | - | - | - | - | - | (6,786) | (6,786) |
| Other comprehensive income | | | | | | | |
| Fair value movement on available for sale financial assets | - | - | - | (6,895) | - | - | (6,895) |
| Exchange movement | - | - | - | - | 86 | - | 86 |
| Total comprehensive income | - | - | - | (6,895) | 86 | (6,786) | (13,595) |
| Total transactions with owners | - | - | - | - | - | - | - |
| At 30 June 2013 | 11,057 | - | 1,294 | 11 | 2,599 | 20,069 | 35,030 |
| At 1 January 2012 | 11,057 | - | 1,294 | 6,107 | 2,609 | 29,086 | 50,153 |
| Comprehensive income: | | | | | | | |
| Loss for the period | - | - | - | - | - | (2,158) | (2,158) |
| Other comprehensive income | | | | | | | |
| Fair value movement on available for sale financial assets | - | - | - | (1,504) | - | - | (1,504) |
| Exchange movement | - | - | - | - | 1,475 | - | 1,475 |
| Total comprehensive income | - | - | - | (1,504) | 1,475 | (2,158) | (2,187) |
| Total transactions with owners | - | - | - | - | - | - | - |
| At 30 June 2012 | 11,057 | - | 1,294 | 4,603 | 4,084 | 26,928 | 47,966 |

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Unaudited 30/06/2013 €'000 | Audited 31/12/2012 €'000 | Unaudited 30/06/2013 \$'000 | Audited 31/12/2012 \$'000 |
|---|----------------------------------|--------------------------------|-----------------------------------|---------------------------------|
| Assets | | | | |
| Current assets | | | | |
| Inventories | 126 | 134 | 164 | 177 |
| Trade and other receivables | 258 | 739 | 336 | 977 |
| Cash and cash equivalents | 15,441 | 15,927 | 20,085 | 21,047 |
| Assets held for sale | - | 11,078 | - | 14,630 |
| | 15,825 | 27,878 | 20,585 | 36,831 |
| Non current assets | | | | |
| Property, plant and equipment | 3,125 | 3,232 | 4,244 | 4,384 |
| Intangible assets | 18,906 | 18,591 | 26,935 | 26,520 |
| Available for sale financial assets | 8,645 | 10,668 | 11,243 | 14,097 |
| | 30,676 | 32,491 | 42,422 | 45,001 |
| Total assets | 46,501 | 60,369 | 63,007 | 81,832 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Trade and other payables | 230 | 239 | 299 | 316 |
| Contingent provisions | 11,241 | 10,787 | 14,621 | 14,254 |
| Liabilities directly associated with assets held for sale | - | 718 | - | 949 |
| | 11,471 | 11,744 | 14,920 | 15,519 |
| Total liabilities | 11,471 | 11,744 | 14,920 | 15,519 |
| Net assets | 35,030 | 48,625 | 48,087 | 66,313 |
| Equity | | | | |
| Ordinary shares | 11,057 | 11,057 | 15,586 | 15,586 |
| Other reserves | 11 | 6,906 | 16 | 8,950 |
| Foreign currency translation reserve | 2,599 | 2,513 | 2,522 | 2,964 |
| Share based payment reserve | 1,294 | 1,294 | 1,759 | 1,759 |
| Profit and loss account | 20,069 | 26,855 | 28,204 | 37,054 |
| | 35,030 | 48,625 | 48,087 | 66,313 |

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CONSOLIDATED STATEMENT OF CASH FLOWS

| | Unaudited 30/06/2013 €'000 | Audited 31/12/2012 €'000 | Unaudited 30/06/2013 \$'000 | Audited 31/12/2012 \$'000 |
|--|---|---------------------------------------|--|--|
| Cash flows from operating activities | | | | |
| Net loss for the period/year before tax | (6,786) | (2,231) | (8,850) | (2,853) |
| Foreign currency reserve movement | 86 | (29) | (442) | 42 |
| Unrealised loss on available for sale financial assets | 5,291 | - | 7,301 | - |
| Depreciation | 107 | 194 | 141 | 249 |
| Net finance income | (700) | (59) | (923) | (77) |
| Decrease/(increase) in inventories | 8 | (14) | 13 | (22) |
| Decrease in trade and other receivables | 481 | 6,502 | 641 | 8,396 |
| Increase/(decrease) in trade and other payables | 445 | (2,103) | 350 | (2,639) |
| Net cash flow from operating activities | (1,068) | 2,260 | (1,769) | 3,096 |
| Cash flow from financing activities | | | | |
| Net interest received | 700 | 59 | 923 | 77 |
| Net cash flow from financing activities | 700 | 59 | 923 | 77 |
| Cash flows from investing activities | | | | |
| Expenditure on exploration activities | (315) | (4,360) | (415) | (5,479) |
| Expenditure on property, plant & equipment | - | (843) | - | (1,030) |
| Disposal of assets held for sale | 10,360 | - | 13,681 | - |
| Purchase of available for sale asset | (10,163) | (1,015) | (13,382) | (1,289) |
| Net cash flow from investing activities | (118) | (6,218) | (116) | (7,798) |
| Net decrease in cash and cash equivalents | (486) | (3,899) | (962) | (4,625) |
| Cash and cash equivalents at the beginning of period/year | 15,927 | 19,826 | 21,047 | 25,672 |
| Cash and cash equivalents at the end of period/year | 15,441 | 15,927 | 20,085 | 21,047 |

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1 Basis of Preparation

The interim consolidated financial statements for the six months ended 30 June 2013 have been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2012.

2 Accounting Policies

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

The adoption of other new standards and interpretations (as set out in the 2012 Annual Report) that became effective for the Group's financial statements for the year ended 31 December 2012 did not have any significant impact on the interim financial statements.

3 Going concern

The interim financial statements consolidate the financial statements of Ovoca Gold Plc and its subsidiary undertakings for the six months ended 30 June 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 to the group. The directors are satisfied that sufficient funding will be available to the group to enable it to trade at its projected level of operations for the foreseeable future. On this basis the directors consider that it is appropriate to prepare the financial statements on the going concern basis. The directors consider that in preparing the financial statements they have taken into account all information that could reasonably be expected to be available. The financial statements do not include any adjustments that would result if the Director's plans were not successful.

4 Segmental reporting

Segment information is presented in accordance with IFRS 8 – Operating Segments with effect from 1 January 2010. Comparative information is presented on a consistent basis.

At 30 June 2013, the Group had two business segments, Exploration activities and Investment. Exploration activities are primarily carried out by number of subsidiary companies based in Russia. Investing activities are carried out by another subsidiary company located in Bermuda. Unallocated costs represent group administration costs, primarily incurred in Ireland.

| Period ended 30 June 2013 | Exploration | | | Total | Exploration | | | Total |
|---------------------------|-------------|------------|-------------|----------|-------------|------------|-------------|----------|
| | Activities | Investment | Unallocated | | Activities | Investment | Unallocated | |
| | €'000 | €'000 | €'000 | €'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Administration expenses | (246) | (175) | (515) | (936) | (324) | (231) | (680) | (1,235) |
| Other gains and losses | (922) | (5,291) | (337) | (6,550) | (1,202) | (6,897) | (439) | (8,538) |
| Operating loss | (1,168) | (5,466) | (852) | (7,486) | (1,526) | (7,128) | (1,119) | (9,773) |
| Finance costs | - | (282) | (2) | (284) | - | (282) | (2) | (284) |
| Finance income | 314 | 571 | 99 | 984 | 414 | 753 | 130 | 1,297 |
| Loss before tax | (854) | (5,177) | (755) | (6,786) | (1,112) | (6,657) | (991) | (8,760) |
| Segment assets | 20,653 | 20,392 | 5,456 | 46,501 | 26,864 | 26,524 | 7,096 | 63,007 |
| Segment liabilities | (33) | (11,241) | (197) | (11,471) | (43) | (14,621) | (256) | (14,920) |
| Net assets | 20,620 | 9,151 | 5,259 | 35,030 | 26,821 | 11,903 | 6,840 | 48,087 |

| Period ended 30 June 2012 | Exploration | | | Total | Exploration | | | Total |
|---------------------------|-------------|------------|-------------|----------|-------------|------------|-------------|----------|
| | Activities | Investment | Unallocated | | Activities | Investment | Unallocated | |
| | €'000 | €'000 | €'000 | €'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Administration expenses | (139) | (255) | (583) | (977) | (181) | (331) | (755) | (1,267) |
| Other gains and losses | - | (1,008) | (15) | (1,023) | - | (1,309) | (19) | (1,328) |
| Operating profit/(loss) | (139) | (1,263) | (598) | (2,000) | (181) | (1,640) | (774) | (2,595) |
| Finance costs | (126) | (399) | (1) | (526) | (164) | (520) | (1) | (685) |
| Finance income | 59 | 308 | 1 | 368 | 76 | 401 | 1 | 478 |
| Profit/loss before tax | (206) | (1,354) | (598) | (2,158) | (269) | (1,759) | (774) | (2,802) |
| Segment assets | 14,483 | 45,083 | 112 | 59,678 | 22,246 | 56,699 | 141 | 79,086 |
| Segment liabilities | (495) | (11,050) | (167) | (11,712) | (623) | (13,897) | (210) | (14,730) |
| Net assets | 13,988 | 34,033 | (55) | 47,966 | 21,623 | 42,802 | (69) | 64,356 |

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4 Segmental reporting (continued)

(b) Secondary reporting format - geographical segments

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

5 Financial assets available for sale

Financial assets available for sale are held at their fair value and consist of quoted securities. There was a fall in the price of the securities during the period but their overall performance remains strong, the decrease of the total value of the financial assets being caused by that fall. During the period the company disposed of its investment in the asset managed fund and acquired an additional amount of quoted securities with the proceeds.

6 Contingent provisions

The Change in the Provisions is due to the timing of the deferred consideration payable on the acquisition of the 3 Russian subsidiaries, with the final conditional payment now falling due within the next 6 months.

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

| | Unaudited | Audited | Unaudited | Audited |
|---|-------------------|-------------------|-------------------|-------------------|
| | 30/06/2013 | 31/12/2012 | 30/06/2013 | 31/12/2012 |
| | €'000 | €'000 | \$'000 | \$'000 |
| Deferred consideration at 1 January 2013 | 10,787 | 12,653 | 14,254 | 16,593 |
| Effective interest for the period | 279 | 515 | 367 | 661 |
| Payments made during the period | - | (2,250) | - | (3,000) |
| Exchange rate movement for the period | 175 | (131) | - | - |
| Deferred consideration at 30 June 2013 | 11,241 | 10,787 | 14,621 | 14,254 |

7 Available for sale financial assets

Financial assets available for sale are held at their fair value and consist of quoted securities. The holding of Polymetal Shares increased by 775,000 shares received as consideration from the sale of Olymp Ltd during the period. There was a significant decrease in the market value of the securities during the period which affected all sectors and resulted in a decrease of the carrying value of the financial assets resulting in an unrealised loss of €5,254 (\$ 7,403) being recorded in the income statement. However, Polymetal has paid dividends of \$753k in the period to 30 June 2013 which is an indication that company's performance remains strong despite the drop in the market price of its shares and the Board believes that when market conditions in the mining sector improve the holding in Polymetal will show the gains reflecting the potential of the investment.

8 Events after the reporting period

There have been no significant events affecting the Group since the interim period.

9 Approval of the financial statements

The interim report was approved by the Board of Directors on 27th September 2013 and is included on the Company's website, www.ovocagold.com.