

RNS Number :
Ovoca Gold PLC
25 May 2010

Ovoca Gold plc (“Ovoca” or the “Company”)

Proposed Share Buy Back

The Board of Ovoca announces that it intends to shortly seek to put in place the necessary authorities to repurchase up to 10 per cent. of the Company’s issued share capital by way of on-market share buy backs. The Company does not currently have any authority to repurchase its own shares.

The Board has examined the merits of share repurchases and has concluded that it would be in the interests of the Company and its Shareholders as a whole to provide for the flexibility to implement on-market share buy backs. The Company has a strong balance sheet and in recent months has completed a significant corporate acquisition, undertaken operational activities across its portfolio of assets and made a number of board and management changes. However, despite such activities, the Company’s market capitalisation continues to trade at a substantial discount to the value of its cash and other liquid investments.

Having the authority to repurchase its shares, will enable the Company to respond to volatile stock market conditions, help stimulate liquidity in the Company’s shares and provide Shareholders with the flexibility, but without any compulsion, to realise value in respect of all or some of their shareholdings in a tax efficient method. Share buy backs will only be executed when appropriate financial and stock market conditions prevail and when the Board determines that they are in the interests of the Company and its Shareholders as a whole. The Company will not be able to repurchase shares during a Close Period, as defined by the AIM and ESM Rules

The ability of the Company to repurchase its shares will be conditional upon shareholder approval of various resolutions; the granting of a waiver by the Irish Takeover Panel of obligations for certain parties under Rule 37 of the Irish Takeover Rules; and the consent of the High Court of Ireland to allow the Company to reduce its share premium account.

A circular containing further details on the proposed buy back authorities and convening an extraordinary general meeting of the Company, to be held on the day of the Company’s next annual general meeting in July 2010, will be posted to Shareholders with the 2009 Annual Report.

Tim McCutcheon, CEO, comments: “I believe this share buy back is an important step for Ovoca and is part of the foundation for long-term shareholder value. We have an excellent multi disciplined and experienced team who are working on a portfolio of exciting gold assets and we are well funded for several years of operations. Ovoca has a proven track record of successfully developing precious metals assets in Russia and utilizing those assets to create value for shareholders. The sale of Goltsovoye in 2009 at a 194% premium to our market capitalisation at the time demonstrates this. Despite this, the Company’s market capitalization has traded below the value of the Company’s cash and securities position for over a year. The buy back programme will allow the board to create additional value for the benefit of our shareholders.”

A further announcement on the proposed share buy back programme will be made in due course.

Notes to Editors

Ovoca Gold PLC (“Ovoca” or “the Company”) is a mineral exploration and mine development company listed on the AIM Market of the London Stock Exchange (Ticker: OVG) and on the ESM Market of the Irish Stock Exchange (Ticker: OVX). The Company’s principal activity is gold exploration in the Magadan Region of the Russian Federation. Previously Ovoca acquired, developed and sold to JSC Polymetal the Goltsovoye silver project located in the Magadan Region. Currently, Ovoca is aggressively exploring and developing its 100 per cent owned Stakhanovsky, Rassoshinskaya and Nevsko-Pestrinskoye licenses.

Stakhanovsky is located approximately 40 kilometres north of Susuman, the second largest city in the Magadan region. It is accessible by year-round road and there is power infrastructure on site. Internal preliminary estimates suggest a gold resource (non JORC code of Russian standard compliant) of over 700,000 ounces. The Company intends to put Stakhanovsky into production by 2013.

Rassoshinskaya is in the North Eastern part of the Magadan Region about 200 kilometres from the town of Simchan. There is no nearby infrastructure. Rassoshinskaya hosts an epithermal gold deposit named Olcha, which is the focus

of Ovoca's exploration program. Olcha and nearby satellite deposits have the potential to host a high grade multi-million ounce gold resource.

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

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