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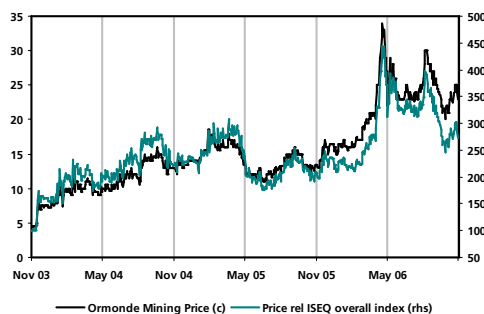
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Share Price Performance



Company data

Reuters/Bloomberg/Xetra	ORM.I/ORM ID/ORQ
Sector	Resource
Shares (m)	168.5
Daily No. Shares Traded (m)	0.345
Free Float (%)	100.0
52 Week High/Low	34/13

Capital Structure

Mkt. Cap (€m)	38.8
Net Debt/(Cash)	4.0
Deferred Consideration	N/A
Pref Shares/Non Eq Min	N/A
Equity Minorities	N/A
E.V. (€m)	34.8

Recent research and research resources

Recent research and financial data on [Ormonde Mining](#)

Sector research and data on [Resource](#)

Flash Note: Company update

Ormonde Mining

Price: **23c** | Target: **35.0c** | Issued: **25/08/05** | Previous: 45.0c | Issued: 11/01/05

High-value zinc added to La Zarza mineral inventory

New zinc dimension

- Ormonde has used data from 57 drill holes to produce a JORC compliant inferred resource for the zinc contained in the massive pyrite rock unit present at La Zarza.
- At a 4.0% zinc cut-off, the inferred resource is just short of 3.0m tonnes. At a 3.5% cut-off, the resource climbs to 6.5m tonnes.
- This brings a very valuable new dimension to the La Zarza project and will be included in the overall bankable feasibility study that is now underway.

Significant new value

- Assuming a long-run zinc price of \$2,000 per tonne, we estimate that the zinc mineral unit has a nominal net operating value in excess of \$58m based on a 4% cut-off. This rises to over \$99m based on a 3.5% cut-off as considerably more tonnes are available.
- Taking into account the production profile envisaged for the project (450,000 tonnes per annum), this translates into a per share value of 6 to 10 Euro cent (c).
- The massive pyrite unit at La Zarza is very large, and there is good potential to expand the resource base if required.

Share price does not reflect mineral inventory

- The copper and gold at La Zarza is worth 18c per share. Zinc at La Zarza adds 6c (using the more conservative tonnage), tungsten tailings 4c per share and cash 2c per share.
- This means that the share price does not even reflect the mineral inventory available to Ormonde. It also means that no value is being ascribed to its extensive gold exploration programmes. A good result in the latter will leave the market very wrong-footed.

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Valuation

Table 1: La Zarza zinc resource value analysis*		
Cut-off for zinc mineral		4.0% 3.5%
Value per tonne resource	(\$)	19.6 15.3
Tonnes ore	(m)	3 6.5
Contained value	(\$m)	58.80 99.5
Produced over x years		10 10
Discount rate		8% 8%
PV value (first production in year 10)		€18.28 €30.90
FX adjustment		€14.51 €24.50
Interest adjustment for 30% minority		€10.15 €17.20
Per share		6.0 10.3

Source: Davy

* We use copper at \$4,400 per tonne, zinc at \$2,000 per tonne and gold at \$550 per ounce.

Table 1 neatly illustrates a couple of important things:

- If the mine output can be expanded, the value of the zinc can be realised earlier.
- Reducing the minority interest (currently at 30%) in the project will add additional value very quickly.

Our valuation for the group is as follows:

Table 2: Ormonde valuation		
	<i>Euro cent per share</i>	<i>Euro cent per share</i>
La Zarza copper and gold	18	
La Zarza zinc*	6	
Salamanca tungsten	4	
Cash	2	
Total appraisal or hard assets		30
Gold exploration	4.8	
Total all assets		35

Source: Davy

* If we assume a lower cut-off, tonnes can be increased and the value increases to 10c per share.

Newsflow

- Before the year-end
 - Update on the bulk testwork that is underway on the Salamanca tungsten tailings project;
 - Drilling results from the Salamanca gold project.
- After the year-end
 - Update on resource inventory at La Zarza. This will include both the copper and gold Silicatado and the zinc mineralisation in the massive pyrite.

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