Ormonde Mining plc

Annual Report

&

Accounts

2006

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ORMONDE MINING PLC
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Ormonde Mining plc is a mineral development and exploration company focused on Spain, with the objective of developing mining projects and taking them into production.

Ormonde's main project is the La Zarza Copper-Gold Project in southern Spain where a Bankable Feasibility Study is being carried out by leading international engineering firms. A pre-feasibility study completed in September 2006 showed positive economics for the development of an underground mining operation at La Zarza.

The Company is also active on an advanced high-grade tungsten project at Barruecopardo, with the objective of assessing the continuity of the high-grade mineralisation and to establish if it will support an underground mining operation.

In addition the Company is exploring several exciting gold prospects in Salamanca and northwest Spain.

Ormonde's management team has a proven track record in both taking projects through feasibility into production, and in successful exploration.

Ormonde is quoted on the AIM in London and the IEX in Dublin.

Chairman's Review

OVERVIEW

The year 2006 was a period of consolidation for Ormonde as the Company focussed on advancing its La Zarza Copper-Gold Deposit in Spain through Scoping Study and onwards into Feasibility Study and commenced the detailed evaluation of the gold and tungsten occurrences in the extensive ground holdings the Company has put together in the Salamanca Province of Spain.

OPERATIONAL HIGHLIGHTS

La Zarza

The Scoping Study completed in September demonstrated positive economics for a proposed underground mining operation at La Zarza, producing copper, gold, zinc and silver in concentrates. This exercise led on into the Feasibility Study stage, a period when progress takes the form of detailed internal work and market newsflow is invariably slow. Four well-established engineering firms are presently progressing with the Feasibility Study, which encompasses the evaluation of the La Zarza resource, detailed underground mine design, follow-up definitive metallurgical testwork, processing plant design and infrastructure and tailings management design.

The Silicatado resource infill drilling programme was completed towards the end of the year and a further drilling programme on the Zinc Massive Sulphide (Zn-MS) is presently underway. This latter resource has emerged as a result of new drillhole intersections in the massive sulphide and a reinterpretation of the zinc-dominant mineralisation within this very extensive unit. Metallurgical testwork on this Zn-MS unit is also in progress. While we must await the results of the evaluation of this zinc resource, the potential when combined with the adjacent Silicatado unit has favourable implications for the project.

Work on La Zarza during the remainder of 2007 will focus on enhancing the global resource, finalising designs and capital and operating costs, and completing the Feasibility Study for a mining operation at La Zarza. Preliminary permitting submissions and discussions with the regional and provincial authorities continue in tandem with the evaluation work.

Salamanca

The Salamanca Project, where the Company is exploring a considerable area of licences, has over the last year become the second focus of Ormonde's work in Spain. While first stage exploration of both gold and tungsten targets and old workings is likely to continue for quite some time, two prospects of particular interest, Barruecopardo and Pino de Oro, have already emerged.

The northern extension to the previously-mined Barruecopardo tungsten vein system was investigated by widely spaced drilling in 2006. The results of this drilling were most encouraging, with high-grade tungsten intersected within a main vein structure. Initial assay results from an ongoing follow-up drilling programme suggest that there is continuity in the high-grade tungsten within this main vein structure.

The controlling structure appears to have a strike length of approximately 1400m within competent granite rocks. To date, drilling has indicated a steeply dipping mineralised zone of veining some 1 to 5 metres wide, over at least a 500m strike length, yielding intersection grades which include 2.1% and 1.5% tungsten (WO_3) over 2m widths. In assessing these grades it should be noted that the Panasqueira Tungsten Mine in Portugal operates profitably at a grade of 0.23% WO_3.

These new drilling results are deemed most encouraging, although it should be stressed that much further

Chairman’s Review

drilling needs to be completed to establish the average grade of the deposit, the continuity and extent of the mineralisation, investigate other adjacent vein structures in the area, and determine if an economic sized resource exists at Barruecopardo. However, it is encouraging to note that the tungsten price continues to remain strong having increased almost four-fold in the past two years.

Looking at the larger picture within the overall Salamanca licence area, it should be noted that there are a significant number of gold and tungsten occurrences and old workings in the area and the potential exists to build up an economic resource from these smaller lode-vein deposits. As such, the Company’s strategy is to continue exploration on a wide front with the objective of defining a number of these types of deposit which might be managed and processed through a central plant.

In pursuing this latter strategy it is also encouraging to note that on-going exploration work has already resulted in initial positive results from the Pino de Oro gold prospect, some 80km north of Barruecopardo. Previous drilling by the Government at Pino intersected narrow but high-grade gold vein structures (e.g. 1.0m grading 65.8 g/t and 2.0m grading 11.1 g/t gold). Initial results from holes drilled by Ormonde have confirmed the presence of these high-grade structures (1.0m grading 16.6 g/t gold), with results pending from several holes.

CORPORATE DEVELOPMENTS

In order to strengthen our presence on the AIM Market, broaden our shareholder base and improve trading liquidity, we are very pleased that Bell Lawrie, a division of Brewin Dolphin Securities, has agreed to become the Company’s UK broker and financial advisor. The Board is most appreciative of Seymour Pierce for its endeavours since assisting with our listing on AIM in 2005, and we hope that they will continue to follow our progress. Davy will continue to be our Irish broker, IEX advisor and Nomad.

Mr. Andrew Bell, as a consequence of his increasing commitments towards a number of exploration companies he is now involved with, resigned from the Board of Ormonde in January. I would like to take this opportunity to thank Andrew for his contribution towards the growth of the Company over the past 3 years.

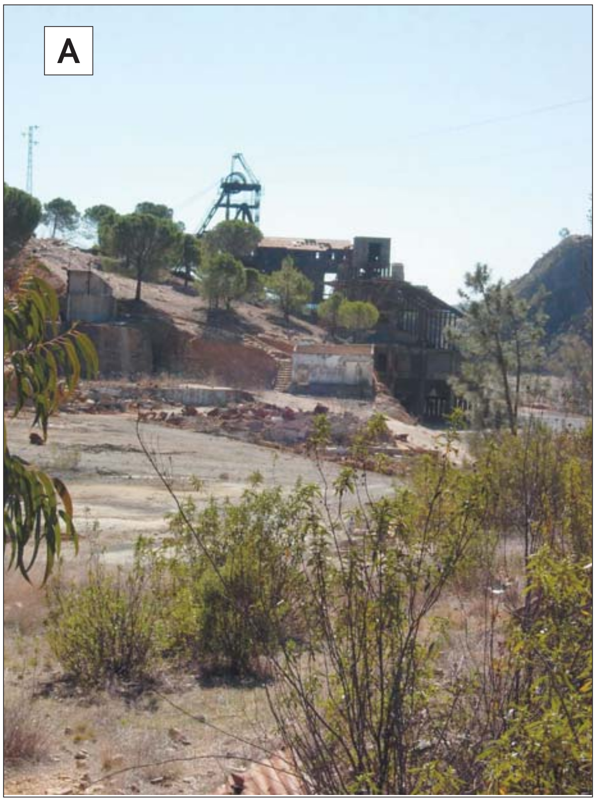
FINANCIAL REVIEW

During 2006, the Company spent approximately €3 million, of which €1.4 million was on the La Zarza project and €1.0 million on exploration activities elsewhere in Spain. We reported a loss of €597,267 for the year, €82,109 being a write-down of work where exploration efforts have been unsuccessful and no further work is warranted (2005: loss €420,850).

In closing, I would like to thank the shareholders, staff and advisors for their continued support in pursuing our Company objectives.

Michael J. Donoghue
Chairman
11 June 2007

Review of Activities



(A) View across the La Zarza site towards the headframe from the old underground mining operation.
(B) La Zarza old open-pit.
(C) Examining drill core.

La Zarza

During 2006 the Company carried out metallurgical testwork programmes, completed an infill drilling programme on the Silicatado resources and completed a pre-feasibility Scoping Study on La Zarza. A Feasibility Study is now underway with the engagement of four leading international engineering firms, including Aker Kvaerner Engineering Services Ltd ("Aker Kvaerner") and the UK office of Australian Mining Consultants ("AMC") to carry out the process plant engineering and underground mining design, respectively.

The Scoping Study completed in September 2006 demonstrated positive economics for an underground mining operation at La Zarza producing 450,000 tonnes per annum over a 10-year mine life. Mining would be by mechanised open-stoping via a new ramp access from surface. Copper, gold, silver, zinc and lead would be recovered from the ore by using conventional flotation technology to produce saleable copper, "precious metal" and zinc concentrates. Based upon cost estimates prepared by external consultants, pre-production capital costs were estimated to be €26 million, with cash operating costs of €31 per tonne treated. At metal prices of $4,400/tonne ($2/lb) copper and $550/ounce gold, the ungeared internal rate of return (IRR) on the project would be 21%, rising to 36% with appropriate gearing (at metal prices of $7,000 copper and $600 gold, the IRR would be 65%).

The Silicatado resource infill drilling programme was completed towards the end of the year. A total of 53 holes have now been drilled by Ormonde, for a total of 13,993 metres (Table 1). A further phase of drilling to better define zinc-rich massive sulphide mineralisation, and also to investigate potentially new copper-rich zones within these massive sulphides, is presently underway, as is the final definitive optimised metallurgical testwork.

Aker Kvaerner has been appointed as overall Study Manager for the Feasibility Study and, in

Review of Activities

Copper intervals:							
Hole	**From (m)**	**Width (m)**	**Cu %**	**Zn %**	**Pb %**	**Au g/t**	**Ag g/t**
ORM-26	270.0	**8.0**	**2.3**	0.1	0.1	0.4	78.6
ORM-30	281.0	**7.0**	**2.8**	2.9	0.8	0.5	37.0
ORM-34	323.6	**8.4**	**2.2**	1.3	0.4	0.5	23.7
Gold intervals:							
Hole	**From (m)**	**Width (m)**	**Cu %**	**Zn %**	**Pb %**	**Au g/t**	**Ag g/t**
ORM-31	559.0	**5.0**	0.3	3.8	2.5	**5.8**	38.2
ORM-42	135.0	**11.1**	0.4	1.3	1.4	**5.0**	70.6
ORM-43	78.0	**9.0**	0.8	5.2	4.3	**11.2**	187.0
Zinc intervals:							
Hole	**From (m)**	**Width (m)**	**Cu %**	**Zn %**	**Pb %**	**Au g/t**	**Ag g/t**
ORM-28	376.0	**20.0**	0.7	**4.6**	1.2	1.7	48.8
ORM-30	350.0	**10.0**	0.5	**5.0**	0.3	0.4	15.4
ORM-38	206.0	**9.0**	1.3	**5.2**	2.2	2.6	94.6

Table 1: Selected intervals from the 2006 La Zarza drilling programme.

A run of fresh drill core.

addition to its coordinating role, will be responsible for the process plant engineering and infrastructure design aspects of the Study. Aker Kvaerner has an extensive track record in the design and construction of mine processing facilities and, more specifically, in flotation concentrators of the type required to extract the copper, gold, silver and zinc at La Zarza. It is presently contracted to provide engineering, procurement and construction management services for the Aguas Tenidas Zinc-Copper underground mine, located some 18 kilometres from La Zarza.

The UK office of AMC, a long established Australian mine engineering group with extensive experience in mine evaluation, design and optimisation has been appointed to carry out the underground mine design for La Zarza. AMC's brief covers all aspects of the underground mining operation at La Zarza, including ore reserve/resource estimation, geotechnical engineering, ventilation, mining method and mine access design. Australian Tailings Consultants has been commissioned to design and cost the tailings disposal plant and in particular the Tailings Management Facility.

The main aspects of the project which will be addressed in the Feasibility Study include:

- optimisation and variability metallurgical testwork
- finalisation of mill and mine designs
- environmental and other regulatory requirements for full permitting of the proposed mining operation.

With regards to the permitting, initial documentation was submitted to the local Mining Authorities in the form of an Environmental Scoping Study, termed the "Documento Sintesis", which outlined the main aspects of a proposed mining operation. This submission was prepared by the Madrid office of Golder Associates, who have extensive experience in environmental studies and permitting for projects such as La Zarza. Initial feedback from the authorities to our submission has been positive.

Review of Activities

View into the old Barruecopardo open-pit Tungsten Mine during its time in operation. This mine closed in the early 1980s due to low tungsten prices.

Salamanca

Exploration activites at Salamanca were accelerated during the year, with emphasis on both the tungsten and gold potential of the large permit area being investigated. Drilling was carried out on the most advanced targets, which successfully intersected both tungsten and gold mineralisation.

Tungsten

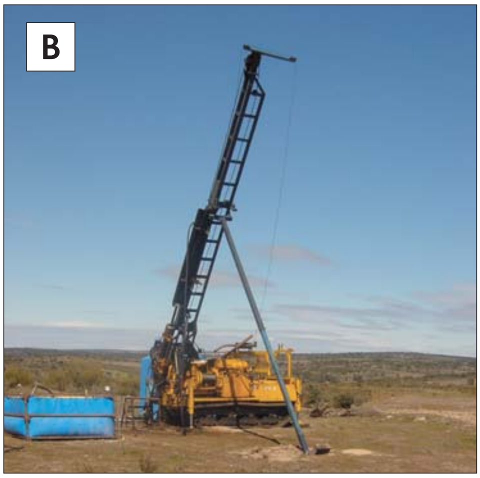
The Barruecopardo Mine, which closed in the early 1980s due to low tungsten prices, was one of Europe's largest tungsten operations producing the highest quality concentrates in the market.

During 2006, Ormonde investigated the northern extension to the previously-mined Barruecopardo vein system through a programme of widely spaced drilling which intersected high-grade tungsten values of 4.5%, 2.4% and 1.6% WO_3 (tungsten trioxide) over 0.6 to 1.0 metre intervals, within broader lower grade zones (Table 2). The widths and grades of tungsten mineralisation intersected were deemed to be very encouraging, highlighting the potential to delineate a new "hard rock" tungsten resource at Barruecopardo.

Follow-up drilling is in progress to establish whether there is sufficient continuity in the vein system to merit a comprehensive drill-out of the deposit for resource delineation. Initial assay results from the follow-up drilling programme suggest that there is indeed continuity in the high-grade tungsten within this main vein structure, returning intersections including 2.1% and 1.5% WO_3 over 2 metre widths and further drilling programmes may be anticipated. In assessing these grades it should be noted that the Panasqueira Tungsten Mine in Portugal operates profitably at a grade of 0.23% WO_3.

The controlling geological structure appears to have a strike length of approximately 1400m within competent granite rocks. To date, drilling has indicated a steeply dipping mineralised zone of veining some 1 to 5 metres wide, over at least a 500m strike length.

Review of Activities



(A) Sample of the tungsten mineral *Scheelite* in a quartz vein from Barruecopardo. Scheelite is fluorescent and can be identified easily under ultraviolet light (left picture.)
(B) Drilling at the Pino de Oro gold prospect.

Hole	From (m)	Width (m)	WO_3 %
BAR-1	115.7	**1.0**	**0.58**
BAR-3	101.5	**7.7**	**0.51**
including	101.9	**1.0**	**2.42**
BAR-4	122.0	**0.9**	**1.58**
	142.5	**0.6**	**4.48**
BAR-5	133.7	**1.7**	**0.39**
BAR-6	181.6	**1.2**	**0.55**

Table 2: Significant tungsten (WO_3) assays from the 2006 drilling programme on Barruecopardo northern extension.

Hole	From (m)	Width (m)	Au g/t
ORMP-1	**73.0**	**1.0**	**16.6**
P14	74.0	1.0	**65.8**
P15	132.0	2.0	**11.1**
P17	44.0	1.0	**14.8**
P20	124.0	1.0	**4.3**

Table 3: Significant gold results from the Pino de Oro gold prospect. ORMP-1 is Ormonde's first drill hole, other intervals are from government drilling.

Much of Western tungsten production comes from small, narrow vein underground deposits. Current prices for tungsten concentrates are in the region of US$180 per metric tonne unit (or US$18,000 per tonne of tungsten trioxide, WO_3), with a grade of 1% WO_3 having an in-the-ground value of approximately US$180 per tonne of mineralised rock. Prices have been reported as high as US$220 during the past 12 months.

Gold

Drilling also commenced during the year on the Pino de Oro gold prospect in Salamanca, where previous drilling by a Spanish government agency in the '90s intersected high-grade gold mineralisation over 500 metres of strike length, with grades including 66 g/t, 15 g/t and 11 g/t gold over 1 to 2 metre intervals (Table 3). This drilling tested the gold mineralisation on 100 to 150 metre spaced sections, too wide for the estimation of JORC-compliant mineral resources. Ormonde's drilling programme is on closer spaced sections to more fully examine continuity and gold grade. The first Ormonde hole intersected 1.0 metre grading 16.6 grams per tonne gold at 73 metres down-hole depth, a most encouraging start.

Following positive results from widespread soil geochemical sampling programmes carried out across the Salamanca area, drilling commenced during 2006 to test the first of several gold-in-soil anomalies, in many cases these targets being in areas of no previously recorded gold mineralisation. Drilling of the first target intersected a large, granite-hosted hydrothermal system containing narrow gold-mineralised quartz veins with grades of 2-9 g/t gold over metre-wide intervals. Drilling of these geochemical targets is ongoing.

Ormonde's drilling operations at: (A) Salamón, (B) Trives and (C) Tracia.

North West Spain Gold Exploration

Drilling was also carried out at the Tracia Project during the year to test structural targets identified by a detailed soil sampling programme completed earlier in the year. Four main target areas were selected for drill testing. Drill holes intersected arsenopyrite-bearing zones of silicification and veining, with the highest gold grades, 10.6 g/t gold over 0.3 metres from a depth of 98.3 metres, being returned from a vein structure traced in trenching over some 100 metres of strike.

Drilling at Trives was deferred until mid-2007 whilst programmes were being carried out in the Salamanca and Tracia areas. The proposed drilling at Trives will test for possible extensions to the mineralisation intersected in the previous campaign, which returned better intervals of 1.2m @ 6.4 g/t gold from 33.4m and 0.7m @ 9.8 g/t gold from 73.7m.

In 2006, three holes were drilled at Salamón during which time Ormonde completed its earn-in expenditure to acquire a 51 per cent interest in the project, and activities are now being funded from monies received as Spanish government grants and escrowed during the earn-in period. One deep hole was drilled to follow up on results from drilling in 2005 which showed high-grade gold mineralisation continuing at depth (4.8 metres @ 25.3 g/t gold). Results from the new deep hole were disappointing and indicated that the higher grade mineralisation deeper in the deposit is discontinuous. Two holes drilled to better constrain the extents of the upper mineralised zone in the deposit returned best intervals of 8.1m grading 7.3 g/t gold and 9.2m grading 4.7 g/t gold, respectively.

Report of the Directors

2006

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Consolidated Financial Statements

Report of the Directors

The Directors present their Annual Report, together with the audited financial statements of Ormonde Mining plc ("the Company") and its subsidiaries (collectively the "Group"), for the year ended 31 December 2006.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Report of Directors and financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable law and the accounting standards issued by the Accounting Standards Board.

The Group and Company financial statements are required by law to 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 each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 and Company will continue in business.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy, at any time, the financial position of the Company and 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 the Companies Acts, 1963 to 2006. 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 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. A detailed business review of the Company's affairs and activities are included in the Review of Activities section of this report, together with an outline of the future developments of the Group.

RESULTS AND DIVIDENDS

The results for the year ended 31 December 2006 are set out in the Consolidated Profit and Loss Account in this Annual Report.

During the year, the Company expended €2,430,811 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.

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of risks and uncertainties which could have an impact on the Group's long-term performance.

Risks and uncertainties facing the Group include but are not limited to:

- availability of drilling equipment and qualified personnel, the absence of which could lead to delays in work programmes;
- delays in the turnaround of assay results from international laboratories due to substantially increased workloads in recent times on such laboratories could affect timing of results from drilling programmes;
- an adverse movement in the value of metals for which the Group are presently exploring, could risk the viability of those particular exploration projects.

Report of the Directors

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

In accordance with the Articles of Association, Michael Donoghue and John Carroll retire by rotation and being eligible offer themselves for re-election.

On 11 January 2007, Andrew Bell resigned 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	11 June 2007 Ordinary Shares	31 December 2006 Ordinary Shares	1 January 2006 Ordinary Shares
I. K. Anderson	790,778	790,778	790,778
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	500,000	500,000	-

Directors	31 December 2006 Share Options	1 January 2006 Share Options
I. K. Anderson	750,000*	750,000*
I.K. Anderson	750,000#	750,000#
I. K. Anderson	700,000^	700,000^
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^
M. J. Donoghue	300,000~	-
F. T. Gardiner	100,000*	100,000*
F. T. Gardiner	500,000^	500,000^
F. T. Gardiner	300,000~	-
P. Mihalop	600,000~	-

No change in the above share options has occurred between 31 December 2006 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.
~ - Share options are exercisable at a price of €0.21 at any time up to 26 October 2016.

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.

Report of the Directors

DETAILS OF EXECUTIVE DIRECTORS

Dr. I. Kerr Anderson (aged 45) is a geologist by profession, and has worked in the mining and exploration industry in Europe for 19 years. He was exploration manager with Navan Mining plc prior to joining Ormonde as Managing Director in May 2001.

Mr. Michael J. Donoghue (aged 57) 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 30) 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 Ormonde's investor and public relations activities.

DETAILS OF NON-EXECUTIVE DIRECTORS

Mr. John A. Carroll (aged 58) 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.

Dr. Paul Mihalop (aged 64) 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 UNDERTAKINGS

Details of principal subsidiary undertakings are 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 2006 and at the date of this report:

Name	11 June 2007	31 December 2006
JP Morgan Chase & Co	10.86%	10.86%
Man Financial	6.88%	6.00%
Cantor Fitzgerald Europe	6.00%	4.42%
Gartmore Investment Management	4.38%	4.97%

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.

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 five Directors, comprising three executive Directors and two non-executive Directors. The Board met formally on seven occasions during 2006. An agenda and supporting documentation was circulated in advance of each meeting. All the Directors bring independent judgment 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.ormondemining.com. The Directors are responsive to shareholder telephone and e-mail 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.

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 2006 was €300,510. The highest paid Director received remuneration of €82,800.

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.

Report of the Directors

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

11 June 2007

Independent Auditors' Report

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 2006 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 the section 193 of the Companies Acts 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 10.

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 2006. 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 6 to the financial statements in relation to the Directors’ assessment of the carrying value of the Group’s intangible assets, amount to €5,926,263. 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 2006 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 2006.

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 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 2006 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.

11 June 2007

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 2006.

(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 each year; 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	:	33⅓%
Computer equipment	:	33⅓%

(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 related projects, based on geographic areas, 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.

(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 favorable 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) Taxation

Current taxation is provided for on taxable profits at current rates.

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) Share options

Equity-settled share-based payments to Directors, employees and others providing similar services are measured at fair value of the equity instrument at the grant date in accordance with FRS 20 "Share Based Payments". Fair value is measured by use of a binomial model as outlined in note 21. The fair value is either expensed to the profit and loss account or capitalised where appropriate over the vesting period of the share options. A corresponding amount is transferred to the profit and loss account reserve.

(j) Share issue expenses and share premium account

Share issue expenses are written off against the premium arising on the issue of share capital.

Consolidated Profit and Loss Account

for the year ended 31 December 2006

	Notes	2006 €	2005 €
Administrative expenses		**(601,248)**	(450,575)
Exploration costs written off	6	**(82,109)**	-
OPERATING (LOSS)		**(683,357)**	(450,575)
Interest receivable		**83,212**	29,725
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	1	**(600,145)**	(420,850)
Tax on (loss) on ordinary activities	2	-	-
(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	3	**(600,145)**	(420,850)
Minority Interest		**2,878**	-
Retained (loss) for the financial year		**(597,267)**	(420,850)
(Loss) per share	4	**(€0.0037)**	(€0.0029)
(Loss) per share - diluted	4	**(€0.0033)**	(€0.0026)

The accompanying notes 1 - 23 form part of these financial statements.

On behalf of the Board

John Carroll
Director

Michael Donoghue
Director

11 June 2007

Consolidated Statement of Total Recognised Gains and Losses
for the year ended 31 December 2006

	2006	2005
	€	€
(Loss) for the financial year	**(597,267)**	(420,850)
Currency translation differences on foreign currency net investments	**(300)**	192
Total recognised gains and losses recognised for the year	**(597,567)**	(420,658)

The accompanying notes 1 - 23 form part of these financial statements.

On behalf of the Board

John Carroll
Director

Michael Donoghue
Director

11 June 2007

Consolidated Balance Sheet
as at 31 December 2006

	Notes	2006 €	2005 €
FIXED ASSETS			
Tangible assets	5	**10,419**	18,707
Intangible assets	6	**5,926,263**	3,554,641
Goodwill	6	**230,243**	111,898
		6,166,925	3,685,246
CURRENT ASSETS			
Debtors	8	**593,357**	570,939
Cash at bank and on hand		**3,390,853**	1,891,227
		3,984,210	2,462,166
CREDITORS : (Amounts falling due within one year)	9	**(310,184)**	(235,741)
NET CURRENT ASSETS		**3,674,026**	2,226,425
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,840,951**	5,911,671
NET ASSETS		**9,840,951**	5,911,671
CAPITAL AND RESERVES			
Called-up share capital	10	**5,884,965**	5,483,643
Share premium account	11	**14,346,819**	10,359,681
Capital conversion reserve fund		**28,928**	28,928
Capital reserve		**7,247**	7,247
Foreign currency reserves		**2,504**	2,804
Profit and loss account		**(10,426,693)**	(9,972,346)
SHAREHOLDERS' FUNDS		**9,843,770**	5,909,957
Minority Interest	12	**(2,819)**	1,714
		9,840,951	5,911,671

The accompanying notes 1 - 23 form part of these financial statements.

On behalf of the Board

John Carroll
Director

Michael Donoghue
Director

11 June 2007

Company Balance Sheet
as at 31 December 2006

	Notes	2006 €	2005 €
FIXED ASSETS			
Tangible assets	5	**8,855**	14,383
Financial assets	7	**746,006**	626,006
		754,861	640,389
CURRENT ASSETS			
Debtors	8	**6,438,622**	3,912,104
Cash at bank and on hand		**2,885,690**	1,497,959
		9,324,312	5,410,063
CREDITORS : (Amounts falling due within one year)	9	**(64,158)**	(36,526)
NET CURRENT ASSETS		**9,260,154**	5,373,537
NET ASSETS		**10,015,015**	6,013,926
CAPITAL AND RESERVES			
Called-up share capital	10	**5,884,965**	5,483,643
Share premium account	11	**14,346,819**	10,359,681
Capital conversion reserve fund		**28,928**	28,928
Capital reserve		**7,247**	7,247
Profit and loss account		**(10,252,944)**	(9,865,573)
SHAREHOLDERS' FUNDS		**10,015,015**	6,013,926

The accompanying notes 1 - 23 form part of these financial statements.

On behalf of the Board

John Carroll
Director

Michael Donoghue
Director

11 June 2007

Consolidated Cash Flow Statement
for the year ended 31 December 2006

	Notes	2006 €	2005 €
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	14	**(537,333)**	(821,187)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		**83,212**	29,725
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		**83,212**	29,725
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Expenditure on intangible assets		**(2,430,811)**	(1,759,265)
Purchases of tangible fixed assets		**(3,602)**	(24,945)
Sale of tangible assets		**-**	17,850
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		**(2,434,413)**	(1,766,360)
NET CASH OUTFLOW BEFORE FINANCING		**(2,888,534)**	(2,557,822)
FINANCING			
Issue of shares, net of expenses		**4,388,460**	4,004,459
NET CASH INFLOW FROM FINANCING		**4,388,460**	4,004,459
INCREASE IN CASH	16	**1,499,926**	1,446,637

1. STATUTORY AND OTHER INFORMATION

	2006	2005
	€	€
The (loss) before taxation is stated after charging / (crediting):		
Depreciation	**11,890**	10,692
Auditors' remuneration	**18,000**	16,500
Interest receivable	**(83,212)**	(29,725)

The average number of persons employed by the Group during the period was:	**No.**	No.
Directors	**4**	5
Administration	**2**	2
	6	7

The aggregate payroll costs of these persons excluding Directors were:

Wages and salaries	**41,901**	36,969
Social welfare costs	**4,004**	3,143
	45,905	40,112

Directors' emoluments:

Directors' remuneration	**231,718**	172,000
Social welfare costs	**24,544**	18,490
Directors' fees	**68,792**	40,000
	325,054	230,490

2. TAX ON ORDINARY ACTIVITIES

	2006	2005
	€	€
Corporation tax charge for the year	**-**	-

The difference between the total current tax shown above and the amount calculated by applying the standard rate of Irish corporation tax to the loss before tax is as follows:

(Loss) from ordinary activities before taxation	**(600,145)**	(420,850)
Corporation tax at statutory rate: 2006: 12.5% (2005: 12.5%)	**(75,018)**	(52,606)
Taxation effects of:		
Losses available for carry forward	**75,018**	52,606
Current tax for the year	**-**	-

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

3. (LOSS) FOR THE YEAR

	2006	2005
	€	€
Dealt with in the accounts of the Company	**(530,291)**	(398,558)
(Loss) retained by subsidiaries	**(69,854)**	(22,292)
	(600,145)	(420,850)

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.

4. (LOSS) PER SHARE

	2006	2005
	€	€
(Loss) per share	**(€0.0037)**	(€0.0029)
(Loss) per share - diluted	**(€0.0033)**	(€0.0026)

The basic loss per share and the diluted loss per share have been calculated based on a loss after taxation of €597,267 (2005: €420,850) and a weighted average number of Ordinary Shares in issue for the period of 162,488,775 (2005: 143,204,927), for the basic loss per share and 181, 581,586 (2005: 163,678,715) for the diluted loss per share.

5. TANGIBLE FIXED ASSETS

Group

	Fixtures and Fittings	Computer Equipment	Total
	€	€	€
Cost:			
At 1 January 2006	21,361	29,190	50,551
Additions	1,018	2,584	3,602
At 31 December 2006	22,379	31,774	54,153
Accumulated depreciation:			
At 1 January 2006	12,273	19,571	31,844
Charge for period	4,882	7,008	11,890
At 31 December 2006	17,155	26,579	43,734
Net book amount:			
At 31 December 2006	**5,224**	**5,195**	**10,419**
At 31 December 2005	9,088	9,619	18,707

5. TANGIBLE FIXED ASSETS (Continued)

Company

	Fixtures and Fittings	Computer Equipment	Total
	€	€	€
Cost:			
At 1 January 2006	19,300	20,902	40,202
Additions	1,018	2,584	3,602
At 31 December 2006	20,318	23,486	43,804
Accumulated depreciation:			
At 1 January 2006	10,212	15,607	25,819
Charge for period	4,882	4,248	9,130
At 31 December 2006	15,094	19,855	34,949
Net book amount:			
At 31 December 2006	**5,224**	**3,631**	**8,855**
At 31 December 2005	9,088	5,295	14,383

6. INTANGIBLE ASSETS

Group	**Morocco**	**Europe**	**Total**
	€	€	€
At cost:			
At 1 January 2006	40,839	3,513,802	3,554,641
Expenditure incurred during the year	559	2,453,172	2,453,731
Expenditure written off during the year	-	(82,109)	(82,109)
At 31 December 2006	**41,398**	**5,884,865**	**5,926,263**

6. INTANGIBLE ASSETS (Continued)

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.

An impairment provision was created during the year to write off exploration costs which are no longer deemed to have any value.

GOODWILL

Group	**Europe**
	€
At cost:	
At 1 January 2006	111,898
Additions	118,345
At 31 December 2006	230,243

During 2004, the Group acquired a 20% stake in Saloro S.L. In 2006, the Company invested a further amount of €120,000 in order to bring its stake in the company up to 75%. However, as at 31st December 2006, the share certificates relating to the Company's increased share in Saloro S.L. had not been issued due to clerical delays.

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 its 75% stake in Saloro S.L. amounted to €230,243.

7. FINANCIAL ASSETS

	2006	2005
	€	€
Company		
Investment in subsidiary undertakings at cost		
At 1 January 2006	**626,006**	626,006
Additions	**120,000**	-
At 31 December 2006	**746,006**	626,006

7. FINANCIAL ASSETS (Continued)

Directly and indirectly owned subsidiary companies as at 31 December 2006 are as follows:

Name	Registered Office/ Operating Area	% Holding	Nature of Business
Ormonde Espana, S.L.	Spain	100%	Mineral exploration
Exprotra, S.A.R.L.	Morocco	100%	Mineral exploration
Saloro, S.L.	Spain	75%	Mineral exploration

The Group has increased its stake in Saloro S.L. from 20% to 75% in the year through Ormonde Mining plc.

8. DEBTORS

	Group		Company	
	2006	2005	**2006**	2005
	€	€	**€**	€
Amounts falling due within one year:				
Corporation Tax recoverable	**14,430**	-	**14,430**	-
VAT recoverable	**225,177**	216,715	**3,755**	3,452
Other debtors	**295,697**	324,669	-	-
Amounts owing from subsidiaries	**-**	-	**6,362,385**	3,879,097
Prepayments	**58,053**	29,555	**58,052**	29,555
	593,357	570,939	**6,438,622**	3,912,104

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

	Group		Company	
	2006	2005	**2006**	2005
	€	€	**€**	€
Trade creditors	**248,323**	203,290	**5,912**	4,076
Taxes and social security costs	**15,838**	5,931	**15,838**	5,931
Accruals	**46,023**	26,520	**42,408**	26,519
	310,184	235,741	**64,158**	36,526

10. CALLED-UP SHARE CAPITAL

	2006	2005
	€	€
Authorised :		
200,000,000 ordinary shares of 2.50c	**5,000,000**	5,000,000
100,000,000 deferred shares of 3.809214c each	**3,809,214**	3,809,214
	8,809,214	8,809,214
Allotted, called-up and fully paid :		
At start of period:		
152,428,715 (2005: 118,511,480) ordinary shares of 2.50c (2005: 2.50c) each	**3,810,718**	2,962,787
43,917,841 deferred shares of 3.809214c each	**1,672,925**	1,672,925
	5,483,643	4,635,712
Movements during the period:		
16,052,871 (2005: 33,917,235) ordinary shares issued of 2.50c each	**401,322**	847,931
	401,322	847,931
At end of period:		
168,481,586 (2005: 152,428,715) ordinary shares of 2.50c (2005: 2.50c) each	**4,212,040**	3,810,718
43,917,841 deferred shares of 3.809214c each	**1,672,925**	1,672,925
	5,884,965	5,483,643

10. CALLED-UP SHARE CAPITAL (Continued)

Shares issued during the period:

On 12 May 2006, the Company issued 15,202,871 Ordinary Shares of 2.50c for 29.40c each to raise cash to finance the Group's operations.

On 8 June 2006, the Company issued 200,000 Ordinary Shares of 2.5c for 4.1c, 100,000 shares of 2.5c for 3.4c and 50,000 shares of 2.5c for 13c as a result of the exercise of Share Options.

On 9 October 2006, the Company issued 500,000 Ordinary Shares of 2.50c for 24c per the agreement entered into on 26 October 2004 as amended on 26 October 2006 with Prehenita S.L., a Spanish company to further increase its 20% shareholding in the company Saloro S.L. to 75%. Saloro S.L. was set up to investigate several licensing areas in the Castilla-Leon Region of Spain.

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 2006, the following options over ordinary shares were outstanding:

Number	Exercise price (euro cent)	Exercise period
3,750,000	4.1	Up to 11 May 2011
3,150,000	3.4	Up to 13 August 2013
4,000,000	13	Up to 22 October 2014
2,200,000	21	Up to 26 October 2016

During the year a total of 350,000 share options were exercised, these being; 200,000 share options with an exercise price of 4.1c per share, 100,000 share options with an exercise price of 3.4c per share and 50,000 share options with an exercise price of 13c per share.

On 27 October 2006, the Board of Directors granted the approval of 2,200,000 share options with an exercise price of 21c per share.

No other options were granted, exercised or lapsed during the year ended 31st December 2006.

11. SHARE PREMIUM ACCOUNT

	2006	2005
	€	€
Group and Company		
At 1 January	**10,359,681**	6,717,240
Premium on shares issued during the year	**4,206,423**	3,987,732
Share issue costs	**(219,285)**	(345,291)
At 31 December	**14,346,819**	10,359,681

12. MINORITY INTEREST

	2006	2005
	€	€
Arising on acquisition	**(2,819)**	1,714

The minority interest relates to the 25% interest in Saloro S.L. held by Prehenita S.L. (2005: 80%).

13. RECONCILIATION OF MOVEMENT IN CONSOLIDATED SHAREHOLDERS' FUNDS

	2006	2005
	€	€
Total recognised losses	**(597,567)**	(420,658)
Issued shares - at par	**401,322**	847,931
- share premium (net of share issue costs)	**3,987,138**	3,642,441
Shares to be issued as consideration	-	(485,913)
Share-based payments charge	**142,920**	-
Net change in shareholders' funds	**3,933,813**	3,583,801
Opening shareholders' funds	**5,909,957**	2,326,156
Closing shareholders' funds	**9,843,770**	5,909,957

14. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2006	2005
	€	€
Operating (loss)	**(683,357)**	(450,575)
(Increase) in debtors	**(22,418)**	(504,493)
Increase in creditors	**74,443**	125,825
Profit on disposal of tangible fixed assets	-	(2,636)
Exploration costs written off	**82,109**	-
Depreciation	**11,890**	10,692
	(537,333)	(821,187)

15. ANALYSIS OF NET FUNDS

	At 31/12/2005	Cashflow	**At 31/12/2006**
	€	€	**€**
Cash in hand and at bank	1,891,227	1,499,626	**3,390,853**
Finance leases	-	-	**-**
	1,891,227	1,499,626	**3,390,853**

16. RECONCILIATION OF NET CASH FLOW TO NET DEBT

	2006	2005
	€	€
Increase in cash in the period	**1,499,926**	1,446,637
Cash outflow from decrease in debt financing	-	15,263
Foreign exchange adjustments	**(300)**	192
Change in net funds resulting from cashflow	**1,499,626**	1,462,092
Net funds at start of period	**1,891,227**	429,135
Net funds at end of period	**3,390,853**	1,891,227

17. SEGMENTAL INFORMATION

The Group operates primarily in the mining industry. Operations in Europe and Morocco include the exploration and development of mineral properties in these regions. Information about the Group's expenses, profitability and assets by geographic region for the year ended 31 December 2006 is as follows:

	Morocco	Europe	Total
	€	€	€
Administrative expenses	-	(598,370)	(598,370)
Exploration costs written off	-	(82,109)	(82,109)
Bank interest receivable	-	83,212	83,212
Net (loss)	-	(597,267)	(597,267)
Net assets	(22,616)	9,863,567	9,840,951

18. 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% (2005: 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.

18. RISK MANAGEMENT (Continued)

FOREIGN CURRENCY RISK

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

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

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

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 2006	9,840,951	9,863,567	(22,616)
31 December 2005	5,911,671	5,934,287	(22,616)

19. 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. On 1 January 2006 Ormonde Mining plc owed Aurum Exploration Limited €1,908. During the year, Aurum Exploration Limited provided services to Ormonde Mining plc to the value of €13,648. On 31st December 2006, Ormonde Mining plc owed Aurum Exploration Limited €440.

20. 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.

21. SHARE BASED PAYMENTS

Under the share option scheme of the Group, Directors, employees and others providing similar services can receive conditional awards of share options depending on their performance, seniority and length of service.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2006 Number	**2006 WAEP**	2005 Number	2005 WAEP
Outstanding at 1 January	11,250,000	7.10	11,650,000	6.99
Granted during the year	2,200,000	21.00	-	-
Exercised during the year	(350,000)	5.17	(400,000)	3.84
Exercisable and outstanding at 31 December	13,100,000	9.49	11,250,000	7.10

The principal inputs to the options valuation model were:

Risk free interest rate	3.35% p.a.
Expected volatility	42% p.a.
Employee turnover	5% p.a.
Dividend yield	0% p.a.

The Company recognised a total expense of €142,920 (2005: Nil) in respect of share based payments.

22. EVENTS SINCE THE YEAR END

There have been no subsequent events since the year-end.

23. APPROVAL OF FINANCIAL STATEMENTS

The Directors approved these financial statements on 11 June 2007.

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 Thursday 26th July 2007 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 6 will be proposed as a Special Resolution.

Ordinary Business

1 To receive and consider the accounts for the year ended 31st December 2006, 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 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 26th day of October 2008, unless previously renewed, varied or revoked by the Company in general meeting, provided however that the Company may make an offer or agreement before the expiry of this authority which would or might require relevant securities to be allotted after this authority has expired and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired. The authority hereby conferred shall be in substitution for any existing such authority.”

6 “That, subject to the passing of Resolution No. 5 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. 5 above as if Subsection (1) of the said Section 23 did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:

(a) in connection with the exercise of any options or warrants granted by the Company; and

(b) (in addition to the authority conferred by paragraph (a) of this Resolution), up to an aggregate nominal value of 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 26th day of October 2008, 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.”

11 June 2007

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, 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.

Form of Proxy

FOR USE AT THE ANNUAL GENERAL MEETING TO BE HELD AT 11.00AM ON 26 JULY 2007 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.*

RESOLUTIONS (as set out in full in the Notice of Annual General Meeting dated 11 June 2007)	For**	Against**
1) To receive and consider the Statement of Accounts and the Directors' and Auditors Reports.		
2) To re-elect John Carroll as a Director.		
3) To re-elect Michael Donoghue as a Director.		
4) To authorise the Directors to fix the remuneration of the Auditors.		
5) To authorise the Directors to allot relevant securities.		
6) To authorise the Directors to allot equity securities for cash and to disapply Section 23(1) of the Companies (Amendment) Act 1983		

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

....

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 26 July 2007 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** **2007**

SIGNATURE ....

NAME IN FULL
(BLOCK LETTERS) ....

Notes

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

Company Information

DIRECTORS

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

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Incorporation No. 96863

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Ireland

UK FINANCIAL ADVISER & JOINT BROKER

Bell Lawrie
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Glasgow G2 5TS
U.K.

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Sandyford Industrial Estate
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Ireland

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