

## Mineral Exploration and Development in Northern Ireland

# Guidance for Holders of Prospecting Licences

### MINERAL DEVELOPMENT ACT (NORTHERN IRELAND) 1969

#### Introduction

1. Mineral prospecting licences issued by the Department under section 11 of the Mineral Development Act (NI) 1969 incorporate a number of requirements with which licensees must comply. These include:

- implementation of an agreed scheme of prospecting
- commitment to an agreed level of expenditure
- submission of regular reports to the Department

In addition there is a range of other more detailed requirements set out in Model Clauses and deemed to be incorporated in every licence.

2. Licensees have tended, quite understandably, to interpret these requirements in the light of their own particular circumstances and while this has not caused major difficulties it has nevertheless resulted in reports to the Department being of variable quality and lacking in consistency. This guidance is intended to address these problems by clarifying the Department's requirements and describing the working relationship that it would wish to develop with licensees.

3. This guidance note is not intended to be comprehensive. It concentrates on some specific issues that have arisen in the recent past and may be revised from time to time to cover other topics as necessary. It should be noted that the guidance is in addition to the requirements of the Crown Estate in respect of gold and silver.

#### Scheme of prospecting

4. Prospecting licences are normally issued for an initial period of two years and may be extended for two further periods of two years each. A schedule to each licence sets out the agreed scheme of prospecting for the first twelve months and, in relation to the second year, often uses a form of words along the lines of "a scheme of prospecting to be agreed in advance with the Department". There are two important points to be made about this.

5. Firstly, in agreeing to a scheme of prospecting the licensee must be prepared to make every effort to implement it in full. The Department recognizes, however, that circumstances can change and is willing to discuss amendments to a scheme of prospecting during the year; but any such discussions must take place, and changes must be agreed, in advance. If a licensee fails to implement or unilaterally amends a scheme of prospecting without prior consultation with the Department difficulties which might otherwise have been avoided will inevitably arise.

6. Secondly, where a schedule to a licence refers to the second year programme being agreed “in advance” with the Department, this should be taken to mean agreed in writing a minimum of one month before the commencement of the period to which the scheme of prospecting relates.

### **Expenditure on exploration activity**

7. The Department’s primary interest is in the active development of areas of mineral prospectivity and to this end seeks to avoid a situation in which ground is licensed but exploration activity is minimal. Although there is no statutory minimum level of expenditure, a licensee is expected to spend amounts which are commensurate with a properly planned and realistic scheme of prospecting covering the whole of the licence area. As a rule of thumb the Department would look for annual expenditure of around £100 per sq km during the first two years of a licence and would expect this figure to increase in subsequent years.

8. In the past there has been no clear definition of what can be treated as expenditure for the purpose of satisfying licence conditions. From the date of this guidance the Department will regard costs directly attributable to the following activities as contributing to the expenditure commitment:

- (a) Reviews, geological surveys and assessments
- (b) Geochemical surveys
- (c) Geophysical surveys
- (d) Physical prospecting (including trenching, pitting and rock sampling)
- (e) Drilling
- (f) Bulk sampling, metallurgical testing and trial mining
- (g) Assaying, chemical analysis and laboratory studies
- (h) Resource assessments
- (i) Engineering studies
- (j) Environmental audits
- (k) Feasibility studies

9. It should be noted that the above list does not include administration costs. There is no restriction on the amount of money a licensee may spend on administration but the Department simply wishes to make clear that such costs will not be treated as contributing towards the agreed exploration budget as set out in the licence.

10. The breakdown of the proposed exploration budget should be agreed between the licensee and the Department at the time the scheme of prospecting is being negotiated.

### **Meetings with the Department**

11. The Department would wish to meet with licensees at least twice a year. The first meeting (normally in Belfast) should be held around the start of each year of the licence. This would provide an opportunity to review the work carried out over the previous twelve months and to confirm the scheme of prospecting for the coming year. The second meeting should usually take the form of a one day field visit to the licence area and would be arranged about six months into each prospecting year.

## **Preparation and submission of reports**

12. The frequency with which reports are required by the Department is set out in each individual licence but all licence holders are required to report at least annually. These reports represent a significant element in the overall geological database which is maintained by the Geological Survey of Northern Ireland. It is important therefore that they should be as comprehensive, accurate and up-to-date as possible.

13. Reports must include details of expenditure incurred during the reporting period so that actual activity on the ground can be compared with the previously agreed scheme of prospecting and exploration budget. Furthermore, in order to monitor exploration activity the Department needs to see a direct relationship between the agreed budget and the scheme of prospecting. The report on expenditure should, therefore, be itemised to match the sub-heads in the scheme of prospecting.

14. As a step towards raising the standard of reports the Department would strongly recommend that they comply with the terms of the Code for Reporting of Mineral Exploration Results, Mineral Resources and Mineral Reserves. The Code, which came into operation in October 2001, has been adopted by, and is binding on the individual members of, the Institution of Mining and Metallurgy, the European Federation of Geologists, the Geological Society of London and the Institute of Geologists of Ireland. The Code can be viewed on the website of the Institution of Mining and Metallurgy ([www.imm.org.uk/reportingcode.htm](http://www.imm.org.uk/reportingcode.htm)).

15. Not only does the Code spell out what is meant by inferred, indicated and measured mineral resources, and probable and proved mineral reserves; equally importantly it also requires that assessments of mineral resources and reserves be made by a “competent person”.

16. The Code defines a competent person as “... a person who is a corporate member of a recognised professional body relevant to the activity being undertaken, and with enforceable Rules of Conduct. A Competent Person must have a minimum of five years experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which that person is undertaking.”

17. The Department expects all reports on mineral exploration that are submitted to it (whether annually or otherwise) to be signed off by a “competent person” as defined in the Code. In support of this aim a statement of qualification, as set out in the attached appendix, should be completed and attached to the front of each report.

18. Reports on both exploration activity and expenditure must be forwarded to the Department within three months of the end of the period to which they refer.

19. The title page of every report should be dated and clearly indicate the licence number and area to which it refers and the time period which it covers.

20. Initial reports should include a comprehensive account of the regional and local geology of the area. Maps and diagrams should, where appropriate, be reproduced in colour (with acknowledgements etc where required).

21. The Department requires two hard copies and a digital copy of every report submitted to it under the 1969 Act.

### **Extensions to licences**

22. Licences are normally issued for a two year period and may be extended for two further periods of two years each. An application for an extension of a licence must be submitted to the Department no less than four months before the licence expires. Before extending a licence the Department must be satisfied that the licensee has fully observed and performed the terms and conditions of the licence.

23. It follows that an application for extension must be accompanied by an interim report (effectively covering the first eight months of the second [or, as the case may be, fourth] year of the licence) so that the Department has a sound basis on which to reach its decision. This requirement to submit an interim report, in circumstances where an extension is being considered, does not remove the licensee's obligation to prepare a full report within three months of the end of the licence year (see paragraph 18 above). The full report could draw heavily on the interim report and in essence be an updated version of it.

### **Changes to information supplied in licence application**

24. An applicant for a prospecting licence must supply certain information about the company, including its management structure, board members, capital, main shareholders, experience in the minerals industry and technical expertise. If there is subsequently any significant change to the information supplied on the application form, the Department should be informed in writing as soon as possible.

### **Confidentiality of information**

25. Under the minerals legislation a licensee can request that information supplied to the Department (which includes the Geological Survey of Northern Ireland) be kept confidential for a period of five years; and this period may on request be extended by a further five years. At the end of the confidentiality period the information becomes publicly available through the Geological Survey of Northern Ireland.

26. It must be emphasized that information held by the Department is not treated as confidential automatically and that the onus is on the licensee to make a formal request to the Department. It should also be noted that the confidentiality period starts from the date on which the information is supplied to the Department and not from the end of the licence period.