



**Admission to AIM  
Placing by  
Davy and Seymour Pierce Limited**

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Application will be made for the whole of the issued ordinary share capital of Ormonde Mining plc to be admitted to trading on the AIM Market ("AIM"), a market operated by the London Stock Exchange. Application will also be made for the Placing Shares to be admitted to trading on the Irish Enterprise Exchange ("IEX"), a market operated by the Irish Stock Exchange. The IEX is a market being introduced by the Irish Stock Exchange in substitution for, *inter alia*, the Exploration Securities Market of the ISE on which Ormonde has been quoted. The existing issued ordinary share capital of Ormonde will be passported from the ESM to the IEX on 12 April, 2005. AIM and IEX are markets designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM and IEX securities are not admitted to the official list of the United Kingdom Listing Authority or of the Irish Stock Exchange (the "Official Lists"). A prospective investor should be aware of the risks in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

The rules of AIM and IEX are less demanding than those of the Official Lists. Neither the London Stock Exchange nor the Irish Stock Exchange has examined or approved the contents of this document. The attention of investors is drawn in particular to the risk factors set out in Part 4 of this document.

It is expected that the Admission will become effective and that dealings in the Existing Ordinary Shares and the Placing Shares will commence on AIM, and that dealings in the Placing Shares will commence on IEX, on 19 April, 2005.

# ORMONDE MINING PLC

(Incorporated in Ireland with limited liability under the Companies Acts 1963 to 1977. Registered No. 96863)

## PLACING

of

**30,100,000 Ordinary Shares of €0.025 each at 10p (14.4c) per share**

and

**ADMISSION TO TRADING ON AIM**

*NOMINATED ADVISER*

**Davy**

*JOINT BROKERS*

**Davy and Seymour Pierce Limited**

## SHARE CAPITAL

The following table shows the authorised and issued share capital of Ormonde Mining plc as it will be upon completion of the Placing:

Authorised			Issued and fully paid	
Number	Nominal Value		Number	Nominal Value
200,000,000	€5,000,000	Ordinary Shares of €0.025 each	152,028,715	€3,800,717.8
<u>100,000,000</u>	<u>€3,809,200</u>	Deferred Shares of €0.038092 each	<u>43,917,841</u>	<u>€1,672,925</u>
<u>300,000,000</u>	<u>€8,809,200</u>		<u>195,946,556</u>	<u>€5,473,642.8</u>

\*No application is being made for the Deferred Shares (which are not currently quoted) to be admitted to AIM.

The Placing is conditional, *inter alia*, on Admission taking place on or before 19 April, 2005 (or such later date as the Company, Davy and Seymour Pierce may agree being not later than 15 May, 2005). The Directors of Ormonde Mining plc, whose names appear in section 5 of Part 1 of this document, accept responsibility both individually and collectively, for the information contained in this document and for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Davy, which is regulated in Ireland by the Irish Financial Services Regulatory Authority, is acting exclusively for the Company and no one else in connection with the Placing and Admission and will not be responsible to anyone other than the Company for providing either protections afforded to customers of Davy or for providing advice in relation to the Placing and Admission. Seymour Pierce, which is regulated in the UK by the Financial Services Authority, is acting exclusively for the Company and no one else in connection with the Placing and will not be responsible to anyone other than the Company for providing either protections afforded to customers of Seymour Pierce or for providing advice in relation to the Placing.

Davy has been appointed as nominated adviser to the Company. Davy and Seymour Pierce are acting as joint brokers to Ormonde in association with the Placing. In accordance with the AIM Rules, Davy will confirm to the London Stock Exchange that it has satisfied itself that the Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules and that, in its opinion and to the best of its knowledge and belief, all relevant requirements of the AIM Rules have been complied with (save for this document's compliance with Regulation 9 of the POS Regulations). No liability whatsoever is accepted by Davy for the accuracy of any information or opinions contained in this document or for the omission of any material information, for which it is not responsible.

This document has been drawn up in accordance with the requirements of the UK Public Offers of Securities Regulations 1995, as amended, (the "POS Regulations") and comprises an admission document in accordance with the AIM Rules. It does not constitute a prospectus for the purposes of the POS Regulations or the Companies Act 1963 of Ireland or the European Communities (Transferable Securities and Stock Exchange) Regulations 1992 of Ireland and has not been delivered to the Registrar of Companies in England and Wales or to the Registrar of Companies in Dublin for registration.

Copies of this document will be freely available to the public, on the Company's website [www.ormondemining.com](http://www.ormondemining.com), from the date of this document for the period of at least one month from Admission.

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## Placing/Admission Statistics

Number of Existing Ordinary Shares in issue at 6 April, 2005	121,928,715
Total number of new Ordinary Shares being issued	30,100,000
Issue Price	10p (14.4c)
Resultant number of new Ordinary Shares in issue (undiluted)	152,028,715
Resultant number of new Ordinary Shares in issue (fully diluted)	163,678,715
Percentage of issued share capital not subject to lock-in arrangements at Admission	92.85%
Percentage of enlarged share capital being issued (undiluted)	19.80%
Percentage of enlarged share capital being issued (fully diluted)	18.39%
Gross proceeds of the Placing	Stg£3.01 (€4.33) million
Net proceeds of the Placing receivable by the Company	Stg£2.8 (€4.0) million
Market capitalisation at the Issue Price upon Admission	Stg£15.2 (€21.89) million

## Expected Timetable

Publication of this document	8 April, 2005
EGM	18 April, 2005
Admission effective and dealings commence in the Enlarged Share Capital on AIM and in the Placing Shares on the IEX	19 April, 2005
Delivery of Placing Shares into CREST	19 April, 2005
Despatch of definitive share certificates (where applicable) in respect of the Placing Shares	on or around 22 April, 2005

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## DEFINITIONS

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*Note: In this document, the following expressions have the following meanings unless the context otherwise requires or unless it is otherwise provided.*

“Admission”	the effective admission of the Existing Ordinary Shares and the Placing Shares to trading on AIM, in accordance with Rule 6 of the AIM Rules and the effective admission of the Placing Shares to trading on the IEX;
“AIM”	the AIM Market operated by the London Stock Exchange;
“AIM Rules”	the rules governing the admission to and operation of AIM issued by the London Stock Exchange from time to time;
“Articles”	the Articles of Association of the Company;
“the Board” or “the Directors”	the board of directors of the Company whose names are set out in section 5 of Part 1 of this document;
“Business Day”	any day (other than a Saturday or Sunday) on which clearing banks in Dublin and London are open for business;
“BRPM”	Bureau de Recherches et de Participations Minières, a Moroccan State company responsible for minerals development;
“Canada”	Canada, its provinces and territories, all areas subject to its jurisdiction, and any political sub-division thereof;
“Circular”	the document sent to Shareholders dated 23 March, 2005 containing information on the Placing and convening the EGM;
“CREST”	the relevant system for the paperless settlement of trades and the holding of uncertificated securities operated by CRESTCo Limited in accordance with the Regulations;
“Davy”	J&E Davy, trading as Davy;
“Deferred Shares”	43,917,841 Deferred Shares of nominal value €0.038092 each in the capital of the Company, which shares were created solely to facilitate a Group reorganisation and have no voting rights, no right to dividend and the right to only a very limited return of capital on liquidation;
“EGM” or “Extraordinary General Meeting”	the extraordinary general meeting of Shareholders of the Company convened to be held at the offices of LHM Casey McGrath, 6 Northbrook Road, Dublin 6, Ireland at 11.00 a.m. on 18 April, 2005;
“Enlarged Issued Share Capital” or “Enlarged Share Capital”	the Existing Issued Share Capital together with the Placing Shares, being in aggregate 152,028,715 Ordinary Shares;
“ESM” or “Exploration Securities Market”	the Exploration Securities Market of the Irish Stock Exchange which is being replaced by the IEX, effective 12 April, 2005;
“Existing Ordinary Shares” or “Existing Issued Share Capital”	121,928,715 Ordinary Shares being the number of fully paid Ordinary Shares in issue as at 6 April, 2005 (being the latest practicable date prior to the publication of this document);
“IEX” or “Irish Enterprise Exchange”	the new Irish market dedicated for small to mid-sized companies operated by the Irish Stock Exchange;

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“IEX Rules”	the rules governing the admission to and operation of the IEX issued by the Irish Stock Exchange from time to time;
“IGE”	International Gold Exploration IGE AB, a Swedish company listed on the Oslo Stock Exchange;
“Ireland”	the island of Ireland, excluding Northern Ireland;
“Irish Stock Exchange”	The Irish Stock Exchange Limited;
“Japan”	Japan, its provinces and territories, all areas subject to its jurisdiction, and any political sub-division thereof;
“JV”	joint venture;
“La Source”	a joint venture company between the Bureau de Recherches Géologiques et Minières, a French State organisation, and Normandy Mining Limited of Australia;
“London Stock Exchange”	London Stock Exchange plc;
“New Ordinary Shares” or “Placing Shares”	30,100,000 new Ordinary Shares being issued pursuant to the Placing which will, when issued and fully paid, rank <i>pari passu</i> in all respects with the Existing Ordinary Shares in the Company;
“Notice of the EGM”	the notice of the extraordinary general meeting of the Company dated 23 March, 2005 contained in the Circular;
“Nueva Tharsis”	Spanish company Nueva Tharsis S.A.L.;
“Ordinary Shares” or “Ormonde Ordinary Shares”	Ordinary Shares of nominal value €0.025 each in the capital of the Company;
“Ormonde” or “Ormonde Mining” or “the Company”	Ormonde Mining plc;
“Ormonde Mining Group” or “the Ormonde Group” or “the Group”	Ormonde and its subsidiaries and subsidiary undertakings;
“Placing”	the conditional placing for cash of the New Ordinary Shares at the Placing Price by Davy and Seymour Pierce which has been effected pursuant to the Placing Agreement;
“Placing Agreement”	the conditional agreement dated 23 March, 2005 between (1) Seymour Pierce, (2) the Company, (3) the Directors and (4) Davy, further details of which are set out in paragraph 10 of Part 5 of this document;
“Placing Price”	10p (14.4c) per New Ordinary Share;
“Prehenita”	Spanish exploration and consultancy company, Prehenita S.L.;
“Prohibited Territories”	USA, Australia, Canada, Japan and the Republic of South Africa;
“Regulations”	the Companies Act 1990 (Uncertificated Securities) Regulations 1996 (S.I. No. 68 of 1996) of Ireland;
“Resolution”	the resolution proposed for consideration at the EGM, as set out in the Notice of the EGM contained in the Circular;

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“Revised Combined Code”	the combined code of the principles of good governance and best practice of June 1998 as revised and published in July 2003 and derived from a review of the role and effectiveness of non-executive directors by Derek Higgs and a review of audit committees by a group lead by Sir Robert Smith (effective for periods beginning on or after 1 November 2003);
“Saloro”	Saloro S.L., a Spanish company incorporated by Ormonde and Prehenita to operate the Salamanca Gold Project;
“SEIEMSA”	a wholly-owned Spanish subsidiary of La Source;
“Seymour Pierce”	Seymour Pierce Limited;
“Shareholder(s)”	a holder or holders of Ordinary Shares;
“Share Option” or “Options”	options granted pursuant to the terms of the Share Option Scheme;
“Share Option Scheme”	the Ormonde Mining plc Share Option Scheme adopted on 2 August, 1995;
“SIEMCALSA”	Spanish geological company Sociedad de Investigación y Explotación Minera de Castilla y León, S.A.;
“SPIB”	private Spanish company Sondeos y Perforaciones Industriales del Bierzo, S.A.;
“subsidiary”	shall be construed in accordance with section 155 of the Companies Act 1963 of Ireland;
“subsidiary undertaking”	shall have the meaning given by the European Communities (Companies: Group Accounts) Regulations 1992 of Ireland;
“SYEM”	a private Spanish company, Sondeos y Estudios Mineros, S.L.;
“The JORC Code”	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2004 edition);
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland;
“United Kingdom Listing Authority”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000, including any committee, employee or servant of such authority to which any function of the United Kingdom Listing Authority may from time to time be delegated; and
“United States” or “US” or “USA”	the United States of America, its states, territories and possessions, any state of the United States, the District of Columbia and all other areas subject to the jurisdiction of the United States of America.

**Notes:**

All amounts contained within this document referred to by the symbols “Stg£” or “£” and “p” are in pounds and pence sterling respectively. The symbols “US\$” or “\$” refer to United States dollars. The symbols “€” or cents or “c” refer to euro and euro cents, the lawful currency of Ireland pursuant to the provisions of the Economic and Monetary Union Act, 1998.

Where applicable and unless otherwise stated, the sterling/euro exchange rate used in this document is Stg£1 = €1.4396.

Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof. Unless otherwise stated, all references to legislation refer to the laws of Ireland.

Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include the feminine or neutral gender.

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## GLOSSARY OF TECHNICAL TERMS

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*Note: In this document, the following expressions have the following meanings unless the context otherwise requires or unless it is otherwise provided.*

“acid”	pertaining to an igneous rock containing more than 66 per cent silica;
“acquisition”	to obtain a licence or a project;
“advanced”	in terms of a project, is a project being progressed in terms of investigative work, such as drilling and/or resource identification;
“alteration”	change in the mineralogical composition of a rock, commonly brought about by reactions with hydrothermal solutions;
“anomaly” or “anomalous”	an occurrence of geochemical or geophysical values distinct from background levels which may be caused by the presence of mineralisation;
“antimony”	metal associated with certain types of gold deposit, chemical symbol Sb;
“arsenic”	metal associated with certain types of gold deposit, chemical symbol As;
“arsenopyrite”	an iron-arsenic sulphide, chemical composition FeAsS;
“assay”	a chemical test performed on a sample of ores or minerals to determine the amount of valuable metals contained;
“bankable feasibility study”	an extensive technical and financial study to assess the commercial viability of a project, of sufficient detail and integrity that it can be used to arrange project financing;
“base-metal”	generally non-ferrous, non-precious metal, mainly copper, lead, zinc, nickel and aluminium;
“bio-oxidation”	the use of bacteria to oxidise sulphide minerals;
“breccia”	a rock fragmented into angular components;
“brecciated”	converted into, characterised by, or resembling a breccia;
“carbonate”	a sedimentary rock, comprised largely of mineral containing CO <sub>3</sub> ;
“carbonate dissolution”	the process of dissolving carbonate rock;
“Carboniferous”	period in geological time ranging from 345 to 280 million years ago;
“Carlin-type”	refers to a type of gold deposit first recognised in the Carlin area of Nevada, USA, and characterised by gold-bearing disseminated pyrite, carbonate dissolution, alteration and silicification of carbonate-rich sedimentary rocks;

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“cyanidation”	a method of extracting exposed gold or silver grains from crushed or ground ore by dissolving it in a weak solution of sodium- or calcium-cyanide. Also known as leaching. May be carried out in agitated tanks or by irrigating ore stacked in large heaps or dumps;
“diamond drilling”	drilling method which obtains a cylindrical core of rock by drilling with an annular bit impregnated with diamonds;
“earn-in agreement”	a joint venture agreement whereby one party is committing funds to earn an interest in the project or assets which are the subject of the joint venture;
“environmental impact study”	survey conducted to ascertain the conditions of a site prior to the realisation of a project, to analyse its possible impacts and compensative measures;
“Exploration Permit”	a permit granted in Spain with a maximum size of 280 square kilometres, on which regional sampling programmes are allowed;
“feldspar”	a member of a widely occurring group of rock-forming aluminium silicates;
“felsic”	descriptive of a light-coloured igneous rock with an abundance of one or all of feldspar, quartz and feldspathoids;
“flotation”	a milling process by which some mineral particles are induced to become attached to bubbles and float and others to sink. In this way the valuable minerals are concentrated and separated from the worthless gangue;
“footwall”	the mass of rock below a fault, vein, bed or mineralisation;
“geochemistry” or “geochemical”	relating to the chemistry of rock, sediment or soil;
“g/t”	grams per tonne;
“grade”	the concentration of a particular element in a mass of rock, sediment or soil;
“granite”	a coarse-grained granular acid intrusive rock;
“granitic”	of granite composition;
“host rock”	a body of rock serving as a host for other rocks or for mineral deposits;
“hydrothermal”	of or relating to the action of water under conditions of high temperature, especially in forming rocks and minerals;
“Iberian Pyrite Belt” or “Pyrite Belt”	a prominent geological terrain extending from southwest Spain into southern Portugal, which is one of the world’s largest massive sulphide provinces;
“igneous rock”	a rock formed by congealing rapidly or slowly from a molten state;

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“Indicated Mineral Resource”	that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed;
“Inferred Mineral Resource”	that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability;
“infill drilling”	drilling designed to fill or close gaps between existing drill holes;
“intrusion” or “intrusive”	igneous rock body that has forced its way in a molten state into older surrounding country rock;
“intrusion-related”	refers to a type of gold mineralisation hosted and/or related to intrusive rocks, often granite;
“Investigation Permit”	a permit granted in Spain with a maximum size of 84 square kilometres, on which detailed investigation activities are allowed including drilling and trenching;
“km”	kilometre;
“lode”	a tabular, relatively narrow mineral deposit;
“m”	metre;
“massive sulphide”	a sulphide body containing over 50 per cent of sulphide minerals;
“Measured Mineral Resource”	that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity;
“mercury”	metal associated with certain types of gold deposit, chemical symbol Hg;
“metallurgical testwork”	scientific tests on the extraction, refining, alloying and fabrication of metals and of their structure and properties;
“metamorphosed”	said of a rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids;
“metasedimentary”	metamorphosed sedimentary rocks;

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“mineral processing”	the dry and wet crushing and grinding of ore or other mineral-bearing products for the purpose of raising concentrate grade, removal of waste and unwanted or deleterious substances from an otherwise useful product, separation into distinct species of mixed minerals or chemical attack and dissolution of selected values;
“Mineral Resource”	a concentration or occurrence of material of intrinsic economic interest in or on the Earth’s crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories;
“mineralisation”	the concentration of metals and their chemical compounds in a body of rock;
“mineralogy”	the study of minerals;
“Mining Concession”	a permit granted in Spain which allows mining activities;
“non-optimised”	not conducted with maximum efficiency;
“open pit”	a mine working or excavation open to the surface;
“ore”	material which can be extracted and/or treated at a profit;
“ounce” or “oz”	troy ounce (31.1035 grams);
“oxidation”	a chemical reaction caused by exposure to oxygen that results in a change in the chemical composition of a mineral;
“ppm”	parts per million, equivalent to g/t;
“pyrite”	an iron-bearing sulphide mineral, chemical composition FeS <sub>2</sub> ;
“quartz”	crystalline silicon dioxide, chemical composition SiO <sub>2</sub> ;
“quartzite”	a very hard white or brownish metamorphic rock consisting mainly of quartz, and formed by the metamorphism of quartz-rich sandstone;
“resource”	a concentration of mineral material in such form and amount that economic extraction of a commodity from the concentration is currently or potentially feasible;
“reverse circulation drilling”	a percussion drilling technique where air is pumped down the outer part of the drill rods and used to return drill chips to surface;
“roasting”	the heating of an ore or concentrate to effect some chemical change which will facilitate metal extraction;
“satellite imagery”	images of the Earth’s surface captured by satellite by means of photography and/or spectroscopy;

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“scoping study”	a preliminary order-of-magnitude technical and economic study conducted to investigate the approximate economics and viability of various development options for the mining and treatment of a mineral deposit;
“sedimentary”	pertaining to rocks formed from particles of rock or minerals deposited from suspension in water, wind or ice;
“shear zone”	a tabular zone in the Earth’s crust along which movement has occurred and in which the rocks have been crushed, stretched or flattened;
“Silicatado”	rock unit occurring at the La Zarza deposit comprising silicate minerals, dominantly quartz, and sulphide, with significant concentrations of gold, copper and silver;
“silicate”	a mineral containing SiO <sub>2</sub> along with other elements;
“silicification”	addition of silica to a rock;
“stockwork”	a network of veinlets, usually containing quartz;
“stream sediment”	material deposited in or by a stream;
“strike”	the orientation of the long horizontal dimension of a planar or tabular geological feature such as a bed, vein or fault;
“strike length”	the length of a geological feature along the direction of its strike;
“structural”	pertaining to geological structure;
“sulphide”	a compound of sulphur with a metallic element;
“t”	a metric tonne;
“trend”	the regional strike of a geological feature;
“trenching”	the removal of cover to allow mapping and sampling of the underlying rock;
“tungsten”	a white or grey metallic element, chemical symbol W;
“ultra-fine grinding”	secondary grinding of ore to very fine grain sizes, usually in the 10 to 20 micron range, in special small grinding mills;
“vein”	(almost synonymous with lode) a tabular or sheet-like body of minerals;
“volcanic”	igneous rocks formed from magma that has flowed out or has been violently ejected from a volcano; and
“volcano-sedimentary”	rock formation containing alternations volcanic and sedimentary rock types.

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## DIRECTORS, COMPANY SECRETARY AND ADVISERS

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<b>Directors:</b>	Michael John Donoghue <i>Non-Executive Chairman</i> Dr. Iain Kerr Anderson <i>Chief Executive</i> John Anthony Carroll <i>Non-Executive</i> Colin John Andrew <i>Non-Executive</i> Andrew Ronald McMillan Bell <i>Non-Executive</i>	
<b>Company Secretary:</b>	John Anthony Carroll	
<b>Company Office:</b>	Ormonde House, Metges Lane, Navan, Co. Meath, Ireland.	
<b>Registered Office:</b>	6 Northbrook Road, Dublin 6, Ireland.	
<b>Nominated Adviser:</b>	Davy, Davy House, 49 Dawson Street, Dublin 2, Ireland.	
<b>Brokers:</b>	Davy, Davy House, 49 Dawson Street, Dublin 2, Ireland.	Seymour Pierce Limited, Bucklersbury House, 3 Queen Victoria Street, London EC4N 8EL, UK.
<b>Reporting Accountants and Auditors to the Company:</b>	LHM Casey McGrath, Chartered Certified Accountants and Registered Auditors, 6 Northbrook Road, Dublin 6, Ireland.	
<b>Solicitors to the Company:</b>	<i>As to Irish Law</i> LK Shields, 39-40 Upper Mount Street, Dublin 2, Ireland.	<i>As to UK Law</i> Travers Smith, 10 Snow Hill, London EC1A 2AL, UK.
<b>Solicitors in respect of the Placing:</b>	Field Fisher Waterhouse, 35 Vine Street, London EC3N 2AA, UK.	

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<b>Bankers:</b>	Allied Irish Banks plc, Market Square, Navan, Co. Meath, Ireland.	Banca Bilbao Viscaya Argentaria (BBVA), Calle Cononigo Molina Alonso 6, 04004 Almeria, Spain.
<b>Registrars:</b>	Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland.	
<b>PR Advisers:</b>	Bankside Consultants, St Mary Abchurch House, 123 Cannon Street, London EC4N 5AU, UK.	

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## PART 1 – GENERAL INFORMATION ON THE ORMONDE GROUP

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### 1. BACKGROUND

Ormonde Mining plc is a company incorporated in Ireland whose principal activity comprises the evaluation and development of gold projects in Spain. The Company has been quoted on the ESM of the Irish Stock Exchange, and trades in London on the SEAQ platform. In 2001, following a brief period of suspension, the Company's quotation on the ESM was restored, new funds were raised by way of a placing and open offer, and a new management team was put in place. Since 2001 the Company has been involved in ground acquisition and exploration for gold in Spain. It has acquired, and continues to focus on the acquisition of, advanced gold projects. On 29 March, 2005 the ISE announced the launch of a dedicated market for small to mid-sized companies, the IEX, which will replace the ESM. Ormonde's Ordinary Shares will trade on the new market, effective 12 April, 2005 (the launch date of the IEX).

The Company's strategy is to source suitable gold projects in Spain, negotiate commercial terms to acquire rights to these projects and utilise Ormonde's technical expertise to evaluate and enlarge Mineral Resources with a view to bringing economically viable mining projects into production. The local geological knowledge and established contact networks available to the Company through its Spanish management team, have allowed Ormonde to acquire advanced assets or projects that previously have been dormant or below the size threshold required by the major mining companies.

This strategy resulted in a joint venture with SIEMCALSA on the *Salamón Gold Deposit* in northern Spain in June 2003, and in June 2004 the Company signed a joint venture agreement with Nueva Tharsis on the *La Zarza Gold-Copper Deposit* in the Pyrite Belt mining district in southwest Spain. In January 2005, the Company completed option agreements on permits covering several advanced projects in the Salamanca area, including the *Mina Marta Gold Deposit*. In addition, previously unexplored areas, such as the Tracia Gold Project, are now being drilled by the Company which may lead to the discovery of new deposits.

The Placing is intended to provide finance to facilitate further diamond drilling programmes and technical evaluation of the La Zarza, Salamón and Salamanca projects and to progress Ormonde's other gold exploration and development projects in northwest and western Spain.

The conditional Placing of 30,100,000 New Ordinary Shares for cash at a price of 10p (14.4c) per share raising approximately Stg£3.01 (€4.33) million before expenses as announced by Ormonde on 24 March, 2005, is an important interim step towards fulfilment of its objectives. Completion of the Placing is conditional *inter alia* on passing of the Resolution and on Admission. The allotment of the New Ordinary Shares will result in an increase in the issued share capital of the Company by approximately 20%.

This document serves as the Company's admission document to facilitate admission of Ormonde's Ordinary Shares to trading on AIM. Further information on the Placing and the intended utilisation of the proceeds thereof, and on the business and assets of the Ormonde Group and management's strategy to develop those assets, is set out below.

### 2. PRINCIPAL INTERESTS OF THE ORMONDE GROUP

The projects in which the Company has acquired an interest, or is in the process of acquiring an interest as described herein, are as follows:

<u>Project</u>	<u>Principal Mineralisation</u>	<u>Status</u>
La Zarza	Gold-Copper	Acquiring 70% through earn-in
Salamón	Gold	Acquiring 51% through earn-in
Trives	Gold	Option to acquire outright
Tracia	Gold	100% owned
Salamanca	Gold	Option to acquire up to 90%

Further information in relation to the principal interests of the Ormonde Group is set out in Part 2 of this document.

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### 3. STRATEGY

Ormonde is focused on building a medium-sized gold mining business in Spain, where it is evaluating several gold projects and has a competitive advantage through local management and a local network of contacts. The Company's strategy has resulted in several acquisition opportunities in prospective gold regions of Spain, building up an inventory of advanced projects and subsequently creating a balance between focus and risk spread.

By sustaining this strategy, it is intended that Ormonde will:

- concentrate its project acquisition and exploration efforts in Spain, where there is availability of advanced projects, a sound and well-practised regulation of mining, government support for mining and low geopolitical risk;
- focus on advanced projects with existing Mineral Resources, or exploration projects where the Company anticipates that drilling will identify new resources. At this stage of its development, the Company believes that the optimum balance between focus and risk diversification is in the region of six to seven projects;
- continue to have gold as its primary interest;
- continue to benefit from the blend of strong local management supported by a Board with extensive exploration, mine development and corporate experience;
- be admitted to trading on AIM; and
- minimise dependence on market funding by progressing mine development opportunities.

Ormonde's projects, on which the majority of the funds raised by the Placing will be expended, are all at various stages of evaluation. Exploration for and development of mining assets is inherently speculative in nature and there is no guarantee that the Company's projects will prove technically or economically viable. The Company has not generated any positive cash flow or profits to date and the Directors are not in a position to guarantee that such profits will be forthcoming. Completion of the Placing is therefore essential to facilitate implementation of the Group's evaluation and drilling programmes and to provide the necessary working capital for the Group. Accordingly, your attention is drawn to the Risk Factors as outlined in Part 4 of this document.

### 4. PLACING AND USE OF PROCEEDS

#### (a) The Placing

The Company is proposing to raise approximately Stg£2.8 (€4.0) million (net of expenses) through a conditional placing by Davy and Seymour Pierce of 30,100,000 New Ordinary Shares at 10p (14.4c) per share. The Placing is not underwritten by Davy or Seymour Pierce.

Pursuant to the Placing Agreement, Davy and Seymour Pierce have agreed with the Company, on and subject to the terms set out therein, to use their reasonable endeavours to procure investors to subscribe for 30,100,000 New Ordinary Shares at the Placing Price. The Placing has been conditionally completed and no offer of any participation in the Placing is being made by means of this document or otherwise.

The Placing is conditional, *inter alia*, on:

- (a) the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission;
- (b) the passing of the Resolution; and
- (c) Admission being effective no later than 19 April, 2005 or such later date as Davy, Seymour Pierce and the Company may agree (not being later than 15 May, 2005);

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Subject to fulfilment of the conditions set out above, it is expected that the New Ordinary Shares will begin trading on AIM and on the IEX on 19 April, 2005. Settlement of the Placing is also expected to occur on the Business Day following the EGM or any adjournment thereof, assuming the Resolution is passed. CREST accounts of Placing participants holding their New Ordinary Shares in uncertificated form will then be credited on or around 19 April, 2005 and Placing participants holding their New Ordinary Shares in certificated form will be despatched share certificates on or around 22 April, 2005.

**(b) Use of Proceeds**

It is currently intended that the net proceeds of the Placing, amounting to approximately Stg£2.8 (€4.0) million, will primarily be used to progress the projects as outlined below:

La Zarza Gold-Copper Project

A preliminary drilling programme, which is currently ongoing, will be progressed and is designed to confirm previous operator resource data and obtain samples for metallurgical testwork. Funds will be allocated to this testwork programme and to a follow-up scoping study which will determine the relative economics of the various options for the development of both the gold and copper resources. Following this study, the Company expects to carry out infill drilling to upgrade the resources into the Indicated Mineral Resource category (under The JORC Code), ahead of a full bankable feasibility study on the project. The La Zarza programme will account for expenditure of approximately 33% of the net proceeds of the Placing.

Salamón Gold Project

Further drilling of the depth extension to the main gold zone, where potential to increase the existing Mineral Resource has now been established. A new target, identified by soil sampling, to the east of the deposit will be investigated in detail. Approximately 9% of the net proceeds of the Placing will be allocated to the further drilling of the extension, a detailed investigation of the Las Salas Prospect and ongoing regional exploration.

Trives Gold Project

Approximately 6% of the net proceeds of the Placing will be allocated to continue the 2004 drilling campaign at Trives. In particular further activities at Portas will primarily involve drilling to test deeper extensions of the known gold zones. Strike extensions to the Portas gold system will also be investigated further by drilling.

Tracia Gold Project

A drilling programme is currently in progress testing mineralised zones at Fieitoso and Casaldrago. Numerous other targets identified by soil and rock sampling will be confirmed in parallel with current drilling and will subsequently be tested by an expanded programme in 2005.

In conjunction with work in the Tracia Permit, a regional stream sediment survey covering an area of some 2,000 square kilometres undertaken in 2004 will be followed up with more detailed sampling. Future activities in the permit area will include further testing of targets by drilling, as determined by results of current drilling and surface trenching. Ongoing regional activities will include following-up stream sediment anomalies to define areas for further applications for licences and detailed exploration. Approximately 18% of the net proceeds of the Placing will be allocated to these activities.

Salamanca Gold Project

The Company's primary gold targets within these permits are the Mina Marta Deposit, Mina Saturno and Valle de los Espinos Deposits, Plus Ultra Prospect and the Pino de Oro Prospect.

The Company intends to carry out a significant amount of further drilling to delineate higher grade parts of deposits where resource potential has already been demonstrated. Evaluation and prioritisation of advanced targets (Mina Marta, Saturno) will be undertaken through drilling and investigative metallurgical testwork. A number of other occurrences will be investigated in detail and ongoing regional work will aim to identify new zones to be developed into drilling targets. Approximately 16% of the net proceeds of the Placing will be allocated to Salamanca.

The remaining funds will be used for general working capital purposes. The Directors reserve the right to apply the Company's resources, including the proceeds of the Placing, in a different manner and in different proportions and priorities as the business needs of Ormonde require.

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## 5. DIRECTORS AND SENIOR MANAGEMENT

The Directors of the Company, all of 6 Northbrook Road, Dublin 6, Ireland, are as follows:

*Michael John Donoghue* (55) is the Non-Executive Chairman of Ormonde Mining plc. A mining engineer by profession, he has wide experience in the evaluation, funding, development and operation of mines in Europe, Africa, South-East Asia, Australia and the Americas. His executive management experience includes an eight year period as General Manager – Operations for Delta Gold NL, Sydney, Australia. Mr Donoghue has previously been involved with Ormonde, having sat on the Board from 1996 until the strategic and financial restructuring in 2001. He rejoined the Board as non-executive Director in December, 2002 and was appointed Chairman in April, 2004.

*Dr Iain Kerr Anderson* (42) is an Executive Director and Managing Director of Ormonde Mining plc. A geologist by profession, he has worked in the mining and exploration industry in Europe for 17 years. He has worked extensively in Spain on gold and base-metal projects. He joined Navan Mining plc in 1988 and was appointed exploration manager in 1999, where he continued until joining Ormonde in May 2001.

*Colin John Andrew* (50) is a Non-Executive Director of Ormonde Mining plc. A chartered engineer and economic geologist by profession, he has extensive experience in the international mining and exploration sector. Mr Andrew was a founder director of Navan Resources plc in 1987 and is currently Operations Director with both Hereward Ventures plc and Cambridge Mineral Resources plc.

*John Anthony Carroll* (56) is the Secretary and a Non-Executive Director of Ormonde Mining plc based in Dublin. A chartered secretary by profession, he has over 30 years of experience, including seven years as a manager with KPMG in the Investment Company Department. In 1981 he left KPMG and set up a successful company secretarial practice. He has widespread business contacts in Ireland and significant experience in the resource sector.

*Andrew Ronald McMillan Bell* (50) is a Non-Executive Director of Ormonde Mining plc based in London. A solicitor by background, he has more than 26 years of experience in the financial services and investment industries, initially as a natural resources analyst at Morgan Grenfell & Co, and later as a unit trust and pension fund manager and as an adviser at other investment institutions. His experience also encompasses investment banking and private equity investment.

The senior Spanish managers are as follows:

*Pedro Antonio Rodriguez Fernandez* (51). A geologist by profession, he has 25 years of experience in exploration and mining operations in Spain while working for companies including Billiton and Navan Resources. Previously, while a Director of Almagrera S.A., he was involved in the evaluation, development and management of the Aguas Tenidas base-metal mine and the Almagrera Roasting plant. He has extensive contacts with regional and local government throughout Spain.

*Fernando de la Fuente Chacon* (53). A geologist by profession, he has worked for 29 years in Spain, Portugal, West Africa, Mozambique and Canada for Anglo American, Rio Algom and Phelps Dodge, holding positions of Chief Geologist, Regional Manager, Manager Business Development and General Manager.

## 6. CURRENT TRADING AND PROSPECTS

The Company published its annual results for the year to 31 December, 2004 on 7 March, 2005. Since 31 December, 2004 it has been actively engaged in furthering its strategy. The Company now has interests in a total of five Spanish projects: the La Zarza Gold-Copper Project, the Salamón Gold Project, the Trives Gold Project, the Tracia Gold Project and the Salamanca Gold Project. On 31 January 2005 Ormonde announced that it had acquired several advanced gold properties in the Salamanca area of western Spain; Ormonde and joint venture partner Prehenita have been awarded three permit areas following a public tender process, and have secured two further contiguous permits in joint venture with SIEMCALSA. As a result the Directors view the prospects of the Group for the current financial year with confidence.

Ormonde will continue to pursue business development opportunities in Spain. Furthermore, the Board anticipates a significant increase in the Company's technical work-load as it expedites the evaluation of its five existing projects. Drilling programmes will continue at La Zarza and a metallurgical testwork programme will be commissioned on the samples obtained from the current drilling phase. Further drilling is also planned at Salamón, Trives and Tracia, and new drilling programmes will be initiated on the Salamanca Project.

It is the Board's view that the outlook for the Company is positive. The Directors are confident that the prospective and advanced nature of Ormonde's current projects and the technical expertise at the Company's disposal should assist in ensuring ongoing positive development of Ormonde's business.

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## 7. REASON FOR ADMISSION

Ormonde is seeking admission to AIM in order to facilitate its intended growth from an exploration and development company into a gold producer. While Ormonde's quote in Dublin will continue to facilitate trading for Irish shareholders, the Board believes that Admission will raise visibility and awareness of Ormonde in the investment community and thereby anticipates that trading liquidity in the Company's stock, having improved significantly in the last twelve months, will improve further as a result.

The Company's UK shareholder base has increased from 27% in 2001 to approximately 49% by the year end 2004. At the start of 2005, at least 22% of the Ordinary Shares were held by predominantly London-based institutional shareholders. Prior to 2003 the presence of such institutions on the Company's share register was relatively minor. The Board expects the majority of Ormonde's future shareholders to be predominantly UK-based, and to fully represent these shareholders a quotation in London must be secured. AIM currently represents the most appropriate market to satisfy this requirement.

## 8. CORPORATE GOVERNANCE

The Directors are committed to maintaining their high standards of corporate governance and intend to comply with the principles and provisions of the Revised Combined Code, so far as is appropriate having regard to the size, stage of development and financial status of the Group.

The Company currently has five Directors, comprising one executive Director and four non-executive Directors. The Board met formally on seven occasions during 2004. All the Directors bring independent judgement 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 re-election at the next Annual General Meeting following the date of appointment.

The following committees deal with the specific aspects of the Group's 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.

**Remuneration Committee:** This Committee comprises two non-executive Directors. This Committee determines the contract terms, remuneration and other benefits of the executive Directors, non-executive Chairman and non-executive Directors.

## 9. LOCK-IN ARRANGEMENTS

At Admission, the Directors will be interested in an aggregate of 10,858,301 Ordinary Shares, representing approximately 8.9% of the Existing Issued Share Capital of the Company. The Directors have undertaken not to sell, transfer or otherwise dispose of any Ordinary Shares or any interest in Ordinary Shares held immediately following Admission for a period of one year from the date of Admission.

## 10. DEALING ARRANGEMENTS

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the Regulations. The Articles permit the holding of Ordinary Shares to be evidenced in uncertificated form and settlement of transactions in the Ordinary Shares can currently and may, following Admission, take place within the CREST system if Shareholders so wish.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

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**11. DIVIDEND POLICY**

The continued development of the Company requires additional investment and this will be financed partly from the proceeds of the Placing and partly from reinvestment of any profits/cashflows where the business begins production. The current intention of the Directors is to aim for capital growth by increasing the value of the Company's assets. It is not expected that dividends will be paid to Ormonde Shareholders in the foreseeable future.

**12. TAXATION**

Your attention is drawn to the sections headed Taxation set out in paragraph 14 of Part 5 of this document. All information in relation to taxation in this document is intended as a general guide to the current UK and Ireland tax position. If you are in any doubt regarding your tax position, you should contact your professional adviser without delay.

**13. FURTHER INFORMATION**

Your attention is drawn to the additional information set out in Part 5 of this document.

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## PART 2 – TECHNICAL INFORMATION ON THE ASSETS OF THE ORMONDE GROUP

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The projects in which the Company has acquired an interest, or is in the process of acquiring an interest as described herein, are as follows:

<u>Project</u>	<u>Principal Mineralisation</u>	<u>Status*</u>
La Zarza	Gold-Copper	Acquiring 70% interest through earn-in
Salamón	Gold	Acquiring 51% interest through earn-in
Trives	Gold	Option to acquire outright
Tracia	Gold	100% owned
Salamanca	Gold	Option to acquire up to a 90% interest

\* Percentage Interests as referred to above are the percentage of any minerals produced from the project to which Ormonde would be entitled, either by way of equity participation in a joint venture vehicle or direct ownership as the case may be.

The locations of the projects are shown in Figure 1.



Figure 1. Map showing locations of Ormonde's Spanish gold projects.

### (A) LA ZARZA GOLD-COPPER PROJECT

The La Zarza Gold-Copper Project (Figure 1) comprises a group of 58 Mining Concessions covering a total area of 12.8 square kilometres in the Huelva Province of southwest Spain, which cover the *La Zarza Gold-Copper Deposit*.

In June 2004, Ormonde signed an agreement with Nueva Tharsis whereby Ormonde can acquire a minimum 70% interest in these concessions. Under the terms of this agreement, Ormonde is to earn its interest by spending €1.8 million during a three year period ending June 2007. On completing its earn-in, Ormonde may be in a position to acquire a greater equity interest in the project by dilution of Nueva Tharsis' interests if it solely funds further evaluation and development activities.

The *La Zarza Deposit* is located in the Iberian Pyrite Belt mining district, some 50 kilometres north of Huelva and 90 kilometres northwest of Seville. La Zarza was historically mined for pyrite from a large massive sulphide body (>110 Mt) by both open pit and underground mining (Figure 4). Unexploited gold and copper resources were evaluated by SEIEMSA, a subsidiary company of La Source (a joint venture in the 1990s between the BRGM and Normandy Mining), which operated the project actively through a joint venture with Nueva Tharsis until 1997. The project was effectively dormant from this time until June 2004, at which time the project reverted 100% to Nueva Tharsis and Ormonde subsequently signed the current agreement.

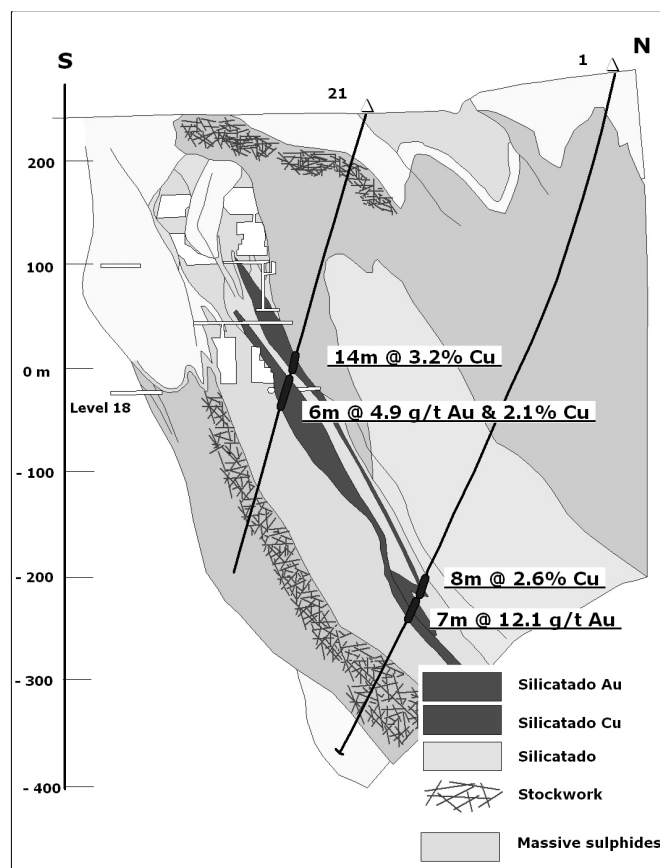
## Geology and Mineralisation

The stratigraphy in the La Zarza area is part of a volcano-sedimentary series of rocks in the Pyrite Belt, which hosts several massive sulphide deposits, including La Zarza. Variable gold and base-metal enrichment is present within the massive sulphides at La Zarza, with grades of up to 3% copper and 7% zinc over several metres. In general, however, pyrite forms greater than 90% by volume of massive sulphide. “Stockwork” sulphides are developed in places in the acid volcanics immediately below the massive sulphides and can contain elevated gold and silver contents.

However, the main gold and copper resources of current interest at La Zarza are hosted by the “Silicatado”, a quartz-pyrite unit occurring mainly in the hanging wall (and occasionally, in the experience of Ormonde in the footwall) to the massive sulphide body (Figure 2). The Silicatado can be up to 40 metres thick, and has recently been interpreted as a structural unit formed at the contact between the massive sulphides and overlying rocks.

In detail, the Silicatado exhibits a brecciated texture and in places a “banded” texture where sulphide bands are parallel to the main structural fabric. The gold-rich zones within the Silicatado (greater than 2.0 g/t gold) are up to 20 metres thick, but typically average 5-10 metres. Gold grades up to 22 g/t occur over metre-length intervals with the average grade being around 5 g/t. The average silver grade is approximately 50 g/t. The most continuous mineralisation is located immediately above the massive sulphides on the northern flank of the deposit.

The copper-rich Silicatado (greater than 1.5% copper) for the most part occurs on top of the gold-rich Silicatado on the northern flank of the deposit (Figure 2), in places separated by lower grade material. With a maximum thickness of some 15 metres, the copper-rich Silicatado averages 5-6 metres, with maximum grades of 10-12% copper, averaging around 3%.



**Figure 2.** Cross-section of the *La Zarza Gold-Copper Deposit*. The Silicatado unit typically occurs above the massive sulphides, with the copper-rich Silicatado, in turn, overlying the gold-rich Silicatado (modified from a drawing by SEIEMSA).

## Mineral Resources

Based on drilling results obtained by SEIEMSA in the 1990s, and drilling by a previous company in the 1980s, SEIEMSA estimated gold and copper resources in La Zarza's Silicatado unit as follows:

- 5.9 million tonnes grading 5.0 g/t gold and 50 g/t silver (950,000 ounces of gold, 9.5 million ounces of silver)
- 2.9 million tonnes grading 2.8% copper (180 million pounds of copper).

These resources were estimated by SEIEMSA over a strike length of some 500 metres and to a vertical depth of some 450 metres. Cut-off values of 2 g/t gold and 2% copper were used by SEIEMSA in their estimation of gold and copper resources, respectively. All resources are open laterally and at depth (Figure 3).

Ormonde currently considers all resources to be equivalent to the Inferred Mineral Resource category under The JORC Code, as drilling is widely spaced and the degree of continuity of the mineralisation needs to be established by more detailed drilling.

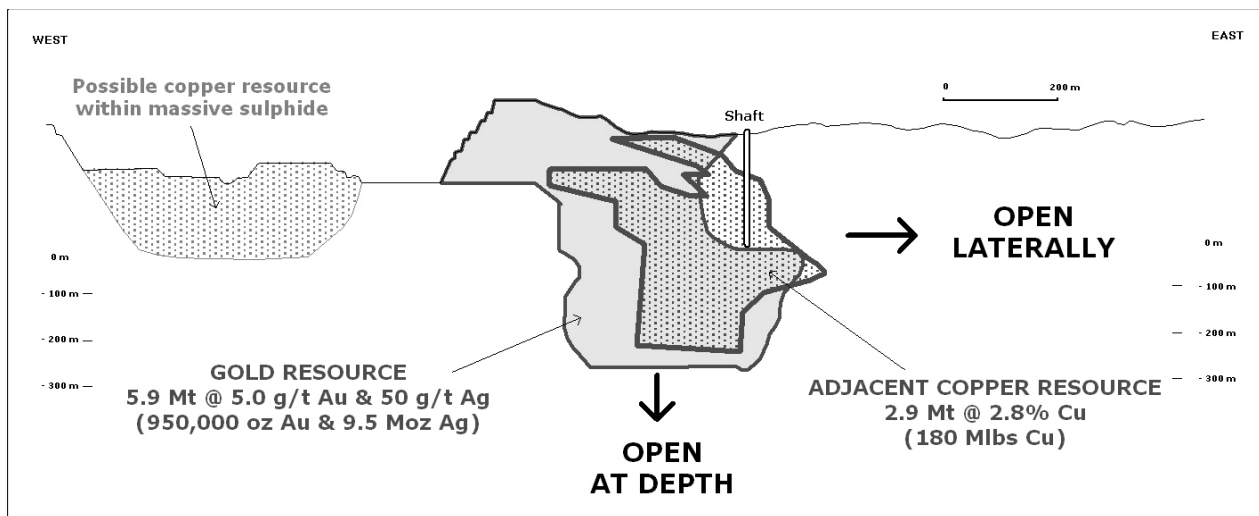


Figure 3. Longitudinal section showing outlines of gold and copper resources at La Zarza (modified from a drawing by SEIEMSA).

## Metallurgy

To-date, very limited, non-optimised, metallurgical testwork has been carried out on mineralised samples from La Zarza. A review of this work suggests the following:

- Assay (and flotation) data suggest a gold association with silver and arsenic
- The limited data suggest that the mineralogy of the sulphide and gold/silver occurrences in the Silicatado and massive sulphides may be similar
- The limited flotation testwork indicated that high gold recoveries (greater than 90%) should be achievable to a low grade sulphide concentrate
- Gold recoveries in the region of 50% to 60% appear achievable with cyanidation of finely ground unoxidised material. The target for further testwork would be to aim for a 70% gold recovery with some combination of ultra-fine grinding and alternative sulphide pre-treatment
- Gold recoveries in the 80% to 90% range appear achievable after oxidation of the pyrite, with non-optimised roasting and bio-oxidation testwork yielding greater than 80% recoveries. Further work needs to be completed to establish the correct operating parameters for both of these options.

Ormonde will conduct an investigative metallurgical testing programme in Q2 2005, using representative core samples from current drilling, to identify the optimum processing methods both for gold and copper "ore types".

## Review of Activities from June 2004 to present

Following a compilation of existing technical data from various sources, Ormonde commenced its first phase of drilling (totalling 2,000 metres) in December 2004. This preliminary drilling programme, which is currently ongoing, has the following key objectives:

- Confirmation of previous operator resource data
- To obtain representative core samples for investigative metallurgical testing
- To provide preliminary geological parameters to facilitate planning of an infill drilling programme to upgrade the resources from the Inferred to the Indicated Mineral Resource category.

The programme is testing both gold- and copper-rich parts of the deposit where intersections from past, widely-spaced drilling include the following:

<b>Hole</b>	<b>From (m)</b>	<b>Interval (m)</b>	<b>Grade</b>
<u>Gold:</u>			
ZA6	64	21	4.0 g/t gold
<i>including</i>		8	6.1 g/t gold
ZA4	89	10	5.6 g/t gold
ZA10	118	25	5.1 g/t gold
ZA1	543	7	12.1 g/t gold
<u>Copper:</u>			
ZA21	246	14	3.2 % copper
ZA1	529	8	2.6 % copper

#### Timetable for Ongoing Activities

The Company envisages the following broad sequence of events at La Zarza:

- Q1-Q3, 2005: Assay results from the current drilling are expected to be announced, together with a new resource estimate. Investigative metallurgical testing to commence in Q2 2005.
- Q3 to Q4, 2005: Completion of investigative metallurgical testwork. Completion of a scoping study to determine the viability of establishing a mining operation and to establish the optimum processing route. Pending the successful outcome of the scoping study, an infill drilling programme will be carried out to upgrade a portion of the resources from the Inferred to Indicated Mineral Resource category, and definitive metallurgical optimisation testwork may start in 2005.
- 2006: Completion of infill drilling, definitive metallurgical testwork, environmental impact study, bankable feasibility study and permitting.

#### La Zarza Strategy

Ormonde's objective at La Zarza is to establish the viability of a mining operation producing gold, copper and silver from the resources described above. The upper portions of the gold resources may be extractable by open pit mining, for which lower capital cost processing routes and lower metallurgical recoveries may be acceptable. The deeper gold resources would have to be mined utilising underground mining techniques and higher cost, higher metallurgical recovery, processing routes may be necessary for these resources.

Processing route and recovery are unlikely to be critical cost issues in the case of the copper resources.

Both the gold and copper underground resources lie adjacent to the old mined-out pyrite workings and the previous shaft and underground gallery development, presently flooded, may serve as access to the deeper gold and copper resources, thereby reducing capital costs and development lead times.

Overall the two resources, gold and copper, and the division into possible open-pittable and underground resources suggests that a two staged capital development scenario should be considered when evaluating the economics of this deposit.

Although Ormonde's focus is on establishing the viability of the current resources, there is potential to increase these resources as the total mineralised system at La Zarza has a known strike length of over three kilometres (Figure 4).

In addition to the positive technical aspects of the La Zarza programme, Ormonde is operating within a favourable administrative and investment framework, and certain aspects of mining approvals are already in place. The Company has received early indications of local Andalucian government support for its activities at La Zarza, including grants for drilling and associated metallurgical testwork. As the Pyrite Belt is a well-established mining district, the Company also anticipates local support for the project.

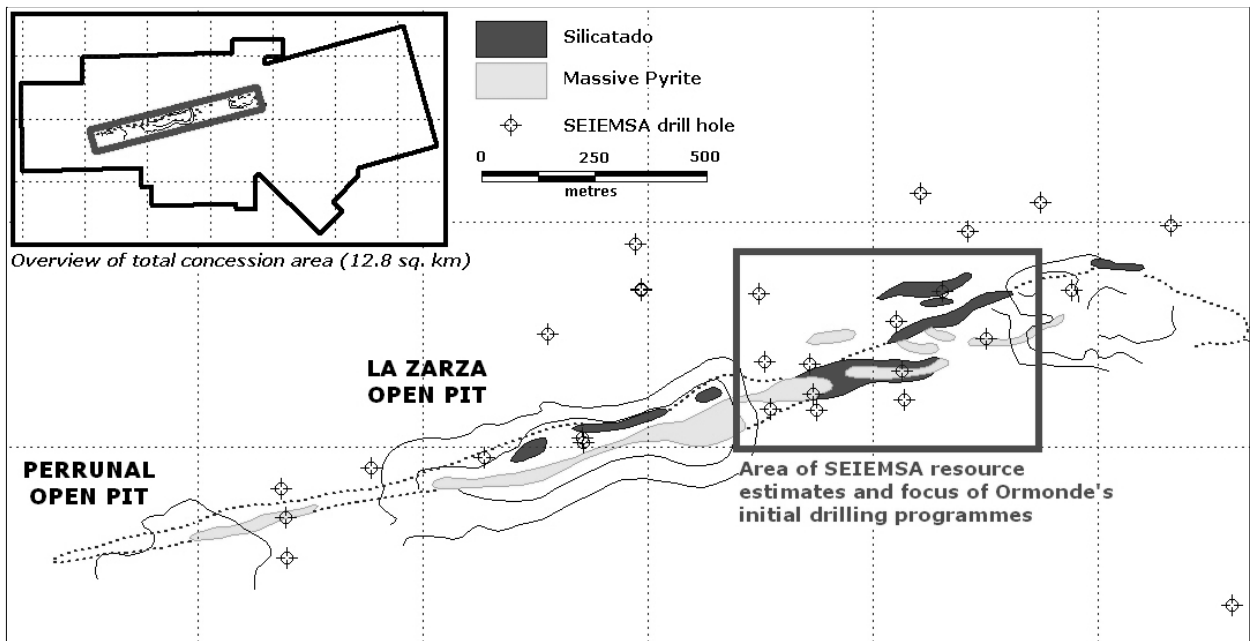


Figure 4. Plan view of the *La Zarza Gold-Copper Deposit*.

## (B) SALAMÓN GOLD PROJECT

The Salamón Gold Project (Figure 1) comprises a group of nine Investigation Permits covering a total area of 120.7 square kilometres in the León Province of northern Spain, which cover the *Salamón Gold Deposit*, the *Las Salas Gold Prospect* and a number of other exploration prospects.

Ormonde entered into a legally binding Heads of Terms Agreement with SIEMCALSA, a Spanish geological company, in June 2003, relating to these Investigation Permits. Ormonde is now earning-in to the properties through a Joint Venture with SIEMCALSA, and can earn a minimum 51% interest by spending €900,000 on the evaluation of the *Salamón Deposit* and €300,000 on regional exploration. Expenditure to date by Ormonde on the Salamón Gold Project is approximately €600,000.

### Geology and Mineralisation

The Salamón Gold Project is located some 110 kilometres east-southeast of Rio Narcea Gold Mines Ltd's El Valle gold mine which produced approximately 175,000 ounces of gold in 2003.

The *Salamón Gold Deposit* is hosted within breccias in limestones of Carboniferous age along the León Fault, a major structural feature. The mineralisation has strong affinities with "Carlin-type" deposits, an important style of gold deposit with typical features including brecciation, carbonate dissolution and silicification, with structural controls being important.

### Mineral Resources

Drilling and trenching by SIEMCALSA prior to Ormonde's involvement outlined an Indicated and Inferred Mineral Resource of 640,000 tonnes at an average grade of 9 g/t gold, for a total of approximately 190,000 ounces of contained gold. This resource is contained within the uppermost 100-120 metres of the deposit, over a strike length of some 350 metres.

Particularly attractive features of this deposit are its high grade and significant intersection widths of up to 22 metres. The resource estimate is based on 29 drill holes which include the following mineralised intersections:

- 29.0 metres @ 20.5 g/t gold from 70.5 metres depth (hole SS-31)
- 16.0 metres @ 7.6 g/t gold from 64.0 metres depth (hole SS-17)
- 14.0 metres @ 5.7 g/t gold from 24.0 metres depth (hole SS-6)

SIEMCALSA's work showed that the deposit is steeply dipping and open at depth. Ormonde believes that potential exists to increase this resource through further drilling.

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### Review of Activities at the Salamón Gold Deposit

An Ormonde-SIEMCALSA **drilling** campaign completed in the third quarter of 2003 principally tested the northeastern (Barmiguel) zone of the deposit. The results from these holes demonstrated that high-grade surface gold mineralisation exposed by trenching in this area continues at depth, over narrower intervals than those encountered in trenches.

**Further drilling** during the period May-July 2004 tested the depth extension to the main central gold zone. Three core drill holes, totalling 907 metres, targeted the area surrounding an isolated gold intersection in a previously drilled hole, SS-24 (6.0 metres grading 2.7 g/t gold, with a maximum grade of 4.7 g/t gold), which occurs 100 metres below the existing 190,000 ounce gold resource.

These drill holes confirmed that the main gold zone continues as a coherent body at least 100 metres below the current resource (Figure 5), over at least 90 metres of strike length. Intersections included a high-grade interval of 2.3 metres grading 14.4 g/t gold within a wider zone of 8.6 metres grading 4.6 g/t gold. This body is open laterally to the east and downwards at depth, confirming Ormonde's view that the resource could be larger than that estimated by SIEMCALSA.

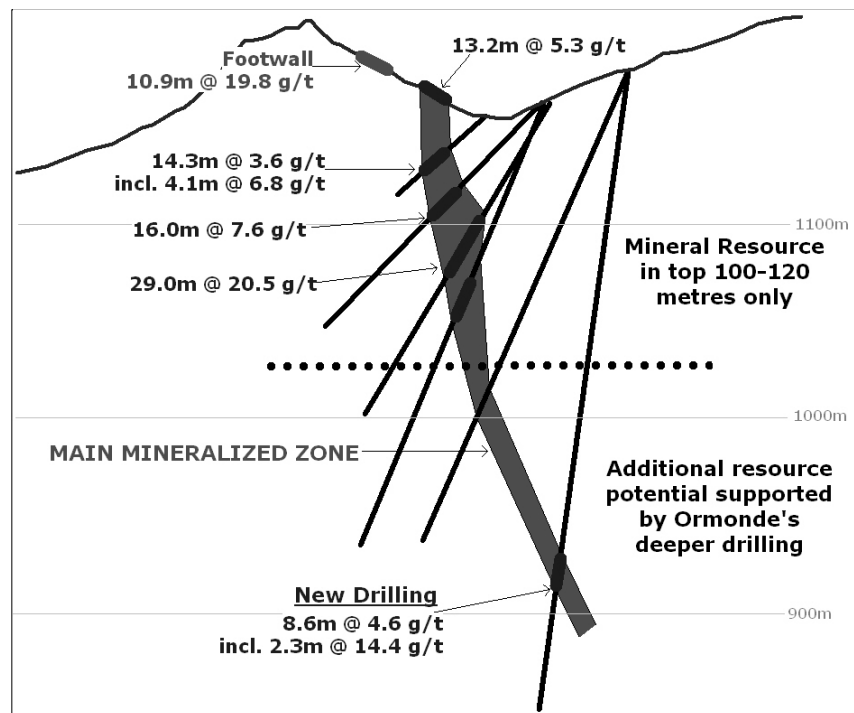


Figure 5. Illustrative cross-section of the Salamón Gold Deposit.

In addition to the drilling, surface sampling of rock units on either side of the main gold zone has returned high gold grades and suggests a larger mineralising system than initially envisaged. This is demonstrated by trenching in the footwall to the main mineralised zone, which returned a wide, consistently high-grade interval of 10.9 metres grading 19.8 g/t gold (shown in green on Figure 5). Drilling is now required to clarify the relationship between this footwall zone and the main gold zone.

### Review of Salamón Exploration Ground

The exploration ground surrounding the **Salamón Deposit** covers prospective Carboniferous-age rocks, including gold-arsenic-antimony and mercury workings and mineralised occurrences along the León Fault and other major structures. These fault structures are regarded as priority targets for further possible gold discoveries.

During the second half of 2004, a **soil sampling programme** was completed over a strike length of 2.6 kilometres in the **Las Salas Gold Prospect**, immediately to the east of the **Salamón Deposit** along the prospective León Fault structure on which it is located. The results from this programme show a significant combined gold-arsenic anomaly one kilometre to the east of Salamón, having the same signature as that occurring over Salamón itself. Maximum values from sampling are 5 g/t gold and 9,765 ppm arsenic. This new area is a target for trenching and drilling.

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**Regional prospecting activities** during 2003 and 2004 focused on targets generated by a detailed regional structural and alteration study, incorporating existing geological and geochemical data. Positive gold results have been received from several areas in the region, the most attractive being an area located several kilometres to the east of Salamón, where 7 samples returned an average grade of 2.9 g/t gold with a highest grade of 14.5 g/t in veined and altered rocks. The prospecting phase has successfully reduced a very extensive tract of ground to a number of specific areas of interest on which future follow-up activities can be focused.

#### Salamón Strategy

Based on the gold grades and widths of the *Salamón Deposit*, the Company believes that if the resource can be increased in size it has the potential to become a profitable mine. The economics of any potential mining operation are likely to revolve around proving a sufficiently large resource and establishing an economically viable ore processing route. Drilling during 2004 has shown that the main gold zone continues at depth as a coherent body, therefore confirming the potential to increase the resource.

### (C) TRIVES GOLD PROJECT

The Trives Gold Project (Figure 1), in the Lugo and Ourense Provinces of northwest Spain, comprises two Investigation Permits 100% owned by Ormonde covering a total area of 3.2 square kilometres, and a further two contiguous Investigation Permits under option covering a total area of 3.6 square kilometres. The primary target within these permits is the *Portas Gold Prospect*.

On the two permits under option with two private Spanish companies, SYEM and SPIB, Ormonde can acquire a 100% interest by April 2007.

#### Mineralisation

Roman pits and workings throughout the Trives area indicate that gold was extracted from bedrock in structural zones within the geological sequence. At the *Portas Prospect* (Figure 6), two Roman pits known as Covallon Grande (CG) and Covallon Chico (CC), positioned some 350 metres apart, are broadly aligned in a northwest trend. Shafts and small surface workings also occur between the main pits.

A northwest trending, steeply-dipping deformation zone, with a maximum width of around 20 metres, is exposed in the face of the two pits, at the contact between quartzites and slates. Within this zone, gold mineralisation occurs with sulphides in a series of stacked, narrow, shallow-dipping quartz veins and also associated with sulphides in the host rocks surrounding the veins. Sampling across the pit faces returned the following relevant results:

Host rock, excluding veins:        8.0 metres @ 2.6 g/t gold including 2.0 metres @ 7.3 g/t gold (CG)  
   4.0 metres @ 4.9 g/t gold (CG)  
   2.5 metres @ 5.0 g/t gold (CC)

Veins only:                                7.1, 14.5, 17.2, 19.6, 28.6, 30.6 and 106.8 g/t gold over narrow intervals.

In addition to these positive sample results, a gold-in-soil geochemical anomaly, with values up to 7 g/t gold, extends from Covallon Grande in a southeast direction for a total strike length of around 800 metres (Figure 6).

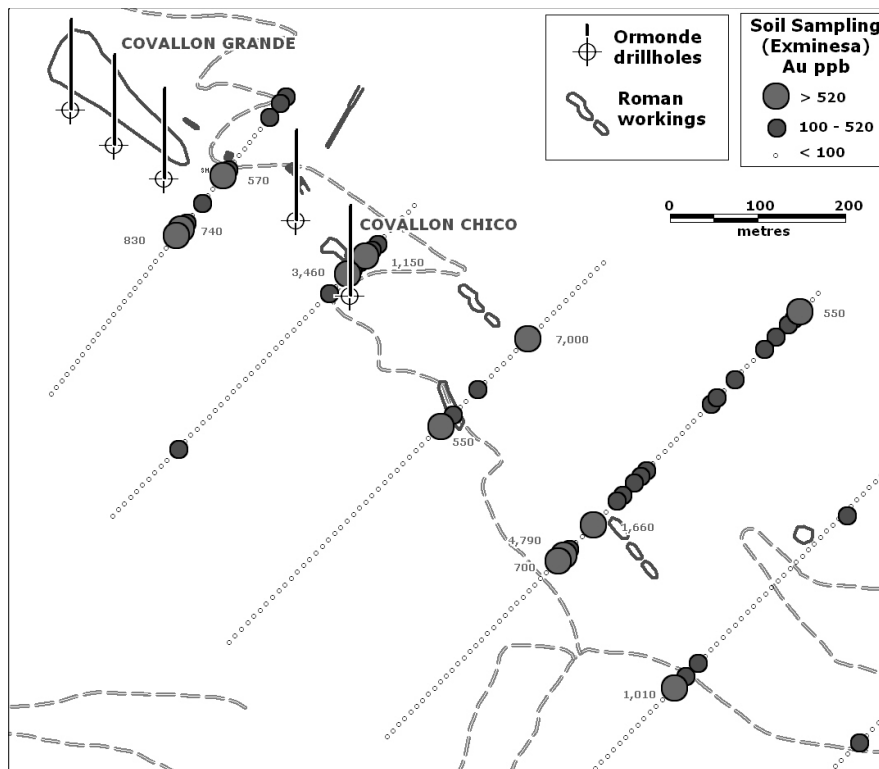


Figure 6. Plan view of the *Portas Prospect*, showing Ormonde 2004 drill hole locations, mapped Roman workings and previous operator soil sampling data.

#### Review of 2004 Drilling Programme

Six core drill holes (for a total of 870 metres) were completed in an exploratory programme designed to establish the continuity of the gold mineralisation exposed in the Roman workings at *Portas*. Additionally, the drilling aimed to provide a better understanding of geological features which control gold mineralisation in the area.

The outcomes of the programme, being the first modern exploration to test the depth and strike extensions of surface mineralisation at *Portas*, can be summarised as follows:

- Drilling has intersected the depth extensions of gold-bearing vein structures observed and sampled in the Roman pits (see results table below)
- Extensive quartz veining, brecciation, hydrothermal alteration and sulphide mineralisation (pyrite, arsenopyrite), all typical features of shear-zone hosted gold systems, were encountered by the drilling
- Altered felsic intrusions, not observed at surface, have been identified in drill core; a close spatial association with such rocks is common in shear-zone hosted gold systems worldwide
- Visible gold was observed in several quartz veins
- Intersection of underground cavities by drilling suggests that these gold zones were mined historically.

Results from the programme include those listed in the table below. Numerous other wide zones occur with anomalous levels of gold, generally associated with quartz veining. In hole TRIVES-002, for example, an interval of 41.2 metres has an average grade of 0.4 g/t gold, from 121 metres depth (includes 3.00 metres grading 2.4 g/t gold).

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<b>Drill Hole</b>	<b>From</b>	<b>Interval</b>	<b>Gold Grade</b>
TRIVES-001	33.40 metres	1.15 metres	6.4 g/t
	41.75 metres	6.55 metres	1.5 g/t
	<i>including</i>	1.75 metres	4.0 g/t
	55.20 metres	3.00 metres	2.7 g/t
TRIVES-001-2	55.50 metres	1.61 metres	1.6 g/t
	58.00 metres	1.00 metre	6.2 g/t
	73.70 metres	0.70 metres	9.8 g/t
	76.80 metres	1.10 metres	2.6 g/t
TRIVES-002	49.75 metres	3.65 metres	1.5 g/t
	137.35 metres	3.00 metres	2.4 g/t

These results suggest a coherent zone of veining and anomalous gold, dipping to the southeast, within which several intervals of higher grades are present. Additional drilling will be carried out to further test this gold system.

#### Trives Strategy

In addition to confirming the continuation of gold mineralised structures at depth, the preliminary drilling phase has succeeded in identifying a number of geological components which combine to make Portas a prospective gold system. Ongoing activities at Portas will include structural interpretation and mapping incorporating knowledge gained from drill core, ahead of further drilling to test deeper extensions of gold zones. Soil geochemistry data indicate that gold mineralisation at Portas continues to the southeast of the drilled area, giving the zone a total strike length of one kilometre; based on this drilling, a number of soil geochemistry anomalies also warrant further investigation by drilling.

#### **(D) TRACIA GOLD PROJECT**

The Tracia Gold Project (Figure 1) comprises one Investigation Permit (the Tracia Permit) covering a total area of 32.8 square kilometres, some 25 kilometres north of Pontevedra in the Galicia region of northwest Spain, and a surrounding Area of Interest (AOI) containing a number of further targets.

Between November 2003 and December 2004, exploration activities at the Tracia Gold Project were funded by IGE, a Swedish mining company listed on the Oslo Stock Exchange, through an earn-in agreement. In December 2004, having earned a 50% interest, IGE withdrew from the Joint Venture, and Ormonde availed of this opportunity to purchase IGE's interest in Tracia in consideration of the issue of 2,667,235 Ordinary Shares to Minmet plc (which had acquired IGE's interest), thereby resuming its 100% interest.

#### Mineralisation

The principal target at Tracia is an intrusion-related gold deposit characterised by veins and highly altered, silicified granitic host rock associated with arsenopyrite and minor pyrite. Intrusion-related gold deposits tend to be large and include many multi-million ounce deposits worldwide (e.g. Fort Knox with 5.4 Moz, and Pogo with 5.8 Moz, both in Alaska). The Salave deposit, 160 kilometres northeast of Tracia in nearby Asturias, is a local analogy, where Rio Narcea Gold Mines Ltd is conducting a feasibility study and has recently published estimated Measured and Indicated Mineral Resources of 1.5 million ounces at a grade of 3.0 g/t gold.

#### Review of Activities within the Tracia Permit

During **early geological mapping and rock sampling** in the area in 2002, Ormonde collected a total of 26 samples of outcrop and float over the permit area. Of these, 12 samples returned gold grades exceeding 0.5 g/t with best value of 10.3, 11.1, 22.7 and 58.0 g/t gold. These high-grade samples highlighted the prospectivity of the Tracia area.

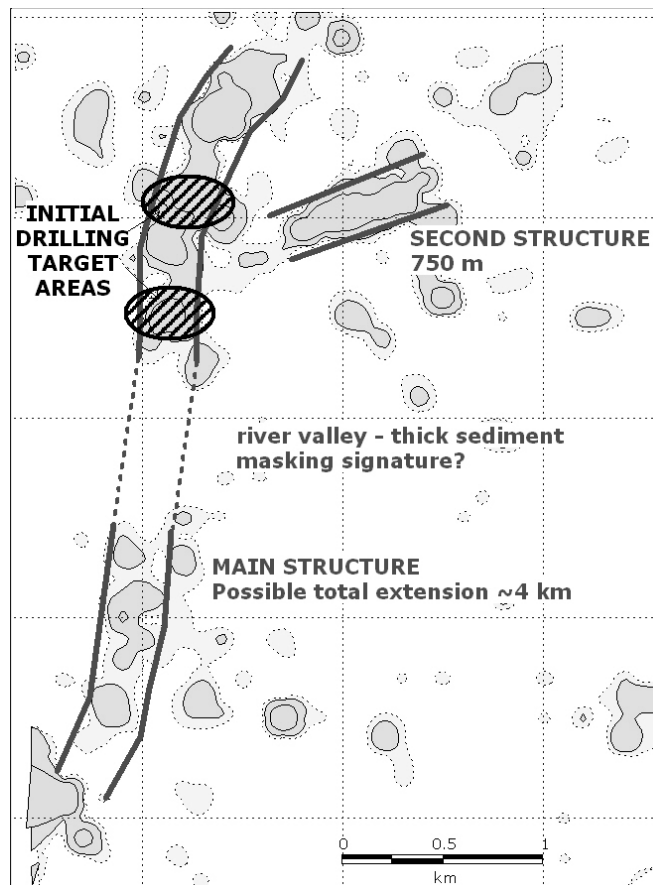


Figure 7. Arsenic-in-soil geochemistry anomalies in the Tracia Permit area, highlighting two predominant structural lineations. Arsenic has a close association with gold mineralisation at Tracia. Target areas for the first phase of drilling are also shown.

A **soil sampling programme**, focused initially on the zones which yielded these positive prospecting samples, was completed in the fourth quarter of 2003. This programme was designed to identify gold and other element anomalies related to underlying mineralisation and thereby define drilling targets. Some 1,200 samples were collected in two phases, producing the following results (Figure 7):

- the identification of a north-south oriented gold-arsenic anomaly with a strike length of 1.5 kilometres
- the possible southward continuation of this anomaly for a total strike length of over 3 kilometres
- an east-northeast oriented gold-arsenic anomaly with a strike length of 750 metres
- numerous other anomalies worthy of further investigation.

Following these positive results, **detailed mapping and prospecting** during 2004 were focused on the areas of anomalous soil geochemistry. A total of 103 samples were collected from outcrops and loose blocks, with samples predominantly comprising veined and altered granitic material, with arsenopyrite/pyrite in both veins and altered host rock. Intensely silicified, arsenopyrite-bearing material was also identified and sampled in various localities. The results of gold analyses for these samples can be summarised as follows:

- Over 10 g/t gold – 11 samples (10 per cent of all samples)
- Over 3 g/t gold – 22 samples (20 per cent of all samples)
- Over 1 g/t gold – 39 samples (some 40 per cent of all samples).

Maximum values of 75.6, 49.7, 46.9 and 40.9 g/t gold were returned from samples containing quartz vein material with sulphides. Importantly, many of the highest values were returned from outcrops, which have provided the basis for targets in the ongoing drilling programme.

A **drilling programme**, the first by any company on the Tracia Permit, commenced in December 2004. Five short holes (around 100 metres each) are planned in the initial drilling phase to test mineralised zones in two prospect areas (Figure 7). At the Fieitoso Prospect drilling will test a broad zone of alteration where **trenching** has revealed several mineralised structures including:

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7 metres grading 3.1 g/t gold  
2 metres grading 3.5 g/t gold  
1 metre grading 16.4 g/t gold  
1 metre grading 14.9 g/t gold.

At the Casaldrago Prospect, trenching has revealed previously unknown zones of sulphide-bearing massive silicification. Ancient surface diggings exploiting these zones, which vary from 5 to 8 metres in width, suggest that significant gold grades exist and results from sampling include:

2.0 metres grading 23.9 g/t gold, within a zone of 9.0 metres grading 6.1 g/t gold  
1.0 metre grading 34.7 g/t gold  
1.5 metres grading 11.3 g/t gold, within 9.0 metres grading 2.7 g/t gold  
2.0 metres grading 8.9 g/t gold, within 25.0 metres grading 1.1 g/t gold  
1.0 metre grading 5.4 g/t gold, within 9.0 metres grading 1.0 g/t gold.

Trenching at a third prospect, Baltar, has returned the following interval:

3.2 metres grading 17.0 g/t gold.

Drilling is ongoing. Numerous other targets identified by soil and rock sampling will be confirmed in parallel with current drilling and will subsequently be tested by an expanded programme in 2005.

#### Review of Activities in the Area of Interest

In conjunction with work in the Tracia Permit, regional stream sediment sampling has been completed over an area of some 2,000 square kilometres in this part of northwestern Spain, designed to identify further new areas of gold mineralisation. The results received from this programme are encouraging, having identified several stream catchment areas with similar geochemical signatures to Tracia.

During initial follow-up work to these regional geochemistry results, high-grade gold samples have been discovered in two separate areas. In one area, a rock sample returned a gold grade of 80.2 g/t, with a nearby sample returning 2.5 g/t gold. In the second area, an isolated sample returned a grade of 11.1 g/t gold. These results will be followed up with more detailed sampling.

These samples were collected in completely new terrain on the basis of data in the regional geochemistry database. This rapid success clearly highlights the potential for the discovery of new gold deposits in this region, and only a small number of gold anomalies identified in the database have been explored to-date.

Additional ground holdings are being acquired.

#### Tracia Strategy

The Tracia Gold Project has been successfully taken from a grassroots gold prospect to the drilling stage, with surface sampling showing the potential for an extensive new gold system.

The Company believes that, based on results of all activities to-date, Tracia continues to be a prospective gold target, and Ormonde has consequently resumed its 100% interest in the project. Future activities in the permit area will include further testing of targets by drilling, as determined by results of current drilling and surface trenching. As the targets defined by soil sampling are extensive, the reverse circulation drilling method may be used to facilitate a quick and cost-efficient evaluation of the project area.

In addition to progress at the Tracia Permit itself, the regional geochemistry database has proven to be a valuable asset, and ongoing activities will include following-up stream sediment anomalies to define areas for further applications for licences and detailed exploration.

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## (E) SALAMANCA GOLD PROJECT

The Salamanca Gold Project (Figure 1) comprises two groups of permits, the Salamanca and Zamora permits (Figure 8), totalling seven Investigation Permits and three Exploration Permits and covering an area of 720 square kilometres in the Salamanca and Zamora Provinces of western Spain. The primary targets within these permits include: *Mina Marta Gold Deposit*, *Mina Saturno Gold Deposit*, *Valle de los Espinos Gold Deposit*, *Plus Ultra Gold Prospect* and *Pino de Oro Gold Prospect*.

Ormonde's interest in the permits is covered by agreements with Prehenita (October, 2004) and SIEMCALSA (January, 2005), details of which are set out in section 10 of Part 5, whereby Ormonde can earn a 90 per cent interest in the permits by staged funding of exploration totalling €2.2 million over a five year period.

### Mineralisation

The targets are intrusion-related gold systems, possibly analogous to the Tracia Project. Of immediate interest are the results of a previous drilling programme which identified what may be an extensive system of this type within the Salamanca permits at *Mina Marta*, where an estimate of 1.0 million ounces of gold has been reported by previous workers.

### Review of the Salamanca Permits

The Salamanca group of permits is located some 80 kilometres to the west of the city of Salamanca, and covers deposits where gold resources have been identified (Figure 9) and a number of known mineral occurrences where previous sampling has returned high-grade gold values.

The *Mina Marta Gold Deposit* occurs as a large quartz vein swarm within metasedimentary and granitic rocks, over an area of 1,300 x 100 metres. Some 1.0 million ounces of gold at an average grade of 1.1 g/t have been reported for the deposit from surface to 150 metres depth. As this is based on relatively limited trenching and drilling, the Company intends to carry out a significant amount of further drilling to delineate the higher grade parts of the deposit.

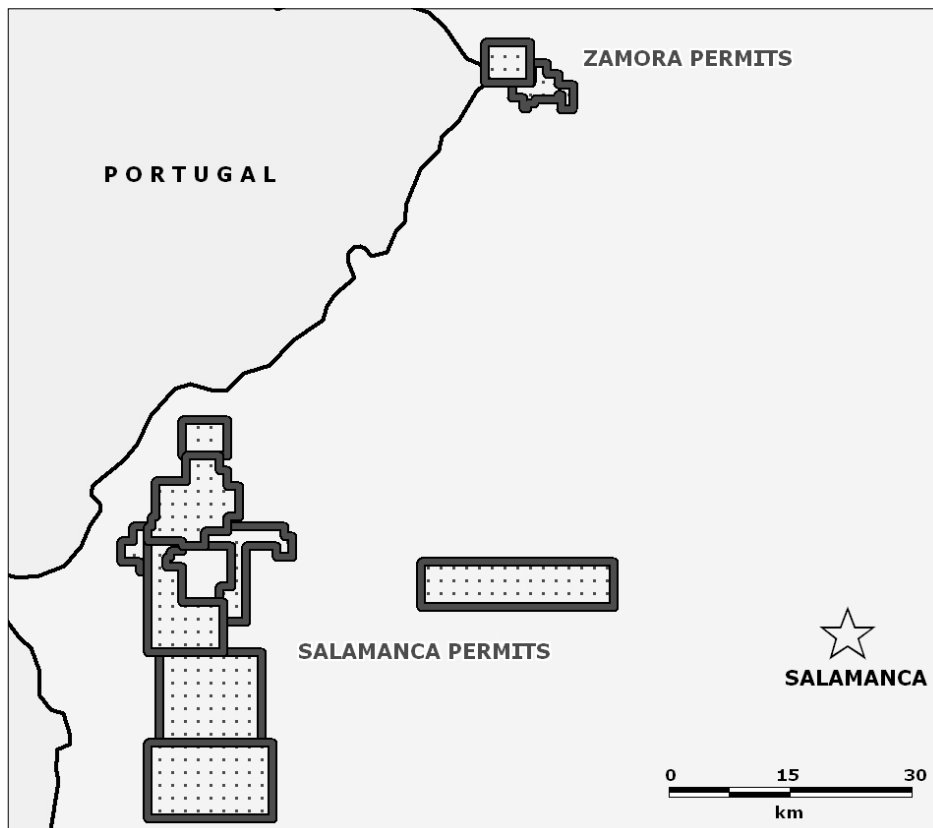


Figure 8. Overview of the Salamanca and Zamora groups of permits, which together comprise the Salamanca Gold Project.

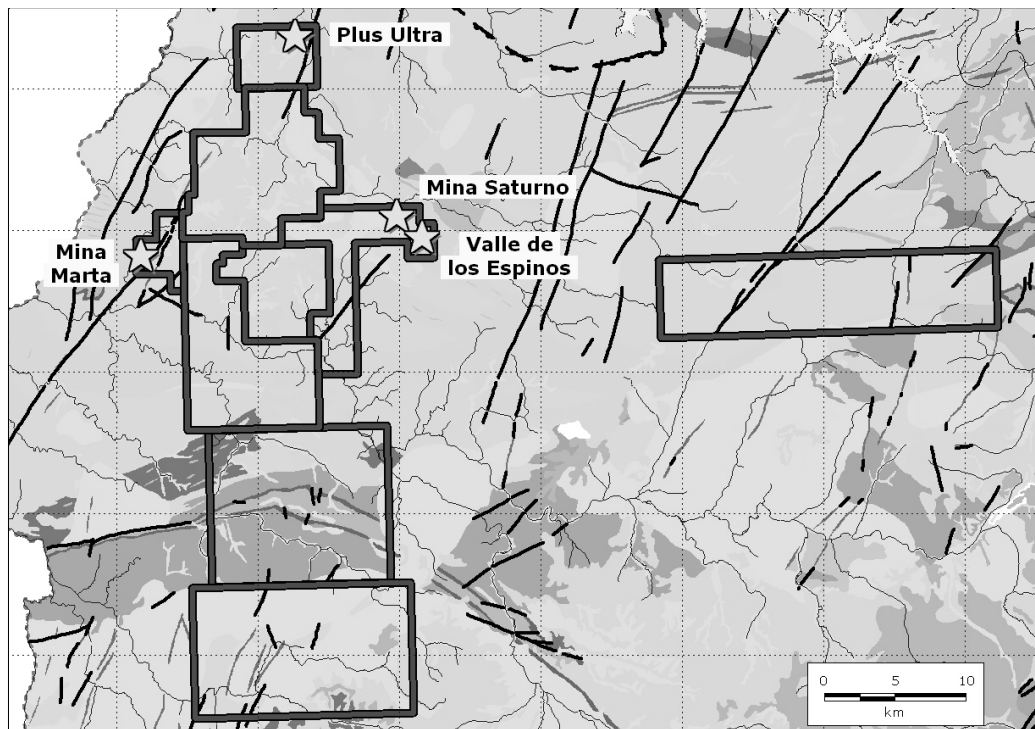


Figure 9. Overview of the Salamanca group of permits, highlighting the main advanced gold projects.

These high-grade zones are evidenced by previous surface sampling of quartz veins, which returned high-grade gold values (see table below). The average grade of 175 samples taken from outcrops and small dumps at Mina Marta is 8.1 g/t gold, with a maximum value of 201 g/t gold. Significantly, this highest grade sample was taken from the metasedimentary host rocks, suggesting that mineralisation also occurs in broader zones around the quartz veins.

The *Mina Marta Deposit* will provide an immediate focus for Ormonde’s activities in Salamanca.

Additionally, a total of 310,000 ounces of gold at an average grade of 2.2 g/t gold have been estimated at the *Mina Saturno and Valle de los Espinos Deposits* by the local Geological Survey, based on drilling, trenching and bulk sampling. Gold mineralisation occurs in quartz veins which were previously exploited for tungsten by open-pit mining. As previous operators focused on tungsten mineralisation, there has been no significant gold exploration along a highly prospective, 3 kilometre-long structure linking these two deposits.

A summary of gold grades of rock samples (principally quartz veining) taken by previous workers from the main deposits and other prospects in Salamanca are tabulated as follows:

Locality	No. Samples	Max Grade	Av. Grade	> 3 g/t	> 10 g/t
Mina Marta	175	200.9	8.1	30%	12%
Mina Saturno	29	22.0	2.25	17%	3%
V. de los Espinos	28	41.0	4.3	32%	11%
Prospect	7	211.9	92.0	86%	71%
Prospect	30	58.6	9.1	30%	23%
Prospect	21	19.6	4.1	29%	19%
Prospect	13	31.9	12.6	77%	62%
Prospect	5	25.3	14.6	80%	60%
Prospect	5	12.6	5.0	60%	20%
Prospect	5	24.8	13.4	80%	40%

#### Review of the Zamora Permits

The Zamora permits cover highly prospective terrain within a district noted for its gold occurrences 75 kilometres to the northwest of Salamanca city. Previous drilling on the *Pino de Oro Prospect*, carried out in the 1980s by a regional Spanish Geological Survey, targeted strong soil geochemistry over northeast-southwest trending structural features up to 1.5 kilometres long. Of the 16 or so mapped structures, drilling was carried out on only two of them and both returned high gold grades.

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Drilling on one structure intersected a system of steeply dipping veins, with high-grade gold intervals including 1.0 metre grading 65.8 g/t gold from 74 metres, and 2.0 metres grading 11.2 g/t gold from 132 metres. Gold grades in several other metre-length intervals range from 4.0 g/t to 14.8 g/t. The second structure returned good grades over more extensive widths, with an interval of 10.7 metres grading 3.8 g/t gold from 54 metres (including 6.0 metres grading 5.9 g/t gold).

In some holes, promising, altered, veined and brecciated intervals appear not to have been sampled, suggesting that the previous sampling data may actually underplay the true potential of the area. The shallow depths of thicker zones of gold mineralisation intersected by drilling present the possibility of an open-pit table deposit should further drilling confirm continuity of these zones.

#### Salamanca Strategy

Ormonde has secured an extensive ground holding in one of the most prospective gold terrains of Spain, which includes deposits with potential for high-grade zones within large lower grade gold resources, and several high-grade gold prospects where there has been no or only limited follow-up exploration.

The *Mina Marta Deposit*, and the *Mina Saturno - Valle de los Espinos Deposits*, where potential for resources has already been identified, will be prioritised as targets. Existing drilling and geological data for these localities are being compiled prior to modelling and validation of published work. Drilling will subsequently be carried out, initially designed to verify and test the continuity of existing drill intersections.

Ongoing work in other areas, to include interpretation of satellite imagery, prospecting, rock sampling and soil sampling, will aim to identify new zones to be developed into drilling targets.

#### **(F) MOROCCAN INTERESTS**

Morocco has considerable natural mineral resources, including precious and base-metals, and has well developed regulatory regimes to deal with inward exploration and development investments. A number of economic gold deposits have been discovered and developed, such as those at Iourim and Tiouit. However as much of the country is unexplored using modern techniques, there remains potential for new discoveries.

During 2002-2003 Ormonde participated in a joint venture with BRPM on the Tamlalt project in the northeast of the country. Whilst Ormonde's focus is on its Spanish projects, the Company maintains a presence in Morocco, allowing it to investigate favourable opportunities as they arise.

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## PART 3 – FINANCIAL INFORMATION ON THE ORMONDE GROUP

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### ACCOUNTANTS' REPORT ON THE COMPANY

LHM Casey McGrath,  
6 Northbrook Road,  
Dublin 6,  
Ireland.

The Directors,  
Ormonde Mining plc,  
Ormonde House,  
Metges Lane,  
Navan,  
Co. Meath.

The Directors,  
J&E Davy,  
Davy House,  
49 Dawson Street,  
Dublin 2.

8 April, 2005

Dear Sirs,

#### ORMONDE MINING PLC (the “Company”)

#### 1. INTRODUCTION

We report on the financial information set out below. This financial information has been prepared for inclusion in the Company’s document dated 8 April, 2005 relating to the Admission of the Ordinary Shares to trading on AIM (“Admission Document”).

#### **Basis of preparation**

The financial information set out in paragraphs 2 to 9 below is based on the audited consolidated financial statements of the Company and its subsidiaries (together “the Group”) for the three year period from 1 January, 2002 to 31 December, 2004, to which no adjustment was considered necessary.

#### **Responsibility**

Such financial statements are the responsibility of the directors of the Company (the “Directors”), who approved their issue. The Directors are responsible for the contents of the Admission Document in which this report is included. It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

#### **Basis of opinion**

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that recorded by the auditors who audited the financial statements underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed. We planned and performed our work so as to obtain all the information and explanations which we considered necessary in

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order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

**Fundamental Uncertainty – Deferred Exploration**

In forming our opinion, we have considered the adequacy of the disclosures made in paragraph 8.6 to the financial information in relation to the Directors' assessment of the carrying value of the Group's deferred exploration costs amounting to €1,795,376 as at 31 December 2004. Our opinion is not qualified in this respect.

**Opinion**

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at the date stated and of its losses and cash flows for the period then ended.

**Consent**

We consent to the inclusion in the Admission Document of this report and accept responsibility for this report for the purposes of paragraph 45(2)(b)(iii) of Schedule 1 of the Public Offers of Securities Regulations 1995 of the United Kingdom.

## 2. CONSOLIDATED PROFIT AND LOSS ACCOUNTS

		<i>12 months ended 31/12/2004</i>	<i>12 months ended 31/12/2003</i>	<i>12 Months ended 31/12/2002</i>
	<i>Notes</i>	€	€	€
Administrative expenses		(401,370)	(131,585)	(150,402)
Other operating income		19,450	26,423	12,697
Impairment of intangible fixed assets	8.6	-	(345,763)	-
<b>OPERATING LOSS</b>		<u>(381,920)</u>	<u>(450,925)</u>	<u>(137,705)</u>
Interest income		5,780	1,542	750
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	8.2	<u>(376,140)</u>	<u>(449,383)</u>	<u>(136,955)</u>
Taxation	8.3	-	-	-
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>(376,140)</u>	<u>(449,383)</u>	<u>(136,955)</u>
Minority Interest		694	-	-
Retained (loss) for year		(375,446)	(449,383)	(136,955)
Profit and loss account brought forward - (deficit)		(9,176,050)	(8,726,667)	(8,589,712)
Profit and loss account carried forward - (deficit)		<u>(9,551,496)</u>	<u>(9,176,050)</u>	<u>(8,726,667)</u>
Loss per share	8.4	(€0.0033)	(€0.0052)	(€0.0019)
Loss per share - diluted	8.4	<u>(€0.0033)</u>	<u>(€0.0052)</u>	<u>(€0.0019)</u>

## 3. STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

(Loss) for the financial year		(375,446)	(449,383)	(136,955)
Currency translation differences on foreign currency net investments		2,612	-	-
Total gains and losses recognised in year		<u>(372,834)</u>	<u>(449,383)</u>	<u>(136,955)</u>

## 4. CONSOLIDATED NOTE OF HISTORICAL COSTS PROFITS AND LOSSES

There is no material difference between the (loss) on ordinary activities before taxation and the retained profit and loss account and the equivalent figure calculated on a historical costs basis.

## 5. CONSOLIDATED BALANCE SHEETS

	Notes	12 months ended 31/12/2004 €	12 months ended 31/12/2003 €	12 Months ended 31/12/2002 €
<b>FIXED ASSETS</b>				
Tangible assets	8.5	19,667	27,214	35,603
Goodwill	8.6	111,898	-	-
Intangible assets	8.6	1,795,376	801,919	716,332
		<u>1,926,941</u>	<u>829,133</u>	<u>751,935</u>
<b>CURRENT ASSETS</b>				
Debtors	8.8	66,446	22,205	82,747
Cash at bank and on hand		444,398	472,919	119,498
		<u>510,844</u>	<u>495,124</u>	<u>202,245</u>
<b>CREDITORS : (Amounts falling due within one year)</b>	8.9	<u>(100,560)</u>	<u>(46,514)</u>	<u>(118,876)</u>
<b>NET CURRENT ASSETS</b>		<u>410,284</u>	<u>448,610</u>	<u>83,369</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,337,225	1,277,743	835,304
<b>CREDITORS : (Amounts falling due after more than one year)</b>	8.10	<u>(9,355)</u>	<u>(19,606)</u>	<u>(24,558)</u>
<b>NET ASSETS</b>		<u>2,327,870</u>	<u>1,258,137</u>	<u>810,746</u>
<b>CAPITAL AND RESERVES</b>				
Called-up share capital	8.11	4,635,712	4,370,712	3,635,418
Share premium account	8.13	6,717,240	6,027,300	5,865,820
Capital conversion reserve fund		28,928	28,928	28,928
Shares to issued for consideration	8.12	485,913	-	-
Capital reserve		7,247	7,247	7,247
Foreign currency reserves		2,612	-	-
Profit and loss account - (deficit)		(9,551,496)	(9,176,050)	(8,726,667)
<b>SHAREHOLDERS' FUNDS</b>		<u>2,326,156</u>	<u>1,258,137</u>	<u>810,746</u>
Minority Interest	8.14	1,714	-	-
		<u>2,327,870</u>	<u>1,258,137</u>	<u>810,746</u>
<b>Analysed as follows:</b>				
On shareholders funds				
Equity		653,231	(414,788)	(862,179)
Non-equity		1,672,925	1,672,925	1,672,925
		<u>2,326,156</u>	<u>1,258,137</u>	<u>810,746</u>
On minority interest				
Equity		1,714	-	-
Non-equity		-	-	-
		<u>1,714</u>	<u>-</u>	<u>-</u>

## 6. RECONCILIATION OF MOVEMENT IN CONSOLIDATED SHAREHOLDERS' FUNDS

	<i>12 Months ended 31/12/2004 €</i>	<i>12 Months ended 31/12/2003 €</i>	<i>12 Months ended 31/12/2002 €</i>
Total recognised losses	(372,834)	(449,383)	(136,955)
Issued shares - at par	265,000	735,294	259,991
- share premium (net of share issue costs (Note 13))	689,940	161,480	265,558
Shares to be issued as consideration	485,913	-	-
	<u>1,068,019</u>	<u>447,391</u>	<u>388,594</u>
Net change in shareholders' funds	1,068,019	447,391	388,594
Opening shareholders' funds	1,258,137	810,746	422,152
Closing shareholders' funds	<u><u>2,326,156</u></u>	<u><u>1,258,137</u></u>	<u><u>810,746</u></u>

## 7. CONSOLIDATED CASH FLOW STATEMENTS

	<i>Notes</i>	<i>12 Months ended 31/12/2004 €</i>	<i>12 Months ended 31/12/2003 €</i>	<i>12 Months ended 31/12/2002 €</i>
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	8.15	<u>(329,278)</u>	<u>(105,219)</u>	<u>(212,197)</u>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>				
Interest received		5,780	1,542	750
Interest element of finance leases		(2,018)	(935)	(1,294)
		<u>3,762</u>	<u>607</u>	<u>(544)</u>
<b>NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		<u>3,762</u>	<u>607</u>	<u>(544)</u>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>				
Payments to acquire intangible assets		(587,526)	(431,350)	(333,801)
Payments to acquire tangible fixed assets		(2,780)	(2,429)	(8,942)
		<u>(590,306)</u>	<u>(433,779)</u>	<u>(342,743)</u>
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		<u>(590,306)</u>	<u>(433,779)</u>	<u>(342,743)</u>
<b>NET CASH OUTFLOW BEFORE FINANCING</b>		<u>(915,822)</u>	<u>(538,391)</u>	<u>(555,484)</u>
<b>FINANCING</b>				
Issue of ordinary share capital (Net of expenses)		894,940	896,774	525,550
Capital element of finance leases		(10,251)	(4,962)	(2,855)
		<u>884,689</u>	<u>891,812</u>	<u>522,695</u>
<b>NET CASH INFLOW FROM FINANCING</b>		<u>884,689</u>	<u>891,812</u>	<u>522,695</u>
<b>(DECREASE)/INCREASE IN CASH</b>	8.17	<u><u>(31,133)</u></u>	<u><u>353,421</u></u>	<u><u>(32,789)</u></u>

## 8. NOTES TO THE FINANCIAL INFORMATION

### 8.1 Going Concern

The financial statements are prepared under the assumption that the Group is a going concern on the basis that the Directors are satisfied that further funds, primarily through share placings, will be available to bring its projects to production.

The audit opinion on the consolidated financial statements of the Company for the three years ended 31 December 2004 was modified to include an emphasis of matter paragraph referring to the going concern basis on which those financial statements were prepared. That modification has not been repeated in this report, as this accountants' report has been prepared solely for the purposes of the Admission Document of the Company which assumes that the Placing will be completed on Admission. The Directors are confident that this new equity, together with the Company's existing capital resources will be sufficient to enable the Company to meet its working capital requirements over the next twelve months.

### 8.2. OPERATING (LOSS)

	<i>12 Months ended 31/12/2004</i>	<i>12 Months ended 31/12/2003</i>	<i>12 Months ended 31/12/2002</i>
	€	€	€
<b><i>The loss before taxation is stated after charging/(crediting):</i></b>			
Provision for impairment of intangibles	-	345,763	-
Directors' emoluments	92,083	51,667	53,962
Depreciation	12,388	10,818	6,922
Auditors' remuneration	15,000	15,000	15,000
Interest income	(5,780)	(1,542)	(750)
	<u>          </u>	<u>          </u>	<u>          </u>
	<i>No</i>	<i>No</i>	<i>No</i>
The average number of persons employed by the Group during the period was	6	3	3
	<u>          </u>	<u>          </u>	<u>          </u>
	€	€	€
The aggregate payroll costs of these persons were:			
Wages and salaries	144,966	99,600	82,207
Social welfare costs	14,986	10,599	37,337
	<u>          </u>	<u>          </u>	<u>          </u>
	159,952	110,199	119,544
	<u>          </u>	<u>          </u>	<u>          </u>

### 8.3. TAX ON ORDINARY ACTIVITIES

	<i>12 Months ended 31/12/2004</i>	<i>12 Months ended 31/12/2003</i>	<i>12 Months ended 31/12/2002</i>
	€	€	€
<b>(a) Analysis of the tax charge for the year:</b>			
Corporation tax on the loss for the year	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>(b) Reconciliation of factors affecting tax charge for the year:</b>			
(Loss) from ordinary activities before taxation	(376,140)	(449,383)	(136,955)
	<u>          </u>	<u>          </u>	<u>          </u>
Corporation tax at statutory rate: 2004: 12.5% (2003: 12.5%, 2002: 16%)	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Taxation effects of:</b>			
Cumulative operating losses	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Current tax for the year	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>

Deferred tax assets have not been recognised as the Directors consider that they would not be recoverable in the foreseeable future.

#### 8.4. LOSS PER SHARE

	<i>12 Months ended 31/12/2004</i>	<i>12 Months ended 31/12/2003</i>	<i>12 Months ended 31/12/2002</i>
	€	€	€
Loss per share	(0.0033)	(0.0052)	0.0019
Loss per share - diluted	(0.0033)	(0.0052)	0.0019

The loss per share and the basic loss per share have been calculated based on a loss after taxation of €376,140 (2003: €499,383, 2002: €136,955) and a weighted average number of ordinary shares in issue for the period of 112,490,110 (2003: 86,799,466, 2002: 72,097,399).

The loss per share and the fully diluted loss per share are the same as the effect of the outstanding share options is anti-dilutive and is therefore excluded.

#### 8.5. TANGIBLE FIXED ASSETS

	<i>Plant and Equipment</i>	<i>Fixtures and Fittings</i>	<i>Motor* Vehicles</i>	<i>Computer Equipment</i>	<i>Total</i>
	€	€	€	€	€
<b>Cost:</b>					
At 1 January 2004	-	5,668	25,356	15,097	46,121
Additions	-	-	-	2,780	-
Reclassification of prior year	-	2,061	-	-	2,061
At 31 December 2004	-	7,729	25,356	17,877	50,962
<b>Accumulated depreciation:</b>					
At 1 January 2004	-	4,471	6,086	8,350	18,907
Charge for period	-	3,258	4,057	5,073	12,388
Disposal in year	-	-	-	-	-
At 31 December 2004	-	7,729	10,143	13,423	31,295
<b>Net book amount:</b>					
At 31 December 2004	-	-	15,213	4,454	19,667
At 31 December 2003	-	1,197	19,270	6,747	27,214

\* The full amount included in motor vehicles is held under finance leases. The depreciation for the year was €4,057.

## 8.5. TANGIBLE FIXED ASSETS - continued

	<i>Plant and Equipment</i> €	<i>Fixtures and Fittings</i> €	<i>Motor* Vehicles</i> €	<i>Computer Equipment</i> €	<i>Total</i> €
<b>Cost:</b>					
At 1 January 2003	23,637	15,814	25,356	12,668	77,475
Additions	-	-	-	2,429	2,429
Disposal in year	(23,637)	(10,146)	-	-	(33,783)
At 31 December 2003	-	5,668	25,356	15,097	46,121
<b>Accumulated depreciation:</b>					
At 1 January 2003	23,637	12,728	2,029	3,478	41,872
Charge for period	-	1,889	4,057	4,872	10,818
Disposal in year	(23,637)	(10,146)	-	-	(33,783)
At 31 December 2003	-	4,471	6,086	8,350	18,907
<b>Net book amount:</b>					
At 31 December 2003	-	1,197	19,270	6,747	27,214
At 31 December 2002	-	3,086	23,327	9,190	35,603

\* The full amount included in motor vehicles is held under finance leases. The depreciation for the year was €4,057.

	<i>Plant and Equipment</i> €	<i>Fixtures and Fittings</i> €	<i>Motor* Vehicles</i> €	<i>Computer Equipment</i> €	<i>Total</i> €
<b>Cost:</b>					
At 1 January 2002	23,637	15,439	-	4,101	43,177
Additions	-	375	25,356	8,567	34,298
At 31 December 2002	23,637	15,814	25,356	12,668	77,475
<b>Accumulated depreciation:</b>					
At 1 January 2002	23,637	10,971	-	342	34,950
Charge for period	-	1,757	2,029	3,136	6,922
At 31 December 2002	23,637	12,728	2,029	3,478	41,872
<b>Net book amount:</b>					
At 31 December 2002	-	3,086	23,327	9,190	35,603
At 31 December 2001	-	4,468	-	3,759	8,227

\* The full amount included in motor vehicles is held under finance leases. The depreciation for the year was €2,029.

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## 8.6. INTANGIBLE ASSETS (deferred exploration expenditure)

	<i>Africa</i> €	<i>Europe</i> €	<i>Total</i> €
<b>At cost:</b>			
At 1 January 2004	66,313	735,606	801,919
Expenditure incurred during the period	5,018	1,018,931	1,023,949
Reclassification of prior year	(30,492)	-	(30,492)
	<u>40,839</u>	<u>1,754,537</u>	<u>1,795,376</u>
At 31 December 2004	<u><u>40,839</u></u>	<u><u>1,754,537</u></u>	<u><u>1,795,376</u></u>
	<i>Africa</i> €	<i>Europe</i> €	<i>Total</i> €
<b>At cost:</b>			
At 1 January 2003	364,203	352,129	716,332
Expenditure incurred during the period	47,873	383,477	431,350
Provision for impairment	(345,763)	-	(345,763)
	<u>66,313</u>	<u>735,606</u>	<u>801,919</u>
At 31 December 2003	<u><u>66,313</u></u>	<u><u>735,606</u></u>	<u><u>801,919</u></u>
	<i>Africa</i> €	<i>Europe</i> €	<i>Total</i> €
<b>At cost:</b>			
At 1 January 2002	287,987	93,250	381,237
Expenditure incurred during the period	-	335,095	335,095
	<u>287,987</u>	<u>428,345</u>	<u>716,332</u>
At 31 December 2002	<u><u>287,987</u></u>	<u><u>428,345</u></u>	<u><u>716,332</u></u>

Expenditure on exploration activities is deferred on areas of interest until a reasonable assessment can be determined of the existence or otherwise of economically recoverable reserves. The Directors are satisfied that this deferred expenditure is worth not less than cost and that the exploration projects and prospecting licences described above have the potential to achieve mine production and positive cash flows.

### INTANGIBLE ASSETS (Goodwill)

	<i>Europe</i> €	<i>Total</i> €
<b>At cost:</b>		
Arising on acquisitions in 2004	111,898	111,898
	<u><u>111,898</u></u>	<u><u>111,898</u></u>

During the year, the group acquired a 20% stake in Saloro SL. The Goodwill arising is Capitalised and subject to an annual impairment review, in line with the Group's accounting policies. Goodwill arising on the consideration paid for the 20% stake in Saloro amounted to €111,898.

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## 8.7. SHARES IN GROUP COMPANIES

Details of directly and indirectly wholly-owned subsidiary companies as at 31 December 2004 are as follows:

Name	Registered Office/ Operating Area	Nature of Business
Ormonde Espana, S.L.	Spain	Mineral exploration
Ormonde Mining (Tanzania) Limited	Tanzania	Mineral exploration
Exprotra, S.A.R.L.	Morocco	Mineral exploration
<b>Other Subsidiaries</b>		
Saloro, S.L.	Spain	Mineral exploration

The Group has acquired through Ormonde Mining plc a 20% stake in the above company. This subsidiary has been consolidated into the financial statements as Ormonde Mining plc is able to effect control of the business through the composition of the board of Saloro SL.

## 8.8. DEBTORS

	31/12/2004	31/12/2003	31/12/2002
	€	€	€
<b>Amounts falling due within one year:</b>			
Trade Debtors	4,178	-	-
VAT recoverable	50,676	11,569	23,408
Other debtors	5,453	3,955	51,723
Payments	4,882	-	-
Deferred finance charges	1,257	6,681	7,616
	<u>66,446</u>	<u>22,205</u>	<u>82,747</u>

## 8.9. CREDITORS : (Amounts falling due within one year)

	31/12/2004	31/12/2003	31/12/2002
	€	€	€
Trade Creditors	40,482	-	-
Finance leases	5,908	5,908	6,853
Accruals	8,444	2,646	112,023
Other creditors	45,726	37,960	-
	<u>100,560</u>	<u>46,514</u>	<u>118,876</u>

## 8.10. CREDITORS : (Amounts falling due after more than one year)

	31/12/2004	31/12/2003	31/12/2002
	€	€	€
Finance leases falling due between two and five years	<u>9,355</u>	<u>19,606</u>	<u>24,558</u>

## 8.11. CALLED-UP SHARE CAPITAL

	<i>12 Months ended 31/12/2004 €</i>	<i>12 Months ended 31/12/2003 €</i>	<i>12 Months ended 31/12/2002 €</i>
<b>Authorised:</b>			
200,000,000 ('03, '02: 130,000,000) ordinary shares of 2.50c each	5,000,000	3,250,000	3,250,000
100,000,000 deferred shares of 3.809214c each	3,809,214	3,809,214	3,809,214
	<u>8,809,214</u>	<u>7,059,214</u>	<u>7,059,214</u>
<b>Allotted, called-up and fully paid:</b>			
<b>At start of period:</b>			
107,911,480 ('03: 78,499,705, '02: 68,180,607) ordinary shares of 2.50c ('03: 2.50c '02: 2.539476c each	2,697,787	1,962,493	1,731,430
43,917,841 deferred shares of 3.809214c each	1,672,925	1,672,925	1,672,925
	<u>4,370,712</u>	<u>3,635,418</u>	<u>3,404,355</u>
<b>Movements during the period:</b>			
10,600,000 ('03: 29,411,775, '02: 5,219,591) ordinary shares issued of 2.50c each ('03: 2.50c, '02: 2.539476c)	265,000	735,294	130,490
Transfer to capital conversion reserve fund	-	-	(28,928)
5,099,507 ordinary shares issued of 2.539476c each	-	-	129,501
	<u>265,000</u>	<u>735,294</u>	<u>231,063</u>
<b>At end of period:</b>			
118,511,480 (2003: 107,911,480, 2002: 78,499,705) ordinary shares of 2.50c (2003, 2002: 2.50c) each	2,962,787	2,697,787	1,962,493
43,917,841 deferred shares of 3.809214c each	1,672,925	1,672,925	1,672,925
	<u>4,635,712</u>	<u>4,370,712</u>	<u>3,635,418</u>

The Deferred Shares (which were created solely to facilitate a Group reorganisation) are not dealt in on the ESM, and have no voting rights, no right to a dividend and the right to only a very limited return of capital on liquidation. The Company's Articles of Association were consequently amended to reflect the existence of the Deferred Shares and the rights attaching to them. The Ordinary Shares retained essentially all of the rights (including voting, dividend rights and rights on a return of capital) attaching to the existing shares at that time.

At 31 December 2004, the following options over ordinary shares were outstanding:

Number	Exercise price (euro cent)	Exercise period
4,200,000	4.1	Up to 11 May 2011
3,400,000	3.4	Up to 13 August 2013
4,050,000	13 .0	Up to 22 October 2014

During the year 100,000 share options with an exercise price of 3.4c per share were exercised. On 23 October 2004, the Board of Directors granted the approval of 4,050,000 share options with an exercise price of 13c per share.

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## 8.12 SHARES TO BE ISSUED AS CONSIDERATION

On 26 October 2004 the Company entered into an agreement with Prehenita SL, a Spanish Company whereby a new company, Saloro SL, was set up to investigate several licensing areas in the Castilla-Leon Region of Spain. The consideration for this agreement will be the issue of 750,000 new Ordinary Shares of 2.50c. The Company issued these shares on 28 January 2005 with a value of 15c each.

On 22 December 2004 the Company entered into an agreement with Minmet plc to acquire Minmet's rights to the Tracia Joint Venture. The consideration for this agreement will be the issue of 2,667,235 new Ordinary Shares of 2.50c. The Company issued these shares on 19 January 2005 with a value of 14c each.

## 8.13. SHARE PREMIUM ACCOUNT

	31/12/2004	31/12/2003	31/12/2002
	€	€	€
Opening balance	6,027,300	5,865,820	5,600,262
Premium on shares issued during the year	738,400	273,932	289,964
Share issue costs	(48,460)	(112,452)	(24,406)
Closing balance	<u>6,717,240</u>	<u>6,027,300</u>	<u>5,865,820</u>

## 8.14. MINORITY INTEREST

	31/12/2004	31/12/2003	31/12/2002
	€	€	€
Arising on acquisition in year	<u>1,714</u>	<u>-</u>	<u>-</u>

The minority interest relates to the 80% interest in Saloro S.L. held by Prehenita S.L.

## 8.15. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	12 Months ended 31/12/2004	12 Months ended 31/12/2003	12 Months ended 31/12/2002
	€	€	€
Operating loss	(381,920)	(450,925)	(137,705)
Movement in debtors	(41,404)	60,542	(56,528)
Movement in creditors	50,259	(71,417)	(24,886)
Impairment of intangible fixed assets	-	345,763	-
Depreciation	12,388	10,818	6,922
Interest on Finance lease	2,018	-	-
Non cash movement on asset reclassification	29,381	-	-
	<u>(329,278)</u>	<u>(105,219)</u>	<u>(212,197)</u>

## 8.16. ANALYSIS OF NET FUNDS

	<i>At</i> 31/12/2003 €	<i>Cashflow</i> €	<i>Other non-cash charges</i> €	<i>At</i> 31/12/2004 €
Cash in hand and at bank	472,919	(28,521)	-	444,398
Finance leases	(25,514)	10,251	-	(15,263)
	<u>447,405</u>	<u>(18,270)</u>	<u>-</u>	<u>429,135</u>

	<i>At</i> 31/12/2002 €	<i>Cashflow</i> €	<i>Other non-cash charges</i> €	<i>At</i> 31/12/2003 €
Cash in hand and at bank	119,498	353,421	-	472,919
Finance leases	(31,411)	5,897	-	(25,514)
	<u>88,087</u>	<u>359,318</u>	<u>-</u>	<u>447,405</u>

	<i>At</i> 31/12/2001 €	<i>non-cash Cashflow</i> €	<i>Other At charges</i> €	<i>31/12/2002</i> €
Cash in hand and at bank	152,287	(32,789)	-	119,498
Finance leases	-	2,855	(34,266)	(31,411)
	<u>152,287</u>	<u>(29,934)</u>	<u>(34,266)</u>	<u>88,087</u>

## 8.17. RECONCILIATION OF NET CASH FLOW TO NET FUNDS

	<i>12 Months ended 31/12/2004</i> €	<i>12 Months ended 31/12/2003</i> €	<i>12 Months ended 31/12/2002</i> €
(Decrease)/increase in cash in the period	(31,133)	353,421	(32,789)
Cash outflow from increase in debt financing	10,251	5,897	2,855
Foreign exchange adjustments	2,612	-	-
Change in net funds resulting from cashflows	<u>(18,270)</u>	<u>359,318</u>	<u>(29,934)</u>
New finance leases	-	-	(34,266)
Movement in net funds in the period	(18,270)	359,318	(64,200)
Net funds at start of period	447,405	88,087	152,287
Net funds at end of period	<u>429,135</u>	<u>447,405</u>	<u>88,087</u>

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## 8.18. SEGMENTAL INFORMATION

The Group operates primarily in the mining industry. Operations in Europe and Africa include the exploration and development of precious metal properties in these regions. Information about the Group's expenses, profitability and assets by geographic region for the years ended 31 December 2004, 31 December 2003 and 31 December 2002 is as follows:

<i>2004</i>	<i>Africa</i> €	<i>Europe</i> €	<i>Total</i> €
Administrative expenses	(35,019)	(366,351)	(401,370)
Other income	-	25,230	25,230
Net loss	(35,019)	(341,121)	(376,140)
Net assets	(21,907)	2,349,777	2,327,870
<i>2003</i>	<i>Africa</i> €	<i>Europe</i> €	<i>Total</i> €
Administrative expenses	-	(131,585)	(131,585)
Other income	-	27,965	27,965
Impairment of intangible fixed assets	(345,763)	-	(345,763)
Net loss	(345,763)	(103,620)	(449,383)
Net assets	66,313	1,191,824	1,258,137
<i>2002</i>	<i>Africa</i> €	<i>Europe</i> €	<i>Total</i> €
Administrative expenses	-	(150,402)	(150,402)
Other income	-	13,447	13,447
Net loss	-	(136,955)	(136,955)
Net assets	287,987	522,759	810,746

## 8.19. RISK MANAGEMENT

The Group's financial instruments comprise finance leases and various items such as trade debtors and trade creditors which arise directly from trading operations. The main purpose of these financial instruments is to provide working capital to finance Group operations.

The Group does not enter into any derivative transactions, and it is the Group's policy that no trading in financial instruments shall be undertaken.

The main financial risk arising from the Group's financial instruments is currency risk.

### Interest Rate Risk

The Group primarily finances its operations through the issue of equity shares. The group has fixed interest rate agreements in the form of finance leases, which are subject to fixed interest rates of 12.6% (2003: 12.6%, 2002: 12.6%). The Group's exposures to interest rate risk is not considered to be significant.

### Liquidity Risk

As regards liquidity, the Group's exposure is confined to meeting obligations under short-term trade creditor agreements. This exposure is considered to be significant, and to date has been financed from operating cashflow,

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or where this was insufficient during the development stage, through additional issues of ordinary equity shares. The Group is planning to finance ongoing operations through further share placements.

### **Foreign Currency Risk**

Although the Group is based in the Republic of Ireland, amounts held as deferred development expenditure were originally expended in currencies other than euro aligned currencies. However, this expenditure is not considered to be a monetary asset, and has been translated to the reporting currency at rates of exchange ruling at the dates of the original transactions. The Group does not hold significant foreign currency monetary assets or liabilities.

The Group also has transactional currency exposures. Such exposures arise from expenses incurred by the Group in currencies other than the functional currency. The Group seeks to minimise its exposure to currency risk by closely monitoring exchange rates, and restricting the buying and selling of currencies to predetermined exchange rates within specified bands.

The Group does not presently utilise swaps or forward contracts to manage its currency exposures, although such facilities are considered and may be used where appropriate in the future.

The functional currency of the majority of the group's operations is in euro which is also the reporting currency. The net currency exposure of the net assets of the Group at the balance sheet dates was as follows:

	<i>Total</i>	<i>euro</i>	<i>Tanzanian</i>	<i>Moroccan</i>
	€	€	<i>Shillings</i>	<i>Dirhams</i>
			€	€
31 December, 2004	2,327,870	2,349,777	-	(21,907)
31 December, 2003	1,258,137	1,225,667	-	32,470
31 December, 2002	810,746	490,019	287,987	32,740

## **8.20 RELATED PARTY TRANSACTIONS**

Kerr Anderson is a director of Aurum Exploration Limited. During the year, Aurum Exploration Limited sub-let office space from Ormonde Mining plc, under the terms of an arms length commercial agreement. During 2004, Ormonde Mining plc invoiced Aurum Exploration Limited €17,424, under the terms of the agreement (2003: €12,244, 2002: €NIL). At 31 December 2004 Aurum Exploration Limited owed Ormonde Mining plc €2,178.

Colin Andrew has sub-let office space from Ormonde Mining plc under an arms length commercial agreement. During 2004 Ormonde Mining invoiced Colin Andrew €5,274 under the terms of the agreement (2003: €12,649, 2002: - €5,079) Ormonde Mining plc was owed €2,000 by Colin Andrew at the year-end in relation to rent receivable.

## **8.21 CAPITAL COMMITMENTS**

Other than the transactions noted at paragraph 8.12 above there were no capital commitments at 31 December 2004 (2003: NIL, 2002: NIL).

## **8.22 POST BALANCE SHEET EVENTS**

Other than the shares issued in January 2005 as detailed in paragraph 8.12 above there have been no significant events affecting the Company since 31 December 2004.

## **9. STATEMENT OF ACCOUNTING POLICIES**

The significant accounting policies adopted by the Group are:

### **(a) Basis of Preparation**

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board and with Irish statute comprising the Companies Acts, 1963 to 2003, the European Communities (Companies: Group Accounts) Regulations, 1992 and the Exploration Securities Market listing rules of the Irish Stock Exchange.

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**(b) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiary undertakings made up to a co-terminus accounting date.

Where necessary, the financial statements of subsidiaries are adjusted to reflect the accounting policies adopted by the parent Company.

**(c) Tangible fixed assets**

Tangible fixed assets are recorded at cost and are depreciated over their estimated useful lives on a straight line basis at the following annual rates:

Plant and equipment	: 25%
Fixtures and fittings	: 33 <sup>1</sup> / <sub>3</sub> %
Motor vehicles	: 16%
Computer equipment	: 33 <sup>1</sup> / <sub>3</sub> %

**(d) Intangible assets**

*Exploration Costs*

Exploration costs include direct expenditure, the Group's share of joint venture exploration expenditure, and certain general and administration expenses incurred by the Company and its subsidiaries.

These costs are capitalised until the results of the projects, which are based on geographical areas, mainly countries, are known. If a project is successful, the related expenditures will be amortised over the life of estimated reserves on the unit of production basis. 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 carrying value of the project on the balance sheet.

*Goodwill*

Goodwill, being the excess of the fair value of consideration paid over the fair value of the net assets acquired at the date of acquisition of a subsidiary, is capitalised and subject to annual impairment reviews.

**(e) Foreign currencies**

Transactions denominated in other currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in other currencies are translated at the year end exchange rates, except when subsequent settlements are made at less favourable exchange rates. Profits and losses arising on settlement of amounts payable in other currencies are dealt with through the profit and loss account. Exchange differences arising on consolidation of subsidiary companies denominated in currencies other than Euro are shown as a movement in reserves.

**(f) Financial fixed assets**

Financial fixed assets, comprising unlisted securities, are stated at cost or the fair value on acquisition of a subsidiary. Provision is made where there is a permanent diminution in value.

**(g) Reporting currency**

The consolidated financial statements are expressed in Euro as the majority of expenses of the Company are denominated in Euro.

**(h) Deferred taxation**

Deferred taxation, where material, is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

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Deferred tax assets are only recognised to the extent that they are regarded as recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

**(i) Leased assets**

Tangible fixed assets acquired under finance leases are included in the balance sheet at their equivalent capital value and are depreciated over the shorter of the lease term and their useful lives. The corresponding liabilities are recorded as a creditor and the interest element of the finance lease rentals is charged to the profit and loss account on an annuity basis. Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term.

Yours faithfully

***LHM Casey McGrath***  
***Chartered Certified Accountants***

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## PART 4 – RISK FACTORS

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In evaluating the Company as an investment proposition, the Directors consider that prospective investors should take account of the significant risks associated with investing in a company operating in this industry and, potentially, in undeveloped regions.

Persons interested in evaluating the Company should carefully consider all of the information in this document and, in particular, should note that the general risks associated with mineral exploration, appraisal and production activities and the Group's activities in particular, include (but are not limited to) the risks detailed below. Any one or more of these risks could have a material adverse effect on the value of any investment in Ormonde.

### (a) General Industry Risks

Ormonde's business may be affected by the general risks associated with all companies in the mining and exploration industry. The availability of a ready market for metals or any minerals produced and to be sold by Ormonde depends upon numerous factors beyond its control, the exact effects of which cannot be accurately predicted. These factors (the list of which is not exhaustive) include: general economic activity, world metal and mineral prices, the marketability of the metals and minerals produced, action taken by other producing nations, the availability of transportation capacity, the availability and pricing of other metals and minerals and the extent of governmental regulation and taxation.

The exploration and mining industry is highly speculative and incurs greater risks than most other businesses and the areas in which Ormonde is interested may not contain commercially recoverable volumes of metals or any other minerals. The exploration and development of mining resources requires substantial investment and no assurances can be given that Ormonde will be able to raise the funding required to develop exploration acreage.

### (b) Operational and Environmental Risks

Exploration, drilling, appraisal, construction, development and production activities may involve operational hazards and environmental, technical and logistical difficulties. These include, *inter alia*, the possibility of: fires, earthquake activity, extreme weather conditions, coastal erosion, explosions, unusual or unexpected geological conditions, unpredictable drilling-related problems, unstable mining conditions, unacceptably low metallurgical recoveries of minerals and metal from the ore, equipment failure and the absence of economically viable reserves. These hazards may result in uneconomic mining and ore processing costs, capital cost overruns, substantial losses and/or exposure to substantial environmental and other liabilities.

### (c) Uncertainty of Estimates of Reserves and Future Net Revenues

No assurances can be given that metals will be discovered in economically viable quantities in the areas in which Ormonde is interested, nor that any such reserves can be brought into profitable production. The speculative nature of exploration is such that no assurances can be given that funds invested in Ormonde will be recoverable or that any dividends will be paid on Ormonde securities.

### (d) Regulations

The Company's proposed activities will be subject to the relevant legislation and regulations of the legal jurisdiction under which the Company is operating. Such legislation and regulations cover a wide variety of matters, including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations.

### (e) Licences and Contractual Commitments

The interests of Ormonde are in some circumstances subject to licence and contractual requirements, which include, *inter alia*, certain financial commitments which, if not fulfilled, could result in the suspension or ultimate forfeiture of the relevant licences or of Ormonde's interests in prospects. Government action, which could include non-renewal of licences, may result in any income receivable by the Group or licences held by the Group being adversely affected. In particular, changes in the application or interpretation of mining and exploration laws and/or taxation provisions, could adversely affect the value of the Group's interests.

### (f) Reliance on Past Performance

Historical facts, information gained from historic experience, present facts, circumstances and information, and assumptions from all or any of these are not a guide to the future. Aims, objectives, targets, plans and intentions referred to herein are no more than that and do not imply forecasts.

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**(g) Currency**

Any future Ormonde income may be subject to exchange rate fluctuations and become subject to exchange control or similar restrictions.

**(h) Insurance Cover**

Although Ormonde believes that it maintains appropriate insurance with respect to its operations in accordance with international exploration and mining practice, in certain circumstances this insurance may not provide adequate cover. The occurrence of an event that is not fully covered by insurance could have a material adverse effect on the operations and financial position of the Company. Moreover, there can be no assurance that the Company will be able to maintain adequate insurance in the future at rates that it considers reasonable.

**(i) Diversification of Interests and Personnel**

No assurances can be given that the strategy detailed in Part 1 of this document, involving a focusing of the Company's mineral exploration activities in Spain, will be successful. In particular, consolidation within the mining and exploration sector could adversely affect the availability of investment opportunities for the Company, the Company may be unable to identify suitable assets in which to acquire interests, or may be unable to acquire interests in any such assets identified. The Company may be unable to recruit sufficient personnel of the appropriate quality or qualifications to manage/operate such assets identified and acquired.

**(j) Financing**

The successful development and extraction of metals and minerals, either in respect of interests currently held or as yet unidentified interests, may require significant capital investment, the magnitude of which cannot be estimated at this time. The successful exploration and development diversification of Ormonde's portfolio of exploration interests will also necessitate capital expenditure at both the preliminary identification and due diligence stages as well as the acquisition stages. Ormonde's ability to raise further funds in the future will depend on the success of existing and acquired operations. Ormonde may not be successful in securing the requisite funds.

**(k) Investment in AIM-quoted securities**

Investment in shares traded on AIM is perceived to involve a higher degree of risk and be less liquid than investment in companies whose shares are listed on the Official List(s). An investment in the Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

**(l) Share Price Volatility and Liquidity**

The share price of quoted companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some of which are specific to the Company and its operations and some of which may affect quoted companies generally. These factors could include the performance of the Company, large purchases or sales of the Ordinary Shares, legislative changes and general economic, political or regulatory conditions.

**(m) General Economic Climate**

Factors such as inflation, currency fluctuation, interest rates, supply and demand of capital and industrial disruption have an impact on business costs and commodity prices and stock market prices. The Group's operations, business and profitability can be affected by these factors, which are beyond the control of the Group.

**(n) Dependence on Key Personnel**

The Group's future success is substantially dependent on the continued services and continuing contributions of its directors, senior management and other key personnel. The loss of the services of any of the Company's executive officers or other key employees could have a material adverse effect on the Group's business.

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## PART 5 - ADDITIONAL INFORMATION

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### 1. Responsibility

The Directors of the Company, whose names appear in section 5 of Part 1 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2. The Company

Ormonde was incorporated under the name of Burmin Exploration and Development Limited in Ireland on 13 September, 1983 as a private limited company (registered in Ireland under company no: 96863) under the Companies Acts 1963 to 1977. On 1 October, 1985 the Company was converted from a private limited company to a public limited company. In 1987, dealings in the Company's shares commenced on the Third Market of the Irish Stock Exchange. In 1993, the Company's entire issued share capital was acquired by Sipa Resources International Limited of Australia and the Company's dealing facility was cancelled. The Company was acquired by a management team in June 1995 and renamed Ormonde Mining plc in August 1995 and dealings in the Company's shares on the Exploration Securities Market of the Irish Stock Exchange commenced on 20 February, 1996. Dealings in the Company's shares commenced in Vancouver on the Vancouver Stock Exchange on 21 October, 1996. This Canadian listing was cancelled in April 2001 following the implementation of an overall restructuring package. As of 12 April, 2005 the Ordinary Shares will trade on the new market of the Irish Stock Exchange for small to mid-sized companies, the IEX. The Exploration Securities Market will be disbanded as of that date.

### 3. Share Capital

(a) The following issues of Ormonde Shares have taken place within the two years preceding the date of this document:

- (i) On 19 September 2003, the Company issued 29,411,775 Ordinary Shares of nominal value €0.025 for €0.034 by way of a placing to raise finance for exploration and advanced project acquisition in Spain.
- (ii) On 17 June 2004, the Company issued 10,000,000 Ordinary Shares of nominal value €0.025 for €0.094 by way of a placing to raise finance for drilling on its Salamón Gold Deposit and to facilitate the acquisition of the La Zarza Gold-Copper Project in Spain.
- (iii) On 9 July 2004, the Company issued 100,000 Ordinary Shares of nominal value €0.025 pursuant to the exercise of share options.
- (iv) On 28 July 2004, the Company issued 500,000 Ordinary Shares of nominal value €0.025 to Nueva Tharsis S.A.L. as part of the consideration in a joint venture agreement which gives Ormonde an earn-in right on the La Zarza Gold-Copper Project in Spain.
- (v) On 19 January 2005, the Company issued 2,667,235 Ordinary Shares of nominal value €0.025 each and with a value of €0.14 each to Minmet plc as the consideration for the purchase of a 50% interest which Minmet plc had acquired in the Tracia Gold Project in Spain.
- (vi) On 28 January 2005, the Company issued 750,000 Ordinary Shares of nominal value €0.025 each and with a value of €0.15 each to Prehenita SL as part of the consideration in a joint venture agreement which gives Ormonde an earn-in right on the Salamanca Gold Project in Spain.

(b) The present authorised and issued share capital is, and inclusive of the Placing Shares will be, as follows:

<i>Present Authorised and Issued</i>	<i>Authorised Number</i>	<i>€</i>	<i>Issued and fully paid Number</i>	<i>€</i>
Ordinary Shares of €0.025	200,000,000	5,000,000	121,928,715	3,048,218
Deferred Shares of €0.038092 each	100,000,000	3,809,200	43,917,841	1,672,925
<i>Enlarged Authorised and Issued</i>				
Ordinary Shares of €0.025	200,000,000	5,000,000	152,028,715	3,800,717.8
Deferred Shares of €0.038092 each	100,000,000	3,809,200	43,917,841	1,672,925

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- (c) The following resolution effecting disapplication of statutory pre-emption rights in respect of the allotment of equity securities for cash will be proposed to Shareholders at the EGM:

“That, in addition and without prejudice to the power granted to the Directors by special resolution number 8 in the notice of annual general meeting of the Company dated 21 June 2004 (the “AGM Notice”) and as passed on 29 July 2004, the Directors are hereby empowered pursuant to sections 23 and 24(1) of the Companies (Amendment) Act 1983 to allot equity securities within the meaning of the said section 23 for cash pursuant to the authority conferred by resolution 7 in the AGM Notice and as passed on 29 July 2004 as if subsection (1) of the said section 23 did not apply to any such allotment, provided that this power shall be limited to the allotment of 30,100,000 ordinary shares of €0.025 each in the capital of the Company pursuant to the Placing (as defined in the Circular of which this Notice of Extraordinary General Meeting forms part). This power shall expire on the date which falls six months after the date of passing of this resolution, unless and to the extent that such power is renewed or extended in accordance with the said section 24, save that the Company may make before such expiry an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired.”

In addition, the usual power for the Directors to allot equity securities for cash in connection with the exercise of warrants or options and otherwise in respect of allotments of equity securities for cash representing up to 10% of the Company’s issued share capital without applying statutory pre-emption rights, which is proposed at each Annual General Meeting, is in place, having been approved by special resolution at the Company’s annual general meeting in 2004 held on 29 July 2004. This power expires on the earlier of the date of the holding of the Company’s next annual general meeting held after that date and 29 October 2005. A similar resolution has been proposed for consideration by Shareholders at the Annual General Meeting of the Company which has been convened for 6 May, 2005.

- (d) The provisions of sub-section 23(1) of the Companies (Amendment) Act 1983 (to the extent not disapplied pursuant to section 24 of that Act) confer on shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in sub-section 23(1) of that Act) which are, or are to be, paid up in cash and, upon Admission, will apply to the authorised but unissued share capital of the Company. As described in paragraph (c) above, statutory rights of pre-emption will be disapplied in order: (i) to permit the Directors to allot 30,100,000 new Ordinary Shares pursuant to the Placing; (ii) to give the Directors flexibility in relation to the exercise of warrants or options; and (iii) to permit the Directors to allot Ordinary Shares for cash having a nominal value of up to 10% of the issued share capital of the Company.

The Company has a total of 11,650,000 Options over Ordinary Shares outstanding as at 6 April, 2005 (being the latest practicable date prior to publication of this document). These Options have been granted pursuant to, and are exercisable in accordance with, the terms of the Share Option Scheme, a summary of which is set out in section 9 of this Part 5.

- (e) Save as disclosed in this section 3 of this Part 5, no share or loan capital of the Company or its subsidiaries has been issued in the two years preceding the publication of this document or is being prepared to be issued for cash or other consideration and no commissions, discounts, brokerages or other special terms have been granted by the Company or any of its subsidiaries in connection with any such issue or sale.
- (f) Save as disclosed in this section 3 of this Part 5, no share or loan capital of the Company or its subsidiaries has been quoted or is proposed to be quoted fully or partly-paid up either in cash or otherwise than in cash.
- (g) With effect from Admission all of the Ordinary Shares will be in registered form and the Ordinary Shares will be capable of being held in uncertificated form. No temporary documents of title will be issued.
- (h) 30,100,000 Ordinary Shares are being issued pursuant to the Placing at a price of 10p (14.4c) per Ordinary Share which represents a premium of €0.119 over their nominal value of €0.025 each. No expenses are being charged to any subscriber or purchaser.

#### **4. Directors' Shareholdings**

- (a) Ordinary Shares  
As at 6 April, 2005 (the latest practicable date prior to the publication of this document), the interests of the Directors (including any interests of their spouses and minor children or any connected person of a Director) in

the issued share capital of the Company, the existence of which is known to, or could with reasonable diligence be ascertained by, the Directors whether or not held through another party which is notifiable, as required to be disclosed pursuant to sections 53 and 64 of the Companies Act 1990 or which are required pursuant to section 59 of that Act to be entered in the register referred to therein, or are interests of a connected person of a Director which would, if the connected person were a Director, be required to be disclosed and the existence of which is known to or could with reasonable diligence be ascertained by that Director were, and will pursuant to the Placing be, as follows:

	<i>Number of Ordinary Shares</i>	<i>% of Existing Issued Ordinary Share Capital</i>	<i>% of Enlarged Issued Ordinary Share Capital</i>
C. J. Andrew	1,053,328	0.86	0.69
I. K. Anderson	790,778	0.65	0.52
J. A. Carroll (also Secretary)	2,121,093	1.74	1.40
M. J. Donoghue *	6,893,102	5.65	4.53
A. R. McMillan Bell	-	-	-

\* Mr Donoghue's holdings include 6,146,656 Ordinary Shares registered in the name of HSBC Global Custody Nominee (UK) Ltd.

- (b) As at 6 April, 2005, being the last practicable date prior to the publication of this document, Options over Ordinary Shares, granted for a consideration of €1.27 and in accordance with the rules of the Share Option Scheme are held by the Directors as follows:

	<i>Number of Options</i>	<i>Exercise Price €</i>	<i>End of Exercise Period</i>
C. J. Andrew	750,000	0.041	11 May, 2011
	150,000	0.034	13 August, 2013
	100,000	0.13	22 October, 2014
I. K. Anderson	750,000	0.041	11 May, 2011
	750,000	0.034	13 August, 2013
	700,000	0.13	22 October, 2014
J. A. Carroll	750,000	0.041	11 May, 2011
	750,000	0.034	13 August, 2013
	700,000	0.13	22 October, 2014
M. J. Donoghue	750,000	0.034	13 August, 2013
	700,000	0.13	22 October, 2014
A. R. McMillan Bell	300,000	0.034	13 August, 2013
	200,000	0.13	22 October, 2014

Options over Ordinary Shares, granted for a consideration of €1.27 and in accordance with rules of the Share Option Scheme, are held by former Directors as follows:

	<i>Number of Options</i>	<i>Exercise Price €</i>	<i>End of Exercise Period</i>
D. O'Beirne	250,000	0.041	20 May, 2005
	150,000	0.034	20 May, 2005

There has not been any contract of arrangement with the Company or any subsidiary during the period in which a Director of the Company was materially interested and which was significant in relation to the Group's business.

Save as disclosed in section 3, and in this section 4 of this Part 5, no share or loan capital of the Company or any subsidiary is proposed to be issued or is under option or is agreed conditionally or unconditionally to be put under option.

Save as disclosed in this section 4 of this Part 5, no Director nor any member of their families has at the date of this document, or will have immediately following Admission, any interest, whether beneficial or non-beneficial in the share or loan capital of the Company or any of its subsidiaries or any related financial product referenced to the Ordinary Shares.

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## 5. Directors' Other Interests

Directorships and partnerships currently held by the Directors in addition to that in the Company, and directorships and partnerships held within the five years prior to publication of this document, are as follows:

	<i>Other current directorships</i>	<i>Former directorships</i>
<i>M. J. Donoghue</i>	Magyar Mining Plc Euston Engineering Ireland	
<i>I. K. Anderson</i>	Aurum Exploration Limited Webworld Limited	Navan Resources (Huelva) S.A. Balkan Mineral and Mining A.D. Aurum Mineral Resources Limited
<i>J. A. Carroll</i>	Alipore Limited Firmount Limited Arch Properties Limited F.C.S. Currency Management Rathmines Property Limited Hydraulic Consultants Services Limited Carroll Trustees Limited Laundry Machine Rentals Limited I.U.S.R.D. (Ireland) Limited Hayaain Limited Bulgarian Property and Investment Limited Sibir Wood Limited	G.I. Finance Calemander Ltd Ovoca Resources Plc
<i>C. J. Andrew</i>	Cambridge Mineral Resources Plc Ivanhoe Serbia Holding Company Limited Ivanhoe Hereward Mining Ventures Limited Ivanhoe Hereward Bulgaria EAD Recursos Metallicos S.L. Hereward Ventures Plc Hereward Ventures Bulgaria A.D Hereward Ventures D.O.O. EXPROTRA s.a.r.l.	
<i>A. R. McMillan Bell</i>	Magyar Mining Plc The Italian Gold Fields Limited Huszar Mining Limited Feltar Limited Panax Limited Chenrock Limited Fafner Secretarial and Administration Limited Sand Harvester Limited Minera Condor SA (Chile) Vespasian Sp.z o.o. Redstone Metals Limited Regency Mines Plc Regency Resources Ltd (Australia) Celestial Mines Ltd Churchill Mining Ltd Condorex Ltd General Mining Ltd Gold and Base Metals Ltd Madagascar Mining Ltd Mull Energy Ltd Pacific Resources Corporation Plc Pan Resources Ltd Range Mines Ltd Red Rock Resources Ltd Axiom Resources Ltd (Canada)	Alanway Limited Tagg NPD (UK) Limited Elenchus Limited The Housing Loan Corporation plc

	<i>Other current directorships</i>	<i>Former directorships</i>
<i>A. R. McMillan Bell</i>	Bellmin DOOEL (FYRM) Bellmin s.r.o (Slovakia) Eastmine Kft (Hungary) Exploraciones Condor SA (Chile) St Stephan Gold s.r.o (Slovakia) Thor Mining Ltd Zeus Energy Ltd	

Save as set out above, none of the Directors has any business interests outside of the Group which are significant with respect to the Group.

### **Other Matters**

None of the Directors identified above have:

- (i) any unspent convictions in relation to indictable offences;
- (ii) been the subject of bankruptcy proceedings or an individual voluntary arrangement;
- (iii) been a director of any company at the time of or within 12 months preceding its receivership, compulsory liquidation, creditors' voluntary liquidation, administration, entry into company voluntary arrangements or entry into any composition or arrangement with its creditors generally or any class of its creditors;
- (iv) been a partner in a partnership which, whilst he was a partner of or within 12 months after his ceasing to be a partner, was put into compulsory liquidation, or had an administrator or other receiver appointed or entered into any voluntary arrangement;
- (v) had an administrator or other receiver appointed in respect of any asset belonging to him or to a partnership of which he was a partner at the time of such appointment or within the 12 months preceding such appointment; or
- (vi) been the subject of a public criticism by any statutory or regulatory authorities (including designated professional bodies) nor have such Directors ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

### **6. Directors' Service Contracts**

There are no existing or proposed directors' service contracts between any of the Directors of the Company and the Company or its subsidiaries.

### **7. Substantial Holdings**

So far as the Directors are aware, the names of persons other than Directors who directly or indirectly are interested in 3% or more of the Company's issued ordinary share capital as at 6 April, 2005 (the latest practicable date prior to the publication of this document) were, and will pursuant to the Placing be, as follows:

(a)	<i>Number of Ordinary Shares</i>	<i>Number of Ordinary Shares following the Placing</i>	<i>% of Existing Issued Ordinary Share Capital</i>	<i>% of Enlarged Issued Ordinary Share Capital</i>
JP Morgan Chase & Co	10,033,333	12,533,333	8.23	8.24
Gartmore Investment Management Plc	8,020,000	11,520,000	6.58	7.57
HSBC Global Custody Nominee (UK) Ltd*	8,207,805	8,207,805	6.73	5.39
Desmond and Alice Burke	4,694,743	4,694,743	3.85	3.08

\* The Ordinary Shares registered in the name of HSBC Global Custody Nominee (UK) Ltd include those held on behalf of Mr. Donoghue referred to in paragraph 4(a) in this Part 5.

- (b) Save as disclosed above, the Company is not aware of and has not received any notification from any person confirming that such person is interested, directly or indirectly, in 3% or more of the nominal share capital of the Company, nor is it aware of any person who directly or indirectly, jointly or separately, exercises or could exercise control over the Company.

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## 8. Summary of Memorandum and Articles of Association

### *Memorandum of Association*

The Memorandum of Association of the Company provides at Clause 3 (1) that the Company's principal object is to purchase, take on lease or otherwise acquire mines, minerals, mining rights and metalliferous and other land or property in Ireland or elsewhere and any interest therein or options therefor and to explore, work, develop or otherwise turn the same to account.

### *Articles of Association*

The Articles of Association of the Company contain, *inter alia*, provisions to the following effect:

(a) Share Capital and Votes of Members

- (i) The share capital of the Company is €8,089,214 divided into 200,000,000 Ordinary Shares of €0.025 each and 100,000,000 Deferred Shares of €0.03809214.
- (ii) The Company may at its option purchase all or any of the Deferred Shares then in issue at a price not exceeding €0.01 for all the Deferred Shares so purchased.

Subject to any special rights and restrictions as to voting for the time being attached to any class of shares (the holders of the Deferred Shares do not by virtue of, or in respect of their holding of Deferred Shares, have a right to receive notice of any general meeting of the Company or the right to attend, speak or vote at any such general meeting) on a show of hands every member present in person or by proxy shall have one vote, so that no one member shall on a show of hands have more than one vote, and on a poll every member who is present in person or by proxy shall have one vote for each share of which he is the holder.

(b) Variation of Rights

If at any time the share capital is divided into different classes of shares the rights attached to any class may be varied or abrogated with the consent in writing of the holders of at least three fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The rights conferred upon the holders of the shares of any class will not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith or subordinate thereto.

(c) Borrowing Powers

The Directors may exercise without limitation all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets, and uncalled capital or any part thereof and to issue debentures, debenture stock and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(d) Winding up

On a winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Companies Act, 1963, divide among the members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for, such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

The Deferred Shares shall on a return of assets on a winding-up entitle the holder(s) thereof only to the repayment on the amounts paid up on such shares after repayment of the capital paid up on the Ordinary Shares plus the payment of €12,697.38 per Ordinary Share.

(e) The Ordinary Shares are not redeemable.

(f) Directors

- (i) Save as otherwise provided in the Articles of Association, a Director shall not vote in respect of any contract or arrangement or other proposal whatsoever in which he has any material interest otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company. A Director shall not be counted in the quorum at a meeting from which he is debarred from voting. A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolutions concerning any of the following matters, namely:

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- (a) the giving of any security, guarantee or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;
  - (b) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
  - (c) any proposal concerning an offer of shares or debentures or other securities of or by the Company for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
  - (d) any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever provided that he is not the holder of or beneficially interested in 1% or more of the issued shares of any class of the equity share capital of such a company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant companies (any such interest being deemed for the purposes of such regulation to be a material interest in all circumstances); or
  - (e) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme under which he may benefit and which has been approved by or subject to and conditional upon approval by the revenue commissioners for taxation purposes.

The Company may, by ordinary resolution, suspend or relax the above provisions (a) to (e) to any extent or ratify any transaction not duly authorised by reason of a contravention of the regulation.

- (ii)
  - (a) The ordinary remuneration of the Directors shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution shall otherwise provide) be divisible among the Directors as they may agree or, failing agreement, equally, except that any director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of the remuneration related to the period during which he has held office.
  - (b) If any director shall be called upon to perform extra services which in the opinion of the Directors are outside the scope of ordinary duties of a director, the Company may remunerate such director either by a fixed sum or by a percentage of profits or otherwise as may be determined by a resolution passed at a meeting of the Directors.
  - (c) The Directors may be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company.
  - (d) The Directors may from time to time appoint one or more of themselves to the office of managing director for such period and on such terms as to remuneration and otherwise as they think fit, and, subject to the terms of any agreement entered into in any particular case, may revoke such appointment. A director so appointed shall not, whilst holding that office, be subject to retirement by rotation or be taken into account in determining the rotation or retirement of directors but (without prejudice to any claim he may have for damages for breach of any contract of service between him and the Company), his appointment shall be automatically terminated if he ceases from any cause to be a director.

A managing director shall receive such remuneration whether by way of salary, commission or participation in the profits, or partly in one way and partly in another, as the Directors may determine.

The Directors may entrust to and confer upon a managing director any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

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- (iii) At every Annual General Meeting of the Company one-third of the Directors (other than the managing director and any director holding an executive office with the Company) or, if their number is not three or a multiple of three then the number nearest one third, shall retire from office.

There is no provision in the Memorandum and Articles of Association of the Company for retirement or non retirement of Directors under an age limit.

- (iv) The quorum necessary for the transaction of the business of the Directors shall be two or such higher number as may be fixed by the Directors.
- (v) The shareholding qualification for directors may be fixed by the Company in general meeting, and unless and until so fixed, no such qualification shall be required.

(g) Issue of Shares

Subject to the provisions of the Articles relating to new shares, the shares shall be at the disposal of the Directors and they may allot, grant options over or otherwise dispose of them to such persons, on such terms and conditions and at such times as they may consider to be in the best interests of the Company and its shareholders.

The Directors are authorised to exercise all the powers of the Company to allot relevant securities within the meaning of Section 20 of the Companies (Amendment) Act 1983 in an amount equal to the authorised but as yet unissued share capital of the Company from time to time.

(h) Dividends

The Company in general meeting may declare dividend but no dividends shall exceed the amount recommended by the Directors. All dividends shall be declared and paid according to the amounts paid or credited as paid on the shares (but disregarding any premium paid thereon) during any portion or portions of the period in respect of which the dividend is paid.

(i) Transfer of Shares

The instrument of transfer of any shares shall be in writing in any usual form or in any other form which the Directors may approve. Title to any shares in the Company may also be evidenced and transferred without a written instrument in accordance with statutory regulations made from time to time under Section 239 of the Companies Act 1990 or under any other regulations having similar effect. The Directors shall have the power to implement any arrangements they think fit for such evidencing and transfer which accord with such regulations and in particular shall, where they think it appropriate, be entitled to disapply, vary or amend all or any part of the provisions of the Articles with respect to the requirements for written instruments of transfer and share certificates, or which are inconsistent with such statutory regulations as aforesaid, in order to give effect to such regulations.

(j) Notice

A notice may be given by the Company to any member either personally or by sending it by post to him at his registered address. Where a notice is sent by post, service of the notice shall be deemed to be effective by properly addressing, preparing and posting a letter containing the notice and to have been effected in the case of a notice of a meeting at the expiration of 24 hours after the letter containing the same is posted and in any other case at that time at which the letter would be delivered in the ordinary course of post.

## 9. Share Option Scheme

The Board adopted a share option scheme on 2 August, 1995. By means of a resolution to be proposed at the Company's Annual General Meeting convened for 6 May 2005, it is proposed that this scheme will be extended and renewed for a further period of ten years from that date. The principal terms of the scheme are set out below.

- (a) The Board may in its absolute discretion grant an option to any employee, officer, consultant or director of the Company or any of its subsidiaries. No person shall be entitled as of right to participate in the scheme.
- (b) The number of shares in respect of which options may be granted pursuant to the scheme shall not exceed in aggregate 10% of the number of issued ordinary shares in the Company from time to time.

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- (c) No option shall be granted on a date more than 10 years after the date of the adoption of the scheme.
- (d) Save as otherwise provided in the scheme, in respect of death, retirement, ill health, redundancy and where the option holder ceases to be a director by reason of his removal as director, an option may be exercised at any time in the ten year period succeeding the date of the grant. The subscription price for shares taken by option shall be the closing price in Dublin of a fully paid ordinary share on the date preceding the day in which the option is offered (or if no such price shall be available in respect of such date, the last such date in respect of which such price shall be available) provided that if the subscription price shall thereby be less than the nominal value of the ordinary shares, the subscription price shall equal the nominal value of the ordinary shares.

The right to exercise an option shall terminate forthwith upon the option holder ceasing to be an employee, officer, consultant or director of the Company or subsidiary subject to the following exceptions:

- (i) In the event of the death of an option holder, the option may be exercised by the legal personal representative of the option holder within 12 months of the date of the option holder's death notwithstanding such exercise takes place after the expiry of the said period of 10 years after the date of grant thereof.
- (ii) In the event of retirement, early retirement, ill health or redundancy the option holder may exercise any unexercised option at any time before the expiry of the earlier of six months from the date of ceasing to be an employee, officer or consultant or director or ten years from the date of grant of such option. The said period of six months may at the absolute discretion of the Board be extended.
- (iii) In the event of the option holder ceasing to be a director of the Company or a subsidiary by reason of his resignation as a director or his removal pursuant to a resolution duly passed by the members of the Company or a subsidiary the option holder may exercise any unexercised option or options at any time before the earlier of 60 days after the date of so ceasing to be a director or 10 years from the date of the grant of the option.
- (iv) In the event of an option having been transferred or assigned and the original option holder afterwards dies or ceases to be an employee, officer, consultant or director of the Company or subsidiary or for any of the reasons mentioned in sub-paragraphs (i) to (iii) above the person then holding the option shall only be entitled to exercise the option within the time limits specified in the above sub-paragraphs (i) to (iii).
- (e) The Board shall determine in the case of each option granted whether such option may be assigned or transferred by the option holder and the Board may impose such conditions on such an assignment or the exercise of an option as the Board may from time to time decide.
- (f) The ordinary shares in respect of which the option has been exercised shall be issued by the Company to the option holder and such ordinary shares shall rank in all respects *pari passu* with the ordinary shares of the Company then in issue except that if such issue shall be made between the date of declaration of a dividend or other distribution in respect of the issued ordinary shares of the Company and the date of payment of such dividend or other distribution the ordinary shares so issued shall not be entitled to participate therein.
- (g) In the event of the Company being wound up:
- (i) on the basis of its insolvency - all options still unexercised or only partially exercised shall forthwith lapse;
- (ii) for the purpose of amalgamation or reconstruction - all options subsisting but unexercised shall inure for the benefit of option holders in the amalgamated or reconstructed company on the same terms and conditions as herein contained;
- (iii) pursuant to a members resolution for a voluntary winding up - option holders shall be entitled within 90 days of the commencement of the winding but not after the expiration of 10 years from the date of the grant to exercise in fully any unexercised options.
- (h) The scheme may be terminated at any time by the Board in its absolute discretion and in such event no further options will be offered but in all other respects the provisions of the Scheme shall remain in force.

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## 10. Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Group within the two years immediately preceding the date of publication of this document, and are or may be material:

- (i) On 6 June 2003, Ormonde entered into an exclusivity agreement with SIEMCALSA under which Ormonde had a right to enter into a joint venture/earn-in arrangement with SIEMCALSA which would include the terms comprised within the exclusivity agreement in respect of 9 permits in the León region of northern Spain, covering the Salamón deposit and surrounding area. A formal further joint venture agreement incorporating these terms was not executed. However, the parties have conducted their affairs in accordance with the terms set out in the exclusivity agreement. Under the terms of this agreement, Ormonde has the right to earn a minimum 51% interest in these permits by spending a total of €900,000 on the evaluation of Salamón before 31 July, 2005, and €300,000 on regional exploration before 31 October, 2005. After the 51% earn-in date, both parties must continue to contribute further funding pro rata to their interest, or dilute. The maximum dilution of SIEMCALSA is to 15%. On completion of a bankable feasibility study, SIEMCALSA has the right to reduce its interest from 15% to zero in exchange for a 2.0% Net Smelter Return (in effect a 2% royalty on the net value of the metal produced by the mine).
- (ii) On 12 November 2003, Ormonde entered into an agreement with International Gold Exploration IGE AB ("IGE") under which IGE had the right to enter into a joint venture/earn-in arrangement with Ormonde ("the Tracia Joint Venture") in respect of a TRACIA permit in the North West region of Spain (the "TRACIA Permit") and in any new permits acquired within a surrounding Area of Interest ("AOI"). A formal further joint venture agreement incorporating these terms was not executed. However, the parties have conducted their affairs in accordance with the terms set out in the agreement. Under the terms of this agreement, IGE has the right to earn a 50% interest in these permits by spending a total of €260,000, including a minimum investment on €120,000 on mapping, soil and stream sediment sampling and trenching within 12 months (an amount of €50,000 on rock and soil sampling was back-dated to the commencement of a soil sampling programme on the TRACIA permit in September 2003). After the 50% earn-in date, both parties must continue to contribute further funding pro rata to their interest, or dilute.

On 22 December 2004, Ormonde entered into a further agreement with IGE, under which IGE was confirmed to have earned a 50% interest in the TRACIA permit pursuant to the Tracia Joint Venture. Under the terms of this agreement, IGE gave an undertaking to fund 50% of the costs of exploration of the first phase of exploration on the Santa Comba ground located immediately north of the Tracia Permit and Ormonde agreed to the transfer of IGE's interest and rights in the Tracia Joint Venture, the AOI and the Santa Comba ground to Minmet plc ("Minmet") subject to the terms of the Tracia Joint Venture.

On 22 November 2003, Ormonde entered into an agreement with Minmet, under which Minmet agreed to sell to Ormonde on or before 31 January 2005 any rights or interest Minmet may obtain in the Tracia Joint Venture, the AOI and a 37.5% interest in the Santa Comba ground for a consideration of US\$500,000 payable by the issue of Ormonde shares. Under the terms of this agreement, Minmet agreed not to trade, sell or assign the Ormonde shares for a period of 6 months after issue and to notify Ormonde of any intended sale within 12 months of issue.

Ormonde issued 2,667,235 Ordinary Shares to Minmet as part of this agreement.

Ormonde now holds a 100% interest in the Tracia permits.

- (iii) On 24 June 2004, Ormonde entered into a joint venture agreement with Nueva Tharsis under which Ormonde had an exclusive right for a period of 3 years from signing to enter into an earn-in arrangement in respect of the La Zarza gold-copper deposit in the Andalucía province of southwest Spain. Under the terms of the agreement, Ormonde has a right to earn a 70% interest in this deposit by spending a total of €1,770,000, including €520,000 on technical investigation, research and technical/economic feasibility study of a mining operation at La Zarza and a further €1,250,000 on a feasibility work programme. After the 70% earn-in date, both parties must continue to contribute further funding pro rata to their interest, or dilute. Nueva Tharsis has the right within 2 months of the earn-in date to reduce its interest from 30% to zero in exchange for a 2.25% Net Smelter Return (NSR) of the production volume valued at the price of metals on the London Market.

Ormonde issued 500,000 Ordinary Shares to Nueva Tharsis as part of this agreement.

- (iv) On 26 October 2004, Ormonde entered into an agreement with Prehenita under which Ormonde had the right to enter into a joint venture/earn-in arrangement with Prehenita in respect of five (5) permits held by Prehenita

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in the Zamora and Salamanca Provinces in Spain. Under the terms of this agreement, Ormonde and Prehenita jointly incorporated a Salamanca registered company, Saloro in November 2004 into which Prehenita's 100% interests in the permits are being transferred. Ormonde issued 750,000 shares to Prehenita as part of the agreement, to earn an initial 20 per cent interest in Saloro, and has the right to progressively earn up to a 90 per cent interest in Saloro by staged funding of exploration totalling €2.2 million over a five (5) year period. This €2.2 million expenditure covers expenditures required by Saloro to earn a 90% interest in SIEMCALSA's two permits.

In January 2005, and under the terms of the October 2004 agreement with Prehenita, a further three permits in the Salamanca Province were granted to Saloro in a Public Tender process. Also in January 2005, Saloro entered into an agreement with SIEMCALSA over two permits held 100% by SIEMCALSA in the Salamanca Province.

Together, all these permits are termed the Salamanca Gold Project.

- (v) Placing Agreement between the Company (1); the Directors (2); Seymour Pierce (3); and Davy (4).

On 23 March, 2005 the Company entered into the Placing Agreement with Seymour Pierce, Davy and the Directors pursuant to which each of Seymour Pierce and Davy has conditionally agreed to use its reasonable endeavours to procure subscribers on behalf of the Company for the Placing Shares. The Placing Agreement is conditional, *inter alia*, on the entire issued and to be issued share capital of the Company being admitted to trading on AIM by no later than 19 April, 2005 (or such other date as may be agreed between the parties being no later than 15 May, 2005). The Placing Agreement contains certain warranties, representations and indemnities given by the Company and the Directors as to the accuracy of the information contained in this document and other matters relating to the Group and its business. The Company has given an indemnity to Seymour Pierce and Davy in respect of certain matters. Seymour Pierce and Davy are entitled to terminate the Placing Agreement prior to Admission, *inter alia*, in the event of a breach of the Placing Agreement or of any of the warranties contained in it. In addition, the Directors of the Company have agreed not to dispose of any interest in their Ordinary Shares for a period of 12 months from the date of Admission, save in the event of an intervening court order, a takeover offer relating to the Company's shares becoming or being declared unconditional or on the death of the director. In consideration of its services in connection with the Placing and subject to Admission, the Company will pay Seymour Pierce a corporate finance fee of £15,000 and pay Seymour Pierce and Davy a commission of 4 per cent. of the Placing Price for each of the Placing Shares for which each of Seymour Pierce and Davy procures places on behalf of the Company. For the purposes of Section 59 of the Irish Companies Acts, this payment constitutes a commission payable to Seymour Pierce and Davy of 4 per cent. of the gross proceeds of the Placing. The Company will pay, on request, all other fees and expenses payable in connection with Admission or the Placing.

## **11. Litigation**

There are no legal or arbitration proceedings (including any proceedings which are pending or threatened by or against the Company or its subsidiaries of which the Directors are aware), which may have or have had during the twelve months preceding the date of this document, a significant effect on the financial position of the Company and its subsidiaries and taken as a whole.

## **12. Indebtedness**

The Group did not have any loan capital (including term loans) outstanding or created but unissued, nor any outstanding mortgages, charges, debentures or other loan capital or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptance (other than normal trade bills) or acceptance credit, hire purchase commitments, guarantees or material contingent liabilities.

## **13. Working Capital**

The Directors of the Company, having made due and careful enquiry, are of the opinion that, having regard to existing cash resources, available bank and other facilities, and taking into account the net proceeds of the Placing, the Group has sufficient working capital for its present requirements, that is for at least the twelve months from the date of Admission.

## **14. Taxation**

### *(i) General*

The following summary, which is intended as a general guide only, outlines certain aspects of legislation and Revenue practice in Ireland and the United Kingdom regarding the ownership and disposition of Ordinary Shares. It relates only to the position of Shareholders who are resident or ordinarily resident in Ireland or the United Kingdom for tax purposes and who hold Ordinary Shares as capital assets and not for the purpose of a trade. This summary does not address the position of certain classes of Shareholders such as dealers in securities, to whom special rules apply. This summary is not exhaustive and Shareholders are advised to consult their own tax advisers as to the taxation consequences of their purchase, ownership

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and disposition of Ordinary Shares. The summary is based on current Irish and United Kingdom tax legislation and on the current Double Taxation Agreement between Ireland and the United Kingdom. Shareholders should be aware that future legislative, administrative and judicial changes could affect the taxation consequences described below.

*(ii) Taxation of the Company*

The Company is an Irish incorporated company and is managed and controlled in Ireland and accordingly it is resident in the Republic of Ireland for tax purposes.

*(iii) Withholding Tax*

Withholding tax at the standard rate of income tax (20% with effect from 6 April, 2001) applies to dividend payments and other profit distributions by an Irish resident company. The following categories of shareholders can receive dividends free of dividend withholding tax provided they supply relevant declarations or certificates:

- an Irish resident company;
- an Irish pension fund or Irish charity approved by the Irish Revenue Commissioners;
- an individual who is neither resident nor ordinarily resident in Ireland and is resident in another EU Member State or in a treaty country;
- a company, or a 75% subsidiary of a company, the principal class of share of which is substantially and regularly traded on a recognised stock exchange located in an EU Member State (other than Ireland), or in a country with which Ireland has a double tax treaty or another approved stock exchange;
- a company resident in a treaty country or another EU Member State that is not controlled by Irish residents;
- a company resident in another EU Member State and holding at least 5% of the share capital of the paying company;
- companies wholly owned directly or indirectly by two or more companies the principal class of shares of each of which is substantially and regularly traded on a recognised stock exchange in a treaty country, another EU Member State or another approved stock exchange.

Dividends paid to a UK company that do not fall within the above exemptions, will be subject to withholding tax. The Ireland/UK Tax Treaty reduces this withholding tax to:

- (a) 5% of the gross amount of the dividends if the beneficial owner is a company which controls directly or indirectly 10% or more of the voting power in the company paying the dividends;
- (b) in all other cases 15% of the gross amount of the dividends. This note does not address the position for intermediaries and qualifying intermediaries, as defined in the Finance Act 1999.

*(iv) Taxation of Dividends*

**(a) Taxation of Irish Resident Shareholders**

Irish resident Shareholders who are individuals will be subject to income tax and levies on the aggregate of the net dividend received and the withholding tax deducted. The withholding tax deducted will be available for offset against the individual's income tax liability. A Shareholder may claim to have the withholding tax refunded to him to the extent it exceeds his income tax liability.

An Irish resident Shareholder, which is a company, will not be subject to Irish corporation tax on dividends received from the Company and tax will not be withheld at source by the Company provided the appropriate declaration is made. A Company, which is a close company, as defined under Irish legislation, may be subject to a corporation tax surcharge on such dividend income to the extent that it is not distributed. Shareholders who are Irish approved pension funds or Irish approved charities are generally exempt from tax on their dividend income and will not have tax withheld at source by the paying Company from dividends received provided the appropriate declaration is made.

**(b) Taxation of United Kingdom Resident Shareholders**

Dividends paid to a United Kingdom resident Shareholder will not be subject to Irish withholding tax on

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the understanding that the Shareholder satisfies the necessary legislative conditions described above. It is necessary for each person claiming exemption to make an appropriate declaration to the Company and provide a certificate of tax residence from their UK tax office to the Company.

### **UK Resident Companies**

A United Kingdom resident Shareholder that is a company which either directly or indirectly controls, or is a subsidiary of a company which either directly or indirectly controls, less than 10% of the voting power of the Company, will be subject to corporation tax in the United Kingdom on dividends received. If Irish tax is withheld on the dividend because the company does not fall within legislative conditions described above then the company will be subject to United Kingdom corporation tax on the gross amount (i.e. net dividend received plus withholding tax) and a deduction can be claimed against the UK tax liability for the Irish withholding tax suffered.

A United Kingdom resident Shareholder that is a company which either directly or indirectly controls, or is a subsidiary of a company which either directly or indirectly controls, 10% or more of the voting power of the Company will be liable to United Kingdom corporation tax on the aggregate of the dividend (plus any withholding tax suffered) and the underlying Irish corporation tax. The underlying Irish corporation tax (and any Irish withholding tax suffered) will be available for set off against the United Kingdom corporation tax liability on the aggregate amount.

A United Kingdom resident Shareholder which is not a company controlling directly or indirectly 10% or more of the voting power of the Company and which is not subject to tax in the United Kingdom by reason of the United Kingdom law affording relief to charities and certain superannuation schemes or to insurance companies in respect of their pension business should not be subject to tax in the United Kingdom on a dividend from the Company.

### **UK Resident Individuals**

In respect of dividends on Ordinary Shares, individual shareholders who are resident in the UK for tax purposes and are only liable to tax at the lower or standard rates are taxed at 10% on UK and foreign dividends. In the case of UK dividends they are also entitled to a tax credit at the rate of one ninth of the cash dividend or 10% of the aggregate of the cash dividend and the associated tax credit. Dividend income will be treated as the top slice of an individual's income. It is likely that the dividends received from the Company will be treated as foreign dividends from an Irish company therefore the only tax credit available will be of any withholding tax deducted. Consequently shareholders receiving dividends will be liable to income tax on the aggregate of the dividend and the withholding tax credit at, in the case of starting and basic rate taxpayers, the Schedule F ordinary rate of 10% in 2004-2005 or, in the case of higher rate taxpayers, the Schedule F upper rate 32.5% (in 2004-2005). The tax credit will be offset against their total income tax liability.

(c) ***Other***

Non-UK resident shareholders and shareholders subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser concerning their liabilities to tax on dividends received.

(v) ***Capital Gains Tax***

(a) ***Ireland***

The Company's Ordinary Shares constitute chargeable assets for Irish capital gains tax purposes and, accordingly, Shareholders who are resident or ordinarily resident in Ireland, depending on their circumstances, may be liable to Irish tax on capital gains on a disposal of Ordinary Shares. Shareholders of the company who are neither resident nor ordinarily resident in Ireland are not subject to Irish tax on capital gains arising on the disposal of these Ordinary Shares.

(b) ***United Kingdom***

The Company's Ordinary Shares constitute chargeable assets for UK capital gains tax purposes and, accordingly, Shareholders who are resident or ordinarily resident in the UK, depending on their circumstances, may be liable to UK tax on capital gains on a disposal of Ordinary Shares. Shareholders of the company who are neither resident nor ordinarily resident in the UK and who do not hold the Ordinary Shares as part of the assets of a trade carried on in the UK by them through a branch or agency may not be subject to UK tax on capital gains arising on the disposal of these Ordinary Shares. In most circumstances a disposal of Ordinary Shares by a Shareholder who is resident or ordinarily resident in the United Kingdom will constitute a disposal for the purposes of United Kingdom capital gains tax and, accordingly, may give

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rise to a tax liability at their marginal rate of tax. Gains arising to individuals who leave the UK for less than five complete tax years may also be taxed in the year of disposal. Gains arising to individuals in the year they leave the UK or return to the country may also be taxed. Gains arising to holders of Ordinary Shares taxed as dealers in securities may be treated as income and taxed as such. Where a Shareholder who is resident and ordinarily resident in the United Kingdom is subject to both Irish capital gains tax and UK capital gains tax on disposal of Ordinary Shares, any Irish capital gains tax may be offset against the liability to UK capital gains tax on the same disposal. Where shares are listed on the UK AIM the shares would normally qualify for full Business Assets Taper Relief (BATR) in the case of individuals where they have been held for at least two years. BATR is not available to shareholders who are companies but indexation allowance is available as a deduction in arriving at the gains chargeable to Corporation Tax.

(vi) *Stamp Duty*

(a) *Irish Stamp Duty*

Irish stamp duty will be charged at the rate of 1% of the amount or value of the consideration on any conveyance or transfer on sale or voluntary disposition of Ordinary Shares. In relation to a conveyance or transfer on sale or voluntary disposition of Ordinary Shares under the CREST System, Irish stamp duty at the rate of 1% will be payable on the amount or value of the consideration.

(b) *UK Stamp Duty*

Other than in respect of arrangements for depositary receipts and clearance services (to which special rules apply):

- (i) the allotment and issue of Ordinary Shares by the Company pursuant to the Placing should not normally give rise to a charge to stamp duty;
- (ii) a charge to stamp duty will arise only on the transfer of the Ordinary Shares where there is a matter or thing to be done in the UK or where the document of transfer is executed in the UK. Where the transfer is within the charge to stamp duty the rate of tax is 0.5% of the actual consideration paid (rounded up to the nearest multiple of £5). Where a stamp duty liability arises, this is payable by 30 days after the date on which the stampable transfer is executed. Interest and penalties are normally charged if stamp duty is paid after the due date;
- (iii) there is normally no additional stamp duty where Ordinary Shares are taken out of CREST (otherwise than pursuant to a transfer on sale) or where Ordinary Shares are deposited in CREST for conversion into uncertificated form (otherwise than pursuant to a transfer on sale or in contemplation of such sale).

(c) *UK Stamp Duty Reserve Tax*

- (i) agreements to transfer Ordinary Shares within CREST will be subject to SDRT normally at the rate of 0.5% of the amount or value of the consideration. The charge to SDRT arises, in the case of an unconditional agreement to transfer such shares within CREST, on the date of the agreement and, in the case of a conditional agreement, on the date the agreement becomes unconditional. The SDRT will normally be collected from the transferee by the CREST member through whom the transaction is effected and paid to the Inland Revenue on the date agreed between the Inland Revenue and the operator of the CREST system. SDRT is payable on the seventh day of the month in which the charge arises. However, where an instrument of transfer is executed and duly stamped before the expiry of a period of six years beginning with the date of that agreement (or the date on which the agreement becomes unconditional, as the case may be), the SDRT charge is cancelled to the extent that the SDRT has not been paid and, if any of the SDRT has been paid, a claim may be made for it to be repaid;
- (ii) there is normally no additional SDRT liability where Ordinary Shares are taken out of CREST (otherwise than pursuant to a transfer on sale) or where Ordinary Shares are deposited in CREST for conversion into uncertificated form (otherwise than pursuant to a transfer on sale or in contemplation of such sale). A transfer of Ordinary Shares on a CREST transfer form pursuant to a transfer on sale for conversion into uncertificated form will attract an SDRT liability normally at the rate of 0.5% of the amount or value of the consideration;
- (iii) if UK stamp duty is paid on a transfer instrument it can be credited against Irish stamp duty chargeable on the same transfer and vice versa.

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(vii) *Irish Capital Acquisitions Tax*

Capital acquisitions tax (CAT) covers both gift tax and inheritance tax. A CAT liability arises where the disposer or beneficiary is resident or ordinarily resident in Ireland or where the subject matter of the gift or inheritance is Irish property. Registered shares are located in the country of the register. Accordingly the Ordinary shares are located in Ireland and a CAT liability may arise on a gift or inheritance of Ordinary shares, notwithstanding that the gift or inheritance is between two non Irish resident and non ordinarily Irish resident individuals.

(viii) *UK Inheritance Tax*

The Ordinary Shares may be assets situated in the UK for the purposes of UK inheritance tax depending upon how much of the Company's trade is carried out in the UK. Where this is the case, a gift of such assets by, or on the death of, an individual holder of such assets may (subject to certain exemptions and reliefs, in particular Business Property Relief) give rise to a liability to UK inheritance tax. This is regardless of whether or not the individual holder is domiciled or deemed to be domiciled in the UK and whether or not the holder is resident and/or ordinarily resident in the UK for tax purposes. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply where the donor reserves or retains some interest or benefit in the property being transferred. A gift of assets is potentially exempt from UK Inheritance Tax and falls out of an individual's estate provided the donor lives for 7 years. Special rules also apply to close companies and to trustees of settlements who hold Ordinary Shares bringing them within the charge to UK inheritance tax.

Where the shares are treated as Irish assets they may be liable to Irish Capital Acquisitions Tax as well as UK Inheritance Tax. If the individual is domiciled in the UK Inheritance Tax is chargeable on all assets held worldwide but tax credit relief should be given for any Irish tax suffered.

**15. General**

- (a) There has been no significant change in the financial or trading position of the Ormonde Group since 31 December, 2004 being the date to which the latest audited accounts of Ormonde were made up.
- (b) No Directors were involved in any unusual or significant transactions in the current or immediately preceding financial year. In addition, no such transaction from an earlier financial year remains outstanding or unperformed.
- (c) There are no loans or guarantees granted or provided by the Company and/or any of its subsidiaries to or for the benefit of any Directors which are now outstanding.
- (d) There is no arrangement whereby any Director has waived or agreed to waive any future emoluments, nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.
- (e) The total aggregate remuneration paid (including benefits in kind) to the Directors by the Group in the financial year ended 31 December, 2004 was €92,083. The aggregate remuneration payable by any member of the Group (including benefits in kind) to the Directors in respect of the current financial year ending 31 December 2005 under the arrangements in force or proposed at the date of this document is expected to amount to approximately €134,500.
- (f) The expenses of or incidental to the issue and application for admission to dealing of the New Ordinary Shares contemplated in this document are estimated to amount to approximately €325,000 (excluding VAT and capital duty) and are payable by Ormonde. There were no preliminary expenses incurred in connection with the Placing.
- (g) The Company has no convertible debt securities, exchangeable debt securities or debt securities with warrants in issue.
- (h) There are no arrangements in place under which future dividends are waived or agreed to be waived.
- (i) Save as disclosed in this document, the Directors are not aware of any exceptional factors which have influenced the Group's activities.
- (j) Save as set out in Part 2 of this document, the Directors are not aware of any patents or other intellectual property rights, licences or particular contracts which are or may be of fundamental importance to the Group's business.
- (k) Save as disclosed in this document, no person (excluding the Company's professional advisers to the extent disclosed elsewhere in this document, and excluding a fee of €60,000 agreed to be paid to Davy in consideration for its role as financial adviser and nominated adviser to the Company in connection with the Placing and Admission, and trade suppliers) in the 12 months preceding the Company's application for Admission received,

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directly or indirectly, from the Company or has entered into any contractual arrangements to receive, directly or indirectly, from the Company on or after Admission any of the following:

- (i) fees totalling £10,000 or more;
  - (ii) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price;  
or
  - (iii) any other benefit with a value of £10,000 or more at the date of Admission.
- (l) The Ordinary Shares are not available, in whole or in part, to the public in conjunction with the application for Admission.
  - (m) There is no financing to be provided in respect of the matters mentioned in this document otherwise than out of the Placing or the Company's existing resources.
  - (n) As of the date of this document, the Company remains the holding company of the subsidiaries identified at paragraph 8.7 on page 43 of this document and has not acquired any other subsidiaries.
  - (o) The liability of the members of the Company is limited to the amount (if any) unpaid on the shares held by them in the capital of the Company.
  - (p) There is no fixed date on which any Shareholders' entitlements to dividends arises.

## **16 Consents**

- (a) LHM Casey McGrath has given and has not withdrawn its written consent to the inclusion in this document of its report and name and the references thereto in the form and context in which they are included.
- (b) Davy, which is regulated in Ireland by the Irish Financial Services Regulatory Authority, has given and not withdrawn its written consent to the issue of this document with the inclusion herein of its name and references thereto in the form and context in which they appear.
- (c) Seymour Pierce which is regulated in the UK by the Financial Services Authority, has given and not withdrawn its written consent to the issue of this document with the inclusion herein of its name and references thereto in the form and context in which they appear.

## **17. Documents Available for Inspection**

Copies of the following will be available for inspection during usual business hours on any weekday (Saturdays and public holidays excepted) at the offices of LK Shields, 39-40 Upper Mount Street, Dublin 2 and Travers Smith, 10 Snow Hill, London EC1A 2AL from the date of this document for the period of one month from Admission.

- (i) the Memorandum and Articles of Association of the Company;
- (ii) the audited consolidated financial statements for the Ormonde Group for the years ended 31 December, 2002, 31 December, 2003 and 31 December, 2004;
- (iii) the material contracts referred to in paragraph 10 of this Part 5;
- (iv) the rules of the Share Option Scheme;
- (v) the reporting accountant's report as set out in Part 3 of this document;
- (vi) the written consents referred to in paragraph 16 of this Part 5;
- (vii) the Circular; and
- (viii) this document dated 8 April, 2005.

Dated: 8 April, 2005









