



ORMONDE
MINING PLC

Annual Report 2004

Ormonde Mining plc is an Irish company focused on developing Spanish gold projects.

Ormonde's portfolio includes projects with existing gold resources and properties where the Company anticipates that drilling will identify new resources. The Company has a strong local Spanish management, supported by a Board with extensive exploration and mine development experience.

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ANNUAL REPORT 2004

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CHAIRMAN'S STATEMENT

2004 was a most productive and rewarding year for Ormonde in which considerable advances were made in both our project acquisition and exploration activities in Spain. These activities culminated in the acquisition of two major advanced projects, the La Zarza Gold-Copper Project and the Salamanca Gold Project, the upgrading and reconsolidation of the Tracia Gold Project into 100% Ormonde ownership, and the completion of drilling programmes on the Salamón and Trives gold projects.

In June 2004, Ormonde acquired the right to earn a seventy percent interest in the La Zarza Gold-Copper Project in southwest Spain. This acquisition represents a major step in the Company's development, presenting us with the opportunity of moving forward into the ranks of mining producers. The *La Zarza Gold-Copper Deposit* contains two substantial Inferred Mineral Resources: a gold resource of 5.9 million tonnes, grading 5.0 grams per tonne (g/t) gold and 50 g/t silver, and a 2.9 million tonne copper resource grading 2.8 percent copper, the contained metal amounting to 950,000 ounces of gold, 9.5 million ounces of silver and 180 million pounds of copper. Moreover, there is considerable potential to increase the size of these resources as they are largely open along strike and at depth; indeed, the deepest intersection of 7.0 metres at 12.1 g/t gold represents one of the best gold intersections.

The key to the development of La Zarza will be the establishment of an optimal processing route for the treatment of both the gold/silver and the copper deposits. A drilling programme is presently underway to obtain samples for metallurgical testwork. The results of this testwork will be incorporated into a scoping study which will determine the relative economics of the various options for the development of both the copper and gold resources. Following this we propose to carry out infill drilling to upgrade the resource figures ahead of a bankable feasibility study on the project. We look forward in 2005 to making major progress in advancing La Zarza towards development.

The Salamanca Gold Project in western Spain is a relatively new acquisition and is, perhaps, less well known to shareholders, but we anticipate that the names of many of our Salamanca prospects and mineral deposits will become familiar as they are evaluated and drilled. Previous workers have reported resources on three of these prospects: a large, low grade, one million ounce near-surface gold resource at the *Mina Marta Gold Deposit* and a higher grade, 0.3 million ounce gold resource at the *Mina Saturno* and *Valle de Los Espinos Gold Deposits*. Ormonde's initial programmes will target higher grade zones within the Mina Marta deposit and extensions of the other two deposits.

Our ground consolidation programme at Salamanca opens up two critical opportunities: firstly, the possibility of establishing a viable mining operation based on a central plant treating ore from the various deposits; and secondly, the opportunity to explore the intervening ground between deposits along the geological structures controlling the mineralization. Ormonde has now scheduled an aggressive evaluation and exploration programme for Salamanca during 2005.

The results of last summer's drilling and trenching programmes on the *Salamón Gold Deposit* in northwest Spain were encouraging. Deeper drilling below the central zone encountered high grade mineralization, indicating that the higher grade zones continue at depth, while surface trenching revealed a new footwall zone of mineralization below the main zone. Continued regional exploration in the vicinity of Salamón also revealed a new area of gold mineralization, the *Las Salas Prospect*, located approximately one kilometre east of Salamón. We are encouraged by the discovery of these new zones of mineralization in and adjacent to the main deposit and further drilling is planned.

At Trives in Galicia, we completed our first-stage drilling programme on the *Portas Gold Prospect*. This yielded encouraging results, with higher grade intervals within broader areas of low grade mineralization below the surface workings. Further drilling is required to better define the depth extent of this mineralization and clarify the structural controls on the localisation of the Portas gold zones.

CHAIRMAN'S STATEMENT

While our advanced projects represent the cornerstone in the Company's strategy, our policy of including carefully selected, earlier stage projects in our portfolio has yielded dividends in the case of the Tracia Gold Project in northwest Spain. Initial exploration results were particularly positive and an aggressive follow-up programme during the year culminated in drilling which commenced in December. The exploration results from Tracia encouraged us to explore a much larger 2,000 square kilometre surrounding area and this has proven most rewarding, with the identification of several new areas which look geologically similar to Tracia. The upgrading and enlargement of the Tracia project area also encouraged us to buy out our joint venture partner's interest in the permit when this became available in December 2004. We believe that the Tracia area holds considerable potential and we anticipate continued news flow from here during 2005.

In order to fund our increased operational activity, Ormonde raised €940,000 (before expenses) in June 2004, and it was most encouraging to see that this capital raising was well supported by both existing and new institutional shareholders. In this respect, I must note that the more recent capital raisings have been strongly supported in London and this has resulted in an increase in both the proportion of institutional shareholders and in the proportion of shareholders in the UK. These changes, I believe, are most positive, serving to considerably increase the trading liquidity in your Company's shares and facilitating a steady growth in market capitalisation and share price to better reflect Ormonde's assets. Significant efforts have also been expended to promote awareness of Ormonde's progress through investor and public relations work and in September the Company retained Bankside Consultants to advise and assist in this area.

The Board is of the view that as Ormonde progresses and grows with the evaluation and development of its Spanish gold projects, on-going support from the UK market needs to be underpinned by Ormonde obtaining a quotation in London and, consequently, the Board has decided to seek admission to the London Stock Exchange's AIM market during 2005.

Looking forward to 2005, I anticipate that it will be a very active year on the operational side as we progress with the technical evaluation of La Zarza, commence the evaluation of the Salamanca resources, step-up our exploration activities on the Tracia prospects and carry out an additional round of drilling at both Salamón and Portas. We continue to be active in the area of project acquisition, although as we grow we are increasingly cognizant of the need to ensure that these efforts are compatible with other corporate objectives. We remain very satisfied with our focus on Spain, where the opportunities are considerable, the regional and local authorities very supportive and the risk profile is low.

I believe we have taken critical steps in 2004 towards our objective of becoming a mid-sized European gold producer, and in 2005 we can look forward to increased operational activity as we seek to fast-track the evaluation of our key projects.

Our Profit and Loss Account shows a loss of €376,140 for 2004 (2003: €449,383, which included the write-off of investments in projects in Tanzania). Management continues to ensure that most of the funds raised are expended on field activities and project development.

The support of all shareholders, staff and advisers in pursuing our objectives is most appreciated.



MICHAEL DONOGHUE

Chairman

4 March 2005

LA ZARZA GOLD-COPPER PROJECT

The La Zarza Project comprises a group of 58 Mining Concessions covering a total area of 12.8 square kilometres in the Huelva Province of southwest Spain. The *La Zarza Gold-Copper Deposit* lies within these concessions. In June 2004 Ormonde signed an agreement with the project's owner, Nueva Tharsis, whereby Ormonde can acquire a minimum 70% interest in these concessions by spending €1.8 million during a three year period ending June 2007. On completing its earn-in, Ormonde will be in a position to increase its majority holding in the project by straight dilution if it sole funds further evaluation and development activities.

The *La Zarza Deposit*, which is located in the Iberian Pyrite Belt mining district, was historically mined for pyrite from a large massive sulphide body (over 110 million tonnes) by both open pit and underground mining. Unexploited gold and copper resources which lie adjacent to this massive sulphide body were evaluated by SEIEMSA, a subsidiary company of LaSource (a joint venture in the 1990s between the BRGM and Normandy Mining), which managed the project until 1997.

Mineralization

The main gold and copper resources at La Zarza are hosted by the "Silicatado", a quartz-pyrite unit generally occurring above the massive sulphide body. The gold-rich zones within the Silicatado (over 2.0 g/t gold) are up to 20 metres thick, typically averaging 5-10 metres. Gold grades up to 22 g/t occur, with the average grade being 5 g/t gold.



Typical intersection of La Zarza's Silicatado unit in drill core.

The copper-rich Silicatado (over 1.5% copper) for the most part lies above the gold-rich Silicatado. This copper-rich Silicatado attains a maximum thickness of some 15 metres, averaging 5-6 metres, with maximum grades of 10-12% copper, averaging 2.8%. Gold and copper mineralization in the Silicatado encountered by SEIEMSA's drilling in the 1990s included the following intersections:

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

Mineral Resources

SEIEMSA estimated gold and copper resources in the Silicatado based on results obtained by their own drilling and drilling by a previous company in the 1980s. These resources, as listed below, were estimated over a strike length of some 500 metres and to a vertical depth of some 450 metres. All resources are open laterally and at depth:

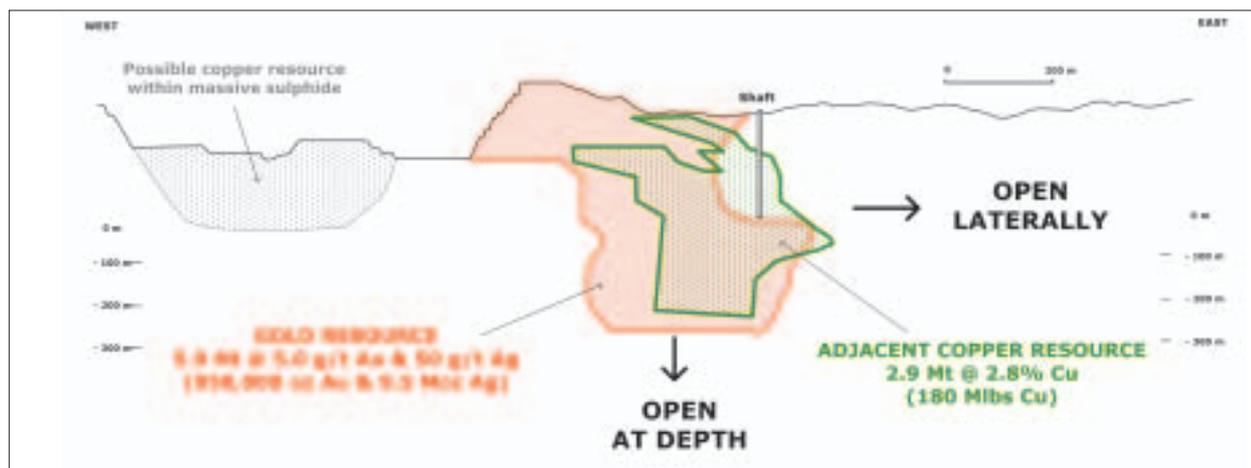
5.9 million tonnes grading 5.0 g/t gold and 50 g/t silver
2.9 million tonnes grading 2.8% copper

Totals: **950,000 ounces of gold**
9.5 million ounces of silver
180 million pounds of copper

SEIEMSA, 1997. Cut-off values: 2 g/t gold, 2% copper.

As the previous drilling is widely spaced and the degree of continuity of the mineralization needs to be confirmed by more detailed infill drilling, Ormonde considers these current resources to be equivalent to the Inferred Mineral Resource category under The JORC Code.

REVIEW OF ACTIVITIES



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

Metallurgy

To-date only very limited, non-optimized metallurgical testwork has been carried out on mineralized samples from La Zarza. Ormonde's review of this work suggests that gold recoveries in the region of 50 to 60% are achievable with cyanidation of finely ground unoxidised material, with recoveries increasing to over 80% after oxidation of the sulphides. The target for further testwork would be to aim for a 70% recovery through some combination of lower cost sulphide pre-treatment followed by cyanidation. Copper recoveries are anticipated to be around 80-85%.

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

Ongoing and Future Programmes

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

- Confirmation of previous operator drilling results
- To obtain representative core samples for investigative metallurgical testwork
- To provide preliminary geological parameters to facilitate planning of an infill drilling programme.

Activities ongoing or planned during 2005 include completion of the current drilling programme and a new resource estimation to JORC standard, incorporating new assay and geological data. Investigative metallurgical testwork will be completed and will be followed by a scoping study to establish the optimum processing route and to determine the viability of establishing a mining operation on both the gold and copper deposits.

Pending the successful outcome of the scoping study, an infill drilling programme will be carried out to upgrade a portion of the resources from the Inferred to Indicated Mineral Resource category.

Strategy

Ormonde's objective at La Zarza is to establish a mining operation producing gold, copper and silver. The uppermost portions of the gold resources may be extractable by open pit mining, for which lower capital cost processing routes and lower metallurgical recoveries may be acceptable. The deeper gold resources would have to be mined by underground mining techniques, and higher cost processing routes may be necessary for these resources. The viability of the copper deposit will revolve simply around establishing an adequate tonnage and grade to justify exploitation.

Both the gold and copper underground resources lie adjacent to the old mined-out pyrite workings. Existing shaft and underground gallery development,

REVIEW OF ACTIVITIES

presently flooded, may serve as access to the deeper gold and copper resources, thereby greatly reducing capital costs and development lead times.

The potential division into open-pittable and underground resources, coupled with the separate gold and copper resources, suggests that a two staged capital development scenario may be considered when evaluating the economics of the La Zarza Project.

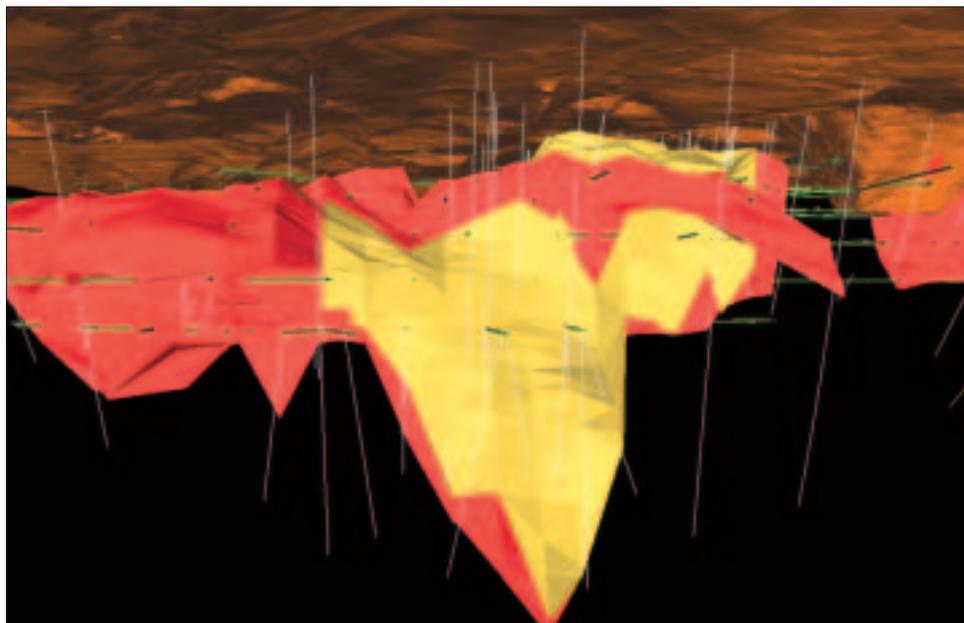
Although Ormonde's focus is on establishing the viability of the current resources, there is excellent potential to increase these resources as the total mineralized system at La Zarza has a known strike length of over three kilometres.

In addition to the positive technical aspects of the La Zarza programme, Ormonde is operating within a favourable administrative and investment framework. The deposit is located within a Mining Concession and consequently certain aspects of permitting for any possible development are already in place. The Company has received early indications of local Andalucian government support for its activities at La Zarza, including grants for drilling and associated metallurgical testwork. As the Pyrite Belt is a well-

established mining district, the Company also anticipates local support for the project.



Diamond drilling at La Zarza in January, 2005.



Three-dimensional model of La Zarza showing previous operator drilling.

Yellow= Silicatado. Red = massive sulphide. Brown = ground level. Green = underground galleries. White lines = drill holes.

REVIEW OF ACTIVITIES

SALAMÓN GOLD PROJECT

The Salamón Project comprises a group of nine Investigation Permits covering a total area of 120.7 square kilometres in the León Province of northern Spain. These permits include the *Salamón Gold Deposit*, the *Las Salas Prospect* and a number of other exploration prospects. Ormonde is farming-in to the properties through a Joint Venture with their owner, SIEMCALSA, and can earn a minimum 51% interest by spending €900,000 on the evaluation of the *Salamón Deposit* and €300,000 on regional exploration. The Company's total expenditure to-date is approximately €600,000.

THE SALAMÓN DEPOSIT

Geology

The *Salamón Deposit* is hosted by brecciated limestones of Carboniferous age along the León Fault, a major structural feature. The mineralization has strong affinities with Carlin-type deposits, with typical features including brecciation, carbonate dissolution and silicification, with structural controls being important.

Mineral Resources

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

Particularly attractive features of the deposit are its high grade and significant intersection widths of up to 22 metres.

2004 Activities

Drilling during the period May-July 2004 tested the depth extension to the main central gold zone. Three core drill holes, totalling 907 metres, targeted the area surrounding an isolated gold intersection in

a previously drilled hole, SS-24 (6.0 metres grading 2.7 g/t gold, with a maximum grade of 4.7 g/t gold), which occurs 100 metres below the existing 190,000 ounce gold resource.

These new drill holes confirmed that the main gold zone continues as a coherent body for at least a further 100 metres below the current resource, over at least 90 metres of strike length. Results included:

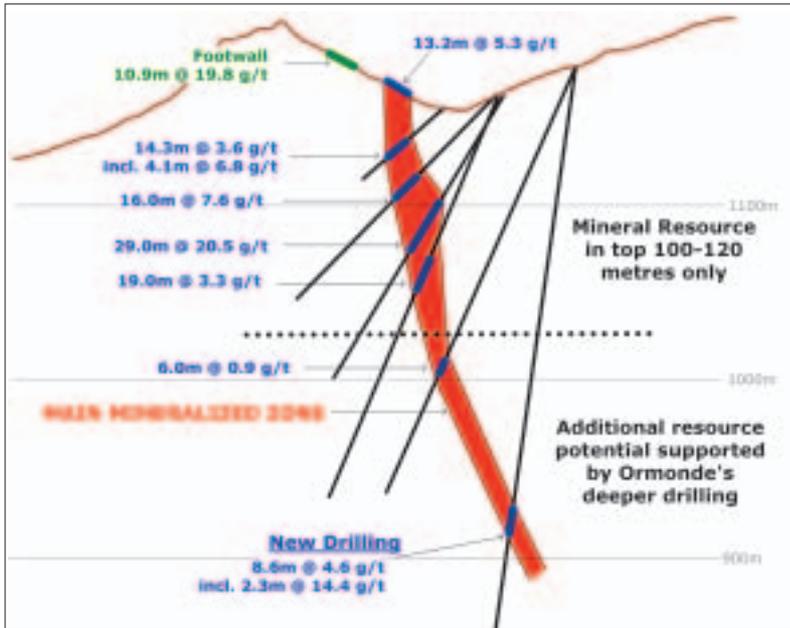
Hole	From (m)	Interval (m)	Grade
SS-54	253	8.6	4.6 g/t gold
<i>including</i>		2.3	14.4 g/t gold
SS-56	232	3.3	3.8 g/t gold

This body is open laterally to the east and downwards at depth, confirming Ormonde's view that the resource could be larger than that estimated by SIEMCALSA.

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

Strategy

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



Illustrative cross-section of the Salamón Gold Deposit, highlighting the potential for resources at depth.

SALAMÓN EXPLORATION GROUND

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

Las Salas Prospect

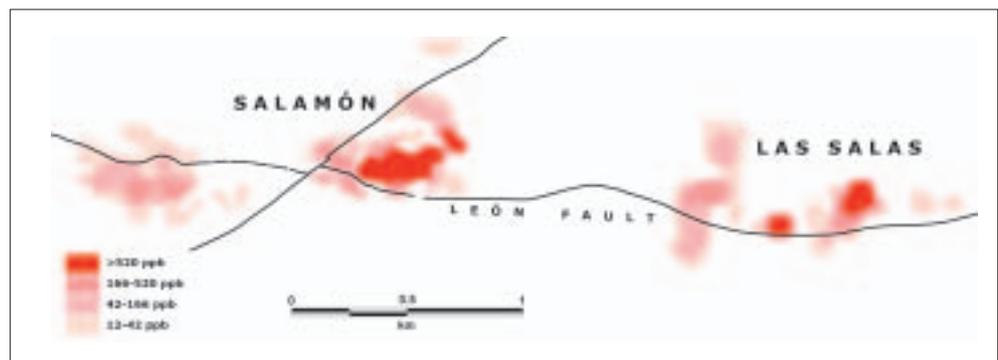
During the second half of 2004, a soil sampling programme was completed over a strike length of 2.6 kilometres immediately to the east of the *Salamón Deposit*, along the prospective León Fault structure on which it is located. The results from this programme show a significant combined gold-arsenic anomaly one kilometre to the east of Salamón, the *Las Salas Prospect*, having the same

signature as that occurring over Salamón itself. Maximum values from sampling are 5 g/t gold and 9,765 ppm arsenic. This new area is a target for trenching and drilling.

Other Areas

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

Gold soil geochemistry anomalies highlighting the prospectivity of the Las Salas area, approximately one kilometre to the east of the Salamón Deposit.



REVIEW OF ACTIVITIES

TRACIA GOLD PROJECT

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

Between November 2003 and December 2004, exploration activities at the Tracia Gold Project were funded by IGE through an earn-in agreement. In December 2004, having earned a 50% interest, IGE withdrew from the Joint Venture, and Ormonde availed of this opportunity to purchase IGE's interest in Tracia for 2,667,235 Ordinary Shares, thereby resuming its 100% interest.

Mineralization

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

Detailed Rock Sampling

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

Category	No. of samples	% of total samples
Over 10 g/t	11	10
Over 3 g/t	22	20
Over 1 g/t	39	38

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

Trenching and Drilling

Follow-up work on the Tracia reconnaissance programmes resulted in the identification of mineralized zones in two prospect areas, *Fieitoso* and *Casaldrago*. Highlights from trenching in these areas, and in a third prospect area, *Baltar*, are tabulated as follows:

Trench	Interval (m)	Grade
FIEITOSO PROSPECT		
FTR-04	7.0	3.1 g/t gold
FWR-01A	2.0	3.5 g/t gold
FWR-06	1.0	16.4 g/t gold
ROAD CUT	1.0	14.9 g/t gold
CASALDRAGO PROSPECT		
CD-06	9.0	6.1 g/t gold
<i>including</i>	2.0	23.9 g/t gold
CD-08	1.0	34.7 g/t gold
CD-22	9.0	2.7 g/t gold
<i>including</i>	1.5	11.3 g/t gold
CD-05	25.0	1.1 g/t gold
<i>including</i>	2.0	8.9 g/t gold
BALTAR PROSPECT		
BA-16	3.2	17.0 g/t gold

Following these positive trenching results the Company moved rapidly into a first-phase drilling programme. This programme, which is ongoing,

consists of five holes (around 100 metres each) testing the mineralized zones at *Fieitoso* and *Casaldrago*. Numerous other targets identified by soil and rock sampling will be confirmed in parallel with the current drilling and will subsequently be tested by an expanded programme in 2005.

Regional Work

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

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

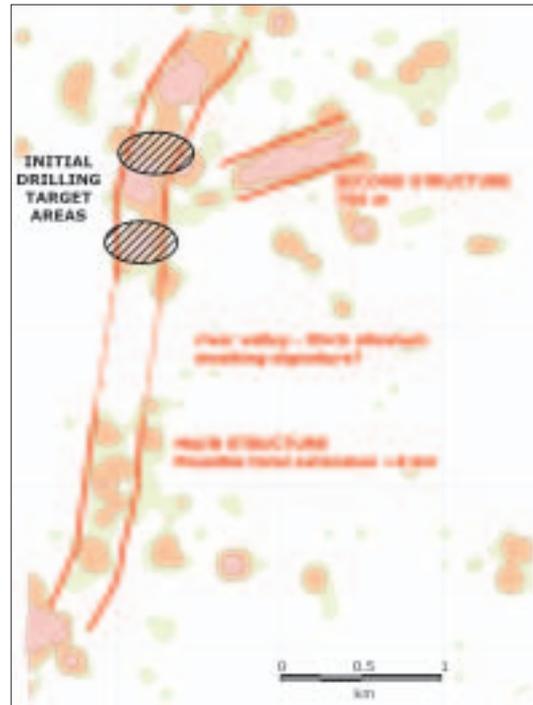
These samples were collected in completely new terrain on the basis of data in the regional geochemistry database. This immediate success clearly highlights the potential for the discovery of new gold deposits in this region. Only a small number of gold anomalies identified in the database have been explored to-date. Additional ground holdings are being acquired.

Strategy

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

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

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



Arsenic-in-soil geochemistry anomalies in the Tracia Permit, highlighting two predominant structural lineations. Arsenic has a close association with gold mineralization at Tracia.



Trenching at the Fieitoso Prospect, Tracia.

REVIEW OF ACTIVITIES

SALAMANCA GOLD PROJECT

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

Ormonde's interest in the permits is covered by agreements with Prehenita S.L. (October, 2004) and SIEMCALSA (January, 2005), whereby Ormonde can earn a 90 per cent interest in the permits by staged funding of exploration totalling €2.2 million over a five year period.

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

The Salamanca Permits

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

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

Such higher grade zones are evidenced by previous surface sampling of quartz veins, with the average grade of 175 samples taken from outcrops and small dumps at *Mina Marta* being 8.1 g/t gold, with a maximum value of 201 g/t gold. Significantly, this highest grade sample was taken from the metasedimentary host rocks, suggesting that mineralization also occurs in broader zones around the quartz veins.

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



Quartz vein swarm in the Salamanca area.

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

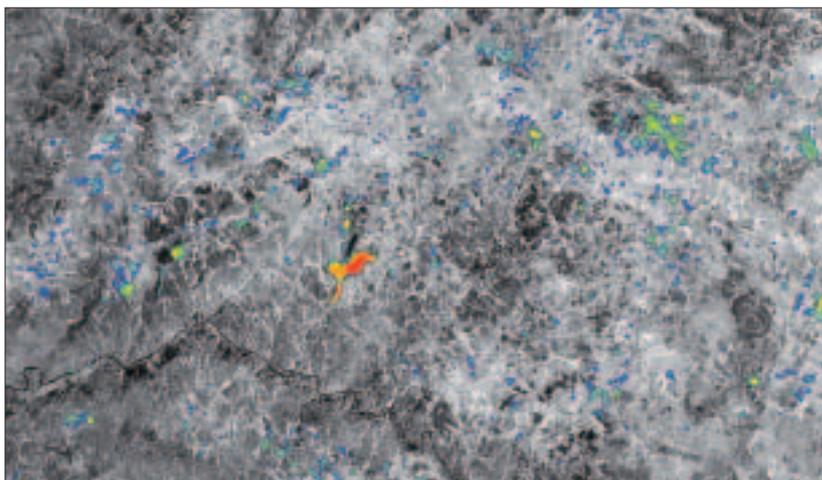
The gold grades of rock samples (principally quartz veining) taken by previous workers from the main deposits and other prospects in Salamanca are summarized in the following table:

Locality	No. of samples	Maximum Grade	Average Grade
Mina Marta	175	200.9	8.1
Mina Saturno	29	22.0	2.25
V. de los Espinos	28	41.0	4.3
Prospect	7	211.9	92.0
Prospect	30	58.6	9.1
Prospect	21	19.6	4.1
Prospect	13	31.9	12.6

The Zamora Permits

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

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



Alteration intensity plot derived from an ASTER satellite image, Salamanca.

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

Strategy

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

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

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

REVIEW OF ACTIVITIES

TRIVES GOLD PROJECT

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

On the two permits under option with two private Spanish companies, SYEM and SPIB, Ormonde has the right to purchase a 100% interest by April 2007.

Mineralization

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

A northwest trending, steeply-dipping deformation zone, with a maximum width of around 20 metres, is exposed in the face of the two pits, at the contact between quartzites and slates. Within this zone, gold mineralization occurs with sulphides in a series of stacked, narrow, shallow-dipping quartz veins and is also associated with disseminated sulphides in the host rocks surrounding the veins.

2004 Drilling Campaign

During 2004, six core drill holes (for a total of 870 metres) were completed in an exploratory programme designed to establish the continuity of the gold mineralization exposed in the Roman workings. The drilling also aimed to establish a better understanding of geological features which control gold mineralization in the area.

The drilling programme, being the first modern exploration to test the depth and strike extensions of

the surface mineralization at *Portas*, successfully intersected the depth extensions of the gold-bearing vein structures observed and sampled in the Roman pits. Extensive quartz veining, brecciation, hydrothermal alteration and sulphide mineralization (pyrite, arsenopyrite), all typical features of shear-zone hosted gold systems, were encountered. Altered felsic intrusions, not observed at surface, have also been identified in drill core. A close spatial association with such rocks is common in shear-zone hosted gold systems worldwide.

Visible gold was observed in several quartz veins, and intersection of underground cavities by drilling suggests that these gold zones were mined historically.

Results from the programme include:

Hole	From (m)	Interval (m)	Grade
TRIVES-001	33.4	1.2	6.4 g/t gold
TRIVES-001	41.8	6.6	1.5 g/t gold
<i>including</i>		1.8	4.0 g/t gold
TRIVES-001	55.2	3.0	2.7 g/t gold
TRIVES-001-2	55.5	1.6	1.6 g/t gold
TRIVES-001-2	58.0	1.0	6.2 g/t gold
TRIVES-001-2	73.7	0.7	9.8 g/t gold
TRIVES-001-2	76.8	1.1	2.6 g/t gold
TRIVES-002	49.8	3.7	1.5 g/t gold
TRIVES-002	137.4	3.0	2.4 g/t gold

In addition, numerous wide zones occur with anomalous levels of gold, generally associated with quartz veining. In hole TRIVES-002, for example, an interval of 41.2 metres has an average grade of 0.4 g/t gold, from 121 metres depth (includes 3.0 metres grading 2.4 g/t gold).

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

REPORT OF THE DIRECTORS
&
CONSOLIDATED FINANCIAL
STATEMENTS

The Directors have pleasure in submitting their Annual Report, together with the audited financial statements, for the year ended 31 December 2004. The format of the Report of the Directors and the financial statements reflect the requirements of the Companies Acts, 1963 to 2003, the European Communities (Companies: Group Accounts) Regulations 1992, and the Exploration Securities Market Listing Rules of the Irish Stock Exchange.

DIRECTORS' RESPONSIBILITY STATEMENT

Company law requires the Directors to prepare financial statements for each financial year in accordance with applicable Irish law and accounting standards, which give a true and fair view of the state of affairs of the Company and of 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 Group 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 Group and which 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 2003, the European Communities (Companies: Group Accounts) Regulations, 1992 and the Exploration Securities Market Listing 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.

GOING CONCERN

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

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 included in this report.

RESULTS

The results for the year ended 31 December 2004 are set out in the Consolidated Profit and Loss Account in this Annual Report.

During the year, the Group expended, after reclassification, €993,457 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 current Directors are set out on the inside back cover.

On 5 April 2004, Colin Andrew stepped down as non-executive Chairman and was replaced by Michael Donoghue. Colin Andrew has retained his position as a non-executive Director.

REPORT OF DIRECTORS

DIRECTORS' AND SECRETARY'S INTERESTS

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

Directors	4 March 2005 Ordinary Shares	31 December 2004 Ordinary Shares	1 January 2004 Ordinary Shares
C. J. Andrew	1,053,328	1,053,328	1,053,328
I. K. Anderson	790,778	790,778	790,778
D. O'Beirne	938,099	938,099	938,099
J. A. Carroll ^ ~	2,121,093	2,121,093	2,121,093
M. J. Donoghue ^ ~ *	6,893,102	6,893,102	6,893,102
A. Bell	0	0	0

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

^ Member of Audit Committee.

~ Member of Remuneration Committee.

Directors	31 December 2004 Share Options	1 January 2004 Share Options
C. J. Andrew	750,000*	750,000*
C. J. Andrew	150,000#	150,000#
C. J. Andrew	100,000^	-
I. K. Anderson	750,000*	750,000*
I.K. Anderson	750,000#	750,000#
I. K. Anderson	700,000^	-
D. O'Beirne	250,000*	250,000*
D. O'Beirne	150,000#	150,000#
J. A. Carroll	750,000*	750,000*
J. A. Carroll	750,000#	750,000#
J. A. Carroll	700,000^	-
M. J. Donoghue	750,000#	750,000#
M. J. Donoghue	700,000^	-
A. R McM. Bell	350,000#	350,000#
A. R. McM. Bell	200,000^	-

No change in the above share options has occurred between 31 December 2004 and the date of approval of these financial statements.

* - Share options are exercisable at a price of €0.041 at any time up to 11 May 2011.

- Share options are exercisable at a price of €0.034 at any time up to 13 August 2013.

^ - Share options are exercisable at a price of €0.13 at any time up to 22 October 2014

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 DIRECTORS

Dr. I. Kerr Anderson (aged 42), is a geologist by profession, and has worked in the mining and exploration industry in Europe for 17 years. He was Exploration Manager with Navan Mining plc prior to joining Ormonde as Managing Director in May 2001.

DETAILS OF NON-EXECUTIVE DIRECTORS

Mr. David O’Beirne (aged 47), a founding member of the Company, is the Company 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.

Mr. John A. Carroll (aged 56) 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. Colin J. Andrew (aged 50) is a non-executive Director 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 founding Director of Navan Resources plc in 1987 and is currently Operations Director with both Hereward Ventures plc and Cambridge Minerals plc.

Mr. Michael J. Donoghue (aged 55) is a non-executive Director of the Company. A mining engineer by profession, he has wide experience in the evaluation, funding, development and operation of mines in Europe, Africa, South-East Asia, Australia and the Americas. His executive management experience includes an eight-year period as General Manager-Operations for Delta Gold, Sydney, Australia. Mr. Donoghue has previously been involved with Ormonde, having sat on the Board from 1996 until the strategic and financial restructuring in 2001. Mr. Donoghue was appointed non-executive Chairman in April 2004, in place of Mr. Colin Andrew.

Mr. Andrew R. McM. Bell (aged 50) has been involved in the mining industry since the 1970s, mainly in investing and financing. He has extensive experience of international mining projects in both Europe and South-East Asia and is currently an executive Director of Magyar Gold plc, a London based gold mining company operating in Hungary.

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.

SIGNIFICANT SHAREHOLDINGS

The Directors have been notified that the following shareholders hold 3% or more of the issued share capital of the Company at 31 December 2004 and at the date of this report:

Name	4 March 2005	31 December 2004
JP Morgan Securities Ltd	8.23%	8.47%
HSBC Global Custody Nominee (UK) Ltd	6.73%	6.83%
Gartmore Investment Management plc	6.58%	8.54%
Desmond and Alice Burke	3.85%	3.96%

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

REPORT OF DIRECTORS

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.

CORPORATE GOVERNANCE STATEMENT

The Directors are committed to maintaining the highest standards of corporate governance commensurate with the size, stage of development and financial status of the Group.

Board: The Company currently has six Directors, comprising one executive Director and five non-executive Directors. The Board met formally on seven occasions during 2004. An agenda and supporting documentation was circulated in advance of each meeting. All the Directors bring independent judgement to bear on issues affecting the Group and all have full and timely access to information necessary to enable them to discharge their duties. The Directors have a wide and varying array of experiences in the industry. Non-executive Directors are not appointed for specific terms. Each non-executive Director comes up for re-election every three years and each new Director is subject to election at the next Annual General Meeting following the date of appointment.

The following committees deal with the specific aspects of the Group affairs:

Audit Committee: This Committee comprises two non-executive Directors. The external auditors have the opportunity to meet with members of the Audit Committee without executive management present at least once a year. The duties of the Committee include the review of the accounting principles, policies and practices adopted in preparing the financial statements, external compliance matters and the review of the Group's financial results.

Nominations Committee: Given the current size of the group a Nominations Committee is not considered necessary. The Board reserves to itself the process by which a new Director is appointed.

Remuneration Committee: This Committee comprises two non-executive Directors. This Committee determines the contract terms, remuneration and other benefits of the executive Directors, non-executive Chairman and non-executive Directors. Further details of the Group's policies on remuneration, service contracts and compensation payments are given in the Remuneration Committee Report below.

Communications: The Group maintains regular contact with shareholders through publications such as the annual and half-year report and via press releases and the Group's website, www.ormondemining.com. The Directors are responsive to shareholder telephone enquiries throughout the year. The Board regards the Annual General Meeting as a particularly important opportunity for shareholders, Directors and Management to meet and exchange views.

Internal Control

The Directors have overall responsibility for the Group's system of internal control and have delegated responsibility for the implementation of this system to executive management. This system includes financial controls that enable the Board to meet its responsibilities for the integrity and accuracy of the Group's accounting records.

The Group's system of internal financial control provides reasonable, though not absolute assurance that assets are safeguarded, transactions authorised and recorded properly and that material errors or irregularities are either prevented or detected within a timely period. Having made appropriate enquiries the Directors consider that the system of internal financial, operational and compliance controls and risk management operated effectively during the period covered by the financial statements and up to the date on which the financial statements were signed.

The internal control system includes the following key features, which have been designed to provide internal financial control appropriate to the Group's businesses:

- Budgets are prepared for approval by the Board.
- Expenditure and income are compared to previously approved budgets.
- A detailed investment approval process which requires Board approval of all major capital projects and regular review of the physical performance and expenditure on these projects.

Risk Management

Currency Risk Management

The Group operates mainly in geographical areas where the euro is the currency of operations. Euro costs are largely met out of funds held in euro. This avoids the Group being exposed to any material exchange rate risk. The Group has not entered into any currency hedge transactions.

Compliance

The Board is confident that it complies with the Combined Code except for the following:

- During the year there were two rather than three members of the Audit Committee.
- Certain share option arrangements are in place between the Company and the non-executive Directors. These arrangements reflect the high level of commitment and support given by them.
- No specific Nominations Committee has been established as the Board is small at present. The matter is under continuous review.

Remuneration Committee Report

The Group's policy on senior executive remuneration is designed to attract and retain people of the highest calibre who can bring their experienced and independent views to the policy, strategic decisions and governance of the Group.

In setting remuneration levels, the Remuneration Committee takes into consideration the remuneration practices of other companies of similar size and scope. A key philosophy is that staff must be properly rewarded and motivated to perform in the best interests of the shareholders.

Remuneration during the year ended 31 December 2004 was as follows:

Euro €	Basic Salary	Fees	Pension	2004 Total	2003 Total
K. Anderson	52,083	-	-	52,083	46,667
C. Andrew	-	-	-	-	-
D. O'Beirne	-	-	-	-	-
J. Carroll	-	10,000	-	10,000	2,500
M. Donoghue	-	20,000	-	20,000	-
A. Bell	-	10,000	-	10,000	2,500
	52,083	40,000	-	92,083	51,667

REPORT OF DIRECTORS

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.

AUDITORS

Following a merger, Casey McGrath & Associates changed their name to LHM Casey McGrath and they have expressed their willingness to continue in office in accordance with the provisions of Section 160(2) of the Companies Act, 1963.

ANNUAL GENERAL MEETING - SPECIAL BUSINESS

In addition to the usual business of the AGM, your Board proposes the following resolutions numbered 5 to 7 which are contained in the Notice of the Annual General Meeting. Resolution 5 proposes the extension of the Ormonde Mining plc Executive Share Option Scheme, established in 1995, which is due to expire on 2 August 2005, for a further period of 10 years. Resolutions 6 and 7 are proposed at each Annual General Meeting. The resolutions may be summarised below:

- 5 Ordinary Resolution extending the Ormonde Mining plc Executive Share Option Scheme.
- 6 Ordinary Resolution granting the Directors authority to allot equity securities up to an amount equal to the authorised but unissued share capital of the Company.
- 7 Special Resolution granting the Directors power to allot equity securities for cash in connection with the exercise of warrants and options and otherwise up to an amount equal to 10% of the Company's issued share capital.

A copy of the Ormonde Mining plc Executive Share Options Scheme, as amended to reflect the proposed extension and renewal thereof will be on display at the Company's registered office up to the date of the AGM and at the AGM.

- (a) The Board may in its absolute discretion grant an option to any employee, officer, consultant or director of the Company or any of its subsidiaries. No person shall be entitled as of right to participate in the scheme.
- (b) The number of shares in respect of which options may be granted pursuant to the scheme shall not exceed in aggregate 10% of the number of issued ordinary shares in the Company from time to time.
- (c) No option shall be granted on a date more than 10 years after the date of the adoption of the scheme.
- (d) Options are granted for a consideration of €1.27, the exercise price is the Dublin closing price of the Company's shares on the day preceding the day of grant and options are normally exercisable for a period of ten years after grant. Options will ordinarily terminate on cessation of employment or leaving of office, subject to specified exceptions.

On behalf of the Board

John Carroll
Director
4 March 2005

Michael Donoghue
Director

TO THE MEMBERS OF ORMONDE MINING PLC

We have audited the financial statements on pages 24 to 44.

This report is made solely to the Company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an independent auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 Listing 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 2003 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 Directors' Report 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 review whether the corporate governance statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statement on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This information comprises only the Directors' Report, including the corporate governance statement, and the Chairman's Statement. We consider the implications for our report if we became aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Opinion

We conducted our audit in accordance with the auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial

INDEPENDENT AUDITORS' REPORT

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 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 Uncertainty - Deferred Exploration

In forming our opinion, we have considered the adequacy of the disclosures made in Note 6 to the financial statements in relation to the Directors' assessment of the carrying value of the Group's deferred exploration costs amounting to €1,795,376. Our opinion is not qualified in this respect.

Going Concern

In forming our opinion, we have considered the adequacy of the disclosure made in Note 1 to the financial statements of the Group's ability to continue in operational existence. This is dependent on it raising new finance for the successful development of its mining interests. The Directors are satisfied that adequate finance will be available over the twelve months from the date of approval of these financial statements and have, accordingly, prepared the financial statements on a going concern basis. 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 2004 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2003 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 more than half the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2004 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.

**LHM Casey McGrath,
Chartered Certified Accountants
and Registered Auditors,**

6 Northbrook Road, Dublin 6.

4 March 2005

STATEMENT OF ACCOUNTING POLICIES

The significant accounting policies adopted by the Group are:

(a) Basis of Preparation

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

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiary undertakings made up to 31 December; all intercompany transactions and balances have been eliminated in their preparation. Subsidiary undertakings are consolidated on the basis of acquisition accounting whereby fair values at the date of acquisition are attributed to the underlying identifiable assets (principally mineral interests) of the subsidiary undertakings. The Company evaluates the carrying value of these assets on an ongoing basis.

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:

Fixtures and fittings	: 33 $\frac{1}{3}$ %
Motor vehicles	: 16%
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 a project is successful, the related expenditures will be amortised over the life of estimated reserves on the unit of production basis. Provision for impairment is made where a project is abandoned or considered to be of no further interest to the group or its anticipated income potential is less than carrying value of the project on the balance sheet.

Goodwill

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

STATEMENT OF ACCOUNTING POLICIES (CONTD.)

(e) Foreign currencies

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

(f) Financial fixed assets

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

(g) Reporting currency

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

(h) Deferred taxation

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

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

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

(i) Leased assets

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

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Notes	2004 €	2003 €
Administrative expenses		(401,370)	(131,585)
Operating income		19,450	26,423
Impairment of intangible fixed assets	7	-	(345,763)
OPERATING (LOSS)		(381,920)	(450,925)
Interest receivable		5,780	1,542
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(376,140)	(449,383)
Tax on (loss) on ordinary activities	3	-	-
(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	4	(376,140)	(449,383)
Minority Interest		694	-
Retained (loss) for year		(375,446)	(449,383)
Profit and loss account brought forward		(9,176,050)	(8,726,667)
Profit and loss account carried forward		(9,551,496)	(9,176,050)
(Loss) per share	5	(€0.0033)	(€0.0052)
(Loss) per share - diluted	5	(€0.0033)	(€0.0052)

On behalf of the Board

John Carroll
Director

Michael Donoghue
Director

4 March 2005

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2004

	2004	2003
	€	€
(Loss) for the financial year	(375,446)	(449,383)
Currency translation differences on foreign currency net investments	2,612	-
Total gains and losses recognised since last annual report	<u>(372,834)</u>	<u>(449,383)</u>

CONSOLIDATED NOTE OF HISTORICAL COSTS PROFITS AND LOSSES

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

On behalf of the Board

John Carroll
Director

Michael Donoghue
Director

4 March 2005

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2004**

	Notes	2004 €	2003 €
FIXED ASSETS			
Tangible assets	6	19,667	27,214
Goodwill	7	111,898	-
Intangible assets	7	1,795,376	801,919
		<u>1,926,941</u>	<u>829,133</u>
CURRENT ASSETS			
Debtors	10	66,446	22,205
Cash at bank and on hand		444,398	472,919
		<u>510,844</u>	495,124
CREDITORS : (Amounts falling due within one year)	11	<u>(100,560)</u>	<u>(46,514)</u>
NET CURRENT ASSETS		<u>410,284</u>	<u>448,610</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,337,225	1,277,743
CREDITORS : (Amounts falling due after more than one year)	12	<u>(9,355)</u>	<u>(19,606)</u>
NET ASSETS		<u><u>2,327,870</u></u>	<u><u>1,258,137</u></u>
CAPITAL AND RESERVES			
Called-up share capital	13	4,635,712	4,370,712
Share premium account	14	6,717,240	6,027,300
Capital conversion reserve fund		28,928	28,928
Shares to be issued for consideration	13	485,913	-
Capital reserve		7,247	7,247
Foreign currency reserves		2,612	-
Profit and loss account		<u>(9,551,496)</u>	<u>(9,176,050)</u>
SHAREHOLDERS' FUNDS		2,326,156	1,258,137
Minority Interest	15	1,714	-
		<u>2,327,870</u>	<u>1,258,137</u>

**CONSOLIDATED BALANCE SHEET (CONTD.)
AS AT 31 DECEMBER 2004**

Analysed as follows:

On shareholders funds:

Equity	653,231	(414,788)
Non-equity	1,672,925	1,672,925
	<u>2,326,156</u>	<u>1,258,137</u>

On minority interests:

Equity	1,714	-
Non-equity	-	-
	<u>1,714</u>	<u>-</u>

On behalf of the Board

John Carroll

Director

Michael Donoghue

Director

4 March 2005

**COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2004**

	Notes	2004 €	2003 €
FIXED ASSETS			
Tangible assets	6	3,732	6,742
Intangible assets	7	712,027	218,291
Financial assets	8	1,348,610	618,976
		<u>2,064,369</u>	<u>844,009</u>
CURRENT ASSETS			
Debtors	10	10,438	12,145
Cash at bank and on hand		421,583	470,531
		<u>432,021</u>	<u>482,676</u>
CREDITORS : (Amounts falling due within one year)	11	(88,365)	(40,606)
NET CURRENT ASSETS		<u>343,656</u>	<u>442,070</u>
NET ASSETS		<u>2,408,025</u>	<u>1,286,079</u>
CAPITAL AND RESERVES			
Called-up share capital	13	4,635,712	4,370,712
Share premium account	14	6,717,240	6,027,300
Capital conversion reserve fund		28,928	28,928
Shares to be issued for consideration	13	485,913	-
Capital reserve		7,247	7,247
Profit and loss account		(9,467,015)	(9,148,108)
SHAREHOLDERS' FUNDS		<u>2,408,025</u>	<u>1,286,079</u>
Analysed as follows:			
Equity		4,080,950	(386,846)
Non-equity		(1,672,925)	1,672,925
		<u>2,408,025</u>	<u>1,286,079</u>

On behalf of the Board

John Carroll
Director

Michael Donoghue
Director

4 March 2005

**RECONCILIATION OF MOVEMENT IN CONSOLIDATED
SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2004**

	2004	2003
	€	€
Total recognised losses	(372,834)	(449,383)
Issued shares - at par	265,000	735,294
- share premium (net of share issue costs (Note 14))	689,940	161,480
Shares to be issued as consideration	485,913	-
Net change in shareholders' funds	1,068,019	447,391
Opening shareholders' funds	1,258,137	810,746
Closing shareholders' funds	2,326,156	1,258,137

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004 €	2003 €
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	16	<u>(329,278)</u>	<u>(105,219)</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		5,780	1,542
Interest element of finance leases		<u>(2,018)</u>	<u>(935)</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>3,762</u>	<u>607</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Expenditure on intangible assets		(587,526)	(431,350)
Payments to acquire tangible fixed assets		<u>(2,780)</u>	<u>(2,429)</u>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		<u>(590,306)</u>	<u>(433,779)</u>
NET CASH OUTFLOW BEFORE FINANCING		<u>(915,822)</u>	<u>(538,391)</u>
FINANCING			
Issue of shares, net of expenses		894,940	896,774
Capital element of finance leases		<u>(10,251)</u>	<u>(4,962)</u>
NET CASH INFLOW FROM FINANCING		<u>884,689</u>	<u>891,812</u>
(DECREASE)/INCREASE IN CASH	18	<u><u>(31,133)</u></u>	<u><u>353,421</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

1. GOING CONCERN

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

2. STATUTORY AND OTHER INFORMATION

	2004	2003
	€	€
The (loss) before taxation is stated after charging / (crediting):		
Provision for impairment of intangibles	-	345,763
Directors' emoluments	92,083	51,667
Depreciation	12,388	10,818
Auditors' remuneration	15,000	15,000
Interest receivable	(5,780)	(1,542)
	<u> </u>	<u> </u>

	No.	No.
The average number of persons employed by the Group during the period was	6	3
	<u> </u>	<u> </u>

	€	€
The aggregate payroll costs of these persons were:		
Wages and salaries	144,966	99,600
Social welfare costs	14,986	10,599
	159,952	110,199
	<u> </u>	<u> </u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)
FOR THE YEAR ENDED 31 DECEMBER 2004**

3. TAX ON ORDINARY ACTIVITIES

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

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

4. (LOSS) FOR THE YEAR

	2004	2003
	€	€
Dealt with in the accounts of the Company	(318,906)	(404,395)
(Loss) retained by subsidiaries	(56,540)	(44,988)
	<u>(375,446)</u>	<u>(449,383)</u>

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)
FOR THE YEAR ENDED 31 DECEMBER 2004

5. (LOSS) PER SHARE

	2004	2003
	€	€
(Loss) per share	(€0.0033)	(0.0052)
(Loss) per share - diluted	(€0.0033)	(0.0052)

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

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

6. TANGIBLE FIXED ASSETS

Group

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)
FOR THE YEAR ENDED 31 DECEMBER 2004**

Company	Fixtures and Fittings €	Computer Equipment €	Total €
Cost:			
At 1 January 2004	5,668	13,173	18,841
Additions	-	2,780	2,780
At 31 December 2004	<u>5,668</u>	<u>15,953</u>	<u>21,621</u>
Accumulated depreciation:			
At 1 January 2004	4,471	7,629	12,100
Charge for period	1,197	4,592	5,789
At 31 December 2004	<u>5,668</u>	<u>12,221</u>	<u>17,889</u>
Net book amount:			
At 31 December 2004	<u>-</u>	<u>3,732</u>	<u>3,732</u>
At 31 December 2003	<u>1,197</u>	<u>5,544</u>	<u>6,741</u>

7. INTANGIBLE ASSETS (deferred exploration expenditure)

Group	Morocco €	Europe €	Total €
At cost:			
At 1 January 2004	66,313	735,606	801,919
Expenditure incurred during the year	5,018	1,018,931	1,023,949
Reclassification of prior year	(30,492)	-	(30,492)
At 31 December 2004	<u>40,839</u>	<u>1,754,537</u>	<u>1,795,376</u>

Company	Morocco €	Europe €	Total €
At cost:			
At 1 January 2004	35,162	183,129	218,291
Expenditure incurred during the year	5,018	488,718	493,736
At 31 December 2004	<u>40,180</u>	<u>671,847</u>	<u>712,027</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)
FOR THE YEAR ENDED 31 DECEMBER 2004

INTANGIBLE ASSETS (Goodwill)

Group	Europe	Total
	€	€
At cost:		
Arising on acquisitions in current year	<u>111,898</u>	<u>111,898</u>

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

8. FINANCIAL ASSET	2004	2003
	€	€
Company		
Shares in Group companies - unlisted		
Shares at Directors' valuation	626,006	3,006
Loans advanced to Group companies (less provision)	<u>722,604</u>	<u>615,970</u>
	<u>1,348,610</u>	<u>618,976</u>

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.

During the year Ormonde Mining plc converted €500,000 of loan stock in Ormonde España SL into a €500,000 equity stake.

During the year Exprotra SARL, was reclassified as a full subsidiary of Ormonde Mining plc and loans to Exprotra SARL totalling €10,500 were converted into an equity stake.

Ormonde Mining plc invested €112,500 into a new company Saloro SL to facilitate further Group expansion in Spain.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)
FOR THE YEAR ENDED 31 DECEMBER 2004**

9. SHARES IN GROUP COMPANIES

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

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

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

10. DEBTORS

	Group		Company	
	2004 €	2003 €	2004 €	2003 €
Amounts falling due within one year:				
Trade debtors	4,178	-	4,178	-
VAT recoverable	50,676	11,569	1,378	8,190
Other debtors	5,453	3,955	-	3,955
Prepayments	4,882	-	4,882	-
Deferred finance charges	1,257	6,681	-	-
	66,446	22,205	10,438	12,145

11. CREDITORS : (Amounts falling due within one year)

	Group		Company	
	2004 €	2003 €	2004 €	2003 €
Trade creditors	40,482	-	36,695	-
Finance leases	5,908	5,908	-	-
Taxes and social security costs	8,444	2,646	8,444	2,646
Accruals	45,726	37,960	43,226	37,960
	100,560	46,514	88,365	40,606

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)
FOR THE YEAR ENDED 31 DECEMBER 2004

12. CREDITORS : (Amounts falling due after more than one year)	Group		Company	
	2004 €	2003 €	2004 €	2003 €
Finance leases falling due between two and five years	<u>9,355</u>	<u>19,606</u>	<u>-</u>	<u>-</u>

13. CALLED-UP SHARE CAPITAL

	2004 €	2003 €
Authorised :		
200,000,000 ordinary shares of 2.50c (2003: 130,000,000 ordinary share of 2.50c) each	5,000,000	3,250,000
100,000,000 deferred shares of 3.809214c each	3,809,214	3,809,214
	<u>8,809,214</u>	<u>7,059,214</u>
Allotted, called-up and fully paid :		
At start of period:		
107,911,480 (2003: 78,499,705) ordinary shares of 2.50c (2003: 2.50c) each	2,697,787	1,962,493
43,917,841 deferred shares of 3.809214c each	1,672,925	1,672,925
	<u>4,370,712</u>	<u>3,635,418</u>
Movements during the period:		
10,600,000 (2003: 29,411,775) ordinary shares issued of 2.50c each	265,000	735,294
	<u>265,000</u>	<u>735,294</u>
At end of period:		
118,511,480 (2003: 107,911,480) ordinary shares of 2.50c (2003: 2.50c) each	2,962,787	2,697,787
43,917,841 deferred shares of 3.809214c each	1,672,925	1,672,925
	<u>4,635,712</u>	<u>4,370,712</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.) FOR THE YEAR ENDED 31 DECEMBER 2004

13. CALLED-UP SHARE CAPITAL (Continued)

Shares issued during the period:

On 14 June 2004, the Company issued 10,000,000 Ordinary Shares of 2.50c for 9.40c each to raise cash to finance the Group's operations.

On 24 June 2004, the Group, through its Spanish Subsidiary, Ormonde España SL entered into an agreement with the Spanish company Nueva Tharsis SAL to issue 500,000 Ordinary Shares, of Ormonde Mining plc, of 2.50c each for an agreed consideration of 12c each in order to enter into a Joint Venture in the La Zarza mineral deposit.

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

(a) Shares to be issued as consideration

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

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

(b) Share Options

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

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

During the year 100,000 share options with an exercise price of 3.4c per share were exercised.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)
FOR THE YEAR ENDED 31 DECEMBER 2004

14. SHARE PREMIUM ACCOUNT	2004	2003
	€	€
Group and Company		
At 1 January	6,027,300	5,865,820
Premium on shares issued during the year	738,400	273,932
Share issue costs	(48,460)	(112,452)
At 31 December	<u>6,717,240</u>	<u>6,027,300</u>

15. MINORITY INTEREST	2004	2003
	€	€
Arising on acquisition in year	<u>1,714</u>	<u>-</u>

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

16. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES	2004	2003
	€	€
Operating (loss)	(381,920)	(450,925)
(Increase)/decrease in debtors	(41,404)	60,542
Increase/(decrease) in creditors	50,259	(71,417)
Impairment of intangible fixed assets	-	345,763
Depreciation	12,388	10,818
Interest on Finance lease	2,018	-
Non cash movement on asset reclassification	29,381	-
	<u>(329,278)</u>	<u>(105,219)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)
FOR THE YEAR ENDED 31 DECEMBER 2004**

17. ANALYSIS OF NET FUNDS

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

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

	2004 €	2003 €
(Decrease)/increase in cash in the period	(31,133)	353,421
Cash outflow from decrease in debt financing	10,251	5,897
Foreign exchange adjustments	2,612	-
Change in net funds resulting from cashflows	(18,270)	359,318
Net funds at start of period	<u>447,405</u>	<u>88,087</u>
Net funds at end of period	<u>429,135</u>	<u>447,405</u>

19. SEGMENTAL INFORMATION

The Group operates primarily in the mining industry. Operations in Europe and Morocco 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 year ended 31 December 2004 is as follows:

	Morocco €	Europe €	Total €
Administrative expenses	(35,019)	(366,351)	(401,370)
Other income	-	25,230	25,230
Net (loss)	<u>(35,019)</u>	<u>(341,121)</u>	<u>(376,140)</u>
Net assets	<u>(21,907)</u>	<u>2,349,777</u>	<u>2,327,870</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.) FOR THE YEAR ENDED 31 DECEMBER 2004

20. RISK MANAGEMENT

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

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

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

INTEREST RATE RISK

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

LIQUIDITY RISK

As regards liquidity, the Group's exposure is confined to meeting obligations under short term trade creditor agreements. This exposure is considered to be significant, and to date has been financed through additional issues of ordinary shares. The Group is planning to finance ongoing operations through further share placements.

FOREIGN CURRENCY RISK

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.) FOR THE YEAR ENDED 31 DECEMBER 2004

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

	Total	Euro	Morrocan Dirhams
	€	€	€
31 December 2004	2,327,870	2,349,777	(21,907)
31 December 2003	1,258,137	1,225,667	32,470

21. RELATED PARTY TRANSACTIONS

The Group has availed of the exemption available under FRS 8 "Related Party Disclosures" from disclosing details of transactions with subsidiaries as these have been consolidated with the Group.

Kerr Anderson is a director of Aurum Exploration Limited. During the year, Aurum Exploration Limited sub-let office space from Ormonde Mining plc, under the terms of an arms length commercial agreement. On 1 January 2004 Aurum Exploration owed Ormonde Mining plc €1,289. During the year, Ormonde Mining plc invoiced Aurum Exploration Limited €17,424, under the terms of the agreement. Aurum Exploration Limited paid sums totalling €16,535. At 31 December 2004 Aurum Exploration Limited owed Ormonde Mining plc €2,178.

Colin Andrew has sub-let office space from Ormonde Mining plc under an arms length commercial agreement. On 1 January 2004 Colin Andrew owed to Ormonde Mining plc the sum of €2,666 in relation to this agreement. Ormonde Mining invoiced during the year the sum of €5,274 under the terms of the agreement and received sums totaling €5,940. Ormonde Mining plc was owed from Colin Andrew €2,000 at the year-end in relation to rent receivable.

22. EVENTS SINCE THE YEAR END

On 19 January 2005, the Company issued 2,667,235 new ordinary shares to Minmet plc as consideration to acquire Minmet's rights to the Tracia Joint Venture. The total cost of this issue of €373,413 has been included in the year under review.

On 28 January 2005, the Company issued 750,000 new ordinary shares to Prehenita SL to acquire 20% of the issued share capital of Saloro SL. The total cost of this issue of €112,500 has been included in the year under review.

23. APPROVAL OF FINANCIAL STATEMENTS

The Directors approved these financial statements on 4 March 2005.

NOTES

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Ormonde Mining plc will be held at the Conrad Dublin Hotel, Earlsfort Terrace, Dublin 2 on Friday 6th May 2005 at 11.00am for the purpose of considering and, if thought fit, passing the following Resolutions of which Resolutions numbered 1 to 6 inclusive will be proposed as Ordinary Resolutions and Resolution number 7 will be proposed as a Special Resolution.

Ordinary Business

- 1 To receive and consider the accounts for the year ended 31st December 2004, together with the reports of the Directors and Auditors thereon.
- 2 To re-elect John Carroll 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 Michael Donoghue 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.
- 4 To authorise the Directors to fix the remuneration of the Auditors.

Special Business

- 5 "That the Ormonde Mining Plc Executive Share Option Scheme as adopted on 2 August 1995 for a period of ten years from that date and which is to expire on 2 August 2005 (the "expiry date"), be and hereby is extended and renewed upon the same terms (with such amendments as are necessary to give effect to such extension and renewal), for a further period of ten years from the expiry date and that the Directors be and are hereby authorised to take such steps and measures and execute such documents, instruments deeds and agreements, including, without limitation, any amendment to the terms of the said scheme as they may consider to be necessary or desirable at their discretion, to give effect to such extension and renewal."
- 6 "That the Directors be and are hereby generally and unconditionally authorised pursuant to Section 20 of the Companies (Amendment) Act 1983 ('the 1983 Act') to exercise all powers of the Company to allot relevant securities (as defined by Section 20 of the 1983 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 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 the 6th day of August 2006, 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."
- 7 "That, subject to the passing of Resolution No. 6 above, the Directors be and are hereby empowered pursuant to Section 24 of the Companies (Amendment) Act 1983 (the "1983 Act") to allot equity securities (as defined by Section 23 of the 1983 Act) for cash pursuant to the authority conferred by Resolution No. 6 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 ten per cent of the issued ordinary share capital of the Company at the date of passing of this Resolution.

which power shall expire at the close of business 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 the 6th day of August 2006, 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."

4 March 2005

BY ORDER OF THE BOARD
DAVID O'BEIRNE
Secretary

Registered Office:
One Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

Notes: 1. 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 the commencement of the meeting. A proxy need not be a member of the Company.

2. A copy of the Ormonde Mining plc Executive Share Options Scheme, as amended to reflect the proposed extension and renewal thereof will be on display at the Company's registered office up to the date of the AGM and at the AGM.

FORM OF PROXY

FOR USE AT THE ANNUAL GENERAL MEETING TO BE HELD AT 11.00AM ON 6 MAY 2005 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. 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

RESOLUTIONS <small>(as set out in full in the Notice of Annual General Meeting dated 4 March 2005)</small>	For**	Against**
1) To receive and consider the Statement of Accounts and the Directors' and Auditors Reports.	<input type="checkbox"/>	<input type="checkbox"/>
2) To re-elect John Carroll as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
3) To re-elect Michael Donoghue as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
4) To authorise the Directors to fix the remuneration of the Auditors.	<input type="checkbox"/>	<input type="checkbox"/>
5) To extend the Ormonde Mining plc executive share option scheme for a further period of 10 years	<input type="checkbox"/>	<input type="checkbox"/>
6) To authorise the Directors to allot relevant securities.	<input type="checkbox"/>	<input type="checkbox"/>
7) To authorise the Directors to allot equity securities for cash and to disapply Section 23(1) of the Companies (Amendment) Act 1983	<input type="checkbox"/>	<input type="checkbox"/>

.....
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 6 May 2005 at 11.00am, at the Conrad Dublin Hotel, 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** **2005**

SIGNATURE

NAME IN FULL
(BLOCK LETTERS)

<p>Notes</p> <ol style="list-style-type: none"> 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 1

FOLD 3

DIRECTORS AND ADVISERS

DIRECTORS

Michael Donoghue *Non-Executive Chairman*
Kerr Anderson *Managing Director*
Colin Andrew *Non-Executive*
John Carroll *Non-Executive*
Andrew Bell *Non Executive*
David O'Beirne *Secretary*

COMPANY OFFICE

Ormonde House
Metges Lane
Navan
County Meath
Ireland

Tel: +353 46 9073623
Fax: +353 46 9073654
Email: info@ormondemining.com
Web: www.ormondemining.com

REGISTERED OFFICE

One Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

INCORPORATION NO.

96863

REGISTRARS

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

AUDITORS

LHM Casey McGrath
Chartered Certified Accountants
and Registered Auditors
6 Northbrook Road
Dublin 6
Ireland

FINANCIAL ADVISERS

Davy Corporate Finance Ltd
Davy House
49 Dawson Street
Dublin 2
Ireland

STOCKBROKERS

Davy
Davy House
49 Dawson Street
Dublin 2
Ireland

PUBLIC & INVESTOR RELATIONS

Bankside Consultants
St. Mary Abchurch House
123 Cannon St
London

SOLICITORS

O'Donnell Sweeney Solicitors
One Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

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

BANKERS

Allied Irish Banks plc
Market Square
Navan
County Meath
Ireland

Banca Bilbao Viscaya Argentaria
Calle Cononigo Molina Alonso 6
04004 Almeria
Spain

OTHER COMPANY DATA

Ticker: ORM

ISIN: IE0006627891

SEDOL: 0662789

