

TARA



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Chartered Accountants
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McCann Fitzgerald Sutton Dudley,
Dublin, Ireland.

**REGISTRAR AND TRANSFER
AGENT**

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Charter Consolidated Limited,
Ashford, Kent, England.

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**ANNUAL MEETING OF
SHAREHOLDERS**

June 24, 1983, 10.00 a.m.
British Columbia Room,
Royal York Hotel,
100, Front Street West,
Toronto, Ontario.

Earnings and Financial Position

The results for 1982 reflect a marked improvement in Tara's fortunes over its 1981 position. Net income was \$720,000 before extraordinary items compared with a loss of \$9,972,000 for 1981. The turn-around in the results was due to the ending of a strike which began during late June 1981 and continued until February 1982. Although zinc and lead metal prices declined substantially from the levels prevailing during 1981, this fall was more than offset by improvements in the terms on which zinc and lead concentrates were sold during 1981. The extraordinary profit of \$3,151,000 arose from the waiving of interest and commitment fees by the Shareholders of the Company's subsidiary, Tara Mines Limited.

Because of the strike, additional drawdowns under the available stand-by credit lines during January and April 1982 totalled \$12.5 million. Since May 1982 all interest and principal repayments have been made from cash flow generated from operations. Scheduled debt repayments during 1982 totalled \$17 million. Total debt due to Banks and the Export Development Corporation amounted to \$119 million at the end of 1982.

In view of Tara's extended financial position, it was decided to seek shareholder approval to increase the authorised ordinary share capital from 7 million shares to 50 million shares and to authorise the creation of 40 million preference shares. These proposals were approved by the shareholders on June 28, 1982.

Production

Following the resumption of activities during February 1982, substantial progress was made in increasing production rates. Tonnage milled was increased from an annual rate of 2.0 million tonnes during the second quarter to 2.18 million tonnes during the third quarter, and 2.36 million tonnes during the fourth quarter despite difficulties encountered during the year. This progress was maintained during the first quarter of 1983 when 620,000 tonnes were milled — an annual production rate of 2.48 million tonnes.

Progress was also made during 1982 on the development of the mine and increased development is planned during 1983. Tara continues to maintain vigorous control over capital expenditures and costs. Capital expenditures have been limited to those necessary to maintain long term production and to those which provide the recovery of investment within a period of two years. Capital expenditures amounted to \$887,000 during 1982 and capital expenditures of \$3,000,000 are planned for 1983.

Marketing

During 1982 Tara experienced the benefit of the improved terms for the sale of zinc and lead concentrates which had been negotiated during late 1981. Metal prices for zinc and lead deteriorated steadily during 1982. The market terms for zinc and lead concentrates showed steady increases in the buyers' favour during the year as concentrate inventory levels increased due to lower metal production and increased mine output. These

trends continued during the first quarter of 1983. Since then there has been some improvement in metal market conditions as the pace of world economic activity has quickened but no improvement has yet occurred in the concentrate market for concentrate producers. In spite of these adverse market conditions, Tara is fortunately able to dispose of its concentrate production at very satisfactory terms because of its long term sales contracts.

Exploration

The exploration activities of all mining companies are critical to the location of new orebodies and the development of the new mines essential to the progress of a mining company. In spite of very severe restrictions on the resources available to Tara, a selective exploration programme has been sustained to maintain Tara's long term exploration interests. During 1982 and early 1983 discussions have taken place with various parties interested in participating in joint ventures with Tara Prospecting Limited. It is anticipated that these discussions will lead to a joint venture involving a vigorous exploration programme for base metals. Exploration efforts relating to industrial minerals are being pursued.

On behalf of the Directors I wish to record the Board's appreciation of the efforts and co-operation of all employees which contributed to the improvement in performance and profits during a difficult year.

MICHAEL MCCARTHY
President

May 20, 1983
Dublin, Ireland

The Year in Review

EXPLORATION

The Company maintained an active exploration programme during the year although exploration efforts were curtailed. Currently the Company holds thirty-nine prospecting licences covering approximately 400 square miles.

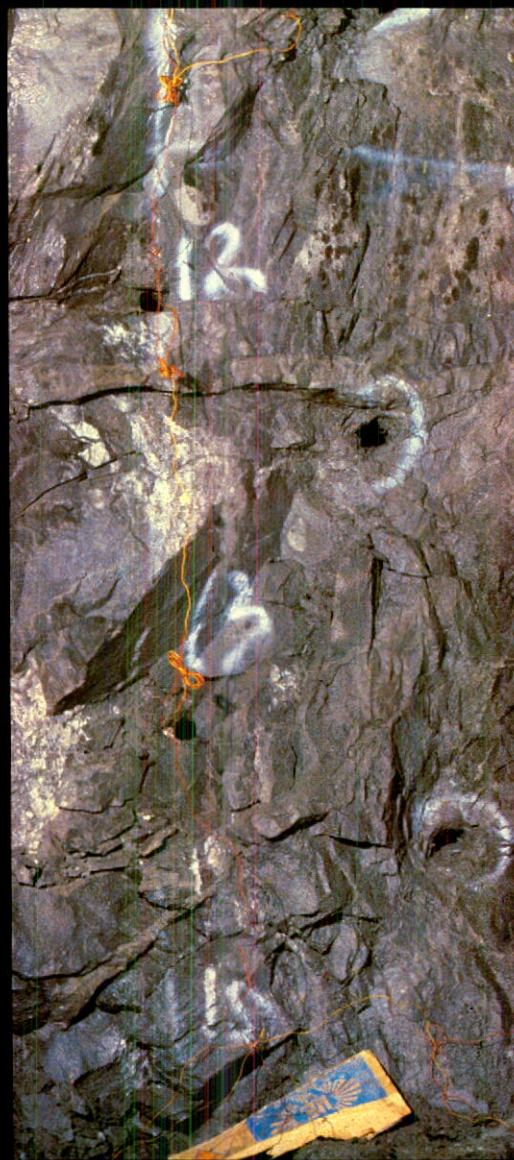
The development of an exploration programme covering base metals, precious metals and industrial minerals is continuing. This programme is being conducted on a highly selective basis in view of the current restrictions on the resources which

can be allocated for exploration expenditures.

The base metal programme continued during the year with the identification of encouraging geochemical and geophysical anomalies and the outlining of favourable geological structures. The main research has been for carbonate hosted lead/zinc over the limestones of central Ireland with subsidiary work for shale hosted base metals in older formations together with a search for copper/nickel/cobalt/gold associated with basic igneous rocks. Limited diamond drilling

this year indicated only trace amounts of copper, lead or zinc.

On the industrial minerals front, a drilling and sampling programme on the deposit near Westport Co. Mayo has continued and further work will be carried out during 1983. Further metallurgical and marketing studies have indicated that a saleable product and markets can be achieved.



(Right) Explosives loaded in drill holes are connected together prior to blasting.

PRODUCTION

Production resumed during February 1982 following the resolution of the craftsmen's strike which had stopped production since late June 1981. The strike settlement included the introduction of a revised bonus scheme based on the tonnage milled each month. As those involved in development and production mining activities are covered by a direct productivity bonus scheme, the new bonus scheme was only extended to cover other employees at the mine. The bonus scheme introduced was designed to en-

courage increased production and provides for sharply increased weekly bonus payments as monthly production increases.

The bonus is calculated on each month's production and increases from a guaranteed minimum as production increases provided there is no significant increase in numbers employed.

Annual Milling Rate Million DMT	Bonus Payment
2.18	minimum bonus amount
2.28	150% of minimum bonus
2.37	200% of minimum bonus
2.44	250% of minimum bonus
2.51	300% of minimum bonus
2.58	350% of minimum bonus
2.65	400% of minimum bonus
2.72	450% of minimum bonus



Mining

The resumption of operations during February 1982, following the craftsmen's dispute, resulted in production targets being met during the second quarter. However, the lack of sufficient numbers of prepared working stopes and fragmentation pro-

blems in several stopes adversely affected production during the third quarter of the year although further progress was made. Improved development advances and changes in mining and blasting methods resulted in further progress during the fourth quarter as reflected in the following table:

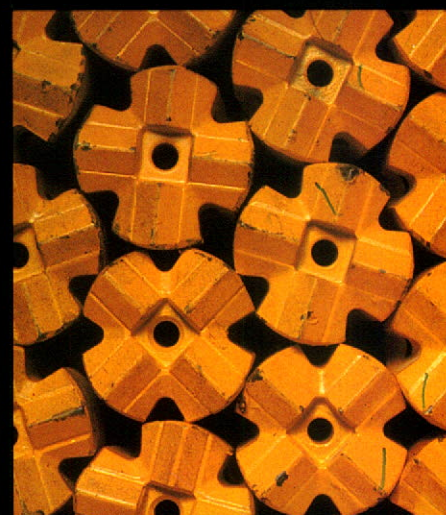
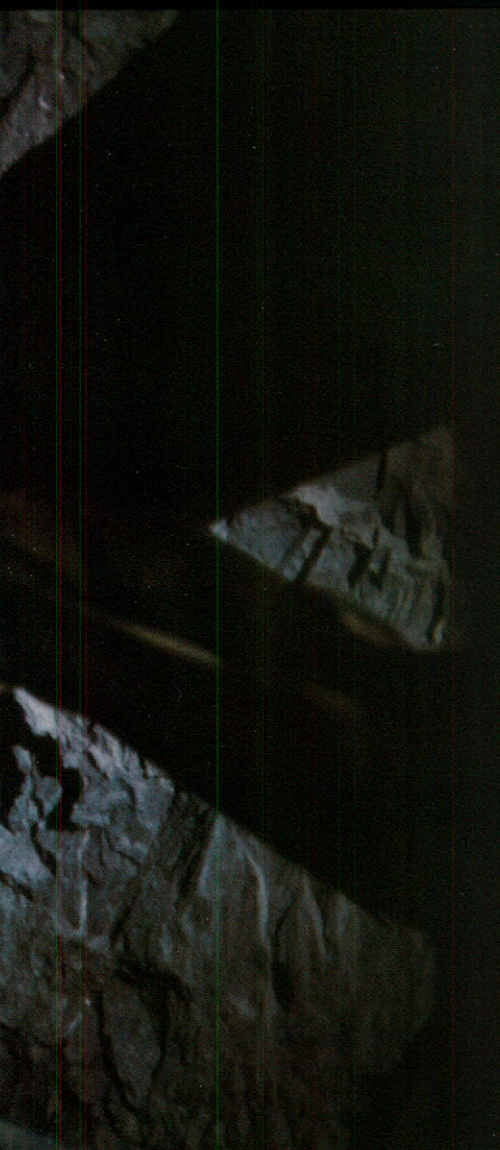
Quarter	Milled ore and waste			Hoisted ore		
	Tonnes	%Zn	%Pb	Tonnes	%Zn	%Pb
1st	141,934	9.76	2.11	123,076	12.00	2.53
2nd	502,730	9.32	1.90	436,461	10.97	1.76
3rd	545,691	9.32	1.84	453,576	11.19	2.15
4th	589,445	9.66	1.98	484,154	11.54	2.47
	1,779,800	9.41	1.92	1,497,267	11.30	2.19



As reported in last year's Annual Report, care has been taken and further work is in hand to reduce dilution. While some dilution is unavoidable in an orebody with the lensoid character of the Navan orebody, efforts are being taken to minimise it. Production pillar mining was

closely monitored to determine the method most satisfactory for recovery and to minimise dilution. The underground mobile equipment workshop was completed. The improved facilities have resulted in higher mobile equipment availability.

		1982	1981	1980
Main development	metres	3,972	2,429	2,472
Stope development	metres	7,960	5,525	12,383
Backfill placed	tonnes	816,740	557,664	720,508



(Top) The underground warehouse adjacent to the workshop on the 1345 level. (Left) Miners use an extending boom to provide access while preparing a stope section for blasting.

Initial work was undertaken on a conveyor-ore handling system for the North West Zone to facilitate the extension of the mine. This work will be completed during 1983 as it is required for production during 1984.

Processing

Ore milled during 1982 yielded 277,051 tonnes of zinc concentrate containing 151,126 tonnes of zinc metal and 44,335 tonnes of lead concentrate containing 26,869 tonnes of lead metal. The mill continued to operate satisfactorily during the year with routine maintenance. Metallurgical recoveries were in line with forecasts. The Proscon 20/200 computer system was commissioned during the year and five control loops are now in operation. Further work on optimisation of the system will continue during 1983.

Selected Statistics

	1982	1981	1980
Employees — June 1 (Currently 954)	908	966	962
Capital expenditure	\$887,000	\$1,476,000	\$3,206,000
Milled ore and waste	1,779,800	1,073,325	2,135,176
Ore	1,497,267	830,557	1,822,652
Zn%	11.30	13.5	11.58
Pb%	2.19	2.8	2.24
Concentrate produced:			
Zn DMT	277,051	175,680	354,349
Zn%	54.4	54.4	54.1
Pb DMT	44,335	27,555	52,416
Pb%	60.6	58.7	57.2
Actual Average metal price:			
Zn ¢/lb	36.92	40.55	36.36
Pb ¢/lb	23.65	31.98	37.88



(Top) Ore is fed to the underground crusher from the 1285 rehaul level. (Above) The underground mechanical workshop where mobile equipment is repaired and (Right) A remotely controlled scoop tram being used in the final clean-up of a stope which has completed blasting.

RESERVES

The geological ore reserves at December 31, 1982 were:

	Tonnes	%Zn	%Pb
Proven	15,537,200	11.59	2.52
Probable	10,949,400	9.13	2.23
Possible	26,464,900	8.42	2.82
Total	52,951,500	9.50	2.61

This ore reserve has been calculated using geostatistical methods and is the first major recalculation of the orebody since 1979. It is expected that the geological ore reserves will be extended as a result of additional work.

During 1982 a total of 44 surface diamond drill holes were completed within the property including the area over which Tara's state mining lease has been extended as a result of the agreement dated March 5th, 1982 between the Irish Government's Minister for Industry & Energy and Tara. The agreement was outlined in last year's Annual Report. Results of this drilling were generally as anticipated.



MARKETING

Deliveries of zinc concentrates during 1982 totalled 269,793 tonnes compared to 173,582 tonnes during 1981, while deliveries of lead concentrates totalled 39,605 tonnes compared to 28,797 tonnes during 1981. Silver contained in lead concentrates amounted to 6,271 kilos compared to 3,466 kilos during 1981.

The zinc and lead concentrates produced during 1982 were shipped to Tara customers under contracted treatment charges which provide for the sale of at least 300,000 DMT of zinc con-

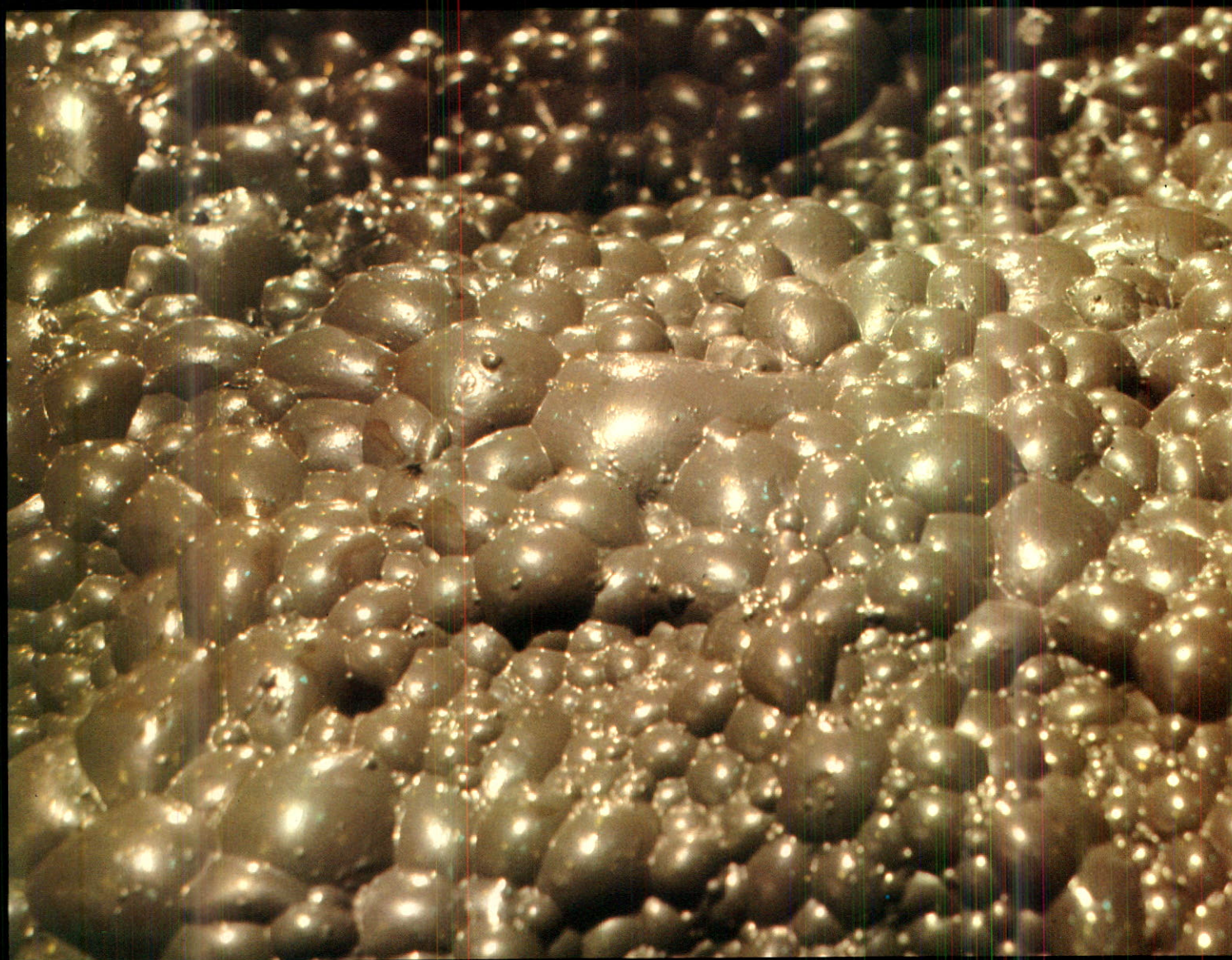
centrates per year and 60,000 DMT of lead concentrates per year until the end of 1984. The terms for the sale of an additional 50,000 DMT of zinc concentrates have been contracted for 1983 and no difficulties are expected with deliveries under these contracts.

ZINC

Zinc metal demand has been severely depressed over the past three years, as shown in the accompanying table. While the world's major economies remain at depressed levels, efforts to increase the demand for zinc

through the development of new applications for zinc metal and winning back markets lost to other materials are proving difficult.

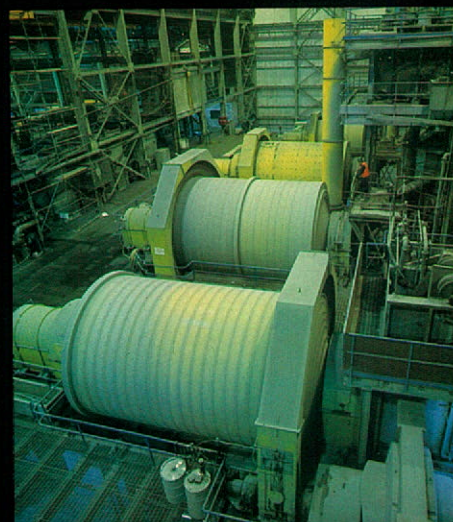
The decline in zinc metal deliveries continued during 1982 as the general world economic recession deepened. Refined metal consumption at 4.15 million tonnes was down from 1981 by 269,000 tonnes or 6.1% — its lowest level since 1975. This fall in consumption was common to all countries but the most marked fall was in the U.S.A. where deliveries were down by 17.4%. The U.S.



galvanising and brass sectors were particularly adversely affected by the severely depressed state of the construction and general engineering industries during 1982. Western World refined metal production fell by 241,000 tonnes during 1982 to 4.32 million tonnes in response to reduced demand.

In Europe, metal production was down by 82,000 tonnes to 1.76 million tonnes and in the U.S.A. by 106,000 tonnes to 287,000 tonnes. In Canada — where, in addition to temporary shutdowns, production was inter-

rupted by a prolonged strike at a major refinery — production fell by 107,000 tonnes to 512,000 tonnes. The effects of the reduced demand for and production of zinc metal led smelters worldwide to consider the closure of less efficient or high energy facilities. Japanese capacity has been reduced; plans were developed to encourage the closure of European capacity and construction projects for new smelters were postponed. However, the new capacity which came into operation in Peru during 1981 meant a further increase of 36,000 tonnes.



(Top) Rod and ball mills grind the ore to a fine powder prior to flotation. (Left) Zinc flotation and (Right) Inside the combustion chamber of the oil fired zinc drier where concentrates are dried to the critical moisture levels required for safe transportation.

Western World mine supplies continued to expand, with 1982 total zinc metal in concentrate production at 4.71 million tonnes or 5.8% above production at 1981 levels. Expansion was particularly marked in Australia where production at 610,000 tonnes was 25.8% above the 1981 production levels. In Ireland, production showed an increase of 49,000 tonnes; the effect of the increased production due to the ending of the strike at Tara during March 1982 was partly offset by the closure of the Mogul mine during July 1982. Production increases also occurred in Peru and Canada, with production in both countries up by 45,000 tonnes over 1981.

The increase in mine production coupled with reduced zinc metal production enabled smelters to rebuild their zinc inventories which had been reduced during 1981 to levels which had threatened some smelters' ability to maintain production.

Net exports of zinc concentrates to socialist countries showed little change from 1981, but net exports of refined zinc doubled to 120,000 tonnes due to substantial purchases by China. Western World producers' stocks decreased by 62,000 tonnes last year to about 502,000 tonnes.

The European Producer Price for zinc metal decreased from \$950/tonne to \$900/tonne during March, to \$860/tonne during April and to \$800/tonne in June. The price declined further to \$750/tonne during February 1983. It is anticipated that the zinc price will stage a modest recovery during 1983.

Lead

Western World lead consumption was 3.72 million tonnes during 1982, 4.1% below 1981 levels. U.S. consumption, usually about 30% of world consumption, fell by 6% or 68,000 tonnes to 1.06 million tonnes, in line with the general decline in the U.S. economy. The most severe decline

occurred in the battery sector as U.S. auto production continued its downward slide. Japan and Mexico also showed significant drops in lead consumption.

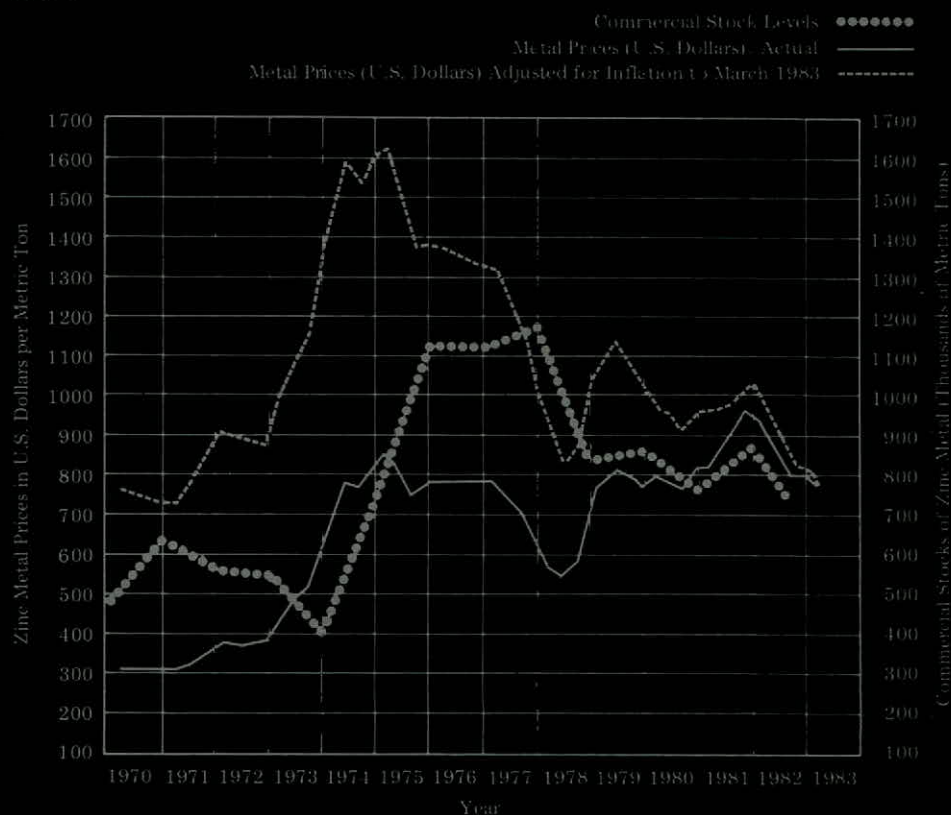
Production of refined lead fell by 167,000 tonnes to 3.87 million tonnes in response to the weak demand throughout the year. The extended temporary shut-downs at many plants during the latter part of 1982 helped to account for the decline in production, but shortage of supplies of scrap materials also caused difficulties for many secondary refineries. The low level of lead prices resulted in a widespread slowing down in the collection of scrap materials, particularly old batteries, while the continuing run-down in industrial activity throughout the world resulted in less scrap coming forward from sources such as the demolition of old buildings and scrap cables. Competition for available scrap supplies was, therefore, keen and prices tended to remain firm.

Margins narrowed to the point at which, combined with shortages of supplies, a number of secondary plants were permanently or temporarily closed.

Mine production of lead in concentrates increased in 1982 by 4.5% to 2.56 million tonnes. Although there were a series of mine and smelter strikes during 1981, there were also a number of expansions of output. It was this increase in production which was largely responsible for the prolonged weakness of the lead price. While European, African and Asian production remained virtually unchanged, there was an increase in mine production of 19.3% in the U.S.A. and of 9.6% in Peru, while in Australia there was an increase of 12.6% due to increased production at Mount Isa Mines.

Total producers' closing stocks of 255,000 tonnes showed an increase of 8,000 tonnes over the opening position at the beginning of the year.

ZINC

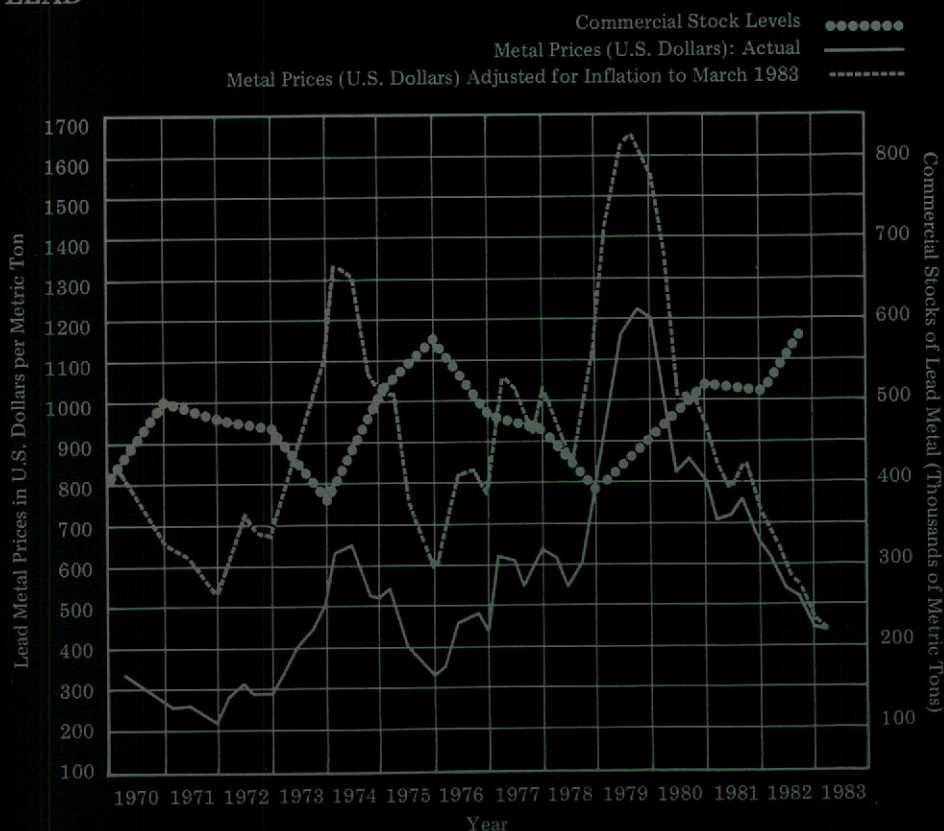


Lead prices on the London Metal Exchange started the year at £370/tonne but, beginning in March, began to show a steady fall almost every month to reach a level of £287/tonne at the end of November. A small improvement occurred in December to leave the price at £294/tonne at year end. In the light of the restrictions emerging on the use of lead and the general outlook for lead supply/demand, no imminent recovery in the lead price is expected.

SILVER

Silver prices made a marked recovery during late 1982. From a January price of £4.40/oz, the price of silver dropped during the first half-year to reach a level of £3.30/oz. at the end of June. During the second half-year, heavy speculation in precious metals pushed gold and silver prices sharply onward; silver climbed to reach a level of £6.73/oz. at the end of December, the highest price in two years.

LEAD



PRODUCTION AND CONSUMPTION STATISTICS NON-COMMUNIST COUNTRIES

ZINC (000's TONNES)	1982	1981	1980	1979	1978	1977
Metal consumption	4147	4416	4482	4744	4654	4256
Producer stocks	502	564	499	552	462	859
Metal production	4319	4560	4468	4713	4291	4277
Mine production (Metal content)	4716	4456	4515	4607	4689	4839

SOURCE ILZRO

LEAD (000's TONNES)	1982	1981	1980	1979	1978	1977
Metal consumption	3723	3883	3947	4188	4153	4053
Producer stocks	255	247	221	182	148	178
Metal production	3869	4036	4109	4318	4150	4031
Mine production (Metal content)	2567	2456	2535	2543	2539	2516

SOURCE ILZRO

Inside the concentrate load-out building, trains are loaded with zinc and lead concentrates to be transported to the ship loading facility at Dublin Port.



To the Shareholders of

Tara Exploration and Development Company
Limited:

We have examined the consolidated balance sheet of Tara Exploration and Development Company Limited as at December 31, 1982 and the consolidated statements of income, deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The consolidated financial statements for the preceding year were examined by other Chartered Accountants.

Clarkson Gordon

Toronto, Canada,
March 10, 1983.

Chartered Accountants

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Principles of consolidation**

The consolidated financial statements include the financial statements of all subsidiary companies, the more significant of which are Tara Mines Limited and Tara Prospecting Limited.

(b) Currency translation

Currency balances, other than those in U.S. dollars, are translated as follows:

- (i) Current assets (other than inventories stated at cost) and liabilities at year end rates;
- (ii) All other assets, minority interest and shareholders' equity at historical rates;
- (iii) Revenue and expense transactions at the average rate of exchange prevailing during the year except for depreciation and amortization which are translated at rates applicable to the related assets.

Gains or losses resulting from translation of foreign currency balances are included in the statement of income.

(c) Inventories

Inventories of concentrates and metals on hand are stated at the lower of cost (determined on the first-in, first-out method) and net realizable value. Inventories of supplies are stated at the lower of average cost and replacement cost.

(d) Depreciation and amortization

- (i) Fixed assets, other than land not used for mining, are depreciated over the expected useful lives of the assets ranging from 4 to 25 years. The straight line method is used for mobile equipment at a rate of 25% per annum. All other fixed assets are depreciated on the unit of production method, based on metallic content of the ore reserves estimated to be recoverable during their useful lives.
- (ii) Development and preproduction expenditures deferred, together with lease acquisition costs, are amortized on the unit of production method as described above.

(e) Exploration

Exploration expenditures are charged to income in the period in which incurred.

(f) Deferred income taxes and royalties

The company follows the tax allocation basis in accounting for income taxes and mining royalties payable under the state mining lease. Taxes and royalties are deferred because of timing differences in the recognition of certain revenue and expense items for tax and financial statement purposes.

Tara Exploration and Development Company Limited

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*(Incorporated under the laws of Ontario)
and its subsidiary companies*

Consolidated Balance Sheet

at December 31, 1982

Expressed in thousands of U.S. dollars

	1982	1981
ASSETS		
Current assets		
Cash and short-term investments	\$ 5,389	\$ 2,003
Smelter settlements receivable, at estimated net realizable value	4,777	1,391
Accounts receivable and prepaid expenses	2,464	2,050
Inventories (Note 2)	6,835	6,345
	<u>19,465</u>	<u>11,789</u>
Investment (note 3)	<u>3,362</u>	<u>3,362</u>
Fixed assets		
Land, buildings, equipment and construction in progress, at cost	104,321	103,478
Less accumulated depreciation	<u>30,350</u>	<u>24,980</u>
	<u>73,971</u>	<u>78,498</u>
Other assets and deferred charges (note 4)	<u>58,743</u>	<u>64,797</u>
	<u>\$155,541</u>	<u>\$158,446</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 11,808	\$ 8,022
Income taxes payable	107	119
Due to shareholders	2,574	1,736
Long-term debt maturing within one year	<u>17,000</u>	<u>17,000</u>
	<u>31,489</u>	<u>26,877</u>
Long-term debt (Note 5)	<u>105,311</u>	<u>112,975</u>
Deferred income taxes	<u>—</u>	<u>7,962</u>
Minority interest	<u>1,304</u>	<u>(2,934)</u>
Shareholders' equity		
Capital stock (Note 6)	6,308	6,308
Contributed surplus	<u>20,310</u>	<u>20,310</u>
	<u>26,618</u>	<u>26,618</u>
Deficit	<u>9,181</u>	<u>13,052</u>
	<u>17,437</u>	<u>13,566</u>
	<u>\$155,541</u>	<u>\$158,446</u>

Commitments (Note 9)

On behalf of the Board:
Michael McCarthy, Director
Brendan Hynes, Director

(See accompanying notes)

Consolidated Statement of Income

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Year ended December 31, 1982

Expressed in thousands of U.S. dollars

	1982	1981
Revenue	\$75,144	\$48,025
Expenses		
Operating expenses	47,858	34,632
Depreciation and amortization	8,670	7,282
Interest and other costs of servicing long-term debt	19,400	19,194
	75,928	61,108
	(784)	(13,083)
Other income (expense)		
Exploration	(549)	(586)
Sundry income	714	768
Currency translation adjustment	689	215
Income (loss) before undernoted items	70	(12,686)
Income taxes	—	1,416
	70	(14,102)
Minority interest	(650)	(4,130)
Income (loss) before extraordinary item	720	(9,972)
Extraordinary item (Note 10)	3,151	—
Net income (loss) after extraordinary item	\$3,871	\$(9,972)
Earnings (loss) per share		
Before extraordinary item	\$0.11	\$(1.52)
After extraordinary item	\$0.59	\$(1.52)

Consolidated Statement of Deficit

Year ended December 31, 1982

Expressed in thousands of U.S. dollars

	1982	1981
Deficit at beginning of year	\$13,052	\$3,080
Net income (loss)	3,871	(9,972)
Deficit at end of year	\$9,181	\$13,052

(See accompanying notes)

Consolidated Statement of Changes in Financial Position

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Year ended December 31, 1982

Expressed in thousands of U.S. dollars

	1982	1981
Working capital derived from		
Operations	\$8,451	\$(4,481)
Bank loans	12,500	8,000
Increase in non-current portion of long-term debt	—	6,000
Reduction in deferred charges	—	36
	<u>20,951</u>	<u>9,555</u>
Working capital applied to		
Repayment of bank loans	17,000	8,500
Additions to fixed assets and deferred charges	887	1,476
	<u>17,887</u>	<u>9,976</u>
Increase (decrease) in working capital position	<u>3,064</u>	<u>(421)</u>
Working capital deficiency at beginning of year	<u>15,088</u>	<u>14,667</u>
Working capital deficiency at end of year	<u>\$12,024</u>	<u>\$15,088</u>
Working capital derived from (applied to) operations		
Net income (loss) before extraordinary item	\$720	\$(9,972)
Items not affecting working capital		
Minority interest	(650)	(4,130)
Depreciation and amortization	8,670	7,282
Interest on long-term debt waived	488	795
Currency translation adjustment	(777)	87
Deferred income taxes	—	1,457
	<u>\$8,451</u>	<u>\$(4,481)</u>
(See accompanying notes)		

Notes to Consolidated Financial Statements

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December 31, 1982

Expressed in U.S. dollars

1. ACCOUNTING POLICIES

The principle accounting policies followed by the company are summarized under the caption 'Accounting Policies'.

2. INVENTORIES

	1982 '000	1981 '000
Inventories consist of the following:		
Concentrates _____	\$2,510	\$923
Supplies _____	4,325	5,422
	<u>\$6,835</u>	<u>\$6,345</u>

3. INVESTMENT

The investment which is carried at cost, \$3,362,000, consists of 501,714 shares in Northgate Exploration Limited. The quoted market value of these shares at December 31, 1982 was \$3,136,000 (1981 — \$2,195,000) which is not necessarily indicative of their value.

4. OTHER ASSETS AND DEFERRED CHARGES

	1982 '000	1981 '000
Exploration, development and preproduction expenditures deferred _____	\$67,318	\$70,097
State Mining Lease _____	6,069	6,069
	<u>73,387</u>	<u>76,166</u>
Less accumulated amortization _____	<u>14,644</u>	<u>11,369</u>
	<u>\$58,743</u>	<u>\$64,797</u>

Exploration, development and preproduction expenditures deferred have been adjusted by \$2,779,000 in respect of preproduction financing charges and deferred income taxes no longer required arising from the waiving of loan interest and commitment fees (Note 10).

5. LONG-TERM DEBT

The long-term debt is due by the company's subsidiary Tara Mines Limited.

	1982 '000	1981 '000
Bank consortium loans due 1983-1988 with interest at 2% above the London interbank offer rate for Eurodollar loans _____	\$75,986	\$87,986
Export Development Corporation of Canada loan due 1983-1986 with interest at 9¾% per annum _____	16,786	21,786
Standby facility bank loan due 1988 with interest at 1% above the London interbank offer rate for Eurodollar loans _____	26,500	14,000
Non-bank loan of Can. \$3,743,000 (1981 Can. \$7,359,000) due 1989-1991. No interest is currently payable on this loan. (Note 10). _____	3,039	6,203
	<u>122,311</u>	<u>129,975</u>
Less amount due within one year _____	<u>17,000</u>	<u>17,000</u>
	<u>\$105,311</u>	<u>\$112,975</u>

The bank loans of Tara Mines Limited are secured by a first and fixed specific charge on certain property and assets of that entity and a floating charge on its remaining property and assets. The company has given an unconditional guarantee for the full amount of these loans and has pledged all of its shares in Tara Mines Limited in support of that guarantee.

The standby facility bank loan has been guaranteed by shareholders of the company. (Note 12).

Among other covenants, the bank loan agreements contain certain restrictions on Tara Mines Limited relating to working capital and the payment of dividends.

Maturities of long-term debt during the next five years are: 1983—\$17 million; 1984—\$17 million; 1985 — \$17 million; 1986 — \$13.786 million; 1987 — \$12 million.

6. CAPITAL STOCK

- (a) The authorised and issued capital stock consists of the following:

	1982 '000	1981 '000
Authorised—		
50,000,000 common shares of no par value		
40,000,000 Class A preference shares		
Issued—		
6,559,360 common shares of no par value	\$6,308	\$6,308

- (b) Employees' stock option

Pursuant to the Employees' Stock Option Plan, options may be granted on up to 176,500 shares of the company's common shares at prices not less than 90% of the market value of the shares on the date the options were granted.

At December 31, 1982 options were outstanding as follows:

Number of shares	Option price	Expiry date
48,000	Can. \$13.05	October 30, 1983
10,000	Can. \$11.81	September 23, 1984

No stock options were exercised during the year ended December 31, 1982.

7. INCOME TAXES

At December 31, 1982 the company and its subsidiaries have losses carried forward for tax purposes of \$19,000,000. The effect of the losses has not been recorded in the accounts.

8. MINING LEASE

Tara Mines Limited holds a State Mining Lease from the Government of the Republic of Ireland for a term of twenty-five years from September 1, 1975. Under the terms of this Lease a royalty based on profits is payable to the Government. This Lease may be extended for an additional ten years provided not less than IR£8,000,000 (\$11,150,000) is received by Tara Mines Limited prior to December 31, 1984 in respect of the issue of preference shares (Note 10).

9. COMMITMENTS

Tara Mines Limited is committed to capital expenditure in the amount of \$102,000 (1981 — \$142,000).

10. EXTRAORDINARY ITEM

During the year the company and the Government of the Republic of Ireland, the minority shareholder of Tara Mines Limited, entered into

an agreement which provided that the company may invest or procure subscriptions for up to IR£20,000,000 (\$27,900,000) in 11% cumulative redeemable participating preference share capital of Tara Mines Limited at any time up to December 31, 1984. This agreement further provided that in the event of an issue of preference shares, the shareholders of Tara Mines Limited would waive interest and commitment fees due to them.

On June 29, 1982, Tara Mines Limited issued to the company 1,250,000 preference shares which under the terms of the agreement resulted in the following extraordinary item:

Effect on shareholders' interest arising from waiving of loan interest and commitment fees		'000
		\$4,888
Deduct:		
Minority shareholders' loan interest waived	\$3,263	
Less:		
Amount previously capitalized as Other assets and deferred charges (Note 4)	561	2,702
		2,186
Deferred income taxes no longer required	7,555	
Less:		
Amount previously capitalized as Other assets and deferred charges (Note 4)	2,218	5,337
		<u>\$3,151</u>

11. SEGMENTED INFORMATION

The company operates exclusively in the mining industry. Concentrate sales are comprised entirely of export sales to European smelters by the company's principal operating subsidiary, Tara Mines Limited, which is located in the Republic of Ireland.

12. RELATED PARTY TRANSACTIONS

The standby facility bank loan of Tara Mines Limited is guaranteed by the company's four major shareholders. Under the guarantee agreement Tara Mines Limited is liable to pay commitment fees not exceeding:

- 2% per annum on a standby facility of \$15,000,000
- 4% per annum on an additional standby facility of \$15,000,000

The fees for 1982 amounting to \$838,000 (1981 — \$576,000) have been included in the balance sheet under the caption Due to shareholders.

TARA MINES LIMITED**DIRECTORS**

J. N. Clarke*
 Tom Farrell
 Matthew Gilroy
 John A. Hall
 Brendan Hynes
 Michael McCarthy
 Joseph V. McParland
 Hugh Murphy
 Patrick J. Murphy
 Sean Murray
 Murrogh V. OBrien†
 Yvonne Scannell
 John J. Tully

ALTERNATE DIRECTORS

John V. Cleasby*
 Sydney Filer†
 Poul Hansen*
 Patrick J. Hughes
 David J. Libby
 Peter McAleer
 Murrogh V. OBrien*

OFFICERS

Michael McCarthy
Chairman

Francis B. Donnellan
Treasurer

Brendan Hynes
*Deputy Chairman and
 Chief Executive*

David J. Libby
*Vice-President
 General Manager — Mining*

Gerard J. Reynolds
Financial Controller

John J. Tully
Secretary

TARA PROSPECTING LIMITED

Brendan Hynes
Director

Michael McCarthy
Director

Murrogh V. OBrien
Director

Derek M. Romer
General Manager

John J. Tully
Director/Secretary

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†Retired March 7, 1983

*Appointed March 7, 1983

