

Geoscience Policy Division, DECC

I write as someone who has spent 52 years in Irish mining and exploration. I have established and listed on the London Stock Exchange, 15 junior explorers working in various parts of the world including Ireland. I am currently chairman of Arkle, an Irish registered UK listed, zinc and gold explorer in Ireland. Currently Arkle is active in gold exploration in Wexford and Donegal and in zinc in Limerick.

As the Draft Policy Statement says "Minerals Matter". They really do. You cannot have minerals without exploration. This simple truth is often forgotten. Paying lip service to this truth is not enough. It must be transparently obvious. Minerals in commercial quantities are hard to discover. Exploration is a very high risk strategy which is vital to the ongoing success of the world economy.

The draft statement identifies most, but not all of the minerals critical, to world economic activity. Gold is ignored, I can only assume for political reasons. Apart from its ongoing role as a store of value it has increasing uses in many critical industries such as medical, I.T.

The draft document ignores an important element in exploration – confidence. An explorer needs to have a clear understanding that they have certainty of title, that the rule of law applies, and that taxation rules are fair equitable and consistent. Investors must believe this otherwise they go away. For two generations Ireland has been in the forefront in providing clear and transparent policies for explorers. This has been recognised in the Irish ranking in the Fraser Index. No longer is this the case and fear is generating uncertainty.

I believe that an exodus of mineral explorer's money will follow. This has happened in hydrocarbon exploration and maybe happening already in minerals. Straws in the wind such as uncertainty over drill permits, delay's in license renewal, rumours of restrictions on licenses for

non-essential minerals, leads to uncertainty. Look through the exploration licenses in existence. I think you will find the big multinational explorers are leaving.

Introducing political uncertainty into the already uncertain world of mineral exploration will impact seriously on the overall Irish mineral exploration sector. From the smallest to the biggest mining ventures risk capital is allocated on the basis of expected returns.

To obtain high risk funds to explore, managers must persuade the board of directors that the potential returns justify the uncertainty. Increase exploration uncertainty and the present value of expected returns drops. So less will be spent. It is that simple.

There has been a reasonable expectation that explorers in Ireland following the rules and doing the work will have their licences renewed. Refusing to renew licences will send a message to the world mining industry that the political scene in Ireland no longer welcomes miners. Renewing licences is a normal part of exploration. It makes sense not to renew if agreed work programmes have been ignored. But it is very wrong to refuse to renew if explorers have spent often big sums on agreed work programmes. Remember it takes a long time and often repeated campaigns over years to find a commercial deposit.

It is a fallacy to believe that you can restrict any negative fallout to a specific mineral such as gold. The attitude of investors will rightly be – if they do this to gold explorers what is to stop them adding other minerals on a whim. What constitutes an essential mineral? If you outlaw gold with fast growing uses in medical, IT and other high tech industries what minerals are safe.

The negative impact from banning exploration in any one mineral will be serious enough but two other recent political development exacerbate this situation.

1. Banning new offshore oil exploration has led to a wholesale exodus of oil explorers, including those with valid licences. They see no future. More uncertainty for all explorers.
2. The high profile breach of the long established corporate tax rate introduces more uncertainty. The fallout from this remains to be seen but it increases uncertainty. Higher taxes mean lower returns which results in less exploration.

Rest assured that the tight knit natural resources industry will take serious note of a growing anti-mining / oil gas lobby.

Also be assured that if such an anti-mining policy is introduced that the Irish ranking on the Fraser Index will fall and, I submit, will continue to fall as other problems in Ireland become magnified. Platitudes from politicians and bureaucrats will not, and should not be believed. Introduce uncertainty into a sector and it will grow and fester. Ireland is fast becoming less welcoming to investment capital.

Please understand that exploration Euros are orphans. They owe allegiance to no one, If Ireland does not want them and value them, the funds will go elsewhere as has happened in oil and gas.

Ireland has done well out of mining. Many thousands of jobs have been created and skills developed. Current exploration and mining activities operate to high standards of health, safety, security and environment.

How many opponents of exploration have ever seen a rig operating in a field? They pass them daily and notice nothing. Modern exploration and mining are unobtrusive. How many anti-miners know where exactly the huge Tara Mine is located? It remains the fifth biggest zinc mine in the world and has operated for 45 years virtually unseen in the town of Navan.

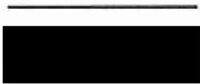
One of the most important aspects of gold is not necessarily in its uses but as a critical component of what supports a world economy. Banning gold sets an example to other nations. Ireland although small, maintains a huge presence on the global stage, what we do matters. Other nations who follow suit by banning gold exploration and mining would set the gold price off to unimaginable heights, strengthening certain nations with significant reserves most of which will not have Ireland's best interests at heart.

Elements rarely ever occur on their own, gold especially is often an accessory mineral in other deposits. The banning of certain elements would be unworkable firstly to legislate and then to enforce.

If the climate action movement continues to fail to embrace the mining industry as a key component to a green future we risk arriving at a cliff edge, whereby you have a fossil fuel sector that has been heavily restricted and a green energy sector now heavily relied upon. The green revolution can only take place if enough raw materials are there to support it. The world does not have enough existing resources to allow this to happen.

Furthermore the type of elements required for battery technology and other 'clean energy' devices are sourced within deposits that take decades to identify and develop. If there is not enough supply to meet demand we will see a rapid return to fossil fuels. Note what is happening this year in Ireland.

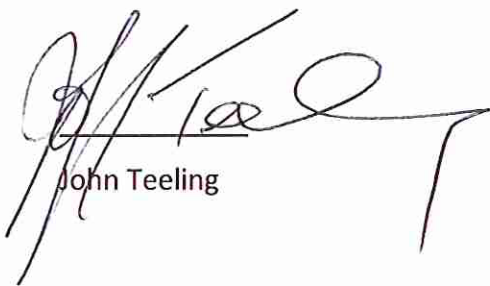
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John Teeling

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