

26 May 2009

## **Ormonde Mining plc**

### **Final Results for the year ended 31 December 2008**

DUBLIN & LONDON: 26 May 2009 – Ormonde Mining plc (“Ormonde” or “the Company”) announces its final results for the year ended 31 December 2008.

#### **HIGHLIGHTS**

- Three-fold increase in the total tungsten resource at Barruecopardo to **5.2Mt grading 0.48% WO<sub>3</sub>** (tungsten trioxide), with continuity established in the thick mineralisation in the Filon Principal Zone
- Increase in the total resource led to a doubling of the proposed production rate to **400,000 tonnes per annum**
- Metallurgical testwork shows that simple gravity processing would yield a **recovery in excess of 80% of the tungsten** into a scheelite concentrate, at the industry standard grade of 65% WO<sub>3</sub>
- At La Zarza, the Company is targeting the possibility of initially developing upper level copper-gold resources through a staged approach to capital investment; the possibility of substantially increasing these resources through third-party funding is being pursued
- Ormonde reports a loss after tax and minority interest of €2,527,962 for the year (2007: a loss of €80,071), principally due to a write-down of early exploration work on the Salamón and Trives Projects.

Mike Donoghue, Chairman of Ormonde commented:

“I am pleased with progress achieved this year. In particular, our Barruecopardo Project is positioning itself to become a major, low-capital, long-life tungsten operation, at a time when structural changes and integration within the tungsten industry continue in anticipation of future tungsten shortages. We propose to advance the critical mine permitting work during 2009, such that the project will be well positioned to carry out the engineering design work and rapidly commence development.”

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## CHAIRMAN'S REVIEW

Despite the severe downturn in the economic climate over the last 12 months, which has adversely affected the progress of most sectors, the mining industry being no exception, Ormonde has made considerable progress with its Barruecopardo Tungsten Project in Salamanca. Nevertheless, Ormonde, in line with many companies, has been curtailing discretionary development and administrative expenditures, and adopting a very conservative approach to budgeting. The credit crisis and overall fall in demand has impacted adversely on metal prices and stock market valuations, however, it would appear that we may have reached the trough of the downturn and a sustainable recovery of the stock market is predicted in anticipation of a broader, if slow, economic recovery in 2010/2011.

Within the mining industry there is a general acceptance that the metal commodity shortages have not been rectified during the last five years and stronger metal prices are deemed inevitable when the World economy recovers. This favourable prognosis is supported by the fact that the mining industry has reacted to this downturn by reducing metal production and mothballing plants, rather than maintaining unprofitable production as in the past. It is anticipated that an economic recovery should result in a relatively rapid strengthening of metal prices, a view which your Board believes is particularly applicable to the Barruecopardo Project.

### **Barruecopardo Project**

In placing the very general comments above in the context of our tungsten interests, it is noticeable that the price of tungsten has not experienced the marked declines seen in many other metals. Moreover, the structural changes and integration within the tungsten industry, which were referred to in the September Interim Results, continue in anticipation of future tungsten shortages. In February 2009 Wolfram Bergbau, a major European secondary tungsten processor and primary mine producer, was acquired by Sandvik, a major tungsten metal manufacturer. More recently, in March, Global Tungsten Powders, a major secondary processor, invested in Malaga Inc, a Canadian primary mine producer, with a mine located in the High Andes of Peru. Your Board believes that this activity augurs well for the future of the tungsten industry.

In terms of work programmes at Barruecopardo during the year, significant progress was made initially through a substantial upgrade of the tungsten resource, as reported in June, with a three-fold increase in the total resource to 3.0Mt grading 0.60% WO<sub>3</sub> (tungsten trioxide), or 5.2Mt grading 0.48% WO<sub>3</sub> at a lower cut-off grade. Further infill drilling in the second half of the year confirmed the continuity of the thick tungsten mineralisation in the Filon Principal Zone and led to a doubling of the proposed production rate to 400,000 tonnes per annum. This was a most significant development, as these higher throughput levels should lead to greater returns on a future mining investment.

In addition, the metallurgical testwork, designed to allow the selection and sizing of the processing plant circuits, has indicated that primary grinding would be unnecessary and that a 3mm crush liberation size, feeding a simple jig and spiral (water separation) gravity circuit, followed by a clean-up circuit, would yield a recovery in excess of 80% of the tungsten into a scheelite concentrate at the industry standard grade of 65% WO<sub>3</sub>. This is deemed most satisfactory.

Barruecopardo's high metal grade, very coarse mineralisation, favourable mining situation and excellent location, facilitate the development of a relatively simple processing plant and an overall low capital cost operation. Consequently, we believe that Barruecopardo is one of the most attractive developing tungsten projects available to investors at present. Another attractive feature of Barruecopardo is the fact that it is likely to be a long-life mine, where a flexible approach to mining is possible in response to market conditions, either by high-grade selective mining, or slightly lower grade bulk-mining. The present resource, 5.2 million tonnes at 0.48% WO<sub>3</sub>, is clearly only a portion of the deposit, as virtually all the deeper drillholes along the full 1.6 km length intersected economic grade mineralisation.

The initial proposed production rate of 130,000 mtu WO<sub>3</sub> (approx 1,000 tonne tungsten metal per year, or 10%-15% of Western World production) would place Barruecopardo among the largest Western World primary tungsten producers.

While the overall technical work at Barruecopardo has been slowed somewhat in response to market conditions, it is proposed to advance the critical mine permitting work during 2009, such that the project will be well positioned to rapidly carry out the engineering design work and commence development as soon as funds are secured for the capital investment stage.

## **La Zarza Project**

The higher than anticipated capital cost, which affected many base metal mining projects over the last few years, impacted adversely on the La Zarza feasibility study released in early 2008 and forced a re-think on the development options. Work during the year was focussed on a staged approach to the development of the project, as recommended in the feasibility study, to establish the potential to improve project economics, principally through a focus on the copper-gold zones in the deposit. Several areas with the potential to substantially increase the copper resources have been identified.

The Board concluded during the course of 2008 that it would seek a partner on the project, and further progress on evaluating this staged development option would proceed when third party funding became available. The severe economic downturn and the fall in base metal prices resulted in a temporary reduction in potential funding/investment interest for La Zarza during the year, but we are now seeing renewed interest in the project and are pursuing these opportunities. In the meantime preparation of permitting documentation for the project has been carried out during the year.

## **Financial Review**

During 2008 the Company expended a total of €2.6 million on progressing both of our advanced projects as discussed above. We report a loss of €5,527,962 for the year, largely arising from a write-down of earlier exploration work principally on the Salamón and Trives Projects through a focus of the Company on its core assets (2007: a loss of €580,071).

In conclusion, I would like to thank the shareholders, staff and advisers for their continued support in advancing the Company's objectives.

Michael J. Donoghue  
Chairman  
26 May 2009

Consolidated Income Statement  
Year ended 31 December 2008

	2008 €000's	2007 €000's
Administrative expenses	(877)	(650)
Exploration costs written off	(1,683)	(-)
OPERATING LOSS	(2,560)	(650)
Interest receivable and similar income	32	71
LOSS FOR THE YEAR BEFORE TAXATION	(2,528)	(579)
Taxation	-	-
LOSS FOR THE YEAR	(2,528)	(579)
Minority Interest	-	(1)
RETAINED LOSS FOR THE YEAR	(2,528)	(580)
EARNINGS PER SHARE		
Basic loss per ordinary share	(€0.0122)	(€0.0034)
Diluted loss per ordinary share	(€0.0122)	(€0.0032)

Consolidated Balance Sheet  
As at 31 December 2008

	2008 €000's	2007 €000's
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets	12,151	10,408
Tangible assets	<u>16</u>	<u>8</u>
	12,167	10,416
<b>CURRENT ASSETS</b>		
Trade and other receivables	200	568
Cash and cash equivalents	<u>1,138</u>	<u>2,441</u>
	1,338	3,009
<b>TOTAL ASSETS</b>	<u><u>13,505</u></u>	<u><u>13,425</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Called-up share capital	7,102	6,617
Share premium account	18,666	17,507
Capital conversion reserve fund	29	29
Capital redemption reserve fund	7	7
Share based payment reserve	232	143
Foreign currency translation reserve	1	1
Profit and loss account	<u>(13,679)</u>	<u>(11,151)</u>
Attributable to equity holders	12,358	13,153
Minority interest	-	2
	<u>12,358</u>	<u>13,155</u>
<b>NON-CURRENT LIABILITIES</b>		
Trade and Other Payables	<u>650</u>	-
	650	-
<b>CURRENT LIABILITIES</b>		
Trade and Other Payables	<u>497</u>	<u>270</u>
	497	270
<b>Total Liabilities</b>	<u>1,147</u>	<u>270</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>13,505</u></u>	<u><u>13,425</u></u>

Consolidated Cash Flow Statement  
Year ended 31 December 2008

	2008 €000's	2007 €000's
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year before taxation	(2,560)	(650)
Adjustments for:		
Depreciation	10	13
Exploration costs written off	1,683	-
Unrealised exchange gain/loss	-	2
Movement on share-based payment reserve	89	-
Decrease in debtors	368	25
Increase/(Decrease) in creditors	878	(40)
NET CASH FROM OPERATING ACTIVITIES	<u>468</u>	<u>(650)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of issue of share capital	1,644	3,826
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditure on exploration activities	(2,609)	(4,187)
Government grants received	182	-
Purchases of property, plant and equipment	(18)	(10)
Investment in subsidiary undertakings	(1,000)	-
Interest received	32	71
Non-cash movements	(2)	-
NET CASH FLOW FROM FINANCING ACTIVITIES	<u>(1,771)</u>	<u>(300)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,303)	(950)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,441</u>	<u>3,391</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>1,138</u>	<u>2,441</u>

Consolidated Statement of Changes in Equity  
Year ended 31 December 2008

	Share Capital	Share Premium	Share Based Payment Reserve	Other Reserves	Retained Losses	Total
	€000's	€000's	€000's	€000's	€000's	€000's
Balance at 1 January 2007	5,885	14,347	143	39	(10,570)	9,844
Loss for the year	-	-	-	-	(580)	(580)
Recognition of share based payments	-	-	-	-	-	-
Foreign exchange adjustments	-	-	-	(2)	(1)	(3)
Proceeds of share issue	732	3,160	-	-	-	3,892
Balance at 31 December 2007	6,617	17,507	143	37	(11,151)	13,153
Balance at 1 January 2008	6,617	17,507	143	37	(11,151)	13,153
Loss for the year	-	-	-	-	(2,528)	(2,528)
Recognition of share based payments	-	-	89	-	-	89
Proceeds of share issue	485	1,159	-	-	-	1,644
Balance at 31 December 2008	7,102	18,666	232	37	(13,679)	12,358

1. The basic loss per share and the diluted loss per share have been calculated on a loss after taxation of €2,527,962 (2007 = loss of €580,071) and a weighted average number of Ordinary Shares in issue for the period of 206,387,115 (2007 = 171,484,445), for the basic loss per share and 207,351,559 (2007 = 183,984,445) for the diluted loss per share.