

28 September 2006

## **Ormonde Mining plc**

### **Interim Results for the Six Months Ended 30 June 2006**

DUBLIN & LONDON: 28 September 2006 - Ormonde Mining plc ("Ormonde" or "the Company"), the Spain-focused exploration and development company, is pleased to announce its unaudited interim results for the six months ended 30 June 2006.

#### **HIGHLIGHTS**

- Positive pre-feasibility Scoping Study on the La Zarza copper-gold project completed, incorporating the first JORC-compliant resource; bankable feasibility study underway.
- Final phase of La Zarza infill drilling in progress, environmental baseline study underway and discussions initiated with appropriate companies for the engineering design work.
- Drilling programmes on the Salamanca Gold Project and other exploration properties to progress during Q4; drilling at Salamanca will test the first of several new gold-in-soil anomalies identified to-date.
- Signing of an option over a possible near-term cashflow opportunity at a tungsten tailings project in Salamanca; sampling and survey results will lead into a short metallurgical testwork programme.
- Fully funded for all ongoing programmes following a capital raising in May of €4.47 million (£3.04 million) before expenses.
- Loss for the period of €235,927 (€201,224 for the 6 months to June 2005); management continues to maximize in-the-ground investment and keep overheads to a minimum.

Mike Donoghue, Chairman of Ormonde commented,

"This has been a period in which our lead project has passed a critical milestone and is now advancing into its final evaluation. Our other projects have been advanced to facilitate the more rigorous investigation which has now commenced and which will be the subject of further news flow in the coming months."

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## **CHAIRMAN'S STATEMENT**

### **OPERATIONAL REVIEW**

Operational activity during the first six months of the year focused on a pre-feasibility Scoping Study on the La Zarza Copper-Gold Deposit in Huelva Province of south west Spain. This Study, completed in early September, demonstrated positive economics for the proposed underground mining operation at metal prices substantially lower than those presently prevailing, indicating an Internal Rate of Return of 21%, rising to 36% with appropriate gearing. This milestone has allowed the Company to immediately advance to the definitive bankable study stage to be completed by mid-2007.

Drilling is continuing at La Zarza for reserve definition, following the first JORC-compliant resource published in April. The environmental baseline study is also progressing, and documentation to initiate permitting procedures will shortly be submitted to the provincial authorities. A detailed programme of metallurgical testwork to facilitate optimization of the mill processing circuit is being planned and various other technical studies will commence shortly. We have also initiated discussions with appropriate companies for the feasibility study engineering design work.

Progress during the period on our gold exploration projects included the completion of extensive soil geochemistry field programmes on our Salamanca and Tracia licences. At Salamanca an extensive new mineralised zone was identified with geochemical associations and style of mineralisation suggesting a bulk tonnage gold target. Recently completed trenching at both Salamanca and Tracia has confirmed drilling targets in both projects. Drilling will be ongoing during Q4.

In February we signed an option over a tungsten tailings project at Salamanca, which we are currently evaluating as a possible near-term cash generating operation with exposure to upside in the tungsten price. Our assessment advanced during the period with drilling, trenching and surveying of the tailings. A gravity separation metallurgical testwork programme will commence shortly and, assuming positive results, will lead into a simple technical-economic evaluation of the project, including the design and costing of a gravity tailings treatment plant.

### **CORPORATE DEVELOPMENTS**

In May we completed a placing with both institutional and private investors of €4.47 million (£3.04 million) before expenses, and our current cash position of over €5 million means that the Company is fully funded to complete the bankable feasibility at La Zarza and its ongoing drilling programmes on its various projects.

Ormonde's operating loss for the period was €235,927 (€201,224 for the 6 months to June 2005). Our management continues to maximize in-the-ground investment and keep overheads to a minimum.

### **SUMMARY**

This has been a period in which our lead project has passed a critical milestone and is now advancing into its final evaluation. Our other projects have been advanced to facilitate more rigorous investigation which has now commenced and which will be the subject of further news flow in the coming months.

Michael J. Donoghue  
Chairman  
27 September 2006

Consolidated Profit & Loss Account  
6 months ended 30 June 2006

	6 months ended 30 June, 2006 €000's Unaudited	6 months ended 30 June, 2005 €000's Unaudited	12 months ended 31 December, 2005 €000's Audited
Administrative expenses	(252)	(210)	(451)
Operating income	-	-	-
OPERATING LOSS	(252)	(210)	(451)
Interest receivable	16	9	30
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(236)	(201)	(421)
Tax on loss on ordinary activities	-	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	(236)	(201)	(421)
Minority Interest	-	-	-
Loss for the financial period	(236)	(201)	(421)
Loss per share	(€0.0015)	(€0.0015)	(€0.0029)

Consolidated Statement of Total Recognised Gains and Losses  
6 months ended 30 June 2006

	6 months ended 30 June, 2006 €000's Unaudited	6 months ended 30 June, 2005 €000's Unaudited	12 months ended 31 December, 2005 €000's Audited
Loss for the financial period	(236)	(201)	(421)
Currency translation differences on foreign currency net investments	-	-	3
Total recognised gains and losses	(236)	(201)	(418)

Consolidated Balance Sheet  
As at 30 June 2006

	30 June, 2006 €000's Unaudited	30 June, 2005 €000's Unaudited	31 December, 2005 €000's Audited
<b>FIXED ASSETS</b>			
Tangible assets	17	14	19
Goodwill	112	112	112
Intangible assets	4,444	2,853	3,555
	<u>4,573</u>	<u>2,979</u>	<u>3,686</u>
<b>CURRENT ASSETS</b>			
Debtors	360	32	571
Cash at bank and on hand	5,034	3,257	1,891
	<u>5,394</u>	<u>3,289</u>	<u>2,462</u>
CREDITORS: (amounts falling due within one year)	<u>(43)</u>	<u>(120)</u>	<u>(236)</u>
NET CURRENT ASSETS	<u>5,351</u>	<u>3,169</u>	<u>2,226</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	9,924	6,148	5,912
CREDITORS: (amounts falling due after more than one year)	<u>-</u>	<u>(3)</u>	<u>-</u>
NET ASSETS	<u>9,924</u>	<u>6,145</u>	<u>5,912</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	5,864	5,474	5,484
Share premium account	14,230	10,383	10,359
Capital conversion reserve fund	29	29	29
Capital reserve	7	7	7
Foreign currency reserves	-	3	3
Profit and loss account	(10,208)	(9,753)	(9,972)
SHAREHOLDERS' FUNDS	9,922	6,143	5,910
Minority interest	<u>2</u>	<u>2</u>	<u>2</u>
	<u>9,924</u>	<u>6,145</u>	<u>5,912</u>

Consolidated Cash Flow Statement  
6 months ended 30 June 2006

	6 months ended 30 June, 2006 €000's Unaudited	6 months ended 30 June, 2005 €000's Unaudited	12 months ended 31 December, 2005 €000's Audited
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	<u>(258)</u>	<u>(195)</u>	<u>(821)</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received	16	8	30
Interest element of finance leases	<u>-</u>	<u>(1)</u>	<u>-</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>16</u>	<u>7</u>	<u>30</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Expenditure on intangible assets	(889)	(1,011)	(1,759)
Payments to acquire tangible assets	-	(2)	(25)
Sale of tangible fixed assets	<u>-</u>	<u>-</u>	<u>18</u>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	<u>(889)</u>	<u>(1,013)</u>	<u>(1,766)</u>
NET CASH OUTFLOW BEFORE FINANCING	<u>(1,131)</u>	<u>(1,201)</u>	<u>(2,557)</u>
FINANCING			
Issue of shares net of expenses	4,274	4,018	4,004
Capital element of finance leases	<u>-</u>	<u>(4)</u>	<u>-</u>
NET CASH INFLOW FROM FINANCING	<u>4,274</u>	<u>4,014</u>	<u>4,004</u>
INCREASE IN CASH	<u>3,143</u>	<u>2,813</u>	<u>1,447</u>

1. This interim statement for the 6 months ended 30 June 2006 is unaudited and was approved by the Directors on 27 September 2006. The financial information contained in these statements does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The financial information for the year ended 31 December 2005 has been extracted from the statutory accounts for that year, which have been filed with the Registrar of Companies and on which the auditors issued an unqualified report.
2. The financial information has been prepared on a consistent basis and using the same accounting policies as the audited financial statements for the year ended 31 December 2005 with the exception of the adoption of FRS 20 'Share-based Payment' which was adopted with effect from 1 January 2006. FRS 20 requires the fair value of share options, granted after 7 November 2002 and not yet vested at 1 January 2006, to employees and directors to be recognized in the financial statements. There is no impact on the 2006 interim financial statements or on the comparative 2005 financial statements.
3. The loss per share was calculated from the loss for the period attributable to ordinary shareholders of €235,927 (June 2005 = €201,224) divided by the time-weighted average number of shares in issue during the period of 156,292,428 (June 2005 = 133,687,956). There is no dilutive effect of share options on the basic loss per share.
4. No dividends were paid or proposed in respect of the six months ended 30 June 2006.