

• ZINC • LEAD • GOLD • COPPER • GYPSUM •

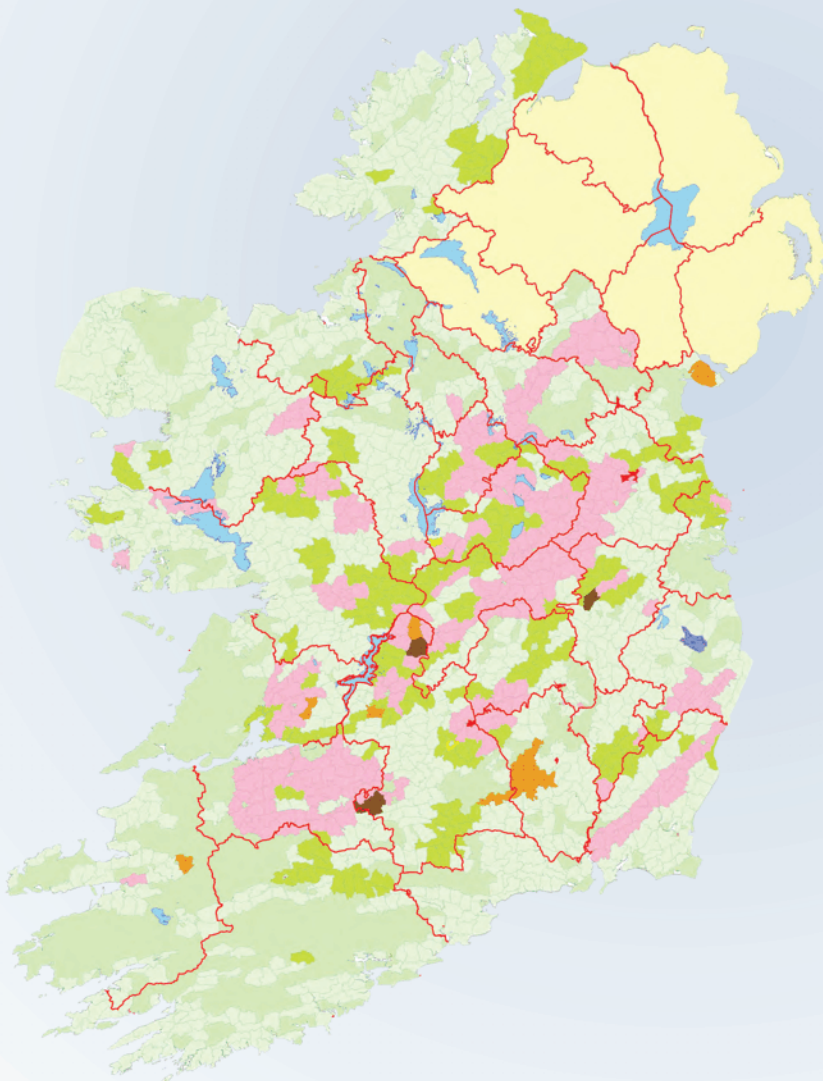
EXPLORATION AND MINING DIVISION IRELAND

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Industry News Annual Review March 2007

Highlights

- Aggressive exploration programmes maintained
- Two new permits issued for mine extensions
- Online exploration data for 40% of the country
- Modernised Minerals Development Law in preparation



Department of Communications,
Marine and Natural Resources

Overview

The base metal mining sector in Ireland continued to benefit during 2006 from historically high zinc prices, producing some 40% of European zinc in concentrate and 27% of its lead in concentrate. This represents 6% of Western World mine production of zinc, and 3% of lead. Two new Permits were issued for mine extensions at Boliden Tara Mines, Navan, Co. Meath.

Exploration in the immediate vicinity of the three underground zinc-lead mines at Navan, Galmoy and Lisheen continued and there were further encouraging results from base metal prospects by **Boliden Tara Mines** and the **Xstrata/Minco** joint venture.

Exploration for gold was carried out with new mineralized outcrop being identified by **Alba Mineral Resources** and the announcement by **Conroy Diamonds and Gold** of the first JORC compliant resource estimate for the Clontibret gold prospect.

The continuing strong zinc prices resulted in a significant increase in the number of Prospecting Licences held.

In 2006 legislation was enacted to empower the State to prepare rehabilitation plans for, and to implement rehabilitation of, abandoned mine sites. Rehabilitation of the former zinc-lead mines at Silvermines, Co. Tipperary is currently underway. In June 2006 the Government, having decided to update and consolidate the Minerals Development Acts, approved the drafting of new legislation.

Exploration

At the end of 2006, a total of 27 companies held 309 Prospecting Licences. During the year, 94 new licences were issued, of which: **Boliden Tara Mines** received forty three licences for base metals, barites, silver and gold. Thirty three Prospecting Licences were issued to **Teck Cominco Ireland Ltd.** for base metals, barytes, silver, gold and PGMs, although the main target is zinc. **Aurum Mineral Resources (AMR)** were granted eight licences, one in Co Limerick, adjacent to ground already held by the company, and where the potential is for base metals, and two licences in north Co Clare where the interest is in gold. **AMR** with **Ormonde Mining** were issued 5 licences in Co Wicklow, an area with known tungsten mineralization.

Alba Mineral Resources PLC (Alba), a UK junior explorer, listed on AIM in London, is the holding company of **Aurum Mineral Resources Ltd. (AMR)**. Through AMR, Alba has been exploring for gold in Ireland. Current targets include epithermal gold at Bohau, Co. Galway, carbonate-hosted gold in north Co. Limerick, and palaeoplacer gold at Lough Gowna, Co. Longford. Initial results from Bohau have confirmed previously known mineralization, and revealed new gold-bearing outcrops.

Boliden Tara Mines continued its regional exploration in Co. Limerick, comprising geophysics (including down-hole EM), geochemistry and drilling in both the Adare and Kilmallock blocks. Drilling is continuing, with two rigs in operation. In Co. Wexford, the exploration effort has involved a major geological review of the Ordovician volcanic belt, aided by VMS specialists from Sweden, followed by ground EM. Diamond drilling in this area is currently underway. Following a decision by Boliden to expand regional exploration in both Sweden and Ireland, the company made a major successful application for 43 additional Prospecting Licences in 2006. Boliden and joint venture partner Aurum Exploration have been exploring for gold in Co. Longford.

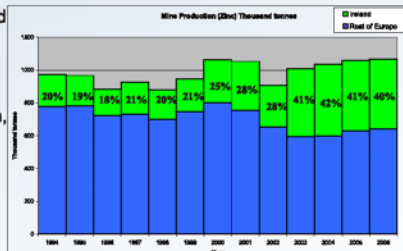
In October, **Conroy Diamonds and Gold** announced the first JORC compliant resource estimates for the Clontibret gold prospect. The estimates range from an inferred resource of 500,000oz of contained gold (12m tonnes grading 1.3g/t Au using a 1g/t cut-off) to 1,000,000oz contained gold (69m tonnes grading 0.5g/t Au at 0g/t cut-off). These estimates include an indicated resource of 1.3Mt grading 1.4g/t Au (64,000oz contained) at 1g/t cut-off. The estimates have been calculated to an average depth of 150m below surface, and the mineralisation remains open at depth and along strike. Clontibret is one of a series of gold discoveries made by the Company in the Longford-Down Massif where it has identified a gold-bearing trend that extends for at least 50km along strike from Co. Armagh in Northern Ireland, through Co. Monaghan and into Co. Cavan in the Republic of Ireland.

Lundin Mining Exploration Ltd., in addition to their minesite exploration, has been carrying out exploration drilling at Rapla, approx. 6km northeast of the Galmoy Mine, and 500 metres southwest of the known Rapla prospect. The first of six holes to be drilled intersected semi-massive to massive sulphide mineralization over 3.62m (545m depth), grading 9.79% Zn and 1.99% Pb. This included 1.92m grading 15.71% Zn and 3.64% Pb. In Keel, Co Longford, Lundin are completing compilation and reinterpretation of historic exploration data, and this was followed by a programme of surface geophysical surveying (IP and Gravity).

Minco PLC (24%) and joint venture partner **Xstrata PLC (76%)** continued their drilling programme on the Pallas Green project in east Co. Limerick, where the partners are currently evaluating three distinct but related zones of zinc and lead mineralization.

Recent drilling included the following intersections: at Caherconlish South, 1.5km east of the town of Caherconlish, hole 2529-13 contained, 2.7m grading 9.34% Zn and 0.45% Pb, at 362m depth. Hole 2529-14, 100m away, intersected 2.5m at 14.96% Zn and 1.45% Pb, at a depth of 363m. Mineralization is open to the northwest and southeast.

At Srahane West, 3.7km NW of Caherconlish South, a zone of high grade mineralization is defined by four holes, 100m apart, in an area 200m by 150m, which remains open in a number of directions.



Histogram showing production of zinc in concentrates for Ireland and the rest of Europe from 1984 - 2006.

Best intersection was 0.65m at 14.88% Zn, 2.86% Pb at 238m depth, 2.2m at 4.08% Zn, 0.07% Pb at 210m, 1.35m at 8.24% Zn, 0.03% Pb, also at 210m, and 1.2m at 7.65% Zn and 1.58% Pb at 242m.

The mineralization at Tobermalug is located 1.5km NE of Caherconlish, and comprises an area of zinc-lead mineralization, approx. 300m by 150m, intersections are 8.3m at 3.71% Zn, 0.42% Pb (at 356m), and 2.35m at 3.6% Zn, 0.09% Pb (at 375m) and 1.35m averaging 12.78% Zn and 2.33% Pb (at 369m). Mineralization remains open to the S, SE and W.

Development

Navan (Boliden)

The underground mine of **Boliden Tara Mines** at **Navan**, Co Meath, is the largest zinc mine in Europe, and the fifth largest in the world. Production during 2006 amounted to 2.7Mt grading 7.63% Zn and 1.39% Pb. This produced 350,667t of zinc concentrate (54.8% Zn) and 40,347t of lead concentrate (58.5% Pb). Total production (1977-2006) amounts to 65.5Mt grading 8.36% Zn and 2.00% Pb. At the end of 2005 (the last year for which figures are available), Tara's JORC Classified Ore Reserves for the entire orebody amounted to 15.9Mt at 8.5% Zn and 1.8% Pb, with an additional 17.1Mt of Mineral Resources grading 7.4% Zn and 2.1% Pb. In June 2006 a State Mining Lease was issued to Tara for a section of the Nevinstown orebody.

In addition, a State Mining Permission was granted to the company to allow extraction of a limited amount of ore from the SWEX-B, while processing of the application of a State Mining Lease for the orebody continued. Boliden reported that Tara's cash operating costs in 2005 amounted to Can\$0.56/lb of zinc, some 25% higher than in 2004. The company recorded a profit before interest and tax of SEK294M (Can\$57M). This is a significant increase on 2004, when the figure was SEK169M (Can\$32M).

Galmoy (Lundin)

Production during 2006 by **Galmoy Mines Ltd.** (a subsidiary of **Lundin Mining**) from their underground zinc-lead mine at **Galmoy**, Co. Kilkenny yielded 0.62Mt (tonnage milled) grading 11.8% Zn and 3.2% Pb. This resulted in 116,000t of zinc concentrate (51.76% Zn, 59 ppm Ag) and 21,000t of lead concentrate (63.5% Pb, 196 ppm Ag). Total production since start of mining to end 2006 is 5.67Mt at 11.4% Zn and 2.3% Pb. Reserves at the end of December 2005 (no later figures) were 3.55Mt at 14.7% Zn, 4.1% Pb and 26g/t Ag, with additional Resources (Measured and Indicated) of 1.61Mt at 10.9% Zn, 2.2% Pb and 43g/t Ag.

By the end of 2005, drilling had outlined a high grade extension of the K Orebody, (the K Southwest Zone), which contained a measured resource of 187,000t grading 15.7% Zn, 3.8% Pb and 39g/t Ag. Further drilling in 2006 extended the zone an additional 100 metres to the south. Also in the vicinity of the mine, a new zone, the CW Southeast Zone, has been outlined by seven vertical drillholes, in an area of 100m x 50m, although it is not yet clear what effect, if any, this new zone will have on the mine's reserves and resources.

Lisheen (Anglo American)

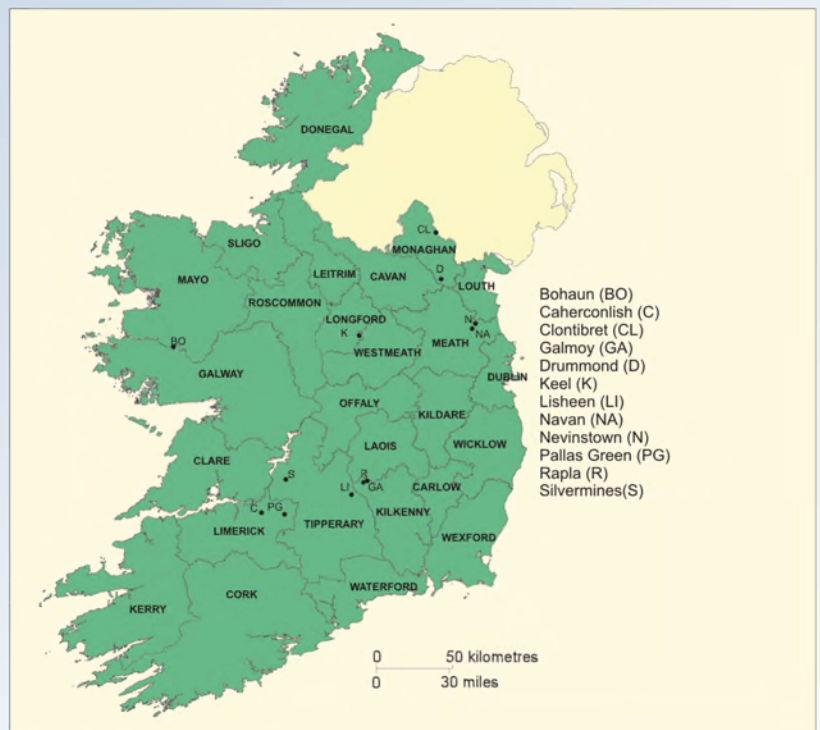
During 2006 **Anglo American** produced 1.53Mt of ore grading 12.30% Zn and 2.10% Pb from their underground mine at **Lisheen**, Co. Tipperary. This ore produced 319,494t of zinc concentrate (53.42% Zn) and 37,292t of lead concentrate (62.06% Pb). Total production (1999-2006) is 9.57Mt grading 11.79% Zn and 2.20% Pb. Reserves at end December 2006 were 11.32Mt grading 11.97% Zn and 1.85% Pb, with additional Resources of 2.25Mt at 13.63% Zn and 2.27% Pb. In 2005, Lisheen had a turnover of Can\$172M, and an operating profit of Can\$58M.

Drummond (Irish Gypsum)

Irish Gypsum, now a part of the **St. Gobain** group of companies, is understood to have continued to perform strongly, reflecting the ongoing strength of the house-building sector.

The company commenced production at its new underground mine at **Drummond**, Co Monaghan.

This will complement its adjacent quarry at **Knocknacran**. Production in 2006 is estimated at 700,000t. The gypsum is crushed and blended locally, and provides feed for the company's nearby plaster and plaster-board factory, as well as supplying the Irish cement industry.



Map showing localities mentioned in text.

Exploration and Mining Expenditures 2005

During 2006 base metal exploration maintained the momentum that had been generated in the previous two years. Direct expenditure on exploration in Prospecting Licences in 2005 (the last year for which figures are available) was Can\$5.4M (Can\$5.85M in 2004). An additional Can\$5.85M was spent on exploration in mining facilities. Also, Can\$18.3M was spent on development in State Mining Facilities.

New Minerals Legislation

The Minerals Development Acts 1940 - 1999 put in place an effective system for regulating minerals exploration and development. This is evidenced by Ireland's success in attracting exploration funds and the development of a number of mines since 1940, including a significant number of base metal mines. Notwithstanding this success, the Government decided to update and consolidate the Minerals Development Acts, and in June 2006 the Government approved the drafting of new legislation. This will address a number of issues raised during consultation with interested stakeholders identified by the Department of Communications, Marine and Natural Resources.

There was consensus among stakeholders that the basic structure was satisfactory, but a number of issues were identified where the procedures could be made more effective, simplified and/or made more transparent. The more significant include:

- Greater clarity in the level of royalties to be charged;
- Improving the security of tenure in the transition from exploration to mining by restricting the right to apply for a mining licence to holders of a current valid PL over the relevant orebody;
- Modernizing the procedures relating to compulsory acquisition of ancillary rights;

The new legislation is targeted for publication in 2007 .

The Electricity (Miscellaneous Provisions Act) 2006, (Part 9) contained provisions empowering the Minister to prepare and implement rehabilitation plans for abandoned mine sites. This work is already under way at the former zinc-lead mines at Silvermines Co. Tipperary.

Exploration Support

Data Availability Programmes

A substantial amount of company exploration data was made available free through these programmes in 2006, both online (www.minex.ie) and on CD/DVD-ROM. Online data is now available for over 40% of the area covered by prospecting licences.

Data from Current Licences

All data over six years old from current prospecting licences are released under this programme. Ten CD/DVDs containing hundreds of exploration company reports dating back to the early 1980s, have been released since 2002. The most recent DVD was released in January 2006 and relates to the Prospecting Licence Areas located over the Silvermines zinc-lead deposit

Data for Surrendered Licences

Exploration data from surrendered licences are released four times a year, when the relevant quarterly Prospecting Licence Competition for newly available ground takes place. In the past year, data for 31 licence areas has been made publicly available.

Airborne Geophysics Data Release

Low level high resolution geophysical surveys have been flown over 59 areas by various companies under the EMD 'open skies' policy since 1995. Some 35% of the country, largely prospective Lower Carboniferous ground, has been covered. All data is lodged with EMD. Once the four-year confidentiality period has expired, these data are made progressively available to the public. The first survey was released in June 2001, and to date over 78% of the coverage has been made available free on CD. Each geophysics release includes digital databases, grids and maps.

Online availability of Company Data

This programme is driven by a commitment to provide both industry and the general public with as much free information as possible regarding company activities, ground assessment for exploration, and newly available areas for competitive application. Thousands of company reports relating to more than 700 PL Areas have now been uploaded onto the www.minex.ie website. This figure represents more than 40% of the ground covered by PL Areas. All exploration data released prior to 2000 can be viewed, free of charge, at the offices of the Geological Survey of Ireland, in Dublin.

Airborne Geophysics Current Low Level Coverage



Current coverage and availability of low - level airborne geophysical surveys.

Geological Survey of Ireland

The Geological Survey of Ireland (GSI) supports the minerals sector through its activities. The maintenance of geological databases (geological maps, mineral localities, assessment of files and many others) is a key objective of the GSI. A GSI Customer Centre backed by a Document Management System, with over 500,000 documents, and a fully operational digital e-store is a development that aims to provide more convenient access to a large range of GSI data. The GSI carries out Mineral Potential and Aggregate Potential Mapping on a county basis, with schemes in Counties Meath and Wicklow recently completed. The national 1:100,000 scale Bedrock Map Series, commenced in 1992, is now complete, with each map accompanied by an explanatory booklet. A seamless GIS version of the bedrock geology of the country is now available, based on the 1:100,000 scale map series. The GSI website (www.gsi.ie) contains up-to-date information on its activities.