



ORMONDE  
MINING PLC

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**Annual Report**

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**Accounts 2005**

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## << ORMONDE AT A GLANCE >>



Ormonde Mining plc is quoted on the Alternative Investment Market (AIM) in London and the Irish Enterprise Exchange (IEX) in Dublin.

The Company's strategy is to enhance shareholder value by developing gold-focused projects in Spain and taking them into production.

Ormonde's portfolio includes substantial gold and copper resources at the advanced La Zarza Project, and other properties where the Company anticipates that drilling will identify significant new resources.

A strong local Spanish management is supported by a Board with extensive mine development and exploration experience.

PROJECT	METALS	INTEREST	STAGE OF DEVELOPMENT
LA ZARZA	Gold, copper, silver	Earning 70%	Advanced evaluation, Preliminary Assessment Study
SALAMANCA	Gold, tungsten	Earning 90%	Exploration, target generation, early evaluation
TRACIA	Gold	100%	Target generation, early evaluation
SALAMÓN	Gold	Earning 51%	Advanced evaluation, extension of small resource
TRIVES	Gold	Option to buy-out	Early evaluation
VALIÑA	Silver, antimony, gold	Option to earn 50%	Target generation, early evaluation
TUNGSTEN TAILINGS	Tungsten, gold	Option over 100%	Preliminary Assessment Study

### KEY STRENGTHS

- >> Strong project portfolio with La Zarza as core asset
- >> Focus on Spain, a mining-friendly jurisdiction with low geopolitical risk
- >> Excellent potential to add value through discovery & exploration
- >> Spanish management provides local knowledge & deal flow
- >> Strong board with blend of mine development & exploration experience

### KEY 2005 FINANCIAL STATISTICS

	2005 (‘000s)	2004 (‘000s)
Administrative Expenses	€451	€401
Retained (loss) for year	€421	€375
Net Assets	€5,912	€2,328

### Quoted on AIM and IEX

Ticker: **ORM**  
 ISIN: **IE0006627891**  
 Issued Shares (end '05): **152,428,715**  
 NOMAD: **Davy**  
 Brokers: **Davy, Seymour Pierce**  
 Financial PR: **Bankside**  
 Major shareholders: **JPMorgan, Gartmore**

The year 2005 was another busy and productive period which saw Ormonde achieve significant progress on its Spanish mineral assets. Our focus during the year remained on the advancement of the La Zarza Copper-Gold Project towards production. We can now move forward with confidence to the Feasibility Study phase in 2006, with completion of the initial drilling programmes, our first JORC-compliant mineral resource estimate and positive metallurgical testwork results. Notwithstanding the emphasis on La Zarza, we also made excellent progress in our discovery-driven exploration programmes, particularly at Salamanca, where several gold-tungsten targets and opportunities have been identified. We expect early and rapid progress at Salamanca during the year ahead.

### **OPERATIONAL HIGHLIGHTS**

In last year's review I stated that the key to the development of La Zarza would be the establishment of an optimal ore processing route. The most significant news that we delivered during the year, therefore, was the early results from the investigative phase of our metallurgical testwork on La Zarza drilling samples. Having expected the extraction of gold to require a capital-intensive and high operating cost processing route of ultra fine-grinding followed by leaching, we were very pleased to establish that a much more economical flotation treatment route is applicable to the La Zarza Gold Silicatado, with the recovery of gold, copper and silver into saleable concentrates. The testwork also established that recovery of the copper to a flotation concentrate in the adjacent Copper Silicatado would be higher than expected. In short, the positive impact on the Project's economics of the use of the same flotation process to recover the gold, copper and silver, could be very significant indeed.

Of equal importance to the favourable metallurgical results is our new JORC-compliant Mineral Resource estimate, which shows La Zarza to contain 85,000 tonnes of copper, 486,000 ounces of gold and 6.9 million ounces of silver, or 1.3 million ounces of gold equivalent. These figures confirm that the La Zarza deposit could sustain a robust mine production rate and an adequately long mine life to support a production decision and we see clear potential to expand upon these resources with our ongoing drilling. Our Preliminary Assessment Study will soon provide us with the necessary cost figures to allow us to proceed to the Feasibility Study stage, but I am already very confident that in La Zarza we have an excellent core asset to underpin the growth of the Company.

Our primary objective is to take La Zarza into production. However, we also recognize that substantial value can be added to the Company through well-directed and successful exploration and discovery. I am therefore very pleased to report that our first year of field work on our extensive Salamanca licences has delivered some exceptional results, suggesting the potential for large, previously unrecognized bulk-tonnage gold deposits. Extensive gold-in-soil geochemical anomalies, supported by rock sampling results, will provide initial drilling targets. It is still early days on this project and only a drilling programme will tell us the size and the overall bulk grade of the mineralization underlying the anomalous zones. However, I look forward to a period of intense activity in Salamanca in the coming months.

We have also continued to make progress on other gold projects in our exploration portfolio including drilling at Tracia and Salamón. At Tracia, detailed soil geochemistry has identified new drilling targets, and at Salamón, where last year's drilling included an intersection of 4.8 metres grading 25.3 g/t gold, we will continue our evaluation of the deposit's deeper potential.

Finally, I should report that as a result of our on-going endeavours to acquire or develop a more immediate cash flow mining operation in Spain, in February of this year we signed an option agreement to investigate the tungsten-bearing dumps and tailings from the historic Barruecopardo Open-Pit Tungsten Mine, located on our Salamanca licences. We believe that processing this material could give us early cash-flow and exposure to upside in the tungsten price. The increased demand, reduced supply and lack of availability of new tungsten

## CHAIRMAN'S REVIEW >>

projects has resulted in a return of tungsten prices closer to levels last seen in the early 1980s. Should our assessment confirm sufficient resource grade and recovery at Barruecopardo, the low capital costs required for a simple gravity recovery plant to treat these tungsten tailings could give us the opportunity to develop a profitable operation at very low risk to the Company. We will make a decision on the project's feasibility by late 2006.

### **CORPORATE DEVELOPMENTS**

On the corporate side 2005 also featured some significant events. Our admission to trading on London's AIM and the associated capital raising in April gave us the foundation for the progress we made during the rest of the year. As a result our trading liquidity is up significantly and we have attracted new institutions onto our share register. We have strengthened our Board with the appointment of two new directors, Fraser Gardiner as an executive director and Paul Mihalop as a non-executive. David O'Beirne and Colin Andrew stepped down as non-executive directors during this period and on behalf of the Board I wish to thank them both for the significant roles they have played in the development of the Company.

### **FINANCIAL REVIEW**

During 2005 the Company spent a total of €2.6 million, of which €420,850 is reported as a loss for the year (2004: €375,446). I believe that these figures demonstrate very clearly that even as Ormonde grows and progressively ups the scale of its operational activity, our management continues to do its utmost to minimize overheads and maximize in-the-ground investment across its project portfolio.

Towards the end of the year we received notification from the Spanish government that we had been awarded central government grants totalling €320,000 on the basis of our expenditure on the La Zarza and Tracia projects. Besides this being a significant sum of money to be applied to our projects, it is a welcomed gesture from the Spanish authorities that they have confidence not only in Ormonde and its operations, but in the mining industry as a whole.

### **MARKET TRENDS AND OUTLOOK**

The current boom in commodity prices reflects both an overdue correction after a prolonged downturn in which investment was minimal and a major structural adjustment as some Asian countries embrace free-market principles and economic expansion. The underlying demand and lack of new projects points to a prolonged mining cycle. This clearly is an opportune time for everyone involved in the mining industry. The metals of direct relevance to Ormonde – gold, copper, silver and tungsten – are all enjoying record-high prices. As high metal prices appear to be with us for the longer term, this underpins Ormonde's growth strategy of creating value in Spanish projects by taking them into production. With La Zarza already on the path towards production, and with some excellent progress being made on our exploration properties, I anticipate that 2006 will be a landmark year for your Company.



MICHAEL J. DONOGHUE  
Chairman  
5 May 2006



## LA ZARZA COPPER-GOLD PROJECT

**Location:** In the Iberian Pyrite Belt mining district of southwest Spain, 50 kilometres north of Huelva and 90 kilometres northwest of Seville. The Project comprises 58 Mining Concessions covering a total area of 12.8 square kilometres.

**Objective:** To take the Project through a Feasibility Study and develop an underground mining operation producing copper, gold and silver.

**Background:** Historically mined for pyrite by open pit and underground, La Zarza also contains a large, unexploited copper-gold-silver deposit. Ormonde has an agreement with Nueva Tharsis S.L. whereby Ormonde can earn a minimum 70% interest in the Project by spending €1.8 million during a 3 year period ending June 2007. On completing its earn-in, Ormonde may acquire a greater equity interest in the project by dilution of Nueva Tharsis' interests if it solely funds further evaluation and development activities.

**Mineral Resources:** JORC-compliant Indicated + Inferred resources totalling 6.8 million tonnes containing 85,000 tonnes of copper, 486,000 ounces of gold and 6.9 million ounces of silver, for an in-situ resource equivalent to 163,000 tonnes of copper, or 1.3 million ounces of gold.\*

**Activities during 2005 and up to the date of this report include:** Two phases of core drilling totalling 7,340 metres; investigative metallurgical testwork; resource estimation.

**Outlook:** A Preliminary Assessment Study will provide broad economic parameters for a mining operation at La Zarza, including order-of-magnitude capital costs and operating costs. This will provide the platform for a full Feasibility Study to be initiated during the second half of 2006. Infill and step-out drilling will continue as part of ongoing resource evaluation.

### DRILLING

Ormonde's Phase One drilling programme (December '04 - July '05) obtained representative samples for metallurgical testwork from both gold and copper resources within La Zarza's "Silicatado" unit. Gold and copper zones were drilled to provide material from different parts of the deposit.

As previous drilling on the project was widely spaced and more detailed information was required for JORC standard resource classification, Phase Two drilling (August '05 - March '06) partially infilled existing drill sections focusing on the upper part of the deposit, which is accessed by existing underground infrastructure.

Highlights from the two phases of drilling are as follows:

Hole	From (m)	Width (m)	Cu %	Au g/t	Ag g/t
<b>Gold Silicatado</b>					
ORM7	178.0	15.0	0.6	5.8	28
ORM11	68.0	20.4	0.5	6.5	84
ORM20	128.8	45.5	0.4	3.7	21
ORM21	153.0	13.0	0.3	4.6	32
<b>Copper Silicatado</b>					
ORM4	357.8	11.2	2.1	0.3	25
ORM14	67.9	47.2	2.0	0.6	36
ORM22	262.3	10.7	3.5	0.3	28
ORM23B	199.0	22.0	3.0	0.6	20

## REVIEW OF ACTIVITIES >>

### MINERAL RESOURCES\*

Resource zone & category	Tonnes (millions)	Copper		Gold		Silver		Cu Equiv	Au Equiv
		Grade (%)	Contained metal (t)	Grade (g/t)	Contained metal (oz)	Grade (g/t)	Contained metal (Moz)	Contained metal (t)	Contained metal (oz)
<b>Copper Silicatado</b> <i>at 1.5% cut-off</i>									
Indicated	2.7	2.1	57,100	0.6	52,500	25.0	2.2	69,000	544,700
Inferred	0.3	2.1	5,800	0.6	5,500	20.4	0.2	6,900	54,700
<b>Sub-total</b>	<b>3.0</b>	<b>2.1</b>	<b>62,900 t</b>	<b>0.6</b>	<b>58,000 oz</b>	<b>24.6</b>	<b>2.4 Moz</b>	<b>75,900 t</b>	<b>599,400 oz</b>
<b>Gold Silicatado</b> <i>at 2.0 g/t cut-off</i>									
Indicated	1.8	0.5	9,700	3.4	197,500	39.2	2.3	40,200	317,100
Inferred	2.0	0.6	12,300	3.5	230,700	34.0	2.2	46,900	370,200
<b>Sub-total</b>	<b>3.8</b>	<b>0.6</b>	<b>22,000 t</b>	<b>3.5</b>	<b>428,100 oz</b>	<b>36.4</b>	<b>4.5 Moz</b>	<b>87,100 t</b>	<b>687,300 oz</b>
<b>TOTAL</b>	<b>6.8</b>		<b>84,900 t</b>		<b>486,100 oz</b>		<b>6.9 Moz</b>	<b>163,000 t</b>	<b>1,286,700 oz</b>

\* Ormonde Mining JORC-compliant resource estimate April '06. Metal equivalents are shown for comparative purposes based on metal prices of US\$3,750/tonne Cu, US\$475/oz Au and US\$9.00/oz Ag.

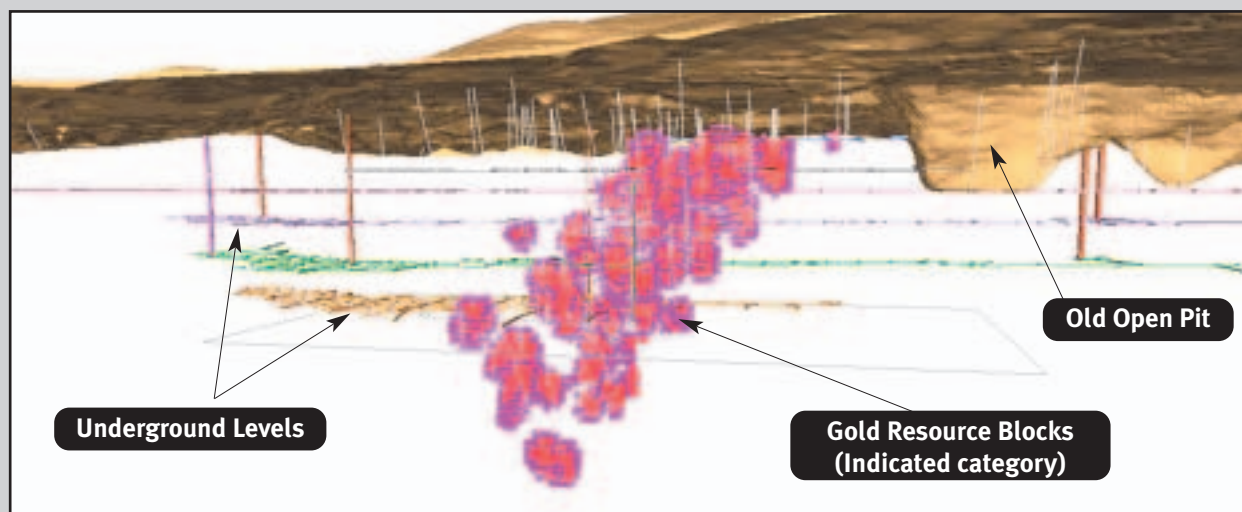
Copper and gold resources have been estimated within La Zarza's Silicatado unit based on data from Ormonde's drilling programmes and a database from drilling by previous operators. The resources currently extend from near-surface to almost 500 metres depth, with 65% of the total resource tonnage in the Indicated category.

Ormonde's Phase 3 drilling programme is infilling key areas of the resource and will test extensions of the deposit. The infill drilling is expected to increase the grades in certain areas of the resource zones, and is also expected to allow a large amount of the Inferred resources to be upgraded to the Indicated resource category.

Step-out drilling will test extensions of the mineralization, in particular at depth where the deposit remains open and where some of the highest grades have been intersected. The deepest hole drilled on the deposit, ZA1, intersected 8 metres grading 2.6 per cent copper overlying 12 metres grading 8.3 g/t gold at a vertical depth of 450 metres.

Additional potential, such as zinc content, which has not been systematically evaluated or included in any resource estimation, will also be assessed in the ongoing programme.

Three-dimensional view of Gold Silicatado resource blocks (Indicated category), facing south.



**METALLURGICAL TESTWORK**

The key to the development of La Zarza is the establishment of a viable method to recover the economic minerals from the gold and copper resources. The optimum method is determined by a balance between two factors—the amount of metal recovered, and the capital and operating costs required for the extraction process.

To this end, a programme of investigative testwork on composited drilling samples has been carried out by Wardell Armstrong International in Cornwall, U.K..

Testwork on material from the Copper Silicatado indicates that up to 90% of the copper can be recovered by conventional flotation.

Results from testwork on the Gold Silicatado were surprising. On the basis of previous limited testwork, Ormonde had expected that gold recovery would require a capital-intensive and high operating cost processing route of very fine grinding followed by cyanide leaching. The new testwork has shown that 50-60% of the gold and silver can actually be recovered to copper concentrates by conventional flotation.

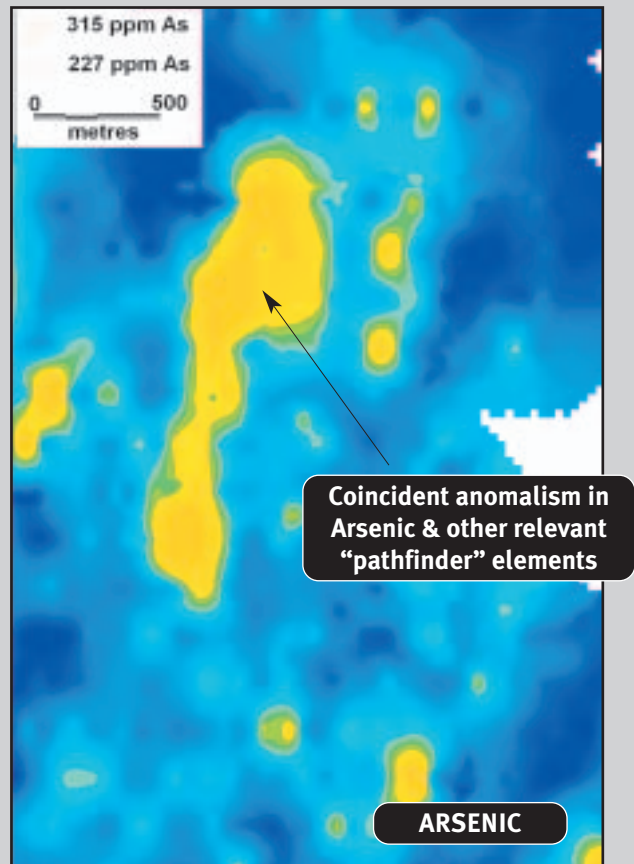
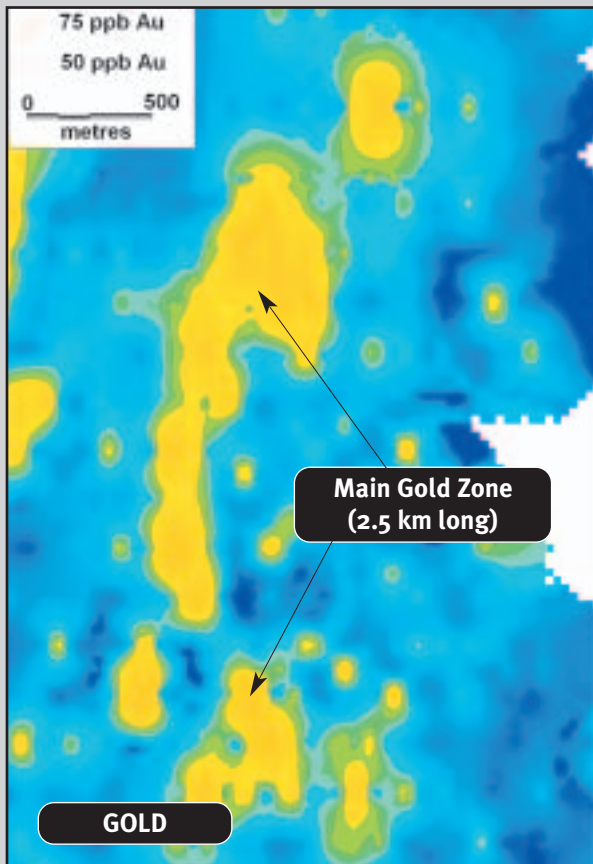
As flotation is the simplest and lowest cost processing option, and moreover as the same recovery method would be used for both the gold and copper resources, this result has a positive impact on the economics of a mining operation by significantly reducing capital outlay and processing costs.

**PRELIMINARY ASSESSMENT STUDY**

A Preliminary Assessment Study ('PAS') is underway at the time of publication of this report. The PAS will incorporate the Company's new resource estimate, metallurgical testwork, a conceptual mine design and preliminary considerations for tailings disposal and environmental permitting. This will determine the optimum route to exploit La Zarza's mineral resources and provide order-of-magnitude operating and capital costs.

The PAS will provide the platform for a Bankable Feasibility Study to commence in the second half of 2006.

*Plots of soil sampling geochemistry results, Salamanca Gold Project. The new gold zone has a strike length of 2.5 kilometres and features coincident anomalies in key "pathfinder" elements - arsenic, bismuth, antimony & tellurium.*





## REVIEW OF ACTIVITIES >>



### SALAMANCA GOLD PROJECT

**Location:** In the Salamanca and Zamora Provinces of western Spain, 250 kilometres west of Madrid. The Project comprises 7 Investigation Permits and 3 Exploration Permits covering an area of 720 square kilometres.

**Objective:** To advance several prospects through the resource definition stage.

**Background:** Ormonde considers the Salamanca area to be one of the most prospective gold terrains in Spain. In late 2004-early 2005, Ormonde signed agreements with two private Spanish companies to earn a 90% interest in the Salamanca permits by staged funding of exploration totalling €2.2 million over a five-year period. The permits, which are located in a historic tungsten producing area, cover mineral occurrences with potential for high-grade zones and several prospects where there has been no or only limited follow-up exploration.

**Activities during 2005 and up to the date of this report include:** Soil geochemistry surveys, detailed field mapping, rock sampling, regional prospecting and interpretation of satellite imagery.

**Outlook:** Results to-date have confirmed Salamanca to be a highly prospective, multi-target gold play. Soil geochemistry has identified a major new zone with potential for a near-surface, bulk-tonnage gold target and this will be tested by drilling during 2006. Several other promising prospects are being assessed, including some with joint tungsten-gold potential, with a view to establishing mineral resources for more advanced evaluation.

#### NEW GOLD ZONE

Ormonde and its JV partners carried out soil sampling geochemistry over a large area which covers several tungsten-gold occurrences and is also considered to be highly prospective for further, hitherto unrecognized gold mineralization.

This sampling has delineated an extensive and coherent gold geochemical anomaly which is interpreted to represent a new gold mineralized zone. The anomaly has a linear geometry, probably representing a structural trend, with a length of 2.5 kilometres and a width ranging from 200 metres to a maximum of 500 metres.

Coincident soil geochemical anomalies in key metals (As, Te, Sb, Bi) generally associated with the mineralization style being targeted at Salamanca, lends support to the belief that this is a significant gold-mineralized zone. The nature of limited outcrops, loose blocks and knowledge from other localities in the area indicate that gold mineralization is characterized by sulphide-bearing sheeted veins and swarms of arsenopyrite-bearing, quartz filled fractures within a granite host rock.

This is the same granite body which hosts the

nearby Barruecopardo tungsten mine, which demonstrates the mineralizing potential of this granite. The vein system at Barruecopardo is up to 80 metres wide.

The presence of significant gold mineralization in the new gold zone is further supported by sampling of sulphide-bearing loose blocks which has recently returned results as follows:

Total samples: **50**  
Samples over 5 g/t Au: **16 (32%)**  
Samples over 1 g/t Au: **36 (72%)**  
Samples over 0.1 g/t Au: **45 (90%)**

These include samples from several localities with high grades including 58.4, 39.9, 37.4, 29.6, 28.3 and 24.4 g/t gold.

#### OTHER TARGETS

Soil and rock geochemistry have confirmed the potential of several other prospects in the permitted area, some as gold-only targets and others which have joint tungsten-gold potential.

Prospecting has been carried out over large areas of the permits, and has identified several new areas of

interest for detailed evaluation. At one area in particular, sampling predominantly of iron oxide rich quartz vein material along a 4.5 kilometre trend suggests that gold mineralization may be significantly more extensive than indicated by previous operator work; samples include best results of 56.2, 51.5, 29.9, 23.1 and 21.3 g/t gold.

These new targets are in addition to prospects where previous explorers had already identified gold mineralization with significant potential and which Ormonde intends to evaluate more thoroughly as part of its ongoing programmes: Mina Marta, Mina Saturno—Valle de los Espinos, Plus Ultra and Pino de Oro.

## TUNGSTEN TAILINGS PROJECT

**Location:** In the permit area of the Salamanca Gold Project in western Spain.

**Objective:** To fully assess the grade, volume and metallurgical recovery of the tungsten contained in the dumps and tailings material produced from the Barruecopardo tungsten mine. If this evaluation is positive, Ormonde believes that the project has the potential to become a near-term cash-generating operation with exposure to upside in the tungsten price.

**Background:** The Barruecopardo Mine, which closed in the early 1980s, was one of Europe's largest tungsten operations producing some of the highest quality tungsten concentrates in the market. Mining records suggest, however, that the rate of tungsten recovery was only about 40 per cent, indicating that a majority of the tungsten was discarded in the tailings. Ormonde estimates that there is between 5-10 million tonnes of tailings at the site, at grades of 0.08 to 0.10 per cent WO<sub>3</sub>, which potentially represents a significant resource.

In February 2006 Ormonde entered into an option agreement to acquire the Barruecopardo Tailings Project, and upon exercising its option Ormonde would have 100% of the mineral rights pertaining to the tungsten and gold for which it will pay an annual royalty and lease fee.



*View across the tailings and dumps of the Barruecopardo tungsten mine.*

### **ABOUT TUNGSTEN**

*Tungsten is the hardest, strongest and has the highest melting point of all the metals. It is extremely heavy, has a high resistance to corrosion, and is environmentally friendly. These characteristics make it an essential component in metal and rock-cutting tools, light bulb filaments, military uses and many chemical and electronic applications.*

*Annual world production is only 74,000 tonnes of tungsten metal, with the largest producer being China. One of the world's largest producers of tungsten concentrates outside China is the Panasqueira mine in Portugal.*

*Prices of tungsten concentrates, which are traded through private contracts and not on an open market, have increased three-fold in the past year in market conditions which are expected to remain buoyant for the long term. Some reporters have commented that demand for tungsten products is increasing much faster than supply can be developed.*

## REVIEW OF ACTIVITIES >>

### TRACIA GOLD PROJECT

Ormonde is the 100% owner of the Tracia permit in northwest Spain where “grass-roots” exploration has identified an extensive gold system.

#### DRILLING

Ormonde drilled eight holes in its 2005 programme, which was designed to test targets based on 100 x 100 metre-spaced soil samples and limited outcrop and trench exposures, and to provide a better understanding of the distribution of gold mineralization at depth.

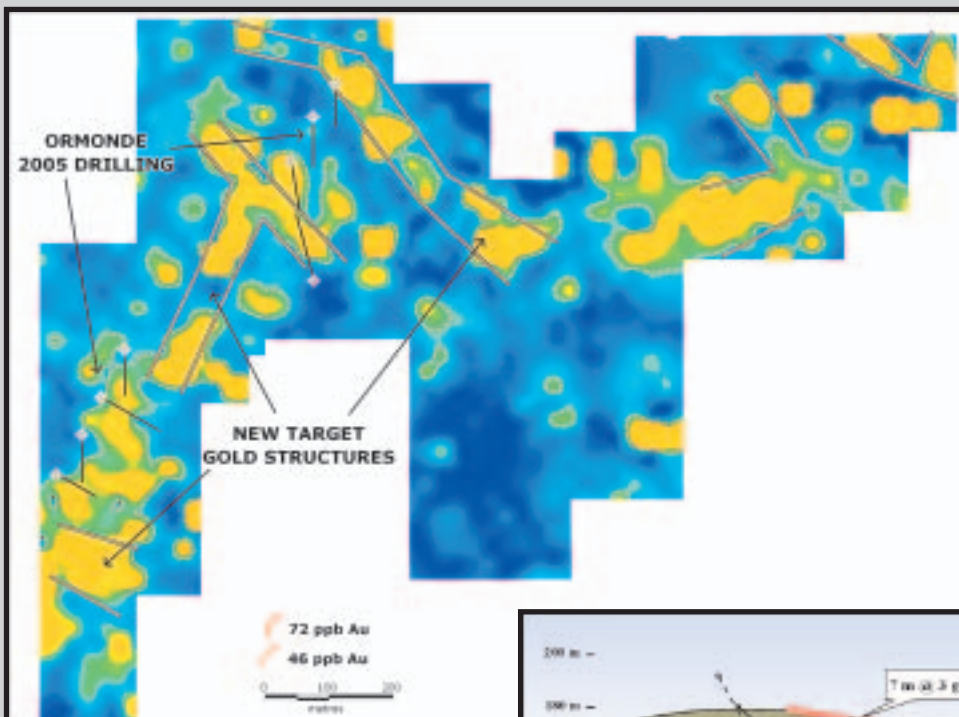
Drilling returned some encouraging results confirming the depth extension of surface gold mineralization, including an intersection of **5.2 metres at 2.8 g/t gold** (from 68 metres depth) in hole TH-02, within a broad, silicified anomalous zone of 19 metres at 0.9 g/t gold. Several other minor gold-bearing intervals were intersected and the

extent of hydrothermal alteration and sulphide veining observed in drill core provide further support for the presence of a significant, shallow gold-bearing hydrothermal system at Tracia.

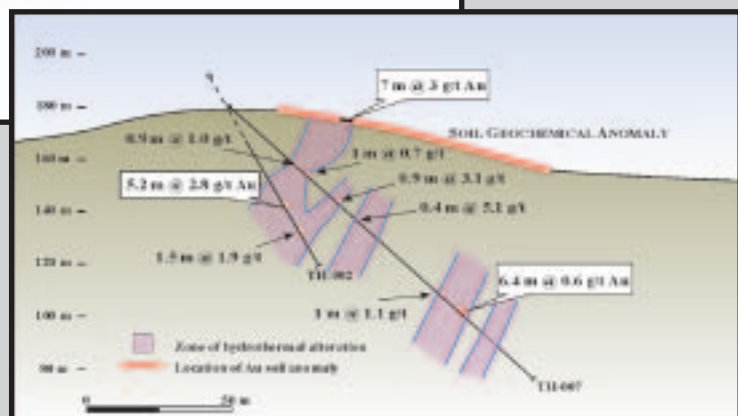
#### DETAILED SOIL GEOCHEMISTRY

Given the extent of the system, clearer definition of gold-bearing structures was required prior to further drilling, and to this end the Company has carried out an infill soil sampling programme over the main target areas.

This sampling has identified a previously unrecognized structural control, and has delineated new target gold structures which were not tested by the initial trenching and drilling. Coincident anomalism in gold pathfinder elements, like arsenic, bismuth and antimony, has helped to identify priority targets for a follow-up drilling campaign during 2006.



Above: Gold-in-soil geochemical map resulting from the infill sampling at Tracia, highlighting structural trends which were not apparent prior to 2005 drilling.



Right: Cross-section of part of the Tracia hydrothermal system based on Ormonde's drilling.

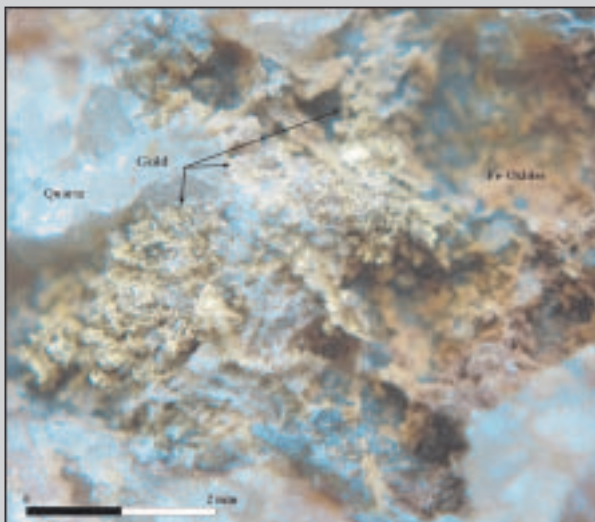
## SALAMÓN GOLD PROJECT

Ormonde is earning a 51% interest in the Salamón Project in northern Spain, where the project owner SIEMCALSA had estimated a high-grade (9 g/t gold) resource of 190,000 ounces of gold in the top part of a steeply-dipping mineralized zone. Drilling by Ormonde in 2004 demonstrated the potential to extend the resource at depth (8.6 metres at 4.6 g/t gold from 253 metres) and drilling during 2005 had the objective of testing the deeper zone further.

The second hole in the three-hole programme returned a high-grade intersection of **4.8 metres grading 25.3 g/t gold** from 271 metres downhole depth. The interval is interpreted to have a true-width of 4.5 metres and comprises consistently high individual sample grades of **10.2, 12.6, 57.6 and 29.9 g/t gold**.

The other two holes did not intersect significant mineralization and the distribution of high-grade material in the drilling to-date indicates that gold mineralization occurs in the form of narrow but high grade, structural “shoots”.

Given their high grade, these shoots could be worthwhile targets and options for further drilling on the project during 2006 are currently being examined.



Close-up view of gold in a quartz vein, Trives Gold Project.

## TRIVES GOLD PROJECT

No significant work was carried out during 2005 at Trives, where Ormonde has an option to purchase permits covering the Portas prospect. However, on the basis of the results of Ormonde's 2004 drilling which intersected zones of significant grade including 9.8 g/t and 6.4 g/t gold, Portas remains a highly prospective gold target and further drilling is scheduled for 2006.

## VALIÑA SILVER-GOLD PROJECT

In September 2005 Ormonde signed an option to acquire a 50% interest in the Valiña Project in northwest Spain from Polar Mining Oy, a Finnish subsidiary of ASX-quoted Dragon Mining NL. The Company can earn its interest by spending €200,000 over an 18 month period.

Limited previous drilling (total of 6 holes) had intersected high-grade silver mineralization with near-surface intervals including 6.0 metres at 451 g/t silver and 1.7 g/t gold, including 1.0 metre at 2,020 g/t silver and 5.8 g/t gold. High-grade silver-gold-antimony-lead assay results in samples from small dumps near old workings further highlight the prospectivity of the project, which soil geochemistry shows has a strike length of some 1.1 kilometres.

Ormonde was attracted by the potential for an open pitable, high-grade resource. Ormonde's initial work programme involved drilling a number of short holes on a single section line to collect samples for metallurgical testwork. This testwork would investigate the possibility of producing a concentrate containing the silver, gold and antimony (a speciality metal) for direct sale to a smelter.

The drilling did not confirm the expected continuity of the mineralized zone and consequently the planned metallurgical testwork was deferred pending further drilling and definition of adequate material for flotation tests. The significant upside potential remains unchanged, however, and although Valiña is now a less-advanced exploration target, Ormonde is currently considering various options for taking the project forward.

REPORT OF THE DIRECTORS  
&  
CONSOLIDATED FINANCIAL  
STATEMENTS

The Directors present their Annual Report, together with the audited financial statements, for the year ended 31 December 2005.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Irish company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and 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 the 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 2005, and the European Communities (Companies: Group Accounts) Regulations, 1992. 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.

The Directors are also responsible for preparing a Report of the Directors that complies with the requirements of the Companies Act 1963 to 2005. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **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 such 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 2005 are set out in the Consolidated Profit and Loss Account in this Annual Report.

During the year, the Company expended €1,759,265 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.

## REPORT OF THE DIRECTORS

### DIRECTORS

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

On 21 March 2005, David O'Beirne stepped down as non-executive Director. On 27 May 2005, Colin Andrew stepped down as non-executive Director. On 1 September 2005, Fraser Gardiner was appointed as executive Director. On 12 October 2005, Paul Mihalop was appointed as non-executive Director.

### 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	5 May 2006 Ordinary Shares	31 December 2005 Ordinary Shares	1 January 2005 Ordinary Shares
I. K. Anderson	790,778	790,778	790,778
A. R. McM. Bell	-	-	-
J. A. Carroll	2,121,093	2,121,093	2,121,093
M. J. Donoghue	6,893,102	6,893,102	6,893,102
F. T. Gardiner #	-	-	-
P. Mihalop #	-	-	-

# Appointed during the year.

Directors	31 December 2005 Share Options	1 January 2005 Share Options
I. K. Anderson	750,000*	750,000*
I.K. Anderson	750,000#	750,000#
I. K. Anderson	700,000^	700,000^
A. R McM. Bell	350,000#	350,000#
A. R. McM. Bell	200,000^	200,000^
J. A. Carroll	750,000*	750,000*
J. A. Carroll	750,000#	750,000#
J. A. Carroll	700,000^	700,000^
M. J. Donoghue	750,000#	750,000#
M. J. Donoghue	700,000^	700,000^
F. T. Gardiner	100,000*	100,000*
F. T. Gardiner	500,000^	500,000^

No change in the above share options has occurred between 31 December 2005 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 44), is a geologist by profession, and has worked in the mining and exploration industry in Europe for 18 years. He was exploration manager with Navan Mining plc prior to joining Ormonde as Managing Director in May 2001.

Mr. Michael J. Donoghue (aged 56) is a mining engineer by profession, with 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. Fraser T. Gardiner (aged 29) is an exploration geologist by background, and has previously been involved in exploration and project evaluation in Eastern Europe, Spain and North Africa. In addition to his technical role in all of Ormonde's projects, Fraser has been closely involved in Ormonde's fund raising activities and is responsible for the Company's investor and public relations activities.

## **DETAILS OF NON-EXECUTIVE DIRECTORS**

Mr. John A. Carroll (aged 57) is a chartered secretary by profession, and 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. Andrew R. McM. Bell (aged 51) has been involved in the mining industry since the 1970s, involved mainly in investing and financing. He has extensive experience of international mining projects in both Europe and South-East Asia.

Dr. Paul Mihalop (aged 63) is a metallurgist by profession, with a track record of successful mining project and company development. In the late 1970s he was responsible for the design, construction and commissioning of the highly successful Narbalek uranium mine in Northern Australia. In 1984 he founded Anglo European Minerals, which in 1990 was acquired by AngloVaal and floated as Anglo Pacific Resources. As Chief Executive Officer of Navan Resources plc from 1991-96, he oversaw its growth from a junior explorer to a mining company with operations in Spain, Bulgaria and 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 in the issued share capital of the Company at 31 December 2005 and at the date of this report:

<b>Name</b>	<b>5 May 2006</b>	<b>31 December 2005</b>
JP Morgan Chase & Co	11.28%	10.33%
Gartmore Investment Management	6.58%	6.58%

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 THE 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 three executive Directors and three non-executive Directors. The Board met formally on ten occasions during 2005. 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, 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.ormondmining.com](http://www.ormondmining.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.

Total remuneration to Directors during the year ended 31 December 2005 was €212,000. The highest paid Director received remuneration of €65,000.

## REPORT OF THE 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.

### **ANNUAL GENERAL MEETING - SPECIAL BUSINESS**

Shareholders are being asked to give the Directors authority to disapply the statutory pre-emption provisions in the event of a rights issue or open offer or in respect of any issue for cash up to an aggregate nominal value of 10% of the nominal value of the Company's issued ordinary share capital.

### **AUDITORS**

LHM Casey McGrath have expressed their willingness to continue in office in accordance with the provisions of Section 160(2) of the Companies Act, 1963.

On behalf of the Board

**John Carroll**  
Director

**Michael Donoghue**  
Director

5 May 2006

### TO THE MEMBERS OF ORMONDE MINING PLC

We have audited the Group and Parent Company financial statements (the “financial statements”) of Ormonde Mining Plc for the year ended 31 December 2005 which comprise Group profit and loss account, the Group and Parent Company balance sheets, the Group cash flow statement, the Group statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 auditor’s 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’ responsibilities for preparing the Annual Report and the Group financial statements in accordance with applicable law and the accounting standards issued by the Accounting Standards Board (Generally Accepted Accounting Practice in Ireland), are set out in the Statement of Directors’ Responsibilities on page 12.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Acts 1963 to 2005. We also report to you whether, in our opinion: proper books of account have been kept by the Company; whether at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the Company; and whether the information given in the Report of the Directors is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the Parent Company financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding Directors’ remuneration and Directors’ transactions is not disclosed and, where practicable, include such information in our report.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Report of the Directors, the Chairman’s Review and the Review of Activities. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## INDEPENDENT AUDITORS' REPORT

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, 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 also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Intangible Assets**

In forming our opinion, we have considered the adequacy of the disclosures made in Note 7 to the financial statements in relation to the Directors' assessment of the carrying value of the Group's intangible assets, amounting to €3,554,641. Our opinion is not qualified in this respect.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Group's and Parent Company's affairs as at 31 December 2005 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2005.

We have obtained all the information and explanations which we consider necessary for the purposes 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 Company balance sheet are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2005 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would 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.

5 May 2006

## 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 2005 and the European Communities (Companies: Group Accounts) Regulations, 1992.

**(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 <sup>1</sup> / <sub>3</sub> %
Motor vehicles	: 16%
Computer equipment	: 33 <sup>1</sup> / <sub>3</sub> %

**(d) Intangible assets**

***Exploration Costs***

Exploration costs include direct expenditure, the Group's share of joint venture exploration expenditure, and certain general and administration expenses incurred by the Company and its subsidiaries. These costs are capitalised until the results of the projects, which are based on geographical areas, mainly countries, are known. If a project is successful, the related expenditures will be amortised over the life of estimated reserves on the unit of production basis. Provision for impairment is made where a project is abandoned or considered to be of no further interest to the Group or its anticipated income potential is less than carrying value of the project on the balance sheet.

***Goodwill***

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

## 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.

**(j) Comparatives**

The comparative figures have been re-analysed where necessary to be consistent with the current year.

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	Notes	2005 €	2004 €
Administrative expenses		<b>(450,575)</b>	(401,370)
Operating income		-	19,450
<b>OPERATING (LOSS)</b>		<b>(450,575)</b>	(381,920)
Interest receivable		<b>29,725</b>	5,780
<b>(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	<b>(420,850)</b>	(376,140)
Tax on (loss) on ordinary activities	3	-	-
<b>(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>(420,850)</b>	(376,140)
Minority Interest		-	694
Retained (loss) for year	4	<b>(420,850)</b>	(375,446)
Profit and loss account brought forward		<b>(9,551,496)</b>	(9,176,050)
Profit and loss account carried forward		<b>(9,972,346)</b>	(9,551,496)
(Loss) per share	5	<b>(€0.0029)</b>	(€0.0033)
(Loss) per share - diluted	5	<b>(€0.0029)</b>	(€0.0033)

The accompanying notes 1 – 24 form part of these financial statements.

On behalf of the Board

**John Carroll**  
Director

**Michael Donoghue**  
Director

5 May 2006



## CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2005

	<b>2005</b>	2004
	<b>€</b>	€
(Loss) for the financial year	<b>(420,850)</b>	(375,446)
Currency translation differences on foreign currency net investments	<b>2,804</b>	2,612
Total recognised gains and losses for the year	<b><u>(418,046)</u></b>	<u>(372,834)</u>

The accompanying notes 1–24 form part of these financial statements.

On behalf of the Board

**John Carroll**  
Director

**Michael Donoghue**  
Director

5 May 2006

**CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2005**

	Notes	2005 €	2004 €
<b>FIXED ASSETS</b>			
Tangible assets	6	<b>18,707</b>	19,667
Intangible assets	7	<b>3,554,641</b>	1,795,376
Goodwill	7	<b>111,898</b>	111,898
		<u><b>3,685,246</b></u>	<u>1,926,941</u>
<b>CURRENT ASSETS</b>			
Debtors	10	<b>570,939</b>	66,446
Cash at bank and on hand		<b>1,891,227</b>	444,398
		<u><b>2,462,166</b></u>	<u>510,844</u>
<b>CREDITORS</b> : (Amounts falling due within one year)	11	<b>(235,741)</b>	(100,560)
<b>NET CURRENT ASSETS</b>		<u><b>2,226,425</b></u>	<u>410,284</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>5,911,671</b></u>	<u>2,337,225</u>
<b>CREDITORS</b> : (Amounts falling due after more than one year)	12	-	(9,355)
<b>NET ASSETS</b>		<u><b>5,911,671</b></u>	<u>2,327,870</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	13	<b>5,483,643</b>	4,635,712
Share premium account	14	<b>10,359,681</b>	6,717,240
Capital conversion reserve fund		<b>28,928</b>	28,928
Shares to be issued for consideration		-	485,913
Capital reserve		<b>7,247</b>	7,247
Foreign currency reserves		<b>2,804</b>	2,612
Profit and loss account		<b>(9,972,346)</b>	(9,551,496)
<b>SHAREHOLDERS' FUNDS</b>	16	<b>5,909,957</b>	2,326,156
Minority Interest	15	<b>1,714</b>	1,714
		<u><b>5,911,671</b></u>	<u>2,327,870</u>

The accompanying notes 1 –24 form part of these financial statements.

On behalf of the Board

**John Carroll**

Director

5 May 2006

**Michael Donoghue**

Director

COMPANY BALANCE SHEET  
AS AT 31 DECEMBER 2005

	Notes	2005 €	2004 €
<b>FIXED ASSETS</b>			
Tangible assets	6	14,383	3,732
Financial assets	8	626,006	626,006
		<u>640,389</u>	<u>629,738</u>
<b>CURRENT ASSETS</b>			
Debtors	10	3,912,104	1,445,069
Cash at bank and on hand		1,497,959	421,583
		<u>5,410,063</u>	<u>1,866,652</u>
<b>CREDITORS</b> : (Amounts falling due within one year)	11	<u>(36,526)</u>	<u>(88,365)</u>
<b>NET CURRENT ASSETS</b>		<u>5,373,537</u>	<u>1,778,287</u>
<b>NET ASSETS</b>		<u>6,013,926</u>	<u>2,408,025</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	13	5,483,643	4,635,712
Share premium account	14	10,359,681	6,717,240
Capital conversion reserve fund		28,928	28,928
Shares to be issued for consideration		-	485,913
Capital reserve		7,247	7,247
Profit and loss account		(9,865,573)	(9,467,015)
<b>SHAREHOLDERS' FUNDS</b>		<u>6,013,926</u>	<u>2,408,025</u>

The accompanying notes 1–24 form part of these financial statements.

On behalf of the Board

**John Carroll**  
Director

**Michael Donoghue**  
Director

5 May 2006

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	Notes	2005 €	2004 €
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	17	<b>(821,187)</b>	<b>(329,278)</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		29,725	5,780
Interest element of finance leases		-	(2,018)
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		<b>29,725</b>	<b>3,762</b>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Expenditure on intangible assets		(1,759,265)	(587,526)
Purchases of tangible fixed assets		(24,945)	(2,780)
Sale of tangible fixed assets		17,850	-
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		<b>(1,766,360)</b>	<b>(590,306)</b>
<b>NET CASH OUTFLOW BEFORE FINANCING</b>		<b>(2,557,822)</b>	<b>(915,822)</b>
<b>FINANCING</b>			
Issue of shares, net of expenses		4,004,459	894,940
Capital element of finance leases		-	(10,251)
<b>NET CASH INFLOW FROM FINANCING</b>		<b>4,004,459</b>	<b>884,689</b>
<b>INCREASE/(DECREASE) IN CASH</b>	19	<b>1,446,637</b>	<b>(31,133)</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005

**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**

	<b>2005</b>	2004
	€	€
The (loss) before taxation is stated after charging / (crediting):		
Directors' emoluments	<b>124,423</b>	92,083
Depreciation	<b>10,692</b>	12,388
Auditors' remuneration	<b>16,500</b>	15,000
Interest receivable	<b>(29,725)</b>	(5,780)
	<u>                    </u>	<u>                    </u>

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

	€	€
The aggregate payroll costs of these persons were:		
Wages and salaries	<b>126,392</b>	144,966
Social welfare costs	<b>21,452</b>	14,986
	<b>147,844</b>	159,952
	<u>                    </u>	<u>                    </u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)  
FOR THE YEAR ENDED 31 DECEMBER 2005

**3. TAX ON ORDINARY ACTIVITIES**

	2005	2004
	€	€
<b>(a) Analysis of the tax charge for the year:</b>		
Corporation tax charge for the year	-	-
<b>(b) Reconciliation of factors affecting tax charge for the year:</b>		
(Loss) from ordinary activities before taxation	<u>(420,850)</u>	<u>(376,140)</u>
Corporation tax at statutory rate: 2005: 12.5% (2004: 12.5%)	-	-
<b>Taxation effects of:</b>		
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**

	2005	2004
	€	€
Dealt with in the accounts of the Company	<u>(398,558)</u>	<u>(318,906)</u>
(Loss) retained by subsidiaries	<u>(22,292)</u>	<u>(56,540)</u>
	<u><u>(420,850)</u></u>	<u><u>(375,446)</u></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 2005

5. (LOSS) PER SHARE

	2005	2004
	€	€
(Loss) per share	(€0.0029)	(0.0033)
(Loss) per share - diluted	(€0.0029)	(0.0033)

The loss per share and the basic loss per share have been calculated based on a loss after taxation of €420,850 (2004: €376,140) and a weighted average number of Ordinary Shares in issue for the period of 143,204,927 (2004: 112,490,110).

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 €
<b>Cost:</b>				
At 1 January 2005	7,729	25,356	17,877	50,962
Additions	13,632	-	11,313	24,945
Disposals	-	(25,356)	-	(25,356)
At 31 December 2005	<u>21,361</u>	<u>-</u>	<u>29,190</u>	<u>50,551</u>
<b>Accumulated depreciation:</b>				
At 1 January 2005	7,729	10,143	13,423	31,295
Charge for period	4,544	-	6,148	10,692
Depreciation on disposal	-	(10,143)	-	(10,143)
At 31 December 2005	<u>12,273</u>	<u>-</u>	<u>19,571</u>	<u>31,844</u>
<b>Net book amount:</b>				
<b>At 31 December 2005</b>	<u><u>9,088</u></u>	<u><u>-</u></u>	<u><u>9,619</u></u>	<u><u>18,707</u></u>
At 31 December 2004	<u><u>-</u></u>	<u><u>15,213</u></u>	<u><u>4,454</u></u>	<u><u>19,667</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)  
FOR THE YEAR ENDED 31 DECEMBER 2005

<b>Company</b>	<b>Fixtures and Fittings €</b>	<b>Computer Equipment €</b>	<b>Total €</b>
<b>Cost:</b>			
At 1 January 2005	5,668	15,953	21,621
Additions	13,632	4,949	18,581
At 31 December 2005	<u>19,300</u>	<u>20,902</u>	<u>40,202</u>
<b>Accumulated depreciation:</b>			
At 1 January 2005	5,668	12,221	17,889
Charge for period	4,544	3,386	7,930
At 31 December 2005	<u>10,212</u>	<u>15,607</u>	<u>25,819</u>
<b>Net book amount:</b>			
<b>At 31 December 2005</b>	<b><u>9,088</u></b>	<b><u>5,295</u></b>	<b><u>14,383</u></b>
At 31 December 2004	<u>-</u>	<u>3,732</u>	<u>3,732</u>

**7. INTANGIBLE ASSETS**

<b>Group</b>	<b>Morocco €</b>	<b>Europe €</b>	<b>Total €</b>
At cost:			
At 1 January 2005	40,839	1,754,537	1,795,376
Expenditure incurred during the year	-	1,759,265	1,759,265
<b>At 31 December 2005</b>	<b><u>40,839</u></b>	<b><u>3,513,802</u></b>	<b><u>3,554,641</u></b>

<b>Company</b>	<b>Morocco €</b>	<b>Europe €</b>	<b>Total €</b>
At cost:			
At 1 January 2005	40,180	671,847	712,027
Reclassification of prior year	(40,180)	(671,847)	(712,027)
<b>At 31 December 2005</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D.)  
FOR THE YEAR ENDED 31 DECEMBER 2005

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.

**GOODWILL**

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

During 2004, 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 SL amounted to €111,898.

<b>8. FINANCIAL ASSETS</b>	<b>2005</b>	<b>2004</b>
	€	€
<b>Company</b>		
Investment in subsidiary undertakings at cost	626,006	626,006
	<u>626,006</u>	<u>626,006</u>

Details of subsidiaries are set out in Note 9.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)  
FOR THE YEAR ENDED 31 DECEMBER 2005**

**9. SHARES IN GROUP COMPANIES**

Details of directly and indirectly wholly-owned subsidiary companies as at 31 December 2005 are as follows:

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

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

**10. DEBTORS**

	Group		Company	
	2005 €	2004 €	2005 €	2004 €
Amounts falling due within one year:				
Trade debtors	-	4,178	-	4,178
VAT recoverable	<b>216,715</b>	50,676	<b>3,452</b>	1,378
Other debtors	<b>324,669</b>	5,453	-	-
Amounts due from subsidiaries	-	-	<b>3,879,097</b>	1,434,631
Prepayments	<b>29,555</b>	4,882	<b>29,555</b>	4,882
Deferred finance charges	-	1,257	-	-
	<u><b>570,939</b></u>	<u>66,446</u>	<u><b>3,912,104</b></u>	<u>1,445,069</u>

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

	Group		Company	
	2005 €	2004 €	2005 €	2004 €
Trade creditors	<b>203,290</b>	40,482	<b>4,076</b>	36,695
Finance leases	-	5,908	-	-
Taxes and social security costs	<b>5,931</b>	8,444	<b>5,931</b>	8,444
Accruals	<b>26,520</b>	45,726	<b>26,519</b>	43,226
	<u><b>235,741</b></u>	<u>100,560</u>	<u><b>36,526</b></u>	<u>88,365</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)  
FOR THE YEAR ENDED 31 DECEMBER 2005

12. CREDITORS: (Amounts falling due after more than one year)	Group	
	2005	2004
	€	€
Finance leases falling due between two and five years	-	9,355
	<u>          </u>	<u>          </u>
13. CALLED-UP SHARE CAPITAL	2005	2004
	€	€
<b>Authorised :</b>		
200,000,000 ordinary shares of 2.50c		
(2003: 130,000,000 ordinary share of 2.50c) each	<b>5,000,000</b>	5,000,000
100,000,000 deferred shares of 3.809214c each	<b>3,809,214</b>	3,809,214
	<u>          </u>	<u>          </u>
	<b>8,809,214</b>	8,809,214
	<u>          </u>	<u>          </u>
<b>Allotted, called-up and fully paid :</b>		
At start of period:		
118,511,480 (2004: 107,911,480) ordinary shares of 2.50c (2004: 2.50c) each	<b>2,962,787</b>	2,697,787
43,917,841 deferred shares of 3.809214c each	<b>1,672,925</b>	1,672,925
	<u>          </u>	<u>          </u>
	<b>4,635,712</b>	4,370,712
	<u>          </u>	<u>          </u>
Movements during the period:		
33,917,235 (2004: 10,600,000) ordinary shares issued of 2.50c each	<b>847,931</b>	265,000
	<u>          </u>	<u>          </u>
	<b>847,931</b>	265,000
	<u>          </u>	<u>          </u>
At end of period:		
152,428,715 (2004: 118,511,480) ordinary shares of 2.50c (2004: 2.50c) each	<b>3,810,718</b>	2,962,787
43,917,841 deferred shares of 3.809214c each	<b>1,672,925</b>	1,672,925
	<u>          </u>	<u>          </u>
	<b>5,483,643</b>	4,635,712
	<u>          </u>	<u>          </u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)  
FOR THE YEAR ENDED 31 DECEMBER 2005

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

Shares issued during the period:

On 14 January 2005, the Company issued 2,667,235 Ordinary Shares of 2.5c for 14.0c per the agreement entered into on 22 December 2004 with Minmet plc to acquire Minmet's rights to the Tracia Joint Venture.

On 20 January 2005, the Company issued 750,000 Ordinary Shares of 2.5c for 15.0c per the agreement entered into on 26 October 2004 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.

On 18 April 2005, the Company issued 30,100,000 Ordinary Shares of 2.5c for 14.4c each to raise cash to finance the Group's operations.

On 1 June 2005, the Company issued 400,000 Ordinary Shares of 2.5c for 4.1c for 250,000 shares and 3.4c for 150,000 shares as a result of the exercise of Share Options by former Director, David O'Beirne.

The Deferred Shares (which were created solely to facilitate a Group reorganisation) are not dealt in on the stock exchange, 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.

**Share Options**

At 31 December 2005, the following options over ordinary shares were outstanding:

Number	Exercise price (euro cent)	Exercise period
3,950,000	4.1	Up to 11 May 2011
3,250,000	3.4	Up to 13 August 2013
4,050,000	13.0	Up to 22 October 2014

During the year 150,000 share options with an exercise price of 3.4c per share were exercised and 250,000 share options with an exercise price of 4.1c per share were exercised.

No other options were granted, exercised or lapsed during the year ended 31st December 2005.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)  
FOR THE YEAR ENDED 31 DECEMBER 2005

<b>14. SHARE PREMIUM ACCOUNT</b>	<b>2005</b>	2004
	€	€
<b>Group and Company</b>		
At 1 January	<b>6,717,240</b>	6,027,300
Premium on shares issued during the year	<b>3,987,732</b>	738,400
Share issue costs	<b>(345,291)</b>	(48,460)
At 31 December	<b>10,359,681</b>	6,717,240
	<u><u>                    </u></u>	<u><u>                    </u></u>
<b>15. MINORITY INTEREST</b>	<b>2005</b>	2004
	€	€
Arising on acquisition	<b>1,714</b>	1,714
	<u><u>                    </u></u>	<u><u>                    </u></u>
The minority interest relates to the 80% interest in Saloro S.L. held by Prehenita S.L.		
<b>16. RECONCILIATION OF MOVEMENT IN CONSOLIDATED SHAREHOLDERS' FUNDS</b>	<b>2005</b>	2004
	€	€
Total recognised losses	<b>(418,046)</b>	(372,834)
Issued shares - at par	<b>847,931</b>	265,000
- share premium (net of share issue costs (Note 14))	<b>3,642,441</b>	689,940
Shares to be issued as consideration	<b>(485,913)</b>	485,913
Foreign currency reserves	<b>(2,612)</b>	-
Net change in shareholders' funds	<b>3,583,801</b>	1,068,019
Opening shareholders' funds	<b>2,326,156</b>	1,258,137
Closing shareholders' funds	<b>5,909,957</b>	2,326,156
	<u><u>                    </u></u>	<u><u>                    </u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)  
FOR THE YEAR ENDED 31 DECEMBER 2005

**17. RECONCILIATION OF OPERATING LOSS TO  
NET CASH OUTFLOW FROM OPERATING  
ACTIVITIES**

	2005	2004
	€	€
Operating (loss)	(450,575)	(381,920)
(Increase) in debtors	(504,493)	(41,404)
Increase in creditors	125,825	50,259
Profit on disposal of tangible fixed assets	(2,636)	-
Depreciation	10,692	12,388
Interest on finance lease	-	2,018
Non cash movement on asset reclassification	-	29,381
	<b>(821,187)</b>	<b>(329,278)</b>
	<b>(821,187)</b>	<b>(329,278)</b>

**18. ANALYSIS OF NET FUNDS**

	At 31/12/2004	Cashflow	At 31/12/2005
	€	€	€
Cash in hand and at bank	444,398	1,446,829	<b>1,891,227</b>
Finance leases	(15,263)	15,263	-
	429,135	1,462,092	<b>1,891,227</b>
	429,135	1,462,092	<b>1,891,227</b>

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

	2005	2004
	€	€
Increase/(Decrease) in cash in the period	1,446,637	(31,133)
Cash outflow from decrease in debt financing	15,263	10,251
Foreign exchange adjustments	192	2,612
Change in net funds resulting from cashflow	1,462,092	(18,270)
Net funds at start of period	429,135	447,405
Net funds at end of period	1,891,227	429,135

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)  
FOR THE YEAR ENDED 31 DECEMBER 2005

**20. 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 2005 is as follows:

	Morocco €	Europe €	Total €
Administrative expenses	-	(450,575)	(450,575)
Other income	-	29,725	29,725
Net (loss)	-	(420,850)	(420,850)
Net assets	(22,616)	5,934,287	5,911,671

**21. 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% (2004: 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)  
FOR THE YEAR ENDED 31 DECEMBER 2005**

**FOREIGN CURRENCY RISK**

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

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

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

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

	<b>Total</b>	<b>Euro</b>	<b>Moroccan Dirhams</b>
	€	€	€
31 December 2005	5,911,671	5,934,287	(22,616)
31 December 2004	2,327,870	2,349,777	(21,907)

**22. 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. Aurum Exploration Limited sub-let office space from Ormonde Mining plc, under the terms of an arms length commercial agreement during 2004. On 1 January 2005 Aurum Exploration owed Ormonde Mining plc €2,178. During the year, Ormonde Mining plc ceased to sub-let to Aurum Exploration Limited. Aurum Exploration Limited paid sums totalling €2,178. Amounts owing by Aurum Exploration at the year end amounted to Nil (2004 : €2,178).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.) FOR THE YEAR ENDED 31 DECEMBER 2005

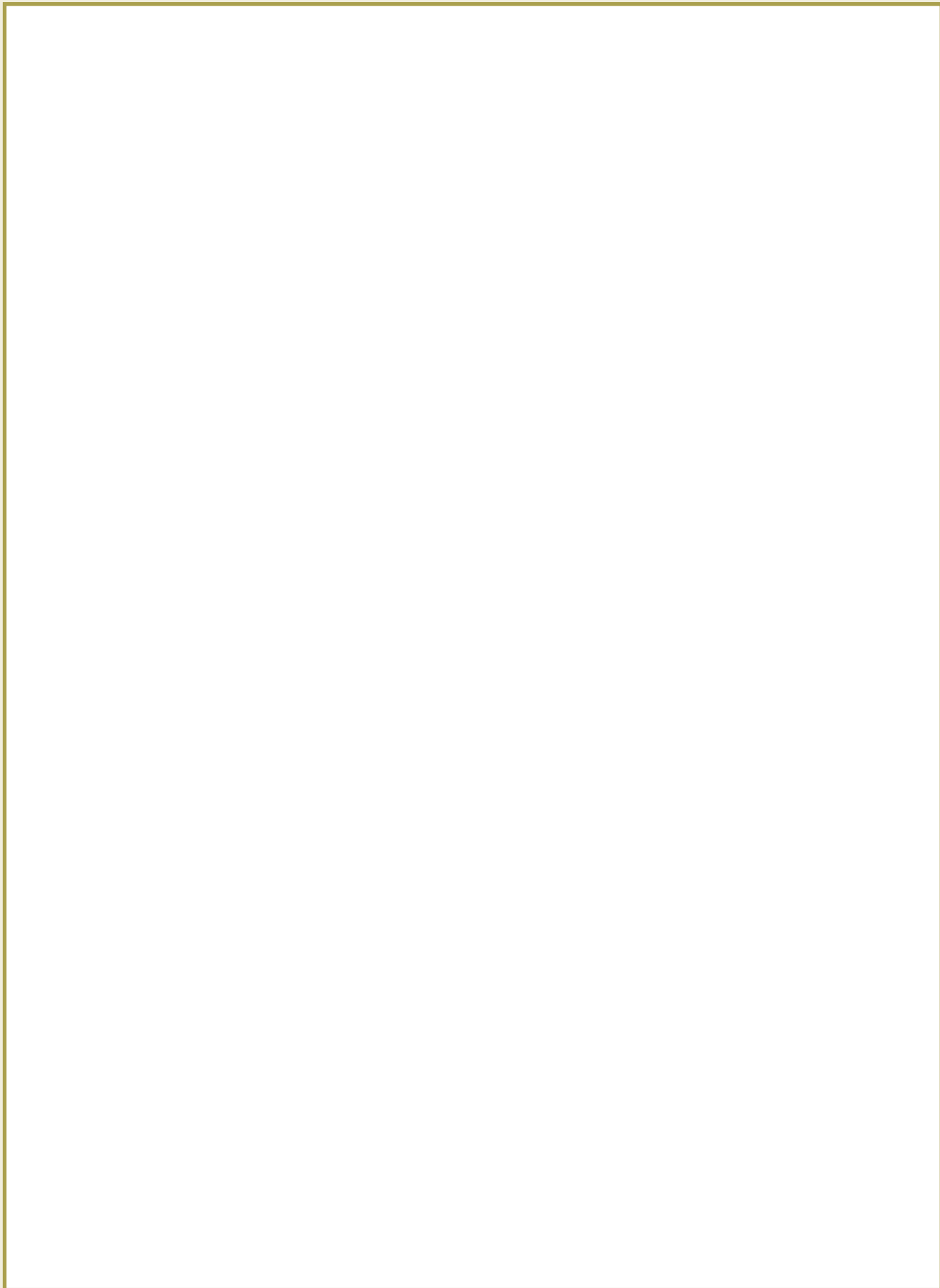
Colin Andrew sub-let office space from Ormonde Mining plc under an arms length commercial agreement in 2004. On 1 January 2005 Colin Andrew owed to Ormonde Mining plc the sum of €2,000 in relation to this agreement. During the year, Ormonde Mining plc ceased to sub-let to Colin Andrew. Amounts owing by Colin Andrew at year ended amounted to Nil (2004 : €2,000).

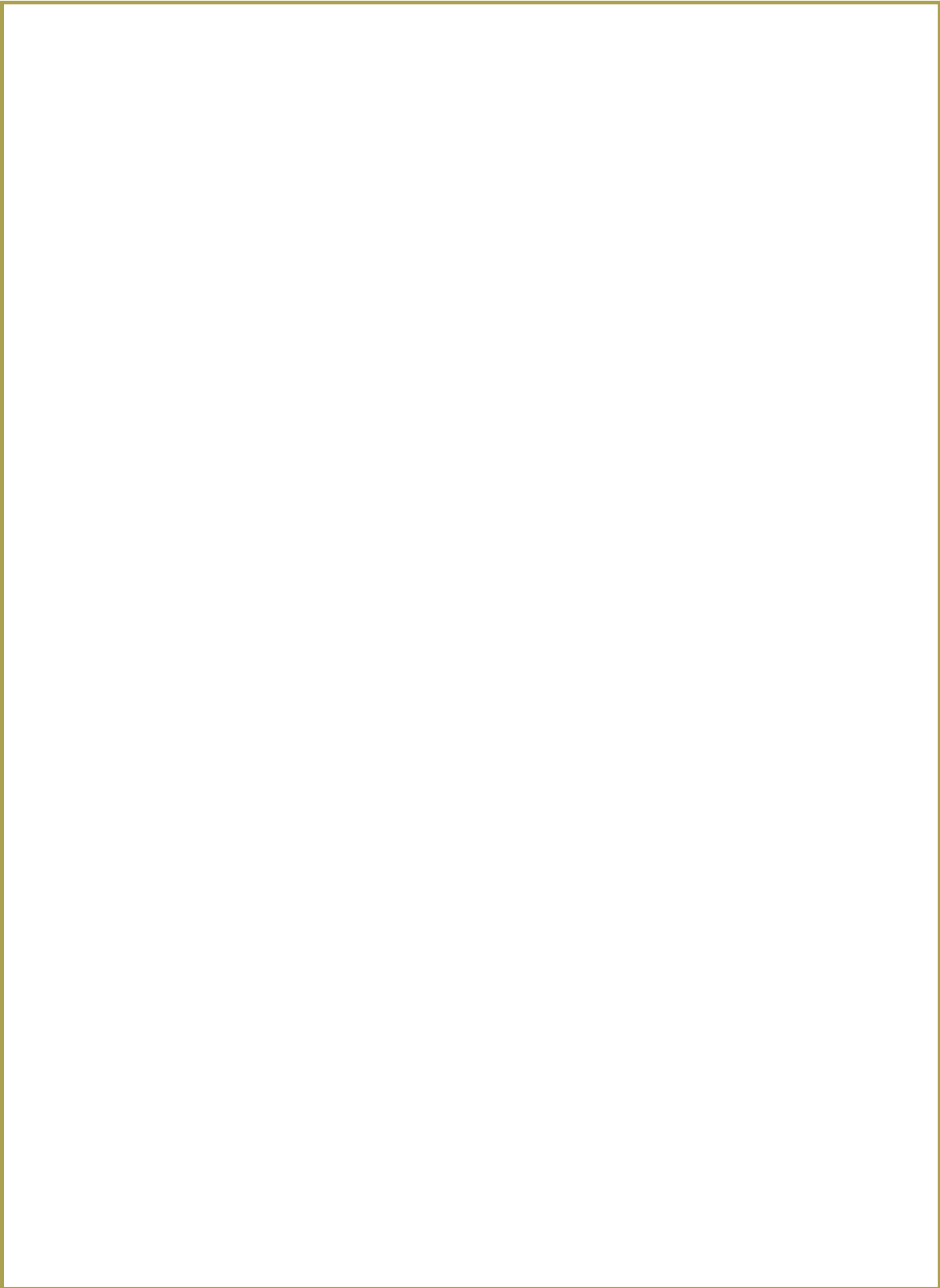
### **23. EVENTS SINCE THE YEAR END**

There have been no subsequent events since the year end.

### **24. APPROVAL OF FINANCIAL STATEMENTS**

The Directors approved these financial statements on 5 May 2006.





## 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 16th June 2006 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 2005, together with the reports of the Directors and Auditors thereon.
- 2 To re-elect Andrew Bell 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 Fraser Gardiner as a Director who was appointed by the Board since the last Annual General Meeting and who is recommended by the Board for re-election.
- 4 To re-elect Paul Mihalop as a Director who was appointed by the Board since the last Annual General Meeting and who is recommended by the Board for re-election.
- 5 To authorise the Directors to fix the remuneration of the Auditors.

### **Special Business**

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 16th day of September 2007, 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 16th day of September 2007, 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."

5 May 2006

BY ORDER OF THE BOARD  
JOHN CARROLL  
*Secretary*

*Registered Office:*  
6 Northbrook Road  
Dublin 6  
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, Sandymount 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.

## FORM OF PROXY

**FOR USE AT THE ANNUAL GENERAL MEETING TO BE HELD AT 11.00AM ON 16 JUNE 2006 AND AT ANY ADJOURNMENT THEREOF**

# ORMONDE MINING PUBLIC LIMITED COMPANY

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

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

RESOLUTIONS <small>(as set out in full in the Notice of Annual General Meeting dated 5 May 2006)</small>	For**	Against**
1) To receive and consider the Statement of Accounts and the Directors' and Auditors Reports.		
2) To re-elect Andrew Bell as a Director.		
3) To re-elect Fraser Gardiner as a Director.		
4) To re-elect Paul Mihalop as a Director.		
5) To authorise the Directors to fix the remuneration of the Auditors.		
6) To authorise the Directors to allot relevant securities.		
7) To authorise the Directors to allot equity securities for cash and to disapply Section 23(1) of the Companies (Amendment) Act 1983		

.....  
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 16 June 2006 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** ..... **2006**

**SIGNATURE** .....

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

<p><b>Notes</b></p> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>Completing and returning a Form of Proxy shall not preclude a member from attending and voting at the meeting should he/she so wish.</li> </ol>
---

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

Michael Donoghue *Chairman*  
Kerr Anderson *Managing Director*  
Fraser Gardiner *Director*  
John Carroll *Non-Executive*  
Andrew Bell *Non-Executive*  
Paul Mihalop *Non Executive*

## COMPANY OFFICE

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Ireland

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## REGISTERED OFFICE

6 Northbrook Road  
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Incorporation No. 96863

## CORPORATE ADVISERS & NOMAD

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

## STOCKBROKERS

Davy  
Davy House  
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Seymore Pierce Ltd  
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## REGISTRARS

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## AUDITORS

LHM Casey McGrath  
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## PUBLIC & INVESTOR RELATIONS

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### SOLICITORS

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### BANKERS

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