

Ovoca Gold plc
Interim results for the six months ended 30 June 2017

CONSOLIDATED INCOME STATEMENT

	Unaudited 6 Months ended 30.06.2017 €'000	Unaudited 6 Months ended 30.06.2016 €'000	Unaudited 6 Months ended 30.06.2017 \$'000	Unaudited 6 Months ended 30.06.2016 \$'000
Administration expenses	(626)	(654)	(677)	(730)
Other gains/(losses)	876	(1 618)	946	(1 806)
Operating gain/(loss)	250	(2 272)	269	(2 536)
Finance costs	(5)	(6)	(5)	(6)
Finance income	333	122	361	136
Profit/(loss) for the period before tax	578	(2 156)	625	(2 406)
Income tax	-	-	-	-
Profit/(loss) for the period	578	(2 156)	625	(2 406)
Attributable to:				
Owners of the parent	578	(2 156)	625	(2 406)
	578	(2 156)	625	(2 406)

All amounts relate to continuing operations.

Earnings/(loss) per share

Basic earnings/(loss) per share from continuing operations	0.71 cents	(2.64) cents	0.77 cents	(2.95) cents
Fully diluted earnings/(loss) per share from continuing operations	0.71 cents	(2.64) cents	0.77 cents	(2.95) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS)/INCOME

	Unaudited 6 Months ended 30.06.2017 €'000	Unaudited 6 Months ended 30.06.2016 €'000	Unaudited 6 Months ended 30.06.2017 \$'000	Unaudited 6 Months ended 30.06.2016 \$'000
Profit/(loss) for the period	578	(2 156)	625	(2 406)
Other comprehensive income/(expense):				
Movement on available for sale financial assets	(324)	9 566	998	10 681
Exchange movement	(1 482)	(1 001)	(1 084)	(815)
Total comprehensive (loss)/profit for the period	(1 228)	6 409	539	7 460

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

Unaudited	Share capital €'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 2017	11 057	1 294	2 507	6 947	1 666	23 471
Comprehensive income:						
Profit for the period	-	-	-	-	578	578
Other comprehensive income/(expense):						
Movement on available for sale financial assets	-	-	(324)	-	-	(324)
Exchange movement	-	-	-	(1 482)	-	(1 482)
Total comprehensive income/(loss)	-	-	(324)	(1 482)	578	(1 228)
At 30 June 2017	11 057	1 294	2 183	5 465	2 244	22 243

Unaudited	Share capital €'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 2016	11 057	1 294	11	6 464	2 625	21 451
Comprehensive income:						
Loss for the period	-	-	-	-	(2 156)	(2 156)
Other comprehensive income/(expense):						
Movement on available for sale financial assets	-	-	9 566	-	-	9 566
Exchange movement	-	-	-	(1 001)	-	(1 001)
Total comprehensive income/(loss)	-	-	9 566	(1 001)	(2 156)	6 409
At 30 June 2016	11 057	1 294	9 577	5 463	469	27 860

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30.06.2017 €'000	Audited 31.12.2016 €'000	Unaudited 30.06.2017 S'000	Audited 31.12.2016 S'000
Assets				
Non current assets				
Property, plant and equipment	1 015	1 517	1 479	2 028
Available for sale financial assets	15 046	15 340	17 167	16 162
	16 061	16 857	18 646	18 190
Current assets				
Inventories	21	56	24	59
Trade and other receivables	45	34	49	36
Cash and cash equivalents	6 385	6 741	7 284	7 102
	6 451	6 831	7 357	7 197
Total assets	22 512	23 688	26 003	25 387
Equity and liabilities				
Equity				
Ordinary shares	11 057	11 057	15 586	15 586
Treasury shares	(547)	(547)	(607)	(607)
Retained earnings	2 791	2 213	4 312	3 687
Other reserves	2 183	2 507	3 778	2 780
Foreign currency translation reserve	5 465	6 947	869	1 953
Share based payment reserve	1 294	1 294	1 759	1 759
	22 243	23 471	25 697	25 158
Current liabilities				
Trade and other payables	269	217	306	229
	269	217	306	229
Total equity and liabilities	22 512	23 688	26 003	25 387

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CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 30.06.2017 €'000	Unaudited 30.06.2016 €'000	Unaudited 30.06.2017 S'000	Unaudited 30.06.2016 S'000
Cash flows from operating activities				
Net profit/ (loss) for the period before tax	578	(2 156)	625	(2 406)
Foreign currency movement	(1 512)	1 614	(1 091)	1 969
Depreciation	19	18	23	20
Net finance income	(328)	(116)	(356)	(130)
Decrease/ (increase) in inventories	35	(8)	35	(9)
(Increase)/decrease in trade and other receivables	(11)	17	(13)	19
Decrease in loan and other receivables	-	678	-	741
Increase in trade and other payables	52	8	77	12
Net cash (used in)/generated from operating activities	(1 167)	55	(700)	216
Cash flow from financing activities				
Net interest received	328	116	356	130
Net cash generated from financing activities	328	116	356	130
Cash flows from investing activities				
Proceeds/ (expenditure) on disposal of property, plant & equipment	483	(5)	526	(46)
Net cash generated from/(used in) investing activities	483	(5)	526	(46)
Net (decrease)/increase in cash and cash equivalents	(356)	166	182	300
Cash and cash equivalents at the beginning of period	6 741	7 340	7 102	8 019
Cash and cash equivalents at the end of the period	6 385	7 506	7 284	8 319

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1 Basis of Preparation

The interim consolidated financial statements for the six months ended 30 June 2017 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 for the financial year ended 31 December 2016.

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 financial year ended 31 December 2016.

The adoption of other new standards and interpretations (as set out in the 2016 Annual Report) that became effective for the Group's financial statements for the year ended 31 December 2016 did not have any significant impact on the interim financial statements.

3 Going concern

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 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 2017, the Group had two business segments, Exploration activities and Investment. Exploration activities are primarily carried out by a number of subsidiary companies based in Russia. Investing activities are carried out by another subsidiary company located in Bermuda. Administrative costs represent group administration costs, primarily incurred in Ireland.

Period ended 30 June 2017	Exploration			Total	Exploration			Total
	Activities	Investment	Administrative		Activities	Investment	Administrative	
	€'000	€'000	€'000	€'000	US\$'000	US\$'000	US\$'000	US\$'000
Administration expenses	(73)	(293)	(260)	(626)	(79)	(317)	(281)	(677)
Other gains/(losses)	16	433	427	876	17	469	460	946
Operating (loss)/gain	(57)	140	167	250	(62)	152	179	269
Finance costs	(1)	(2)	(2)	(5)	(1)	(2)	(2)	(5)
Finance income	-	333	-	333	-	361	-	361
(Loss)/profit before tax	(58)	471	165	578	(63)	511	177	625
Segment assets	1 554	20 828	130	22 512	2 099	23 763	141	26 003
Segment liabilities	(89)	-	(180)	(269)	(102)	-	(204)	(306)
Net assets/(liabilities)	1 465	20 828	(50)	22 243	1 997	23 763	(63)	25 697

Period ended 30 June 2016	Exploration			Total	Exploration			Total
	Activities	Investment	Administrative		Activities	Investment	Administrative	
	€'000	€'000	€'000	€'000	US\$'000	US\$'000	US\$'000	US\$'000
Administration expenses	(71)	(230)	(353)	(654)	(79)	(257)	(394)	(730)
Other gains/(losses)	1	(1 807)	188	(1 618)	-	(2 016)	210	(1 806)
Operating (loss)/gain	(70)	(2 037)	(165)	(2 272)	(79)	(2 273)	(184)	(2 536)
Finance costs	-	(3)	(3)	(6)	-	(3)	(3)	(6)
Finance income	-	122	-	122	-	-	136	136
(Loss)/profit before tax	(70)	(1 918)	(168)	(2 156)	(79)	(2 276)	(51)	(2 406)
Segment assets	1 382	25 899	856	28 137	1 921	28 702	949	31 572
Segment liabilities	(11)	-	(266)	(277)	(12)	-	(294)	(306)
Net assets	1 371	25 899	590	27 860	1 909	28 702	655	31 266

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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 and Ireland. 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 administrative amounts relate to costs incurred in Ireland.

5 Loans and receivables

On 5 February 2014, the Company entered into 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 initial interest rate of 8% per annum, increasing in the event of default to 12% per annum.

In return for the Company received an exclusive period to complete due diligence on JSC Evenkiya Fuel and Energy Company (E TEK) and LLC Taymura. The full amount of the loan and any interest accruing, was secured by certain receivables of LLC Taymura, non-encumbrance of the assets for the exclusive period and personal guarantees of a number of the shareholders of LLC Taymura. The loan subsequently went into default for non-repayment.

Ovoca Gold plc has taken measures under Russian law to recover the full amount including interest. Various assets have been seized by the courts on behalf of the Company and to date the Company has recovered approximately US\$1 million in cash and receivables.

It is intended to rigorously pursue all available options to recover the loans and the Company has already taken steps to pursue the personal guarantees which were used to secure loan. The Directors believe that substantially the entire loan will be recovered, however there can be no certainty in that regard. However, the remaining portion of the total loan receivable was collected in 2016.

6 Property, plant and equipment

On 28 April 2017, Magsel Ltd., a wholly owned subsidiary of the Company, disposed its mining equipment with carrying value of €482,990 (US\$526,169). No gain or loss was recognised on this transaction.

7 Events after the reporting period

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

8 Approval of the financial statements

The interim report was approved by the Board of Directors on 14 September 2017 and is included on the Company's website, www.ovocagold.com.