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Connemara Mining Lays Out Some Clever Bets On The Zinc Board Of Ireland

By Charles Wyatt

Frankly, when you're at the exploration stage it doesn't matter much what the price of the target metal is, as it will probably take you well over five years to get into production - the price only gets really important at the time of the feasibility study. It may, of course, affect the opinions of institutions that get asked for more money in the meantime, but Aim-traded [Connemara Mining](#) is in the fortunate position that Teck Cominco is funding exploration at Connemara's world class discovery at Stonepark in Limerick.

Teck Cominco is looking hard for new production as it recently agreed with partner Xstrata to shut down the Pillara mine on the Lennard Shelf off Broome in Western Australia. Pillara was only restarted last year and was supposed to run for four years producing between 70,000 and 80,000 tonnes per year of zinc in concentrate. It never got to full capacity and was eventually overcome by a combination of poor grades and output, lower metals prices, and a strong Australian dollar. It's worth noting that the prices of both lead and zinc have fallen by about a third over the past year.

Taking Pillara out of the world production equation should do no harm to the zinc price, but a lot of damage has already been done. Analysts continue to be bearish on the metal, although that's often a good sign as they have managed to read most metal markets wrong over the past few years. What is probably more relevant is the comment from Don Lindsay of Teck Cominco recently that, "falling zinc prices could result in the shutdown of unprofitable zinc mines which, in turn, could result in a deficit of the metal in approximately 18 months time". And if Teck seems just a little bit too big and far away, regular Minesite readers may be interested to know that that's also pretty much what Andrew Woollett of Surrey-based and Aim-traded [Zincor](#) thinks too. He'd also agree with Teck Cominco, when it says the market is likely to swing from the current surplus into deficit in 2010 and 2011. Teck sees the zinc price decreasing to an average of US\$0.77 per pound next year and then bouncing back up to US\$0.98 per pound. The present price is US\$0.80 per pound in the cash market, where there's a current surplus of around 38,000 tonnes.

So the outlook for zinc down the road looks interesting. But why go to Ireland? The simple answer is that Ireland is the land of zinc, as the Teeling family will explain. In the case of Connemara, the Teeling family consists of father John, and son Stephen, who runs the representative office in London. John is one of Ireland's great entrepreneurs, in the mould of Tony O'Reilly, Dermot Desmond and J.P. McManus. He has founded companies that have sought oil in Iraq and Colombia, gold in Iran, and diamonds in Botswana and Sierra Leone. Now with [Connemara Mining](#) he is back on his home turf. He points out that Ireland hosts three of the largest zinc mines in the world and that last year these mines produced 38 per cent of Western Europe's

zinc and 25 per cent of its lead. And there was you thinking that all Ireland exports is racehorses, whiskey and jig dancers. But John Teeling has not missed out on this point completely, as he also owns a portfolio of whiskies, even if he is teetotal these days. The jig dancers have thus far passed him by.

Tough man, and one of the few it is a real pleasure to watch present on his companies. Never sticking to the script - like some of these semi-entrepreneurs who are terrified of the advisers they pay - he weaves a little magic. Underneath, however, are the basic facts. In the case of [Connemara Mining](#), the company is also in Ireland because the tax rates are low, because there are clear commercial rules, because there's no state participation, and because the country's position in oil, gas and mining means that there are a number of established mining supply services. John Teeling isn't the only one who's spotted the opportunity - there are another 25 companies prospecting for zinc in Ireland, and the number of outstanding exploration licences is growing.

The zinc discovery made by the Teck joint venture is on a 12 kilometre mineralised corridor. The Xstrata/Minco discoveries at Tobermalug and Caherconish are only one kilometre to the north-east. Teck Cominco is spending US\$3 million to earn a 75 per cent interest in Connemara's ground, and it has two rigs drilling away. It was the fourth hole of a five hole Phase 1 programme that came up with the goods, in the shape of significant zinc-lead mineralization consisting of massive to disseminated sphalerite, galena and pyrite. One intersection of four metres graded 11.62% zinc and 3.46% lead, and a follow up, step out hole in Phase 2 hit significant thickness of commercial grade zinc.

In total the company has 38 exploration concessions in Ireland, and the next most advanced after Stonepark is the Lough Sheelin Block, located 20 kilometres west of the Boliden/Tara mine in Counties Meath and Cavan. Lough Sheelin covers the intersection between two major basement trends, the Longford-Down Trend and the Tynagh-Ballinalack Trend. The primary target horizon for zinc-lead mineralisation is the Navan Beds succession, which can be up to 140 metres thick in this area. The structural setting of the Lough Sheelin region is very similar to that of the Navan area. At the beginning of this year the company deliberately aimed a drilling programme at the underexplored Drumlerry region, and five of the eleven drill-holes intersected significant zinc-lead mineralisation.

So there you have it. Connemara has a fascinating portfolio of zinc projects in Ireland and, as John Teeling puts it, "their location was based on closeology and trendology". He also points out that the deposits in Ireland tend to be bigger than anywhere else in the world, so any success from any of the companies drilling some 150 holes this year should benefit by the rest. It's an interesting situation and gives the Irish something else to bet on besides horses.