

IRELAND (REPUBLIC OF)

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Ireland's economy continues to be one of the most successful in Europe with preliminary figures showing that GNP increased in 2000 by 9.8% to £68.9 billion. Further sustained growth is forecast. However, inflation (5.3%) continued to be a concern, especially as domestic wage pressures are increasing with full employment. In addition, the euro, which Ireland joined on January 1, 1999, at a rate of €1 to IR£0.787564, remained weak. The average rate for the Irish pound against the US dollar was IR£1=US\$1.1727. Interest rates were 5.75% at year-end as determined by the European Central Bank.

Corporation tax for mining remained at 25%, but with additional allowances compared with most other industries. Work continued on the review of royalties based on international comparisons, which is being carried out by the Department of the Marine and Natural Resources. Following a number of cattle deaths in the historic Silvermines mining district in 1999, a detailed study was carried out by a Governmental Inter Agency Group. This identified a number of old mine sites which require long-term management. The Minister for the Marine and Natural Resources has appointed consultants to prepare long-term management plans for them.

The total value of production for mining and quarrying in 1999 (the latest year for which figures are available) was IR£376.1 million (€477.4 million) of which about IR£180 million (€230 million) was contributed by metal mining. About 1,100 people are employed in mining and 3,000 in the non-energy extractive industry as a whole.

One new State Mining Licence was issued in 2000 bringing the total to 12 State Mining Leases and four Mining Licences. IR£1.5

million (€1.9 million) was collected in royalties and licence fees.

Exploration

Exploration in Ireland continued at similar levels to previous years. The number of Prospecting Licences rose to 480, covering 15,900 km² at the end of the year. However, direct expenditure fell by 5% in 1999 to IR£7.3 million (€9.3 million), and the figure for 2000 is expected to be similar. There is substantial involvement by major international companies including, Anglo American (as Amcorp Ireland Ltd), Billiton, Boliden, Falconbridge, Grupo Mexico SA de CV (formerly Asarco), Noranda, Outokumpu Zinc-Tara Mines, Pasminco and Rio Algom. Other significant companies, in terms of licences held, include Arcon, Conroy Diamonds and Gold, Ivernia West, Minco, Navan Resources, and Ovoca Resources and Prospex.

The main focus for base metals exploration remains the Lower Carboniferous of the Midlands. Interesting results have been reported from Rapla, 5 km east of Galmoy by Arcon; Ballinacolla, Co. Laois along strike from Rapla by Ivernia West and Anglo American in joint venture; and in the Pallas Green area, Co. Limerick by a Noranda/Minco joint venture. Drilling is continuing in these areas. Strongbow Resources received encouragement on its licences in the Avoca, Co. Wicklow area, a former copper pyrite mining district, where its drilling in the Lower Palaeozoic has encountered zinc-lead mineralisation.

Cambridge Mineral Resources continued its search for gemstones in Co. Donegal, including further geophysics, both aerial and ground-based, and drilling and trenching. It announced the discovery of potential minette, lamprophyre and camptonite intrusions including lithologies similar to those in

gemstone areas in Australia and the Far East. Some gold exploration continued and Conroy Diamonds and Gold plc carried out further drilling in the Lisglassan/Tullybuck area near Clontibret Co. Monaghan. Falconbridge was unsuccessful in finding a nickel deposit in Connemara, Co. Galway and is withdrawing from the area.

Several Irish companies now have significant overseas interests, including Ennex (Kazakhstan), Glencar (Ghana), Ivernia West (Australia), Kenmare (Mozambique), Minmet (Brazil), and Navan Resources (East Europe and Spain).

Metals

Outokumpu Zinc-Tara Mines milled 2.17 Mt of diluted ore grading 7.55% Zn and 2.14% Pb at its mine at Navan, Co. Meath. This produced 271,000 t of zinc concentrate (56.0% Zn) and 32,300 t of lead concentrate (64.6% Pb). Total proven and probable reserves (end December) were 12.1 Mt grading 9.18% Zn and 2.23% Pb. There are additional resources totalling 16.7 Mt at 7.14% Zn and 2.23% Pb. Tara remains a high-cost mine, and it is understood that further losses were recorded. A €50 million programme has been started to bring the new orebody to the south-west into production. Resources of 13.5 Mt grading 8.9% Zn and 1.8% Pb have been identified. Tara Mines Holdings which, includes the exploration arm, reported a net loss in 1999 (the most recent year for which results are available) of US\$15.8 million on a turnover of US\$80.9 million.

The Supreme Court dismissed an attempt by Bula Ltd (in Receivership) and others to have a court case against Tara Mines and others reheard on the grounds of bias by the judges who heard the original appeal. In May this year, Tara Mines Ltd signed a contract to acquire the Bula's assets (including the orebody) for IR£27.5 million (€24.9 million) from the Receiver of Bula Ltd. This is subject to approval by the High Court.

Arcon Mines Ltd processed 563,000 t of ore grading 10.43% Zn and 0.77% Pb at its mine at Galmoy, County Kilkenny. This yielded 89,700 t of zinc concentrates (51.8% Zn) and 2,800 t of lead concentrates (58% Pb). Total production amounts to 1.977 Mt of ore at 10.87% Zn and 0.73% Pb. The parent company, Arcon International Resources plc, recorded an increased net loss of IR£8.25 million (€10.48 million) from a turnover of IR£21.4 million (€27.2 million). These figures resulted from low metal prices and a failure to reach full production levels. The company has now introduced a third shift to increase mine output. It is in negotiation with its banking syndicate to reschedule its debt repayments. Sir A.J.F. O'Reilly remains the major shareholder in the company with 44.1% of the shares. Work proceeded on an Environmental Impact Statement to support the Planning Application for permission to extend the underground workings to encompass an additional 2 Mt of resources, and the reserve/resource base now exceeds 10 Mt. Exploration in the immediate mine area is continuing.

The Lisheen mine continued its run up to full production of 1.5 Mt/y although progress was slower than had been hoped for because of unexpected water inflows and lower than expected labour productivity and equipment availability. Plans are in place to solve these problems. The mine was officially opened on June 22, 2000. 762,000 t of ore grading 12.12% Zn and 3.93% Pb were milled. Zinc concentrate production totalled 119,900 t (53.8% Zn). Lead concentrates amounted to 32,300 t (66.2% Pb). Following infill drilling, and a reassessment of the reserves and resources, reserves are now 12.86 Mt at a grad of 13.45% Zn, and 2.31% Pb and resources amount to 7.47 Mt at 11.92% Zn and 1.62% Pb. Anglo American holds a 50% interest and is managing the project. The other 50% interest is held by Ivernia West plc.

Industrial Minerals

Aughinish Alumina produced 1.3 Mt of alumina, based on imported bauxite. Irish Gypsum is understood to have mined approximately 500,000 t of gypsum at its open-cast mine at

Knocknacran, Co. Monaghan. The gypsum is destined for its nearby plaster and plaster-board factory and for the Irish cement industry. The company relinquished its Prospecting Licence over the Glangevlin, Co. Cavan gypsum deposit.

Construction activity in Ireland recorded its seventh year of strong growth, with residential building up by 10%, and road construction by 25%. Cement Roadstone Holdings, Ireland's largest supplier to the construction industry, invested IR£67 million (€85 million) in its Irish operations to meet the increased demand. Turnover in Ireland increased by 13% to IR£557 million (€707.3 million) and trading profits reached IR£89.9 million (€1,14.1 million), an rise of 20%. This Irish-based multinational now operates in 19 countries world wide and its turnover reached IR£6,985 million (€8,869 million) (+32%) of which 62% was generated in the Americas and 29% on mainland Europe. It achieved net profits of €503 million, and the group spent €1,600 million on acquisitions, including the Jura Group, Switzerland's second largest cement producer.

Lagan Cement, a part of Belfast based Lagan Group, received planning permission for its IR£40 million (€50.8 million) cement plant at Killaskillen, County Meath. The plant, which will have capacity of 450,000 t/y is now under construction. It will produce ordinary portland cement, and a high quality-white cement mainly for export.

Premier Periclase (a part of CRH), has the capacity to produce about 90,000 t/y of sinter magnesia from sea water. It reported improved performance in an extremely competitive market.

Coal and Hydrocarbons

There was no recorded coal production during 2000.

Enterprise Oil drilled two appraisal wells, the third and fourth, on the

Corrib Gas Field in the Slyne Trough, with good results. Under test the wells flowed good quality gas, with rates of up to 57 and 17 million ft³/d from two separate intervals in the first well and a rate of 33 million ft³/d from a single interval in the second. In December 2000, Enterprise Oil declared the Corrib gas field commercial, with estimated gas in-place of about 1,000 billion ft³, and plans a subsea development with an export pipeline to shore, with first gas due in late 2003.

Providence Resources conducted a compound drilling operation in appraisal of the Helvick oilfield in the east Celtic Sea, offshore Waterford. A vertical well targeted the oil-water contact on the southern flank of the structure but encountered the reservoir water-wet. The well was then deviated horizontally up-dip into the oil-bearing reservoir and flowed good quality oil at a rate of about 5,200 bbl/d on test. The results of the drilling operation were disappointing and Providence have concluded that a stand-alone development of the field would not be commercial.

No exploration wells were drilled in 2000.

A reported 11 seismic surveys were conducted offshore in 2000, with nine 2D surveys acquiring 2,769 km² of 2D data and three 3D surveys acquiring 2,444 km² of 3D data.

In 2000, total indigenous gas production was 1.225 billion m³ from the Kinsale Head, Southwest Kinsale and Ballycotton Gas Fields in the Celtic Sea.

Production Table ('000 t)			
Commodity	1998	1999	2000
Lead (metal in concentrate)	35.9	39.2	57.5
Zinc (metal in concentrate)	180.4	200.2	263.0
Silver (000 kg in lead conc.)	10.8	10.4	16.7
Gypsum	500 ^e	500 ^e	500 ^e
Coal	0	0	0
Lead metal production	13.0	10.0	8.5
Alumina	1,300.0	1,300.0	1,300.0
Natural gas (billion m ³)	1.79	1.40	1.23

e: estimate