



ORMONDE  
MINING PLC

Annual Report 2001

Ormonde Mining plc, trading on the Exploration Securities Market (ESM) of the Irish Stock Exchange, is an Irish-based company actively seeking exploration opportunities in precious metals, with a focus on Iberia and Morocco with their excellent potential.

The Company operates through wholly-owned subsidiaries in the different countries, employing local personnel with vast experience in the exploration and mining sector. Properties are selected with a bias towards areas with advanced exploration potential. These include areas where precious metal mineralization is documented but has not been aggressively explored, and areas where such mineralization has only recently been discovered or highlighted.

Current areas of interest include NW and SE Spain, NE Morocco and the Lake Victoria Goldfield of Tanzania.

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## HIGHLIGHTS

*Joint Venture in Morocco with the BRPM over highly prospective gold terrain, where high-grade gold has recently been discovered.*

\*

*Exploration licences in Galicia, NW Spain, over abundant large scale bedrock Roman workings.*

\*

*Option with TOLSA, S.A., a major Spanish industrial minerals company, over mining concessions in the Almeria Province of SE Spain covering epithermal gold mineralisation, within the Cabo de Gata, Tertiary volcanic belt.*

## ● CHAIRMAN'S STATEMENT ●

It is with pleasure that I present your Company's Annual Report and Accounts for the eighteen months ended 31 December 2001, and report that this period was one of considerable progress for your Company.

The last reporting period, which was of 18 months duration following a change in the Company's fiscal year end from 30 June to 31 December, as announced on 4 October, 2001, was enormously important for Ormonde and its shareholders in that the Company required to be refinanced, thereby facilitating restoration of trading in its securities on the Exploration Securities Market of the Irish Stock Exchange, to recruit a new management team and staff, and to commence implementation of its strategy to locate and acquire good exploration properties.

I am delighted to report that on all fronts the Company has been successful. In connection with a placing and open offer of new Ordinary Shares, raising in aggregate IR£400,000 (approximately €507,000), trading in the Ordinary Shares recommenced on 20 April 2001 and there has, since that date, been steady progress both in terms of the overall share price and also in terms of liquidity. Clearly the proceeds of this refinancing were relatively small, and after payments to various creditors, this somewhat restricted activities. However, I am happy to report that since Dr. Kerr Anderson joined the company as its Managing Director in May 2001 substantial progress has been made in securing a number of very attractive and prospective exploration interests in Spain and Morocco.

The acquisition of exploration properties relies much on local knowledge and contacts and I am

pleased to state that Ormonde has in place a team of consummate, experienced industry professionals in the countries where it now operates. In Iberia, Fernando de la Fuente and Pedro Rodriguez have led the acquisition programme; Fernando having 30 years experience in Iberia and elsewhere with companies including Anglo American and Rio Algom, and Pedro with some 25 years experience in Iberia with Peñarroya, Billiton and Navan Mining. In Morocco, the Company has been driven by Mohamed Oussama, a former Director of the Department of International Cooperation in the Government's Bureau de Recherches et de Participations Minières (BRPM).

Ormonde is focussed on precious metal exploration, in particular gold. The various properties secured to-date are described in the Review of Activities section in this Annual Report and represent a substantial and attractive portfolio of exploration interests.

In Spain, Ormonde has secured licences for gold exploration in the Lugo/Ourense Provinces in the northwest of the country and the Almeria Province in the southeast, and has further applications pending with Regional Governments. In the northwest, the licences cover areas with substantial Roman workings in bedrock, where little or no systematic exploration has previously been carried out. These workings have mined gold from quartz lodes. In the southeast, epithermal gold in Tertiary volcanics on the Palai prospect is the main exploration target.

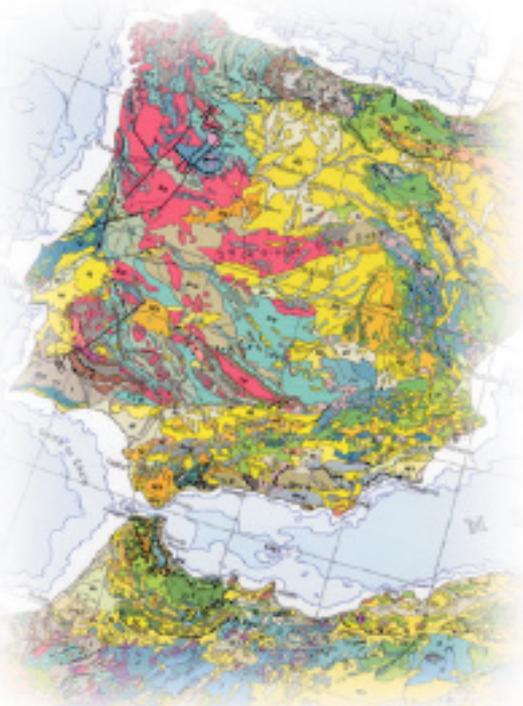
At the time of preparing this Annual Report, Ormonde has just entered into a Joint Venture in Morocco with the BRPM, the State exploration and mining company (headed by the Director General,

## ● CHAIRMAN'S STATEMENT ●

Mme. Amina Benkhadra). Under the terms of the Agreement, Ormonde has a 40% interest in permits held by the BRPM at Tamlalt in the northeast of the country, which include a new gold discovery. Importantly, Ormonde will have a minimum 60% interest in any project that reaches production. The Directors believe that this Joint Venture represents a major achievement by the Company, which has been actively pursuing opportunities such as this in Morocco, and the Company looks forward to working with the BRPM on this and other projects.

On Ormonde's interests in Tanzania, Axmin Inc. continue to earn into the two Siga Hills licences, however other residual interests have been relinquished.

Exploration is a cash hungry business and funds are constantly required to advance the knowledge of



any company's properties. Clearly the IR£400,000 raised last April was important to the Company to clear its debts and recommence trading but will be insufficient to move the properties forward. A private placing to raise €305,970 (€296,603 net of expenses) was completed post year end to enable work programmes to commence on these properties.

I look forward to reporting in coming months of initial exploration success and releasing relevant results, as work proceeds. It is the Company's intention to seek an alternative listing for its securities in due course as it broadens its shareholder base and accelerates activities.

I would like to thank most sincerely our shareholders for their patience whilst the Company was restructured and for their continuing support since the Company recommenced its activities. Your Board remains dedicated to returning this trust and patience by sustained capital growth through development of the Company's interests currently held and under acquisition.

Finally, I would like to thank Dr. Kerr Anderson and his team for their efforts over the past year, as without their dedication, the Company would not have the attractive portfolio that it now possesses.

Colin J. Andrew  
Chairman  
31 May 2002

## **MOROCCO**

The mineral industry of The Kingdom of Morocco is the northwest African country's largest foreign-exchange-earning sector accounting for about 35% of foreign trade and around 6% of GDP. Although phosphate products are the most significant mineral exports, Morocco boasts a wealth of other natural resources, including precious metals. A number of economic gold deposits have been located and developed by the Moroccans, such as those of Iourim and Tiout, and there remains excellent potential for new discoveries, especially in the Precambrian inliers, or "boutonnieres", of the Anti – Atlas Mountains.

Ormonde has entered into a Joint Venture Agreement with the Moroccan State exploration company, Bureau de Recherches et de Participations Minières (BRPM) relating to 14 permits covering a total area of 224km<sup>2</sup> in the **Tamlalt** boutonniere, in the northeast of the country, where BRPM geologists have discovered gold mineralization in a rhyolitic-dacitic volcanic sequence.

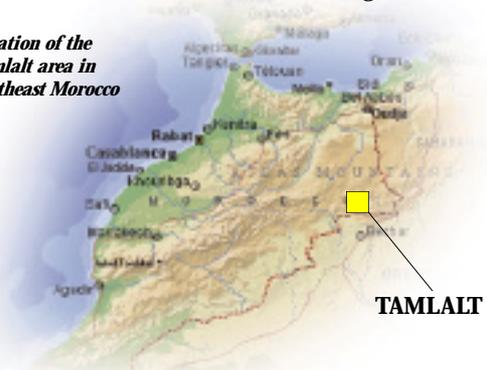
*Mineralized core from Jebel Malek, Tamlalt*



Under the terms of the Agreement, Ormonde will have an initial 40% interest in the BRPM permits, which are located around 600km by road SSE of the capital Rabat. Importantly, Ormonde will have a minimum 60% interest in any project that reaches production.

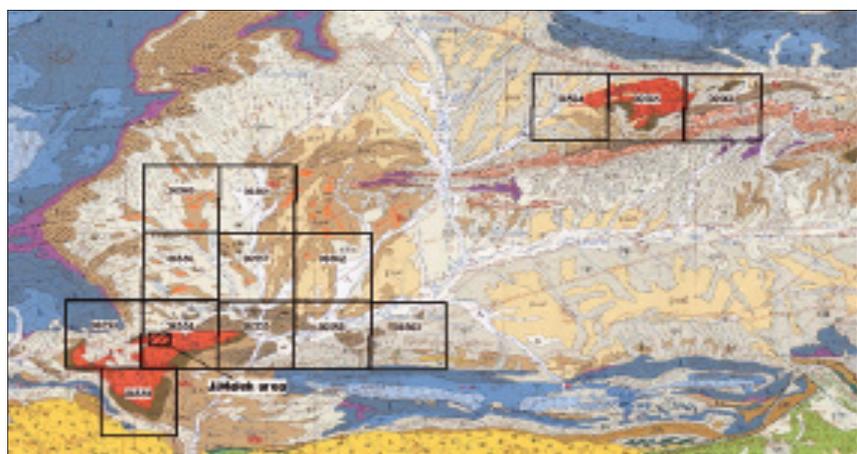
The permits cover two belts of mid-late Proterozoic rocks, dominated by rhyolitic and dacitic volcanics and tuffs, with strike lengths of 9 and 6 kilometres respectively. The Proterozoic sequence hosts gold deposits elsewhere in Morocco, such as that currently in production at Iourim (120,000 oz gold projected 2002) in the Akka area, southeast of Agadir .

*Location of the Tamlalt area in northeast Morocco*



Hydrothermal alteration dominated by silicification and quartz veining is evident in a number of outcrops. The majority of the work carried out to-date by the BRPM has concentrated on a small portion of the southern belt at Jebel Malek, where free gold was discovered in outcrop.

*Tamlalt permit areas with regional geology*





***The alteration zone at Jebel Malek.***

Trenching to-date over a limited area of 150 x 150 metres revealed several quartz veins from 1-2 metres thick within a silicified host rock, which returned best intervals of 4.0m @ 12.9g/t gold within 15.0m @ 4.0g/t; 2.0m @ 28.4g/t gold within 20.0m @ 3.7g/t; and 5.0m @ 14.9g/t gold within 12.0m @ 6.5g/t.

Initial diamond drilling by the BRPM during 2001 at Jebel Malek to test the depth extension to this surface mineralization has returned best intersections so far as follows:

<b>Hole No</b>	<b>From (m)</b>	<b>Interval (m)</b>	<b>Au g/t</b>
JM-1	85.0	8.0	2.7
<i>including</i>	85.0	2.0	6.7
	102.0	21.0	5.2
<i>including</i>	102.0	5.0	19.4
JM-3	36.0	12.0	1.0
<i>and</i>	104.0	5.0	1.4
<i>and</i>	155.0	3.0	3.0

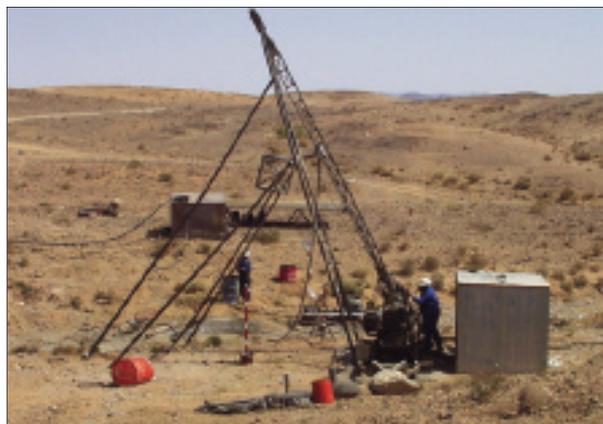
Results from four other holes on the prospect have returned maximum values of 0.7-1.7g/t gold over metric intervals.

**“Ormonde is assessing other opportunities with the BRPM in Morocco”**

The Jebel Malek prospect represents only a small portion of the highly prospective permit area, much of which has not yet been explored. Consequently, current activities involve compilation of all data collected by the BRPM to-date at Jebel Malek, and work over the forthcoming months will include detailed mapping and sampling of alteration and veining over the entire permit area. A regional BLEG programme will also be carried out to identify new target areas.

In addition to the Tamlalt Joint Venture, Ormonde is assessing other opportunities with the BRPM with a view to participating in further such ventures in Morocco, with an emphasis on project areas where the BRPM has discovered gold mineralization. Ormonde’s manager in Morocco, Mohamed Oussama, was formerly Director of the Department of International Cooperation in the BRPM and, being based full-time in Morocco, is ideally suited to pursue Ormonde’s interests in the country.

***BRPM drill rig at Jebel Malek.***



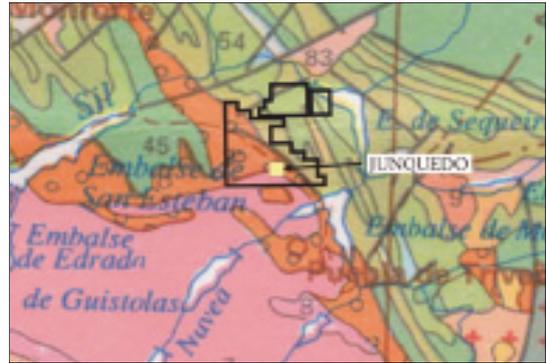
## **SPAIN**

Spain has established itself as one of the most prospective countries in Europe for mineral discoveries. For many years mining companies have invested in exploration for gold and other commodities in the country, yet many good opportunities still exist. Ormonde's geologists, widely experienced in the Iberian mining sector, have identified a number of highly prospective targets in a variety of geographical areas and geological settings. The Company, through its wholly-owned Spanish subsidiary, has succeeded in concluding agreements to explore in these areas.



### **TRIVES**

Ormonde is exploring in three contiguous Investigation Permits some 50km east of Ourense in the Galicia region of NW Spain, with the option to acquire a 100% interest from the current permit holders. In total, the permits cover an area of some 37km<sup>2</sup>. The principal target is gold mineralization associated with prominent structural zones within metasedimentary rocks dominated by black shales.



*Regional geology and Trives Investigation Permit areas.*

In regional terms, the permits are located in the West Asturian-Leonese Zone of northwest Spain, on the southeastern end of a prominent NNW-trending arcuate structural zone, termed the Puentedeme "Alignment". This has a strike length of some 130 kilometres, along which many gold occurrences and deposits are known (e.g., Monfero, Aranga, Roñon). The Romans exploited the majority of these gold occurrences at surface. The geology in the permit area comprises a late Precambrian through to Ordovician sequence, intruded by Hercynian-age granites, with the permits being located on the eastern limb of a major NNW-SSE trending anticlinal structure.

Gold mineralization in the area has previously been identified at Junquedo where a number of Roman pits cover an extensive area of some 900 x 400 metres. Mapping of these pits in the 1980s by a previous company suggests that the gold mineralization occurs in a large, NE-trending fracture zone with quartz veining. Samples of the quartz collected by the previous company returned grades of 0.5 to 4.0 g/t gold.

Previous operators have carried out only limited exploration on these permits, with little or no drilling. Ormonde's activities are concentrating on

initial rock and stream geochemical sampling of the entire permit area, designed to highlight areas for follow-up work, in conjunction with more detailed rock sampling in the areas with Roman workings.



*View of Roman workings, Junquedo.*

## **TRACIA**

Ormonde has applied for an Investigation Permit over a total area of 33km<sup>2</sup> some 25km north of Pontevedra in the Galicia Region of NW Spain. The principal target is intrusive-related gold mineralization occurring in veins and highly altered, silicified granitic host rock, associated with arsenopyrite and minor pyrite.

In regional terms, the Permit is located in the Central Iberian Zone of northwest Spain. The geology of the permit area is dominated by a Hercynian-age, two-mica granite intruded into Lower Palaeozoic, low-grade metasediments, with prominent structures within the granite.

Of the 21 outcrop and float samples collected by the Company to-date, 11 samples returned gold grades > 0.5g/t gold, with best values of 10.3, 11.1 and 22.7g/t gold. These were collected over a total area of around 3 square kilometres as a follow-up to samples collected by a previous operator in the mid 1980s that returned values including 1.5, 5.9, 10.0 and 25.0g/t. The previous operator carried out no further work. Mineralization occurs within both veins and

## **“Gold mineralization at Junquedo occurs in a large, NE-trending fracture zone with quartz veining.”**

altered wall rock in the granite. In the veins, arsenopyrite can form up to 20% of the vein material. In the surrounding, silicified granite, sulphides generally constitute less than 5% of the material. Several Roman workings have also recently been recognised in the area returning the gold values. Broadly similar styles of granite-hosted mineralization are known in other parts of the world, where they form an important deposit type.



*Gold-bearing sulphide vein in a road cut, Tracia.*

## **PALAI**

On 31 October 2001, Ormonde entered into an agreement with the major Spanish industrial minerals company TOLSA, S.A. to carry out gold exploration on their Mining Permits (Concessions) in the Almeria Province of SE Spain. This agreement also covers Ormonde's right to develop any viable deposit defined by the exploration activities. The permits cover a total area of some 125km<sup>2</sup> in the Sierra del Cabo de Gata, some 30km east of the town of Almeria. The main area of interest is Palai, characterized by high-sulphidation, gold-copper mineralization in pyritic, altered volcanics.

## ● REVIEW OF ACTIVITIES ●

The permits are located within the Cabo de Gata Volcanic Complex, a NE-SW trending, Neogene-age (17-8Ma) sequence comprising calc-alkaline, andesitic-rhyolitic volcanics and sediments, overlying metamorphic basement. The volcanic rocks outcrop over an area of some 40 x 10km and are dominated by hornblende and pyroxene andesites, with subordinate dacites, rhyolites and ash-flow tuffs.

The earliest mining in the Cabo de Gata took place in the early 1800s exploiting epithermal Pb-Zn-Ag veins in the southwest part of the volcanic belt, around San Jose. Gold was subsequently found within these veins, and soon after, around 1880, in quartz veins at Rodalquilar. Here, gold grades reported from the main mineralized zone range from 2-8g/t, and ADARO, a Spanish State company, reportedly extracted 1.6Mt grading 3.5g/t gold (180,000 oz) between 1942 and 1966. A Cluff Minerals-Antafogasta JV briefly operated a small heap-leach operation, Transacción, between 1989 and 1991. At Palai, an extensive area of argillic alteration within hornblende andesites, containing zones of vuggy silica

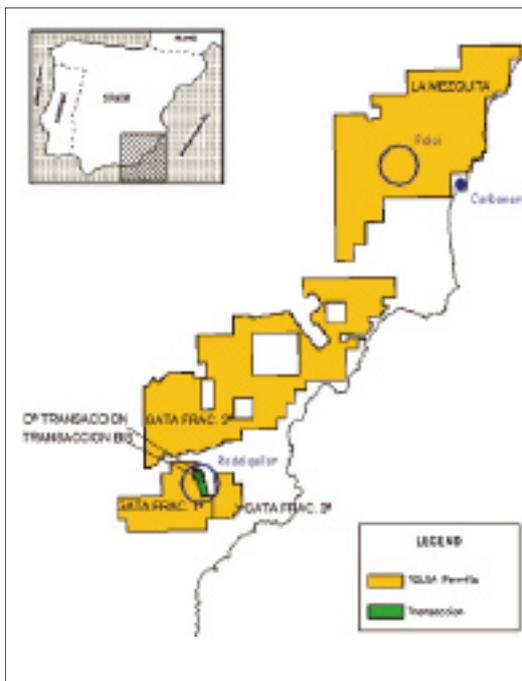


*The alteration system and dumps around old shafts at Palai.*

and advanced argillic alteration, is interpreted to be a Rodalquilar-type system; small-scale underground mining at the turn of the century extracted argentiferous galena via shafts extending to 130 metres below surface.

Previous exploration during the 1980s and early 90s (Phelps Dodge, Cominco, Billiton, Navan Mining) concentrated on possible open-pittable, oxide mineralization within the vuggy silica zones at Palai, and defined a resource of some 600,000 tonnes grading 2.5g/t gold. Between 1996 and 1999, Serrata Resources, S.A. explored the potential for a large, sulphide-associated “stockwork” type deposit within the underlying argillic alteration zone. A report prepared in February 1999 for Serrata states “... the potential to host in excess of 30Mt grading 1.05g/t gold, 7.7g/t silver and 0.3% copper...”; this mineralization is open both laterally and at depth. Limited metallurgical testwork carried out by Serrata Resources suggests that conventional flotation of a copper concentrate would recover 70-75% of the copper and 60-65% of the gold.

Upon compilation of all existing drilling results, a further drilling campaign will be considered, principally designed to investigate the potential for higher-grade gold-copper zones within the overall mineralized system. Preliminary metallurgical testwork will also be undertaken to examine possible processing routes for recovering the gold and copper.



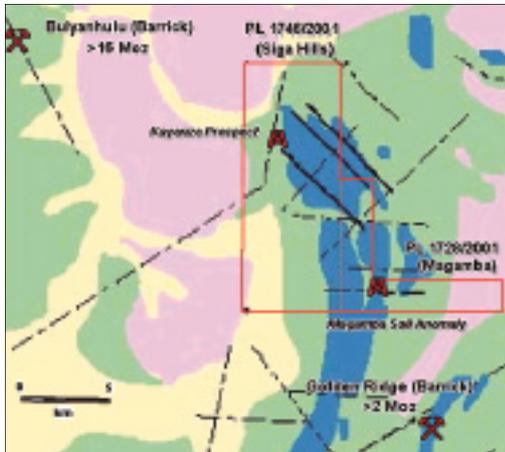
*TOLSA permit areas in the Cabo de Gata.*

## TANZANIA

Ormonde has been exploring for gold in Tanzania since 1995 and is currently earning into two licences in the highly prospective Archaean greenstone belt in the Lake Victoria Goldfield. The licences are located between Barrick's Bulyanhulu (>16.0 Moz) and Golden Ridge (2.2 Moz) deposits; total gold resources currently defined in the central Lake Victoria Goldfield are in excess of 30 Moz.



Ormonde currently has an interest in two contiguous licences termed the Siga Hills project, located some 80km SSW of the main town of Mwanza. Under the terms of earn-in agreements with the licence owners, Ormonde can earn a 100% interest in the Magamba licence (26.7km<sup>2</sup>) and an



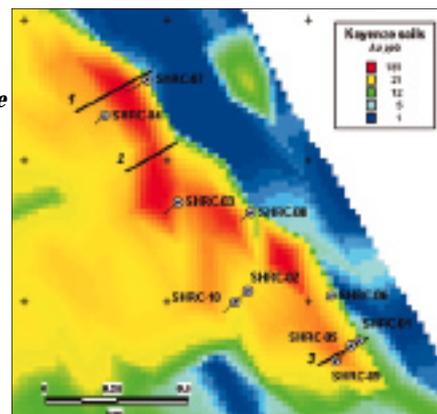
*Siga Hills licence areas and nearby deposits.*

85% interest in the Siga Hills licence (65.0km<sup>2</sup>) respectively. Under the terms of a subsequent agreement with Axmin Inc., Axmin can earn a 50% interest in Ormonde's interest in both licences, and are currently funding exploration activities.

The Siga Hills area is dominated by a tightly folded, NW-SE striking Banded Iron Formation (BIF) sequence, comprising magnetite – hematite - chert facies in the basal portion, passing up through banded cherts into tuffs and cherts, the topmost portion being a transition into the overlying tuffs and pyroclastics.

The principal target is gold mineralization within the BIF cut by shear zones. The main prospect is Kayenze on the Siga Hills licence, where widely-spaced trenching in 2000 of a prominent gold in soil anomaly (strike length of some 2km) over the BIF, returned best intervals of 10m @ 3.1g/t gold (Trench 3) and 4.5m @ 2.2g/t gold (Trench 1). Limited RC drilling in 2001 failed to confirm the depth extension of surface mineralization, however much of the original anomaly remains untested.

*Contoured soil data, drillhole and trench locations on the Kayenze prospect, Siga Hills*



Axmin anticipate carrying out further RAB/RC drilling on the Kayenze prospect during the 2002 "dry season", in addition to trenching of a coherent soil anomaly on the Magamba licence.





**Report of the Directors  
&  
Consolidated Financial Statements**

## ● **REPORT OF THE DIRECTORS** ●

The Directors have pleasure in submitting their annual report together with the audited financial statements for the period from 1 July 2000 to 31 December 2001. The format of the Report of the Directors and the financial statements reflect the requirements of the Companies Acts, 1963 to 2001, the European Communities (Companies : Group Accounts) Regulations 1992, and the Exploration Securities Market Rules of the Irish Stock Exchange.

During the period, the Company changed its year end from 30 June to 31 December thereby creating an eighteen month reporting period.

### **BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

The principal activity of the Company and its subsidiaries comprises acquisition, exploration, and development of mineral resource projects. Further details of the Company's affairs and activities are included in the Review of Activities section in this report.

Additional funding is required to advance the Group's projects. The Directors raised significant finance since the year end as detailed in note 20.

### **RESULTS**

The results for the eighteen months ended 31 December 2001 are set out on in the Consolidated Profit and Loss Account in this annual report.

During the period, the Company expended €93,250 on mineral exploration and development. As all exploration and development costs to-date have been deferred, no transfers to distributable reserves or dividends are recommended.

### **DIRECTORS**

The present Directors are set out on the inside back cover.

### **DIRECTORS' AND SECRETARY'S INTERESTS**

On 12 May 2001, Michael Donoghue, then Chairman and acting Managing Director, and Hugh McCormack, non-executive Director, resigned from the Board. On the same date, Colin Andrew was appointed as Chairman and John Carroll as non-executive Director. On 29 May 2001, Kerr Anderson was appointed as Managing Director.

The beneficial interests of the Directors and their families in the share capital of the Company were as follows:

<b>Directors</b>	<b>31 May 2002</b>	<b>31 December 2001</b>	<b>30 June 2000 *</b>
	<b>Ordinary Shares</b>	<b>Ordinary Shares</b>	<b>Ordinary Shares</b>
C.J. Andrew	893,754	469,247	-
I.K. Anderson	471,629	221,629	-
D. O'Beirne	938,099	938,099	480,957
J.A. Carroll	1,801,944	1,468,611	638,060

\*Or at the date of appointment, if later

**DIRECTORS' AND SECRETARY'S INTERESTS (CONTINUED)**

<b>Directors</b>	31 December 2001	30 June 2000
	Share Options	Share Options
C.J. Andrew	750,000	-
I.K. Anderson	750,000	-
D. O'Beirne	250,000	-
J.A. Carroll	750,000	-

No change in the above share options has occurred between 31 December 2001 and the date of approval of these financial statements.

All share options are exercisable at a price of €0.041 at any time up to 11 November 2006.

There has not been any contract or 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.

**DETAILS OF EXECUTIVE DIRECTOR**

Dr. I. Kerr Anderson BSc PhD PGeo (aged 40), is a geologist by profession, and has worked in the mining and exploration industry in Europe for 14 years. He was Exploration Manager with Navan Mining plc prior to joining Ormonde in May 2001.

**DETAILS OF NON-EXECUTIVE DIRECTORS**

Mr. Colin J. Andrew BSc ARSM MIMM CEng FGS (aged 46) is the non-executive Chairman of the Company. 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 Minerals plc.

Mr. John A. Carroll A.C.I.S. (aged 53) is a non-executive Director of the company. A chartered secretary by profession, he has over 30 years experience including seven years as a manager with KPMG in the Investment Company Department. He has widespread business contacts in Ireland and significant experience in the resource sector.

Mr. David O'Beirne (aged 45), a founding member of the Company is the Secretary and a non-executive Director of the Company and is a solicitor and partner in the Dublin legal firm of O'Donnell Sweeney. He has acted on behalf of a number of exploration companies and has considerable experience in the legal affairs of companies involved in the resource sector.

**SUBSIDIARY AND ASSOCIATED COMPANIES**

The information required by Section 158(4) of the Companies Act 1963 on Subsidiary and Associated Companies is contained in the information provided in respect of these companies as set out in the notes to the financial statements.

## ● **REPORT OF THE DIRECTORS** ●

### **SUBSTANTIAL SHAREHOLDINGS**

At 31 December 2001, the Company had received notification of the following shareholders who directly or indirectly are interested in 3% or more of the issued share capital of the Company:

<b>Name</b>	<b>Number of Shares</b>	<b>%</b>
Vidacos Nominees Limited	7,953,799	11.67
Desmond and Alice Burke	4,644,743	6.81
Davy Nominees Limited	3,098,324	4.54

Apart from the foregoing, the Company has not been notified of any other person who holds 3% or more of the issued share capital of the Company.

### **DIRECTORS' INTERESTS IN CONTRACTS**

The Directors had no interests in contracts during the period.

### **HEALTH AND SAFETY**

It is the policy of the Group to comply with the Safety, Health and Welfare at Work Act, 1989. The Group endeavours at all times to observe proper environmental and safety practices in the work place.

### **BOOKS OF ACCOUNT**

The measures that the Directors have taken to ensure compliance with Section 202 of the Companies Act 1990, are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The books of account are maintained at the Company's office at Ormonde House, Metges Lane, Navan, Co. Meath.

### **EURO**

The Group made the necessary changes to address the impact of the introduction of the Euro on its business. Costs relating to the Euro issue were not considered to be significant.

### **AUDITORS**

The Auditors, Deloitte & Touche, Chartered Accountants, continue in office in accordance with Section 160(2) of the Companies Act 1963 (Ireland).

Signed on behalf of the Board :

C.J. Andrew      *Chairman*

I.K. Anderson    *Managing Director*

Date: 31 May 2002

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Irish Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish statute comprising the Companies Acts, 1963 to 2001, the European Communities (Companies: Group Accounts) Regulations, 1992 and the Exploration Securities Market Rules of the Irish Stock Exchange. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **To the Members of Ormonde Mining plc**

We have audited the financial statements of Ormonde Mining Plc for the period ended 31 December 2001 which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Company Balance Sheet, the Reconciliation of Movement in Consolidated Shareholders' Funds, the Consolidated Cash Flow Statement, the Statement of Accounting Policies and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

## **Respective responsibilities of Directors and Auditors**

The Directors are responsible for preparing the Annual Report, including as set out in the Statement of Directors' Responsibilities, the preparation of the financial statements in accordance with applicable Irish law and accounting standards. Our responsibilities, as independent Auditors, are established in Ireland by statute, Auditing Standards as promulgated by the Auditing Practices Board in Ireland, the Exploration Securities Market Rules of the Irish Stock Exchange and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2001 and the European Communities (Companies: Group Accounts) Regulations, 1992. We also report to you whether in our opinion: proper books of account have been kept by the Company; whether, at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the Company; and whether the information given in the Report of the Directors is consistent with the financial statements. In addition, we state whether we have obtained all information and explanations necessary for the purposes of our audit and whether the Company's balance sheet is in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law or the Exploration Securities Market Listing Rules of the Irish Stock Exchange regarding directors' remuneration and directors' transactions is not given and, where practicable, include such information in our report. We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatement within it. Our responsibilities do not extend to other information.

## **Basis of audit opinion**

We conducted our audit in accordance with the auditing standards issued by the Auditing Practices Board and generally accepted in Ireland. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Company, and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we evaluated the overall adequacy of the presentation of information in the financial statements.

## **Fundamental uncertainties**

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the uncertainty of the valuation of intangible assets of €381,237 in the consolidated balance sheet and financial assets of €380,200 in the Company balance sheet.

As set out in Note 1 to the financial statements, the value of intangible assets and financial assets is dependent on the successful development of exploration projects and prospecting licences resulting in early mine production and positive cash flows. The financial statements do not include any adjustments to reduce the value of assets to their recoverable amounts and to provide for future liabilities that may arise which would result from a failure to meet these conditions.

In addition, while the Directors are satisfied that adequate finance will be available over the twelve month period from the date of approval of these financial statements, and have, accordingly, prepared the financial statements on a going concern basis (Note 1), the ability of the group to continue in operational existence is dependent on it raising new finance for the successful development of these interests.

In view of the significance of these matters to the preparation of the financial statements on a going concern basis, we consider that they should be drawn to your attention but our opinion is not qualified in this respect.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the affairs of the Company and the Group as at 31 December 2001 and of the loss of the Group for the period then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2001 and the European Communities (Companies: Group Accounts) Regulations, 1992.

We have obtained all the information and explanations we considered necessary for the purpose of our audit. In our opinion proper books of account have been kept by the Company. The Company's balance sheet is in agreement with the books of account.

In our opinion the information given in the Report of the Directors is consistent with the financial statements.

The net assets of the Company, as stated in the balance sheet of the Company are not more than half the amount of its called-up share capital and, in our opinion, on that basis there did exist at 31 December 2001 a financial situation which, under Section 40(1) of the Companies (Amendment) Act, 1983, may require the convening of an extraordinary general meeting of the Company.

Deloitte & Touche  
Chartered Accountants and Registered Auditors

Dublin

31st May 2002

## ● **STATEMENT OF ACCOUNTING POLICIES** ●

The financial statements are prepared in accordance with applicable accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2001, the European Communities (Companies: Group Accounts) Regulations, 1992 and the Exploration Securities Market Rules of the Irish Stock Exchange. The Group has adopted the requirements of FRS 18 Accounting Policies.

The significant accounting policies adopted by the Group are :

**(a) Basis of accounting**

The financial statements are prepared under the historical cost convention.

**(b) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries made up to 31 December 2001.

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 $\frac{1}{3}$ %
Motor vehicles	: 20%
Computer equipment	: 33 $\frac{1}{3}$ %

**(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 the costs in an area are considered to be of no value, these costs are written off in full. Costs of successful exploration are amortised against related revenue over the expected useful life of the asset.

## ● **STATEMENT OF ACCOUNTING POLICIES** ●

**(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.

**● CONSOLIDATED PROFIT AND LOSS ACCOUNT ●**  
**FOR THE PERIOD ENDED 31 DECEMBER 2001**

	Notes	<b>18 Months ended 31/12/2001 €</b>	12 Months ended 30/6/2000 €
Administrative expenses		<b>(104,539)</b>	(23,281)
Write-down of exploration costs	2	<b>(704,748)</b>	(1,885,376)
Exceptional item (cost of re-listing)		<b>(68,225)</b>	-
<b>OPERATING LOSS</b>		<b>(877,512)</b>	(1,908,657)
Interest income		<b>1,568</b>	-
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	<b>(875,944)</b>	(1,908,657)
Taxation	4	<b>3,204</b>	-
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>	5	<b>(872,740)</b>	(1,908,657)
Profit and loss account brought forward - (deficit)		<b>(7,716,972)</b>	(5,808,315)
Profit and loss account carried forward - (deficit)		<b>(8,589,712)</b>	(7,716,972)
Loss per share	6	<b>(€0.0161)</b>	(€0.0434)
Loss per share - diluted	6	<b>(€0.0161)</b>	(€0.0434)

The Group has no recognised gains or losses other than those reflected in the profit and loss account above.

All expenditure arises from continuing operations.

The financial statements were approved by the Board of Directors on 31 May 2002 and signed on its behalf by:

C.J. Andrew      *Chairman*  
I.K. Anderson    *Managing Director*

● **CONSOLIDATED BALANCE SHEET** ●  
**AS AT 31 DECEMBER 2001**

	Notes	<b>18 Months ended 31/12/2001</b>	12 Months ended 30/06/2000
		€	€
<b>FIXED ASSETS</b>			
Tangible assets	7	<b>8,227</b>	14,448
Intangible assets	8	<b>381,237</b>	992,735
		<b>389,464</b>	1,007,183
<b>CURRENT ASSETS</b>			
Debtors	11	<b>18,603</b>	9,507
Cash at bank and on hand		<b>152,287</b>	-
		<b>170,890</b>	9,507
<b>CREDITORS</b> : (Amounts falling due within one year)	12	<b>(138,202)</b>	(353,047)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>32,688</b>	(343,540)
<b>NET ASSETS</b>		<b>422,152</b>	663,643
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	13	<b>3,404,355</b>	2,788,208
Share premium account	14	<b>5,600,262</b>	5,585,160
Capital reserve		<b>7,247</b>	7,247
Profit and loss account - (deficit)		<b>(8,589,712)</b>	(7,716,972)
<b>EQUITY SHAREHOLDERS' FUNDS – ALL EQUITY</b>		<b>422,152</b>	663,643

The financial statements were approved by the Board of Directors on 31 May 2002 and signed on its behalf by:

C.J. Andrew     *Chairman*  
I.K. Anderson   *Managing Director*

**● COMPANY BALANCE SHEET ●**  
**AS AT 31 DECEMBER 2001**

	Notes	<b>18 Months ended 31/12/2001</b>	12 Months ended 30/06/2000
		€	€
<b>FIXED ASSETS</b>			
Tangible assets	7	<b>8,227</b>	14,448
Financial assets	9	<b>380,200</b>	991,698
		<b>388,427</b>	1,006,146
<b>CURRENT ASSETS</b>			
Debtors	11	<b>9,836</b>	6,965
Cash at bank and on hand		<b>141,473</b>	-
		<b>151,309</b>	6,965
<b>CREDITORS</b> : (Amounts falling due within one year)	12	<b>(148,299)</b>	(363,190)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>3,010</b>	(356,225)
<b>NET ASSETS</b>		<b>391,437</b>	649,921
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	13	<b>3,404,355</b>	2,788,208
Share premium account	14	<b>5,600,262</b>	5,585,160
Profit and loss account - (deficit)		<b>(8,613,180)</b>	(7,723,447)
<b>EQUITY SHAREHOLDERS' FUNDS - ALL EQUITY</b>		<b>391,437</b>	649,921

The financial statements were approved by the Board of Directors on 31 May 2002 and signed on its behalf by:

C.J. Andrew      *Chairman*  
I.K. Anderson    *Managing Director*

● **RECONCILIATION OF MOVEMENT IN CONSOLIDATED SHAREHOLDERS' FUNDS** ●  
**FOR THE PERIOD ENDED 31 DECEMBER 2001**

	<b>18 Months ended 31/12/2001 €</b>	12 Months ended 30/6/2000 €
Total recognised losses	<b>(872,740)</b>	(1,908,657)
Issued shares - at par	<b>616,147</b>	-
- share premium (net of share issue costs (Note 14))	<b>15,102</b>	-
Net change in shareholders' funds	<b>(241,491)</b>	(1,908,657)
Opening shareholders' funds - equity	<b>663,643</b>	2,572,300
Closing shareholders' funds - equity	<b>422,152</b>	663,643

**● CONSOLIDATED CASH FLOW STATEMENT ●**  
**FOR THE PERIOD ENDED 31 DECEMBER 2001**

	Notes	<b>18 Months ended 31/12/2001</b>	12 Months ended 30/6/2000
		€	€
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>	15	<b>(107,740)</b>	161,687
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		<b>1,568</b>	-
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		<b>1,568</b>	-
<b>TAXATION REFUND RECEIVED</b>		<b>825</b>	-
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Exploration costs incurred	8	<b>(93,250)</b>	(289,627)
Payments to acquire tangible fixed assets		<b>(9,394)</b>	-
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		<b>(102,644)</b>	(289,627)
<b>NET CASH OUTFLOW BEFORE FINANCING</b>		<b>(207,991)</b>	(127,940)
<b>FINANCING</b>			
Issue of ordinary share capital (Net of expenses)		<b>400,117</b>	-
<b>NET CASH INFLOW FROM FINANCING</b>		<b>400,117</b>	-
<b>INCREASE/(DECREASE) IN CASH</b>	16	<b>192,126</b>	(127,940)

**● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ●**  
**FOR THE PERIOD ENDED 31 DECEMBER 2001**

**1. BASIS OF PREPARATION**

**Accounting period**

The accounting period relates to the eighteen month period ended 31 December 2001.

**Value of Intangible Assets**

The Group has acquired significant interests in exploration projects and prospecting licences in Tanzania and Spain. In addition, significant contacts have been made in a number of other countries, which may lead to the development of future projects. On this basis, the Directors are satisfied that the deferred expenditure, described in Note 8, 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.

**Going concern assumption**

The Directors have prepared the financial statements under the assumption that the Group is a going concern on the basis that the Company has raised additional funds of €296,603 (net of expenses) by way of a share placing on 24 May 2002, as detailed in note 20, and because the Directors are satisfied that further funding will be available to bring such projects to production.

**2. WRITE-DOWN OF EXPLORATION COSTS**

The Directors are of the opinion that costs incurred on certain projects (Note 8) do not have the potential to achieve mine production and positive cash flows and have therefore decided to write off the expenditure in the period.

**3. STATUTORY AND OTHER INFORMATION**

	<b>18 Months ended 31/12/2001</b>	<b>12 Months ended 30/6/2000</b>
	€	€
The loss before taxation is stated after charging / (crediting):		
Directors' emoluments	<b>55,475</b>	73,302
Depreciation	<b>7,980</b>	11,526
Auditors' remuneration	<b>10,000</b>	12,697
Interest income	<b>(1,568)</b>	-
Foreign exchange gain	-	(470)
	<b>57,408</b>	<b>97,955</b>

	<b>No.</b>	<b>No.</b>
The average number of persons employed by the Group during the period was	<b>2</b>	6

At 31 December 2001 the Group had 2 employees (2000 : 6).

The aggregate payroll costs of these persons were:

Wages and salaries	<b>57,408</b>	59,412
Social welfare costs	<b>5,780</b>	2,816
	<b>63,188</b>	<b>62,228</b>

**● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ●**  
**FOR THE PERIOD ENDED 31 DECEMBER 2001**

**4. TAXATION ON ORDINARY ACTIVITIES INFORMATION**

	<b>18 Months ended 31/12/2001</b>	12 Months ended 30/6/2000
	€	€
Tax refund	<b>3,204</b>	-

No charge to taxation arises due to the losses incurred

**5. LOSS FOR THE PERIOD**

	<b>18 Months ended 31/12/2001</b>	12 Months ended 30/6/2000
	€	€
Dealt with in the accounts of the Company	<b>889,733</b>	41,071
Retained by subsidiaries –(profit)/loss	<b>(16,993)</b>	1,867,586
	<b>872,740</b>	1,908,657

As permitted by Section 43(2) of the European Communities (Companies: Group Accounts) Regulations 1992, the profit and loss account of the holding Company is not presented as part of the financial statements.

**6. LOSS PER SHARE**

	<b>18 Months ended 31/12/2001</b>	12 Months ended 30/6/2000
	€	€
Loss per share	<b>0.0161</b>	0.043
Loss per share - diluted	<b>0.0161</b>	0.043

The loss per share and the basic loss per share have been calculated based on a loss after taxation of €872,740 (2000 : €1,908,657) and a weighted average number of ordinary shares in issue for the period of 54,153,893 (2000 : 43,917,841).

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

**● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ●**  
**FOR THE PERIOD ENDED 31 DECEMBER 2001**

**7. TANGIBLE FIXED ASSETS**

**Group and Company**

	Plant and Equipment €	Fixtures and Fittings €	Motor Vehicles €	Computer Equipment €	Total €
<b>Cost:</b>					
At 1.7.2000	23,637	10,146	13,967	-	47,750
Additions	-	5,293	-	4,101	9,394
Write off	-	-	(13,967)	-	(13,967)
At 31.12.2001	23,637	15,439	-	4,101	43,177
<b>Accumulated depreciation:</b>					
At 1.7.2000	16,824	10,146	6,332	-	33,302
Charge for period	6,813	825	-	342	7,980
Write off	-	-	(6,332)	-	(6,332)
At 31.12.2001	23,637	10,971	-	342	34,950
<b>Net book amount:</b>					
At 31.12.2001	-	4,468	-	3,759	8,227
At 30.6.2000	6,813	-	7,635	-	14,448

**8. INTANGIBLE ASSETS (deferred exploration expenditure)**

Group	Africa €	Europe €	Total €
At cost :			
Opening balance 1/07/2000	992,735	-	992,735
Expenditure incurred during the period	-	93,250	93,250
Written off during the period	(704,748)	-	(704,748)
Closing balance 31/12/2001	287,987	93,250	381,237

**● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ●**  
**FOR THE PERIOD ENDED 31 DECEMBER 2001**

<b>9. FINANCIAL ASSETS</b>	<b>31/12/2001</b>	<b>30/06/2000</b>
	€	€
<b>Company</b>		
Shares in Group companies - unlisted		
Shares at Directors valuation	<b>189,144</b>	186,143
Loans advanced to Group companies (less provision)	<b>191,056</b>	805,555
	<u><b>380,200</b></u>	<u>991,698</u>

Information in relation to the historic cost of investments and loans advanced to Group companies is not available to the Directors. During the period, provision was made in respect of loans made to Group companies of €729,221 to reflect the amounts written off deferred development expenditure in subsidiary companies. In the opinion of the Directors, the value to the Company of the unlisted investments is not less than the net book amount shown above.

**10. SHARES IN GROUP COMPANIES**

Details of directly and indirectly wholly-owned subsidiary companies as at 31 December 2001 are as follows:

Name	Registered Office/ Operating Area	Nature of Business
Ormonde España, S.L.	Spain	Mineral exploration
Ormonde Mining (Tanzania) Limited	Tanzania	Mineral exploration
Ramone Limited	Ireland	Mineral exploration
Adola Gold Limited	Bermuda	Holding Company
Mpingo (Bermuda) Limited	Bermuda	Holding Company

This structure is in the process of being rationalised and some of the subsidiaries listed above may be wound up or disposed of.

**11. DEBTORS**

	Group		Company	
	31/12/2001	30/06/2000	31/12/2001	30/06/2000
	€	€	€	€
Amounts falling due within one year :				
Tax recoverable	<b>3,204</b>	825	-	825
VAT recoverable	<b>7,097</b>	844	<b>4,073</b>	844
Other debtors	<b>8,302</b>	7,838	<b>5,763</b>	5,296
	<u><b>18,603</b></u>	<u>9,507</u>	<u><b>9,836</b></u>	<u>6,965</u>

**● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ●**  
**FOR THE PERIOD ENDED 31 DECEMBER 2001**

12. CREDITORS : (Amounts falling due within one year)	Group		Company	
	31/12/2001	30/06/2000	31/12/2001	30/06/2000
	€	€	€	€
Bank Borrowings	-	39,839	-	39,824
Accruals	<b>138,202</b>	313,208	<b>138,141</b>	313,208
Other creditors	-	-	<b>10,158</b>	10,158
	<u><b>138,202</b></u>	<u>353,047</u>	<u><b>148,299</b></u>	<u>363,190</u>

13. CALLED-UP SHARE CAPITAL	31/12/2001	30/06/2000
	€	€
<b>Authorised :</b>		
100,000,000 ordinary shares of 6.348690c each (30/06/2000 : IR£0.05 each)	-	6,348,690
130,000,000 ordinary shares of 2.539476c each	<b>3,301,319</b>	-
100,000,000 ordinary shares of 3.809214c each	<b>3,809,214</b>	-
	<u><b>7,110,533</b></u>	<u>6,348,690</u>
<b>Allotted, called-up and fully paid :</b>		
As at 1 July 2000:		
43,917,841 ordinary shares of 6.348690c each (30/06/2000 : IR£0.05 each)	-	2,788,208
43,917,841 ordinary shares of 2.539476c each	<b>1,115,283</b>	-
43,917,841 deferred shares of 3.809214c each	<b>1,672,925</b>	-
	<u><b>2,788,208</b></u>	<u>2,788,208</u>
Shares issued during the period:		
24,262,776 ordinary shares of 2.539476c each	<b>616,147</b>	-
As at 31 December 2001		
68,180,617 ordinary shares of 2.539476c each	<b>1,731,430</b>	-
43,917,841 deferred shares of 3.809214c each	<b>1,672,925</b>	-
	<u><b>3,404,355</b></u>	<u>2,788,208</u>

● **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** ●  
**FOR THE PERIOD ENDED 31 DECEMBER 2001**

**13. CALLED-UP SHARE CAPITAL (Continued)**

Shares issued during the period:

On 12 May 2001, the Company issued 20,000,000 Ordinary Shares of 2.539476c (IR2p) for IR2p each to raise cash to finance the Group's operations, and a further 3,833,481 Ordinary Shares of 2.539476c (IR2p) each to settle amounts due to creditors under a group reorganization.

On 25 May 2001, the Company issued a further 429,295 Ordinary Shares of 2.539476c (IR2p) each to settle amounts due to creditors.

On 12 May 2001, a resolution was passed by the Company at an extraordinary general meeting to convert each Ordinary Share at that time (which was of 6.348690c (IR5p) nominal value) into 1 Ordinary Share of nominal value of 2.539476c (IR2p) and 1 Deferred Share of nominal value of 3.809214c (IR3p).

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 only to 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.

The Company proposes to re-nominalise both the authorised and issued share capital through a resolution at the Annual General Meeting of the Company on 25th July 2002 as follows:

Ordinary Shares of €0.02539476 will be re-nominalised to units of €0.025

An amount equivalent to the net reduction in share capital will be transferred from the share capital account to a capital conversion reserve fund.

The Company has issued a total of 4,200,000 Options to employees and Directors of the Company and its subsidiary companies and other interested parties. Each Option entitles the holder to acquire one Ordinary Share of €0.025 each for consideration of €0.041 and are exercisable at any time up to 11 November 2006.

<b>14. SHARE PREMIUM ACCOUNT</b>	<b>31/12/2001</b>	<b>30/06/2000</b>
	€	€
<b>Group and Company</b>		
Opening balance	<b>5,585,160</b>	5,585,160
Premium on shares issued during the year	<b>20,182</b>	-
Share issue costs	<b>(5,080)</b>	-
Closing balance	<b><u>5,600,262</u></b>	<u>5,585,160</u>

● **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** ●  
**FOR THE PERIOD ENDED 31 DECEMBER 2001**

<b>15. RECONCILIATION OF OPERATING LOSS TO NET CASH (OUTFLOW)/INFLOW FROM</b>	<b>18 Months ended 31/12/2001</b>	<b>12 Months ended 30/6/2000</b>
<b>OPERATING ACTIVITIES</b>	<b>€</b>	<b>€</b>
Operating loss	<b>(877,512)</b>	(1,908,656)
Movement in debtors	<b>(6,717)</b>	4,211
Movement in creditors	<b>56,126</b>	169,228
Write down of exploration costs	<b>704,748</b>	1,885,376
Depreciation and write down of tangible fixed assets	<b>15,615</b>	11,528
	<b><u>(107,740)</u></b>	<u>161,687</u>

**16. ANALYSIS OF NET FUNDS**

	<b>At 1 July 2000</b>	<b>Cashflow</b>	<b>At 31 December 2001</b>
	<b>€</b>	<b>€</b>	<b>€</b>
Cash in hand and at bank	<u>(39,839)</u>	<u>192,126</u>	<u>152,287</u>

**17. RECONCILIATION OF NET CASH FLOW TO NET DEBT**

	<b>18 Months ended 31/12/2001</b>	<b>12 Months ended 30/6/2000</b>
Increase/(decrease) in cash in the period	<b>192,126</b>	(127,940)
Change in net funds resulting from cashflows	<b>192,126</b>	(127,940)
Movement in net funds in the period	<b>192,126</b>	(127,940)
Net funds at start of period	<b><u>(39,839)</u></b>	<u>88,101</u>
Net funds at end of period	<b><u>152,287</u></b>	<u>(39,839)</u>

**● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ●**  
**FOR THE PERIOD ENDED 31 DECEMBER 2001**

**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 period ended 31 December 2001 is as follows:

	Africa €	Europe €	Total €
Administrative expenses	-	(104,539)	(104,539)
Exceptional item - re-listing costs	-	(68,225)	(68,225)
Write-down of exploration costs	(704,748)	-	(704,748)
Other income	-	1,568	1,568
Net loss	<u>(704,748)</u>	<u>(171,196)</u>	<u>(875,944)</u>
Total assets	<u>97,460</u>	<u>324,692</u>	<u>422,152</u>

**19. RISK MANAGEMENT**

The Group's financial instruments comprise bank overdrafts 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 finances its operations through the issue of equity shares and has no fixed interest rate agreements. The Group has no significant exposures to interest rate risk.

**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, or where this was insufficient during the development stage, through additional issues of ordinary equity shares. The Group is currently planning to raise finance through a fresh issue of shares, to finance on-going operations. Further information is available in Note 20.

**19. RISK MANAGEMENT (CONTINUED)**

**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.

**20. POST BALANCE SHEET EVENTS**

On 24 May 2002, the Company placed 5,099,507 new Ordinary Shares at €0.06 per share, with new investors and the Directors. This placing raised €296,603 after expenses.

**21. CURRENCY AND COMPARATIVE FIGURES**

The financial statements for the current year have been prepared in Euro. Comparative figures have been translated to Euro at the fixed conversion rate, which, in the case of the balance sheet has been applied to both monetary and non-monetary items.

**22. MATERIAL NON-CASH TRANSACTIONS**

All material non-cash transactions are disclosed in note 13 on share capital.

## ● NOTICE OF ANNUAL GENERAL MEETING ●

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Ormonde Mining plc will be held at the offices of O'Donnell Sweeney Solicitors, The Earlsfort Centre, Earlsfort Terrace, Dublin 2 on Thursday 25th July 2002 at 11.00am for the transaction of the following business, viz:

1. To receive and consider the accounts for the period ended 31st December 2001, together with the reports of the Directors and Auditors thereon.
2. To re-elect David O'Beirne as a Director who is recommended by the Board for re-election as a Director and who retires in accordance with the Articles of Association.
3. To re-elect Kerr Anderson as a Director who was appointed to the Board since the last Annual General Meeting and who is recommended by the Board for re-election.
4. To authorise the Directors to fix the remuneration of the Auditors.
5. That the Directors be and are hereby generally and unconditionally authorised pursuant to Section 20 of the Companies (Amendment) Act, 1983 ('the Act') to exercise all powers of the Company to allot relevant securities (as defined by Section 20 of the Act) up to an amount equal to the authorised but as yet unissued share capital of the Company from time to time. The authority hereby conferred shall expire at the close of business on 25th day of October 2003, unless previously renewed, varied or revoked by the Company in general meeting provided however that the Company may make an offer or agreement before the expiry of this authority which would or might require relevant securities to be allotted after this authority has expired and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired. The authority hereby conferred shall be in substitution for any existing such authority.
6. Subject to the passing of Resolution No. 5 above, the Directors be and are hereby empowered by Sections 23 and 23(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 No. 5 above 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 equity securities:
  - a) in connection with the exercise of any options or warrants granted by the Company; and
  - b) (in addition to the authority conferred by paragraph (a) of this Resolution), up to an aggregate nominal value of €183,200, being 10% of the current issued share capital of the Company,

which authority shall expire on the earlier of the date of the next Annual General Meeting of the Company held after the date of the passing of this resolution and 25th day of October 2003, save that the Company may before such expiry make 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 hereby had not expired.

7. That in accordance with Section 26 of the Economic and Monetary Union Act, 1998 the nominal value of each issued and unissued Ordinary Share of €0.025395 (IR£0.02) in the capital of the Company be and is hereby reduced by the sum of €0.000395 such that the nominal value of each issued and unissued Ordinary Share in the share capital of the Company shall be €0.025.
8. That there shall, in accordance with Section 26(4) of the Economic and Monetary Union Act, 1988, be transferred from the Share Capital account of the Company to a Capital Conversion Reserve Fund an amount equal to the aggregate amount of the decrease in the issued share capital of the Company (which represents a reduction of not more than 10% of the reduced share capital) resulting from the renominialisation of the Ordinary Shares in the capital of the Company to €0.025 each.
9. That the Memorandum of Association of the Company be amended by the deletion of the existing text of Clause 5 thereof and by the insertion of the following text in its stead:

"The share capital of the Company is €7,060,000 divided into 130,000,000 Ordinary Shares of €0.025 each and 100,000,000 Deferred Shares of €0.038092 each."
10. That the Articles of Association of the Company be and are hereby amended by the deletion of Regulation 3 and the insertion of the following Regulation 3 in its stead:

"The share capital of the Company is €7,060,000 divided into 130,000,000 Ordinary Shares of €0.025 each and 100,000,000 Deferred Shares of €0.038092 each."

31 May 2002

BY ORDER OF THE BOARD  
DAVID O'BEIRNE  
*Secretary*

*Registered Office:*  
The Earlsfort Centre  
Earlsfort Terrace  
Dublin 2  
Ireland

Notes: A member is entitled to appoint a proxy to attend, speak and vote instead of him. To be effective the form of proxy must be received at the office of the Company's Registrars, Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18 not later than 48 hours before commencement of the meeting. A proxy need not be a member of the Company.

# FORM OF PROXY

**FOR USE AT THE ANNUAL GENERAL MEETING TO BE HELD AT 11.00AM ON 25 JULY 2002 AND  
AT ANY ADJOURNMENT THEREOF**

## ORMONDE MINING PUBLIC LIMITED COMPANY

*\*\*Please indicate with an 'x' in the boxes below how you wish your votes to be cast, i.e. for or against the resolution. If you do not do so, the proxy will vote or abstain as he/she thinks fit.*

I/We the undersigned, being a member/members of Ormonde Mining plc hereby appoint the Chairman of the Meeting\* or:

<b>RESOLUTIONS</b> <small>(as set out in full in the Notice of Annual General Meeting dated 25 July 2002.</small>	For**	Against**
1) To receive and consider the Statement of Accounts and the Directors' and Auditors Reports.		
2) To re-elect David O'Beirne as a Director.		
3) To re-elect Kerr Anderson as a Director.		
4) To authorise the Directors to fix the remuneration of the Auditors.		
5) To authorise the Directors to allot relevant securities.		
6) To authorise the Directors to allot securities for cash.		
7) To reduce the nominal value of the ordinary share capital to €0.025 per share.		
8) To transfer the reduction in share capital resulting from renormalisation to a Capital Conversion Reserve Fund.		
9) To amend the Memorandum of Association to redenominate the share capital in euro.		
10) To amend the Articles of Association to redenominate the share capital in euro.		

.....  
of: .....  
.....

as my/our proxy vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 25 July, 2002 at 11.00am, at the offices of O'Donnell Sweeney Solicitors, The Earlsfort Centre, Earlsfort Terrace, Dublin 2 and at any adjournment thereof.

Please indicate with an X whether you wish your vote to be cast for or against the Resolution. In the absence of special instructions your proxy will vote or abstain from voting, as he thinks fit.

**\* If it is desired to appoint another person as a proxy, the words "the Chairman of the Meeting" should be deleted and the name and address of the proxy, who need not be a member of the Company, inserted.**

**DATED THIS** ..... **day of** ..... **2002**

**SIGNATURE** .....

**NAME IN FULL**  
*(BLOCK LETTERS)* .....

<b>Notes</b>
1. Any member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend, speak and vote on his/her behalf. A proxy need not be a member of the Company.
2. The instrument of proxy, to be valid, must be received by the Company's Registrars, Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland not less than 48 hours before the time appointed for the holding of the Meeting.
3. In the case of a corporation this instrument may be either under the common seal or under the hand of an officer or attorney authorised in that behalf.
4. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other registered holders and for this purpose seniority shall be determined by the order in which the name stands in the Register of Members in respect of the joint holding.
5. If a proxy is executed under a Power of Attorney such Power of Attorney must be deposited at the Registrar's office along with the instrument of proxy.
6. Completing and returning a Form of Proxy shall not preclude a member from attending and voting at the meeting should he/she so wish.

FOLD 2

**The Company Registrar,  
Ormonde Mining plc,  
Computershare Investor Services (Ireland) Ltd.,  
Heron House, Corrig Road,  
Sandyford Industrial Estate,  
Dublin 18,  
Ireland.**

FOLD 3

FOLD 1

## ● DIRECTORS AND ADVISORS ●

### **Directors**

Colin J Andrew  
NON-EXECUTIVE CHAIRMAN

Kerr Anderson  
MANAGING

John Carroll  
NON-EXECUTIVE

David O'Beirne  
SECRETARY

### **Company Office**

Ormonde House,  
Metges Lane,  
Navan,  
Co. Meath,  
Ireland.

### **Registered Office**

The Earlsfort Centre,  
Earlsfort Terrace,  
Dublin 2,  
Ireland.

### **Registrars**

Computershare Investor Services (Ireland) Ltd,  
Heron House, Corrig Road,  
Sandyford Industrial Estate,  
Dublin 18,  
Ireland.

### **Auditors**

Deloitte & Touche,  
Deloitte & Touche House,  
Earlsfort Terrace,  
Dublin 2,  
Ireland.

### **Financial Advisers**

Davy Corporate Finance Limited,  
Davy House, 49 Dawson Street,  
Dublin 2,  
Ireland.

### **Solicitors**

O'Donnell Sweeney Solicitors,  
The Earlsfort Centre, Earlsfort Terrace,  
Dublin 2,  
Ireland.

Landwell,  
Paseo de la Castellana, No. 53,  
28046 Madrid,  
Spain.

### **Bankers**

AIB Bank plc,  
Market Square, Navan,  
Co. Meath,  
Ireland.

Banco Bilbao Viscaya Argentaria (BBVA),  
Calle Cononigo Molina Alonso 6,  
04004 Almeria,  
Spain.

### **Brokers**

Davy Stockbrokers,  
Davy House, 49 Dawson Street,  
Dublin 2,  
Ireland.

### **Company E-mail and Website**

info@ormondemining.com  
www.ormondemining.com

### **Incorporation No.**

96863



