

INDUSTRY NEWS

Following a programme to improve the technical conditions of the underground zinc-lead mine at Navan, Co. Meath, development of the SWEX ore body and the completion of the Bula acquisition in July 2002 **Outokumpu-Tara Mines** recommencement of production was announced in September 2002. Mining at Ireland's other two base metal mines, Galmoy, Co. Kilkenny, and Lisheen, Co. Tipperary continued.

The continued low price of zinc resulted in the lack of available funding for base metal exploration impacted severely upon exploration activity in the last six months. In response to the downturn the **Minister of State** announced significant concessions to Prospecting Licence holders. A once – off under expenditure moratorium and a cap on minimum expenditure requirements was declared. On the positive side **Arcon** announced details of the best group of drill intersections ever achieved by Arcon on the Galmoy ore body, **Minco** and **Noranda** continued to meet with success at their Pallas Green, Co. Limerick base metal prospect where exploration has been continuing since April 2002 and **Conroy Diamonds and Gold** announced further intersections of high grade gold mineralisation at the Tullybuck-Lisglassan deposit in Co. Monaghan. **Fractor Pty**, a junior Australian exploration company has joined the exploration scene. In addition the public release in digital format of airborne geophysical data and previously unavailable exploration data, in both cases free of charge continued.

Development

Galmoy (Arcon Mines)

Arcon International Resources has received a new State Mining Licence for its Galmoy zinc mine. The new licence allows the company to mine reserves outside the original 1995 State Mining Licence area. Planning Permission for mining the new area was granted in May

2002. The Integrated Pollution Control Licence for the mine was issued by the EPA in October 2002.

In August 2002 Arcon announced that the company had successfully concluded a restructuring of its long term debt and an underwritten right's issue of €28.75 million. Turnover at the mine for the first six months of 2002 increased by 3.5% to €10.5 million compared to the corresponding period of last year. Arcon's milling over the nine months previous to August 2002 has reached design capacity of 650,000tpa. An extensive exploration drilling programme is ongoing in the mine area. In October 2002 Arcon announced that drilling of a gravity anomaly some 330m. to the east of the current CW southern mine zone had returned exceptionally good mineralised intersections. Results from seven drill holes represent the best group of drill intersections ever achieved by Arcon at Galmoy. The average thickness of 12.4m of these mineralised intersections compares with the average width of 5.6m (approximately double) of the adjacent CW ore body. The weighted average intersection zinc grade at approximately 23.5% is double the average grade of the CW ore body of 12.8% Zn. These intersections contain significantly higher average levels of Ag than has previously been identified in the Galmoy block. This gravity anomaly remains open and drilling continues.

Lisheen (Anglo American- Ivernia West)

The underground zinc-lead Lisheen Mine in Co. Tipperary is a 50:50 joint venture between **Anglo American** and **Ivernia West**, and is operated by Anglo American. Ivernia in its Second Quarter 2002 Report announced record quartely mine production. Improved performance was a result of remedial activities implemented at the mine in the area of predevelopment underground operations. Developed ore reserves available for mining increased from approx. 1.14Mt at the end of March 2002 to approximately 1.2 Mt by end June 2002. During the second quarter production levels out of both the mine and mill set new records. The milled tonnage at 407,369t is equivalent to an annual production level of 1.63 Mt or approximately 10% over the design capacity of the mill. The uplift of the walls of the Tailings Management Facility to its final design height has begun and is expected to be completed by January 2003.

Navan (Outokumpo-Tara Mines)

In July 2002 Outokumpo-Tara Mines announced it had completed the acquisition of the Bula ore body from the Receiver, Mr. L. Crowley. Under the terms agreed between Tara and the Receiver, Tara will acquire the ore body for €35 million. The Bula ore body abuts the NE boundary of the Tara property and contains the upper extension of the Navan ore body. The Bula mineral resources and reserves are estimated by Tara to be in excess of 8Mt grading 10% Zn and 2% Pb. Development of the South-Western Extension (SWEX) is ongoing and it is expected that both the SWEX and Bula ore bodies will be brought into production next year. A programme to improve the technical condition of the mine has been completed. Production resumed at the mine in September 2002.

Exploration

General

There has been a significant reduction in exploration carried out in Ireland during the past 12 months. In Ireland the majority of exploration is for zinc and due to the historically low price of zinc exploration budgets have been dramatically reduced.

Company Activities

Anglo American Plc, through its wholly owned subsidiary **Amcorp (Ireland) Ltd**, are actively exploring in Ireland for base metal deposits. Amcorp currently hold exploration licences in the North Cork, Cahir, Slieve Dart and the Curlew Mountains areas, and are in farm-in agreements with **Ovoca Resources plc**, **Westland Exploration Limited/Minco Ireland Limited** and **Mineral Estates Ireland Limited** in their respective Cahir/Slieve Dart, Moate and Loughshinny exploration blocks. Amcorp are currently completing their 2002 drilling programme

Arcon have been continuing their exploration efforts on their Raphla Prospect which lies some 6km northeast of Galmoy Mine and which straddles the boundary between **Westland's** PL 1653 (now the subject of a joint venture with Arcon), and PL 3312 (100% held by Arcon). Drill hole information and detailed gravity surveying have been interpreted here as identifying a geological fault pattern linking the source 'G' fault and the Galmoy mine to the Raphla area.

In September 2002 **Conroy Diamonds and Gold Plc's** announced further intersections of high grade gold mineralization at its wholly owned Tullybuck – Lisglassan deposit and

revealed that the intersections form part of a much wider zone of gold mineralisation, extending over a downhole width of 67.3m. This mineralised zone was intersected in drill hole no. 10 which included a number of discrete high-grade gold-bearing intervals. The best of these were: 1.5m grading 6.23g/t, 4.75m averaging 2.50g/t and 6.75m of 3.15g/t.

Glencar Mining Plc. In August 2002 the company announced that it had reached agreement to sell its wholly owned subsidiary company **Rennicks and Bennett Ltd** (R & B) to Tara Mines Ltd. The 'R & B' Prospecting Licence is adjacent to the Tara mining leases and the Navan orebody extends into the 'R & B' property. Drilling carried out by Glencar at Liscarton, the 'R & B' portion of the main Tara orebody has shown the presence of a Measured Mineral Resource of 1.2Mt at 8.4% Zn, 2% Pb. The 'R & B' portion of the Scallanstown / Tatestown deposit, which is a satellite of the Tara orebody, has a Measured Mineral Resource of 250,000 tonnes at 6.17% Zn, 4.18% Pb.

In September **Minco** announced that a total of 7 drill holes, all encountering massive alteration and extensive limestone brecciation had been completed in their ground near Pallas Green, Co. Limerick. One hole (MN636-8) at GrangeWest / Gortnagarde intersected an extensive zone of dolomite brecciation that directly overlies a seven metre thick lens of massive pyrite mineralisation with galena and sphalerite, at a depth of about 220 metres near the base of the Waulsortian Reef Limestone. Plans are underway to drill a step out hole about 500 metres to the SW of MN636 – 8 to a target depth of approximately 300 metres.

Navan Resources Plc maintain their interest in base metal exploration in Ireland through a farm-in agreement on their licences with **Tara Mines**. The properties are mainly in the west and north-central Midlands, with the programme funded by Tara and operated by Navan. Last year Tara achieved a 51% share in these properties. However, the suspension of production at Tara's Navan mine also meant a suspension of all exploration activity on the joint venture properties.

Prospecting Licence News

Since May 18 new Prospecting Licences (PLs) were issued, while over the same period 58 Licences were surrendered; the number of licences held at 24 October 2002 is 365

Amcorp were awarded a block of seven licences in Cos .Dublin and Meath, adjoining or close to a block of six licences held by **Mineral Estates**, where Amcorp have a joint venture agreement. **Cranderry Ltd** received a block of two licences in Co. Clare.**Tara Mines** were issued with two licences in Co.Limerick . **Asarco Exploration** were granted three licences in

Co. Tipperary. **Kenmare Resources** were granted two licences in Co. Carlow. **Fractor Pty** were granted one licence in Co. Tipperary. Sixteen of the 18 licences were issued for base metals, barytes and silver. The Cranderry licences and Tara also include gold and the Kenmare licences were issued for caesium, lithium, tin, tantalum and tungsten .

Reduced Exploration Expenditure Concessions

In response to the downturn in exploration the Minister for Communications, Marine and Natural Resources in August 2002 announced his intention to apply concessions in relation to certain expenditure requirements where these are sought by Prospecting Licence holders.

The key concessions are:

A once off moratorium on the expenditure requirement for licences that fall due for renewal or review from 1st January 2002 to 31st December 2003. This will enable companies to retain all their licences.

A 'cap' on the requirement for the following two year period of €20,000 per licence; Licences more than six years old will benefit from this concession.

In return, the Prospecting Licence holder will be required to submit a comprehensive report on all work carried out to date on each licence or block of licences. The licensees will advise EMD as to whether they are looking for a joint venture partner for the licences. If a joint venture partner is being sought, the above report will be made publicly available on the EMD website.

New Initiatives

The Exploration and Mining Division (EMD) has embarked on three significant complementary new Initiatives to encourage exploration investment, and to stimulate interest. The common theme is to provide, free of charge and in digital format, all non- confidential data that is available through the Division.

Airborne Data Release Initiative

Since 1995 low-level high-resolution geophysical surveys have been flown over 58 areas by various companies under the EMD 'open skies' policy. This amounts to 131,670 line km of data covering approximately 26267 sq km. Some 30% of the country, largely prospective Lower Carboniferous terrain, has been covered. All data is lodged with EMD, and, once the four-year confidentiality period has expired, is being made progressively available to the public. The first survey was released in June 2001, and to date over 57% of the coverage

has been made available free on CD (see Figure). Each release includes digital databases, grids and maps. Additional maps generated by EMD are also included.

Exploration Data Release Initiative

Until now the only available company exploration data was from exploration ground that had been surrendered. Under this Initiative all data over six years old from currently held Prospecting Licence areas will also now be released, providing a wealth of previously unavailable information free of charge. The initial phase is focused on long-held areas that comprise a third of the current acreage, with the first block released in February. All reports, drill logs and maps are in digital format. Data from areas surrendered since 1 January 2000 is also being made available digitally in a similar manner.

The MAPS Initiative

The MAPS (Minerals Administration Programme Support) Initiative is an ambitious major project designed to provide industry globally with all the needed information and available background data to assess ground and handle the business requirements of exploration and mining permitting through the internet. Started in December 2001, it is intended to go 'live' before September 2002. The key elements of the Initiative are streamlined internal processes and automated regulatory procedures leading to quicker permitting, e-Enabled business, free web access to all the data being released under the other two Initiatives, and all geographically based data (licence areas, base maps, environmentally restricted areas, forestry coverage, basic geology, airborne and ground exploration maps etc.) in GIS format. As such, the Initiative is intended to place Ireland at the forefront internationally in terms of offering maximum ease of access to full information availability and business transactions. View our website at www.emd.ie for status updates, or attend one of our future demonstrations!

Website

The Department of Communications, Marine and Natural Resources website at <http://www.dcmnr.ie/> has recently been updated, and includes useful information on the Exploration and Mining Division. The Exploration and Mining Division also has its own IP address at www.emd.ie. We invite you to visit the site and to let us know how we can be of further help to you. As outlined above, our recent Initiatives will result in substantial improvements over the next months.

Silvermines Historic Mining District, Co. Tipperary

In June 2000 the Department of Agriculture, Food and Rural Development published a report by a Government Inter Agency Group, which included the Department of the Marine and Natural Resources, on the influence of lead on human and animal health in the historic mining district of Silvermines, Co. Tipperary.

While the report found that the Silvermines district is a safe place to live and farm, the concerns about a small number of animal deaths alerted the authorities to the need to undertake closure and remediation measures, and to reduce the risks to human and animal health and safety, and to the environment. The Department of the Marine and Natural Resources undertook to provide costed management/remediation plans for all mining-related sites in the Silvermines district. The plans were prepared for the Department by Consultants and were presented to the public at a meeting in Silvermines on May 2nd 2002. The plans are available on the Division's website .

The Inter Agency Group also recommended, as a priority, that an Expert Group, be established to formulate guidelines applicable to Ireland on the management of lead in the environment. An Interim Report was published by the Expert Group in April 2002. This stated that the guideline value for lead concentration in soils and sediments in mining areas, where there are naturally occurring high background levels of lead, above which "active management" of the environment is recommended, should be 1,000mg/kg. A copy of the report is available on the Environmental Protection Agency website, www.epa.ie.

PDAC Convention 2003, Toronto

The 71st Annual Convention and Trade show of the Prospectors and Developers association of Canada will be held in Toronto from 9th to 12th March 2003. The Exploration and Mining Division will be taking part in the Trade Show where we will be joined by our colleagues from the northern Ireland Department of Enterprise, trade and Investment and the geological Survey of Northern Ireland. We can be found in at Booth 903 i.e. in the same location as in recent years. We look forward to seeing you there.