

09 October 2006

## **Ormonde Mining plc**

### **Update on Barruecopardo Tungsten Tailings Project**

DUBLIN & LONDON: 09 October 2006 - Ormonde Mining plc ("Ormonde" or "the Company") reports on its Barruecopardo Tungsten Tailings Project ("the Project") located in the Salamanca area, Western Spain. The Company is currently evaluating the viability of a low-cost operation processing tungsten-bearing material contained in dumps and tailings produced from the Barruecopardo tungsten mine.

#### **Highlights**

- **Sampling results are in line with expectations and Ormonde has exercised its Option over the Project**
- **Results indicate higher tungsten grades (~0.1% WO<sub>3</sub>) in the western part of the Project, with a higher proportion of fine material amenable to direct spiral concentration**
- **Gravity separation testwork will determine the amount of tungsten recovered by low-cost spiral processing, the quality of the concentrate produced, and indicative revenues for the Project**
- **Drilling intersects tungsten mineralization in the Northern Extension to the historically mined vein system**

Kerr Anderson, Managing Director, said today,

"This Project offers the possibility for a low cost, profitable, near-term source of cashflow to the Company. We are encouraged by the results of the sampling programme and the continuing historically high price of tungsten. The drilling of the Northern Extension indicates potential in addition to the tailings project, which we will be following up on in due course."

#### **Option Exercised**

In February 2006 Ormonde entered into an option agreement ("the Option") to acquire 100 per cent of the mineral rights pertaining to tungsten and gold at the Project. The Company reports that sampling results to-date are in line with expectations and it has exercised the Option.

#### **Evaluation Programme – Sampling Results**

The tungsten-bearing material at the Project is divided into two broad types: Tailings (predominantly fine-grained material in the western part), and Dumps (predominantly coarse-grained material in the eastern part).

Ormonde has taken representative samples from both groups of material. Sampling was carried out using both drilling and trenching. A total of 51 sites were sampled giving a representative sample distribution across the Project.

Samples were sieved to 1 millimetre to produce two sub-samples, a -1mm fraction and a +1mm fraction, which were then analysed separately for tungsten content. The finer material (-1mm) would be amenable to direct processing through gravity separation spirals, whereas coarser material would require some form of crushing ahead of spiral separation.

The results can be summarized as follows:

	Sample sites	Average WO <sub>3</sub> %		Average Distribution	
		-1mm	+1mm	-1mm	+1mm
<b>Tailings</b>	13	0.093	0.088	73%	27%
<b>Dumps</b>	38	0.044	0.022	38%	62%

The results demonstrate that the finer grained Tailings material has a higher overall grade and importantly a higher proportion of -1mm material. This potentially benefits the economics of the Project because:

- Direct processing of fine material through a gravity separation spiral would reduce operating costs (no crushing required) and thereby improve the operating margin.
- Processing higher grade, lower cost material in the early years of an operation will facilitate maximum returns and minimize risk by early repayment of any up-front capital expenditure.

The Dumps material is a significant lower grade resource which can be processed later in the life of the Project should high tungsten prices prevail.

A gravity separation testwork programme to be carried out during the next two months will determine the rate of recovery of tungsten to a concentrate, the concentrate specification, and the scope of capital and operating costs.

An initial resource estimate will also be carried out on the basis of the sampling results and a recent topographic survey of the Project site. Additionally, the potential for a gold credit will be assessed; gold assay results for the high tungsten samples are awaited.

Ormonde has been approached by several parties interested in purchasing the tungsten concentrates produced by the Project. Once a concentrate specification has been ascertained by the testwork programme, Ormonde expects discussions with these parties to progress quickly.

### **Barruecopardo Northern Extension Drilling**

The Barruecopardo open pit mine which produced the tailings material exploited an extensive tungsten-bearing vein system. This vein system is known to extend for at least 600 metres to the north of the open pit. This northern extension is covered by the Salamanca Gold Project and Ormonde and its JV partners have completed an exploratory drilling programme to test for additional “hard-rock” tungsten potential.

Six core drill holes (BAR-1 and BAR-3 – 7) have been completed for a total of 1,130 metres. Holes were drilled on three 200 metre spaced sections, to test 400 metres of strike length. Results have been received for holes BAR-1 and BAR-3, 4 and 5, and include the following:

Hole	From (m)	To (m)	Length (m)	WO <sub>3</sub> %
BAR-1	80.4	81.4	1.0	0.13
	89.3	90.1	0.8	0.14

	94.9	95.9	1.0	0.11
	115.7	116.7	1.0	0.58
<b>BAR-3</b>	36.5	37.5	1.0	0.22
	42.3	43.3	1.0	0.32
	101.5	109.2	7.7	0.24
	144.3	145.4	1.1	0.13
<b>BAR-4</b>	27.6	40.8	13.2	0.14
		<i>incl.</i>	2.4	0.37
	110.4	111.7	1.3	0.31
	122.0	122.9	0.9	0.50
	142.5	143.1	0.6	>1.0
<b>BAR-5</b>	22.7	23.5	0.8	0.65
	34.8	36.0	1.2	0.10
	133.7	135.4	1.7	0.39

The drilling shows variable tungsten grades with broader lower grade zones (0.10 - 0.25% WO<sub>3</sub>) and narrow higher grade intervals (over 0.30% WO<sub>3</sub>). By way of comparison, the ore reserve grade at the Panasqueira mine in Portugal is 0.23% WO<sub>3</sub> (Primary Metals 2006 NI 43-101 technical report).

Upon receipt of results for holes BAR-6 and BAR-7, the potential of the Barruecopardo Northern Extension will be appraised.

Kerr Anderson PhD EurGeol PGeo, Managing Director of Ormonde Mining plc, and a qualified person as defined in the Guidance Note for Mining, Oil and Gas Companies, March 2006, of the London Stock Exchange, has reviewed and approved the technical information contained in this announcement.

A glossary explaining technical terms contained in this announcement can be found at [www.ormondemining.com/glossary.htm](http://www.ormondemining.com/glossary.htm).

Enquiries to:

Kerr Anderson, Managing Director,  
Ormonde Mining plc Tel: +353 (0)46 9073623

Fraser Gardiner, Director,  
Ormonde Mining plc Tel: +353 (0)86 3931178

Simon Rothschild,  
Bankside Consultants Tel: +44 (0)20 7367 8871

ENDS

### About Ormonde

Ormonde Mining plc is quoted on the AIM in London and the IEX in Dublin. The Company's objective is to enhance shareholder value by developing gold-focused projects in Spain and taking them into production. Ormonde has a strong local Spanish management team, supported by a Board with extensive mine development and exploration experience.

For more information and contact details including email, please visit [www.ormondemining.com](http://www.ormondemining.com).

## **About Tungsten**

Tungsten is most frequently used as tungsten monocarbide, which has a hardness close to diamond, in cemented carbides. The most well-known use of tungsten is in lighting filaments, and other important applications include improving steel properties and use in tungsten alloys, electronics, and chemical products.

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

Marketable ore concentrates of scheelite, the main tungsten mineral at Barruecopardo, typically contain 65-70 per cent  $WO_3$  (tungsten trioxide). Concentrates are generally priced per "metric tonne unit" (mtu), equivalent to 10 kilograms. Prices of tungsten concentrates, which are traded through private contracts and not on an open market, have increased three-fold since 2004 in market conditions which are expected to remain buoyant for the long term. Prices for tungsten concentrates are currently quoted by the Metal Bulletin in the range \$160-\$170/mtu.