

27 April 2010

## **Ormonde Mining plc**

### **Final Results for the year ended 31 December 2009**

DUBLIN & LONDON: 27 April 2010 – Ormonde Mining plc (“Ormonde” or “the Company”) announces its final results for the year ended 31 December 2009.

#### **CHAIRMAN’S REVIEW**

The 2009 year yielded variable progress for the Company. The Board’s decision at our last AGM to bring in an industry partner for La Zarza was executed and the work funded by Antofagasta Minerals S.A. resulted in good progress on our southern Spanish, Pyrite Belt, activities, with renewed exploration on our La Zarza Project. More recently Ormonde has expanded on its favourable ground holdings in the Pyrite Belt with the signing of an option agreement on the Tharsis Project, an old mining area, where there is very significant copper and gold mineralisation.

Progress on development of our key project, the Barruecopardo Tungsten Deposit, was slower than expected, with cautious industry investors looking for a sustained upturn in manufacturing and fabrication demand before committing funds to new capital projects. Nevertheless, a more favourable investment environment for tungsten is now emerging, as has been demonstrated recently by various funds taking equity investments in tungsten projects.

The overall situation within the mining industry has remained healthy, with sustained consumption and high prices for base metals, precious metals and steel, reflecting the market acknowledgement that demand from the BRIC countries and emerging economies is sustainable. The smaller market size for the minor metals (perhaps more appropriately described by their previous name, “the strategic metals”) means that these metals tend to be more affected by short term inventory levels and destocking - this results in their price and consumption patterns being less transparent. However, the general interdependence of metal consumption necessitates that demand trends for minor metals such as tungsten will largely reflect that of base metals and steel and pricing patterns will follow.

The fundamentals of the tungsten industry are reasserting themselves rapidly as the world economy starts to recover from the recent recession, with tungsten prices showing a steady, sustained, 15% improvement since July 2009. There are clear indications that the tungsten price is resilient and will strengthen significantly further as demand is sustained and supply is constrained; this creates conditions for the high tungsten prices of 2008 to be reached or exceeded. In this respect the timetable for the development of the Barruecopardo Project appears favourable.

It is therefore noteworthy that not only the tungsten price is being affected by the gradual emergence from the World recession, but also that corporate and country initiatives within the tungsten industry have resumed after a brief period of quiescence. The Chinese, the main primary producers in the tungsten industry, announced in March 2010 that they have stopped accepting applications for tungsten mine development, re-emphasising their policy of constraining production and exploitation of what they regard as both a limited resource and a strategic metal.

Investment interest in tungsten production has resumed after this period of inactivity, with a major USA mining fund and European metal trader investing in the evaluation of a European tungsten deposit in September 2009. The equity markets have also shown renewed interest in the industry, with a Canadian broker organising significant investment in the evaluation of an Asian tungsten deposit in December 2009.

#### **Barruecopardo Project**

In order to put these perspectives into the context of shareholder investment, we should reiterate the fundamentals of the Barruecopardo Project. The Project has six fundamental attributes. Firstly, Barruecopardo is a high grade, high unit value deposit, placing it in the upper quartile of tungsten deposits. Secondly, Barruecopardo will be a technically simple operation from both a metallurgical and mining viewpoint, benefiting from coarse, readily recoverable tungsten mineralisation and a favourable mining situation in terms of ground conditions, mining flexibility and ore continuity. These are attributes that will both decrease operating costs and minimise project risk. Thirdly, it contains areas of thick mineralisation which facilitate a high mine production rate using mechanised mining, indicating that it will be both a low operating cost mine and a significant sized producer in World terms. Fourthly, the deposit is open in all directions, presently estimated to run at approximately three million tonnes per

100m of vertical depth, suggesting a long life mine. Fifth, the combination of these technical attributes yields a project with a low capital cost, presently estimated at €20 to €25 million. Finally, Barruecopardo is a brownfield site in an area with excellent infrastructure where the regional government supports sustainable mining projects.

We see these features, high grade, low capital cost, low operating cost, low technical risk and potential long life, as placing Barruecopardo very favourably as one of the prime development projects in the tungsten industry.

At the time of our last AGM we had hoped to fund the final evaluation work at Barruecopardo and bring this project up to the capital development milestone rapidly, but market forces slowed our progress more than we had anticipated. Now that corporate and investment activity in the industry is resuming, Ormonde intends to avail of this interest to put the necessary funding in place as rapidly as possible.

Over the next fifteen months, Ormonde proposes to complete the infill drilling over the zones which will form the basis for the initial mine production, complete a bankable feasibility study and seek all necessary permits for mine production at Barruecopardo.

Ormonde's management have been pursuing funding options for both this feasibility study stage and the capital development stage with various tungsten industry sources and equity/debt investors. An appropriate mix of equity, debt and joint venture funding is anticipated. Arrangements for funding for the feasibility study stage are presently progressing satisfactorily.

### **La Zarza Project**

At the time of our last AGM, we proposed to fund further work at La Zarza through a joint venture with a major mining company. This arrangement was put in place in October 2009 and we have now been working with Antofagasta Minerals S.A. over the past 6 months.

The thrust of the work has been to establish if La Zarza has the potential to host a larger, lower grade, copper deposit. The smaller, higher grade, deposit evaluated by Ormonde lies within a much larger sulphide mineralised body, which extends for over 3 kilometres in length, with various offshoots and structural repetitions. This larger sulphide body contains broad, 50 to 100 metre thick, lower grade, zones of copper, gold and zinc mineralisation. If any of these zones are of sufficient lateral continuity, they could be economic on their own or in conjunction with the higher grade zone previously evaluated by Ormonde.

Detailed geological work on the drillcores, structural geological reinterpretations and surface ground geophysical surveys have been completed over the last six months to help target the exploration and drilling has now commenced. We await results.

Consensus forecasts are that high metal prices, particularly copper, are here for some time to come. As such, exploration of the large, lower grade, massive sulphide deposits in the Pyrite Belt of Spain and Portugal, such as La Zarza, has been reactivated and Ormonde is now extending its exploration endeavours in the Pyrite Belt to both relook at historic mines and explore for lateral extensions of known deposits.

In following through on this, Ormonde has applied for a large area of relatively unexplored ground with favourable geology immediately west of La Zarza. We have also negotiated an option agreement on the Tharsis Project, a group of large massive sulphide bodies, much like La Zarza, from which pyrite and gold were mined in the past. We intend to unravel the mining history and geology of this area over the next nine months to establish its prospectivity before any decision on exercise of the option is made.

### **Financial Review**

During 2009, the Company expended a total of €67,946 on its work programmes as detailed in the Accounts. We report a loss of €1,579,370 for the year (2008: a loss of €2,527,962). This figure includes a €1,087,254 write-down of earlier exploration work principally on the Tracia Prospect and surrounding exploration ground, as the Company focuses on its core assets.

In conclusion, I would like to thank our shareholders, staff and advisers for their continued support in advancing the Company objectives.

Michael J. Donoghue  
Chairman

27 April 2010

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Consolidated Statement of Comprehensive Income  
Year ended 31 December 2009

	2009 €000's	2008 €000's
Administrative expenses	(492)	(877)
Exploration costs written off	(1,087)	(1,683)
OPERATING LOSS	(1,579)	(2,560)
Interest receivable and similar income	4	32
LOSS FOR THE YEAR BEFORE TAXATION	(1,575)	(2,528)
Taxation	(4)	-
LOSS FOR THE YEAR	(1,579)	(2,528)
Minority Interest	-	-
RETAINED LOSS FOR THE YEAR	(1,579)	(2,528)
EARNINGS PER SHARE		
Basic loss per ordinary share	(€0.0071)	(€0.0122)
Diluted loss per ordinary share	(€0.0070)	(€0.0122)

Consolidated Statement of Financial Position  
As at 31 December 2009

	2009 €000's	2008 €000's
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	11,632	12,151
Tangible assets	<u>9</u>	<u>16</u>
	11,641	12,167
CURRENT ASSETS		
Trade and other receivables	109	200
Cash and cash equivalents	<u>498</u>	<u>1,138</u>
	607	1,338
TOTAL ASSETS	<u><u>12,248</u></u>	<u><u>13,505</u></u>
EQUITY AND LIABILITIES		
EQUITY		
Called-up share capital	7,447	7,102
Share premium account	19,016	18,666
Capital conversion reserve fund	29	29
Capital redemption reserve fund	7	7
Share based payment reserve	232	232
Foreign currency translation reserve	1	1
Profit and loss account	<u>(15,258)</u>	<u>(13,679)</u>
Attributable to equity holders	11,474	12,358
Minority interest	<u>-</u>	<u>-</u>
	11,474	12,358
NON-CURRENT LIABILITIES		
Trade and Other Payables	<u>100</u>	<u>650</u>
	100	650
CURRENT LIABILITIES		
Trade and Other Payables	<u>674</u>	<u>497</u>
	674	497
Total Liabilities	<u>774</u>	<u>1,147</u>
TOTAL EQUITY AND LIABILITIES	<u><u>12,248</u></u>	<u><u>13,505</u></u>

Consolidated Statement of Cash Flows  
Year ended 31 December 2009

	2009 €000's	2008 €000's
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year before taxation	(1,576)	(2,528)
Adjustments for:		
Foreign exchange (loss)/gain	-	-
Depreciation	9	10
Exploration costs written off	1,087	1,683
Movement on share-based payment reserve	-	89
Investment revenue recognized in profit or loss	(3)	(32)
	<u>(483)</u>	<u>(778)</u>
MOVEMENT IN WORKING CAPITAL		
Decrease in debtors	91	368
(Decrease)/Increase in creditors	(375)	877
Income taxes paid	(2)	-
	<u>(286)</u>	<u>467</u>
NET CASH (USED IN)/ GENERATED BY OPERATING ACTIVITIES	(769)	467
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of issue of share capital	695	1,644
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditure on exploration activities	(568)	(2,609)
Government grants received	-	183
Purchases of property, plant and equipment	(2)	(18)
Investment in subsidiary undertakings	-	(1,000)
Interest received	4	32
Non-cash movements	-	(2)
	<u>(566)</u>	<u>(3,414)</u>
NET CASH USED IN INVESTING ACTIVITIES	(566)	(3,414)
NET DECREASE IN CASH AND CASH EQUIVALENTS		
	(640)	(1,303)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,138	2,441
	<u>498</u>	<u>1,138</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>498</u>	<u>1,138</u>

Consolidated Statement of Changes in Equity  
Year ended 31 December 2009

	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 2008	6,617	17,507	143	37	(11,151)	13,153
Loss for the year	-	-	-	-	(2,528)	(2,528)
Recognition of share based payments	-	-	89	-	-	89
Foreign exchange adjustments	-	-	-	-	-	-
Proceeds of share issue	485	1,159	-	-	-	1,644
Balance at 31 December 2008	7,102	18,666	232	37	(13,679)	12,358
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	-	-	-	-	-	-
Proceeds of share issue	345	350	-	-	-	695
Balance at 31 December 2009	7,447	19,016	232	37	(15,258)	11,474

1. The basic loss per share and the diluted loss per share have been calculated on a loss after taxation of €1,579,370 (2008 = loss of €2,527,962) and a weighted average number of Ordinary Shares in issue for the period of 223,365,910 (2008 = 206,387,115), for the basic loss per share and 225,664,243 (2008 = 207,351,559) for the diluted loss per share.