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Share Price Performance**Company data**

| | |
|-----------------------------|------------------|
| Reuters/Bloomberg/Xetra | ORM.I/ORM ID/ORQ |
| Sector | Resource |
| Shares (m) | 168.5 |
| Daily No. Shares Traded (m) | 1.195 |
| Free Float (%) | 100.0 |
| 52 Week High/Low | 33/15 |

Capital Structure

| | |
|------------------------|------|
| Mkt. Cap (€m) | 27.8 |
| Net Debt/(Cash) | 0.0 |
| Deferred Consideration | N/A |
| Pref Shares/Non Eq Min | N/A |
| Equity Minorities | N/A |
| E.V. (€m) | N/A |

Recent research and research resourcesRecent research and financial data on [Ormonde Mining](#)Sector research and data on [Resource](#)**Flash Note:** Company update**Ormonde Mining**

Price: 17c | Target: 35.0c | Issued: 25/08/05 | Previous: 45.0c | Issued: 11/01/05

Drilling results suggest robust tungsten deposit**Latest drilling suggests a continuous tungsten resource**

- The latest drilling results from Ormonde's hard rock Barruecopardo tungsten project in Western Spain suggest continuity of the high grades reported in January.
- The grades and widths of mineralisation found to date compare favourably to those at currently producing international tungsten mines.
- Follow-up drilling to further test continuity and depth of mineralisation is ongoing.

Plenty of scope for scale increases

- The tested strike length is 400 metres, but the structure has been mapped over 800 metres.
- The deepest hole drilled to date has confirmed mineralisation at a depth of 140 metres; the deposit is open at depth.
- Assuming a 3-metre width to the mineralisation suggests a potential deposit of 0.5-1.0m tonnes of mineralised host-rock, depending on strike length. Further depth increases offer upside to this estimate.

High margins make for attractive valuation

- The grade, width and structural shape of this deposit could make it suitable for low-cost, high-margin mining.
- The proposed processing methods are very simple, cheap and reliable and offer high rates of tungsten recovery.
- Higher possible tungsten grades, better intelligence on mining and processing costs and more favourable tungsten pricing have led to a material increase in our valuation estimate for this project.
- Depending on the deposit size, we now estimate this project to be worth between 7c (0.5m tonnes) and 13c (1m tonnes) per share, assuming a commercial development.

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Latest drilling implies continuity

- Ormonde Mining released drill results of two follow-up holes from its Barruecopardo hard rock tungsten project in the Salamanca area of Western Spain on May 10th.
- These results suggest that the tungsten vein targeted in earlier drilling is continuous over the strike length drilled to date.
- The tungsten grades shown in this testing (Table 1) compare favourably with international mines currently in production (Cantung, Canada: 1.17% WO₃; Panasquiera, Portugal: 0.23% WO₃).

Table 1: Drill results for latest two holes

| Hole | Length (m) | WO ₃ (%) | From (m) | To (m) |
|-----------|------------|---------------------|----------|--------|
| BAR-9 | 5 | 0.9 | 119 | 124 |
| including | 2 | 2.1 | 119 | 121 |
| BAR-10 | 2 | 1.5 | 125 | 127 |

Source: Ormonde Mining

Deposit remains open

- Drilling has been carried out over a 400-metre strike length to date. However, the structure has been mapped over 800 metres, indicating that there is significant potential for scale increases.
- Drilling is ongoing to test and better define the length, scale and continuity of the deposit. We currently estimate a deposit of 0.5m tonnes based on a 400-metre strike length. If mineralisation continues over the 800-metre structure, this figure increases to 1.0m tonnes.
- The deepest hole drilled to date has intersected mineralisation at a depth of 140 metres, and there is potential for scale increase through continued mineralisation at depth.

Valuation is attractive

- Mechanised underground vein mining should be appropriate for this sort of deposit. We estimate a mining cost in the region of \$32 per tonne.
- Metallurgical test work will determine tungsten recovery rates; we anticipate that they could be in excess of 75%.
- The mined ore is processed by very simple, low-cost gravity techniques. Based on other Iberian tungsten operations, we estimate \$6.50 per tonne for crushing and mineral separation.

Based on a 0.9% average tungsten grade and 3-metre width, we estimate the project to be worth between 7c (0.5m tonnes) and 13c (1m tonnes) per share if it can be brought to production.

Table 2: Assumptions used in valuation

| | |
|-------------------------|-------|
| Size of resource (mt) | 0.5-1 |
| Mine life (years) | 5-10 |
| Recovery rate (%) | 75 |
| Tungsten price (\$/mtu) | 180 |
| Mining cost (\$/t) | 32 |
| Processing cost (\$/t) | 6.50 |
| Capital cost (\$m) | 6.7 |
| Discount rate | 8% |

Source: Ormonde Mining; Davy

A metric tonne unit (mtu) is one-hundredth of a tonne

This valuation is very sensitive to tungsten grade. A grade increase to 1.25% raises the valuation to 12-21c per share. Conversely, a decrease to 0.75% reduces the valuation to 5-9c per share.

Our valuation for the project has increased since our last research note (January 11th) due to higher possible tungsten grades (0.9% versus 0.75%), better intelligence on mining and processing costs, and more favourable tungsten pricing.

Ormonde valuation

Our updated Ormonde valuation is shown below (Table 3). This reflects our revaluation of the tungsten project and the exclusion of the tungsten tailings project.

Table 3: Ormonde valuation

| | Euro cent per share |
|---|---------------------|
| La Zarza copper and gold | 18 |
| La Zarza zinc | 6 |
| Salamanca hard rock tungsten | 7* |
| Cash | 1.2 |
| Total potential mining assets and cash | 32.2 |
| Implied valuation of exploration projects | 2.8 |
| Target price | 35 |

Source: Davy

*7c valuation is based on 0.5m tonne deposit; a 1m tonne deposit would be worth 13c per share

Our valuation assumes presently conservative metal prices of:

- gold at \$550 per ounce;
- copper at \$4,400 per tonne;
- zinc at \$2,000 per tonne.

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