

24 May 2011

**Ormonde Mining plc**  
("Ormonde" or "the Company")

**Final Results for the year ended 31 December 2010**

DUBLIN & LONDON: 24 May 2011 – Ormonde Mining plc announces its final results for the year ended 31 December 2010.

**HIGHLIGHTS**

**A year of significant progress across the spectrum of the Company's projects**

- Barruecopardo Tungsten Project advanced successfully from the exploration stage into the definitive feasibility study and permitting stages and towards development in 2012.
- Tungsten price rose rapidly over the period against a background of limited supply.
- Antofagasta opted to continue to fund further work on the La Zarza Joint Venture. Additional permits have been applied for and a detailed 2011 works programme agreed.
- New Joint Venture signed on our gold ground at Salamanca. Gold-only and gold-tungsten targets have been identified and drilling has commenced.
- Strengthened and broadened our investor base, adding the support of a number of new institutional investors.

Mike Donoghue, Chairman, commented:

*"2010 proved a year of significant progress, and this has extended into 2011. The Company is now well placed to advance its flagship Barruecopardo tungsten project at a time that tungsten prices are advancing rapidly. The Company now looks forward to the mine development and production stages and is positioning itself to be in a position to fund the mine capital once the feasibility study is completed later this year.*

*The extension of its JV with Antofagasta at La Zarza and the reorganisation of our gold exploration ground at Salamanca also ensure that the Company is in a position to move forward across its full range of projects".*

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## CHAIRMAN'S REVIEW

During 2010 considerable progress was achieved by Ormonde across a broad front: very significant advances were made towards our primary objective of becoming a major tungsten producer and generating cash flow from our flagship Barruecopardo Tungsten Project in Salamanca Province, Spain. This project has now advanced successfully from the exploration stage into the definitive feasibility study and permitting stages.

In addition, our joint venture with the major Chilean copper producer, Antofagasta Plc, was extended into a second year, with applications lodged for new ground adjoining our La Zarza Copper-Gold Project in Huelva Province. Further north, Ormonde's gold ground in Salamanca and Zamora Provinces was independently re-assessed, leading to a renewed exploration effort, through both direct funding by the Company and independent funding via a new joint venture.

This operational background should be set against advances on the corporate and market front, essential to ensure that funding for the development of a mine at Barruecopardo is available in 2012. We are pleased with progress on the investor relations front and on the broadening of our institutional investor base, with support from both existing and new major institutional funds for our 2010/11 fund raisings. Progress in our on-going contact with downstream participants in the tungsten industry has also been very satisfactory, if necessarily unpublicised. We have deepened and extended our contacts within the industry, but to date, we have deliberately avoided concluding any investment or off-take opportunities. We see this as an essential component of the mine capital funding stage, to be finalised after completion of the feasibility study, as the project becomes de-risked and the rising tungsten price establishes a new base.

Looking at the bigger picture, commodity prices are expected to remain high in the longer term, albeit with some volatility and occasional corrections, as the BRIC countries continue to grow their economies and consequently their requirement for commodities of all types. In the metals market these increasing demands are set against tight supply due to limited exploration successes and new mine developments often constrained by both increased development costs and higher costs of capital. Industry sources see tungsten demand growing at around 7% (4,000 tonnes of tungsten metal) per year for the next four to five years. In order to satisfy such growth, it would prove necessary to develop four medium sized tungsten mines, annually, each producing in the region of 125,000 metric tonne units (mtus) of  $WO_3$  per year (some 1,000 tonnes of tungsten metal). This is not happening. With China producing some 75% of World primary tungsten and increasingly reserving this production for its own market, industry forecasts are for a Western World deficit in the order of 15,000 tonnes of tungsten metal per year by 2013.

More recent events would tend to suggest that this forecast deficit may well be correct, although the forecast timing may have been a little conservative. In my Chairman's Statement of April 2010, I suggested that "there are clear indications that the tungsten price is resilient and will strengthen significantly further as demand is sustained and supply is constrained". This proved a valid, if also a rather conservative analysis. At that time the tungsten APT price was close to \$220/mtu of  $WO_3$  (or \$22,000 per tonne of  $WO_3$ ). The APT tungsten price is currently \$460/mtu, up over 100%, driven by sustained demand in a restricted supply situation. The forecast deficit situation appears to be upon us, prematurely. It should be noted that this price is not high by historical standards, as the inflation-adjusted dollar price for tungsten in the mid 1970s would be close to \$600. Market adjustments and price corrections will no doubt continue to occur, but the prognosis for a sustained higher tungsten price is real.

In light of the above it is of particular interest to note that the EU is now recognising the economic and strategic importance of metal supply. In a report published in June 2010, entitled "Critical Raw Materials for the EU", the Raw Materials Supply Group of the European Commission placed tungsten on the critical metal supply chart in the high "supply risk" and high "economic importance" group.

### **Barruecopardo Project**

During the first half of 2010 we commissioned an update of the resource estimation for Barruecopardo and the results of this exercise, released in May 2010, yielded a doubling of the resource to 11 million tonnes, equating to approximately 5Mt per 100m of vertical depth from surface. These figures and the present open ended nature of the resource, suggests that further drilling (after mine development) is likely to enlarge the resource significantly and this, coupled with the presence of known peripheral bodies of tungsten mineralisation, opens the probability for a long life mining operation.

This updated resource in May lead on to an independent review of the Barruecopardo Project by Scott Wilson Mining, a division of the major USA engineering group URS Corporation, as reported upon in September 2010. This study reviewed the internal work carried out in-house by Ormonde and utilised the services of Aker Solutions (now Jacobs Engineering Group of USA) to provide an independent estimate of plant and infrastructure capital

costs. The results of the in-house and Scott Wilson studies yielded proposals for a simple, low operating cost, initially open-pit mining, operation at Barruecopardo, with estimated capital costs of €30 million and substantial net operating cash flows. This milestone led on to the commencement of infill drilling in November 2010, commissioning of the definitive metallurgical testwork programme, the preparation of the first stage of the regulatory permitting process, and the application for a mining concession along with the submission of the "Documento Inicial", the initial permitting document required by the regional administration. Thereafter, on completion of the infill drilling and the metallurgical testwork programme, Jacobs Engineering Group was recently selected to carry out the feasibility study for the proposed mining operation at Barruecopardo. We expect this feasibility study work to be completed towards the end of 2011.

In completing this summary, I should thank our Spanish joint venture partner, SIEMCALSA, which brought its expertise to bear on the project over the years. We have purchased its 10% interest in the project (thereby consolidating a 100% interest), and we now continue the relationship on a consulting basis.

We look forward very much to completing this technical and permitting work and thereafter finalising the capital funding and off-take arrangements for Barruecopardo later in 2011 and early 2012. The Barruecopardo Project is rapidly becoming de-risked and is well positioned to be developed during 2012 to become a significant strategic Western World, low cost, tungsten producer.

### **La Zarza Project**

The Antofagasta – Ormonde Joint Venture on the La Zarza Copper-Gold Project in Huelva Province, Southern Spain, completed an initial work programme culminating in a new global resource estimation (non JORC-compliant) of 61Mt grading 0.8% copper. These encouraging results, pointing to the prospectivity of the area for larger resources of copper, led to Antofagasta opting to continue funding activities for a further year and to applications being presented for four new permits covering the 20 kilometre lateral extension of the La Zarza rock sequence. A programme of airborne and ground geophysics is planned for the summer of 2011 as a prelude to a drilling programme, to commence soon thereafter.

Concurrently, Ormonde is preparing all supporting documentation ahead of a planned application to the Provincial Mining Authority for the reactivation of the La Zarza Mining Concession.

### **Gold Projects**

Ormonde holds highly prospective gold ground in Salamanca and Zamora Provinces and during 2010 it commissioned a re-evaluation of its gold ground: this led to a decision to separate the ground holdings into gold-tungsten and gold-only prospects and to fund these separately. The Company decided to concentrate its internal resources on the gold-tungsten ground, as these prospects are regarded as potential satellites for the nearby Barruecopardo Tungsten Project. On the gold-only ground holdings, it was decided to progress exploration by way of third party funding. In this regard the Company agreed a farm-out joint venture with Aurum Mining Plc, and drilling is now underway on the first targets selected; the Pino de Oro Prospect in Zamora Province.

### **Financial Review**

The Company expended a total of €842,344 on its activities during 2010, as detailed in the Accounts. We report a loss of €1,088,451 for the year (2009: a loss of €1,579,370). The Company is well-funded having recently raised £4 million in a placing announced on 4 May 2011.

I would like to thank our shareholders, staff and advisers for their continued support during 2010. I believe that the 2011-12 period will be the most significant in the Company's history as it is poised to deliver significant progress across all projects.

Michael J. Donoghue  
Chairman  
24 May 2011

Consolidated Statement of Comprehensive Income  
Year ended 31 December 2010

	2010 €000's	2009 €000's
Administrative expenses	(1,061)	(492)
Exploration costs written off	(32)	(1,087)
OPERATING LOSS	<u>(1,093)</u>	<u>(1,579)</u>
Interest receivable and similar income	6	4
LOSS FOR THE YEAR BEFORE TAXATION	<u>(1,087)</u>	<u>(1,575)</u>
Taxation	(1)	(4)
LOSS FOR THE YEAR	<u>(1,088)</u>	<u>(1,579)</u>
Minority Interest	-	-
RETAINED LOSS FOR THE YEAR	<u><u>(1,088)</u></u>	<u><u>(1,579)</u></u>
EARNINGS PER SHARE		
Basic loss per ordinary share	<u>(€0.0043)</u>	<u>(€0.0071)</u>
Diluted loss per ordinary share	<u><u>(€0.0043)</u></u>	<u><u>(€0.0070)</u></u>

Consolidated Statement of Financial Position  
As at 31 December 2010

	2010 €000's	2009 €000's
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	12,443	11,632
Tangible assets	21	9
	<u>12,464</u>	<u>11,641</u>
CURRENT ASSETS		
Trade and other receivables	150	109
Cash and cash equivalents	1,944	498
	<u>2,094</u>	<u>607</u>
TOTAL ASSETS	<u><u>14,558</u></u>	<u><u>12,248</u></u>
EQUITY AND LIABILITIES		
EQUITY		
Called-up share capital	9,042	7,447
Share premium account	20,889	19,016
Capital conversion reserve fund	29	29
Capital redemption reserve fund	7	7
Share based payment reserve	664	232
Foreign currency translation reserve	1	1
Profit and loss account	(16,347)	(15,258)
Attributable to equity holders	<u>14,285</u>	<u>11,474</u>
Minority interest	-	-
	<u>14,285</u>	<u>11,474</u>
NON-CURRENT LIABILITIES		
Trade and Other Payables	-	100
	-	100
CURRENT LIABILITIES		
Trade and Other Payables	273	674
	<u>273</u>	<u>674</u>
Total Liabilities	<u>273</u>	<u>774</u>
TOTAL EQUITY AND LIABILITIES	<u><u>14,558</u></u>	<u><u>12,248</u></u>

Consolidated Statement of Cash Flows  
Year ended 31 December 2010

	2010 €000' s	2009 €000' s
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year before taxation	(1,087)	(1,576)
Adjustments for:		
Foreign exchange (loss)/gain	-	-
Depreciation	6	9
Exploration costs written off	32	1,087
Movement on share-based payment reserve	432	-
Investment revenue recognized in profit or loss	(6)	(3)
	<u>(623)</u>	<u>(483)</u>
MOVEMENT IN WORKING CAPITAL		
(Increase) / Decrease in debtors	(41)	91
(Decrease) in creditors	(501)	(375)
Income taxes paid	(1)	(2)
	<u>(1,166)</u>	<u>(769)</u>
NET CASH (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of issue of share capital	3,468	695
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditure on exploration activities	(842)	(568)
Government grants received	-	-
Purchases of property, plant and equipment	(19)	(2)
Investment in subsidiary undertakings	-	-
Interest received	5	4
Non-cash movements	-	-
	<u>(856)</u>	<u>(566)</u>
NET CASH USED IN INVESTING ACTIVITIES		
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
	1,446	(640)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
	498	1,138
CASH AND CASH EQUIVALENTS AT END OF YEAR		
	<u>1,944</u>	<u>498</u>

Consolidated Statement of Changes in Equity  
Year ended 31 December 2010

	Share Capital	Share Premium	Share Based Payment Reserve	Other Reserves	Retained Losses	Total
	€000's	€000's	€000's	€000's	€000's	€000's
Balance at 1 January 2009	7,102	18,666	232	37	(13,679)	12,358
Loss for the year	-	-	-	-	(1,579)	(1,579)
Recognition of share based payments	-	-	-	-	-	-
Foreign exchange adjustments	-	-	-	-	-	-
Proceeds of share issue	345	350	-	-	-	695
Balance at 31 December 2009	7,447	19,016	232	37	(15,258)	11,474
Balance at 1 January 2010	7,447	19,016	232	37	(15,258)	11,474
Loss for the year	-	-	-	-	(1,089)	(1,089)
Recognition of share based payments	-	-	432	-	-	432
Proceeds of share issue	1,595	1,873	-	-	-	3,468
Balance at 31 December 2010	9,042	20,889	664	37	(16,347)	14,285

1. The basic loss per share and the diluted loss per share have been calculated on a loss after taxation of €1,088,451 (2009 = loss of €1,579,370) and a weighted average number of Ordinary Shares in issue for the period of 250,388,186 (2009 = 223,365,910), for the basic loss per share and 253,686,797 (2009 = 225,664,243) for the diluted loss per share.