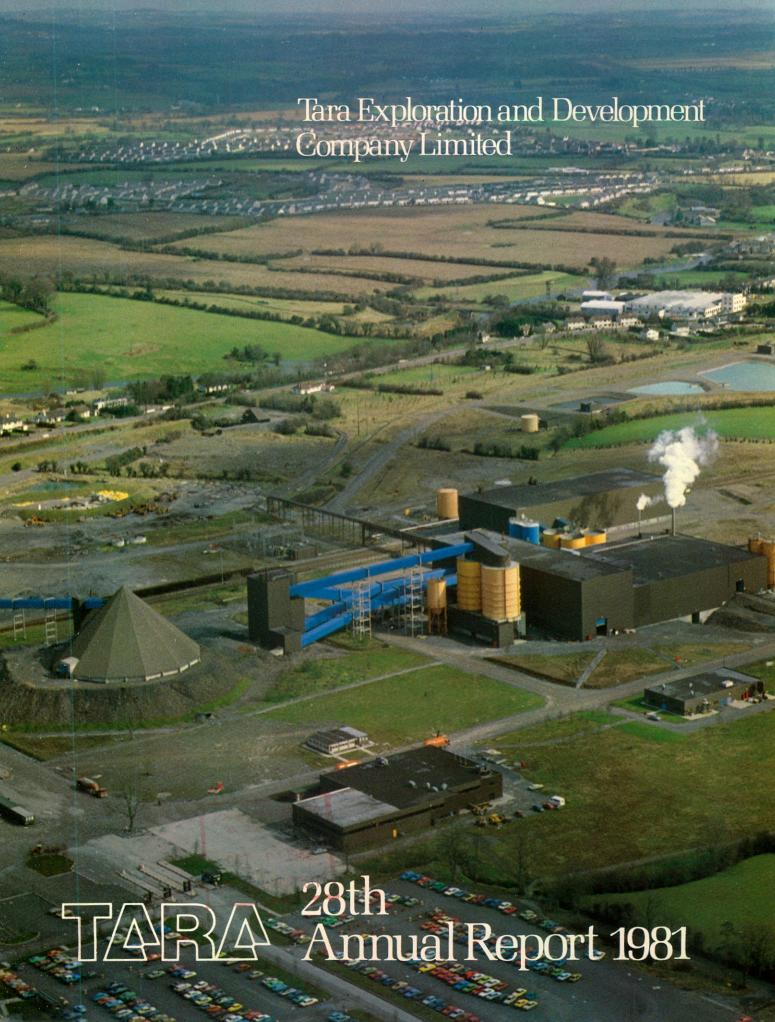
ANNUAL REPORT 1981

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Corporate Information

TARA

BOARD OF DIRECTORS

MYLES N. ANDERSON

SYLVESTER P. BOLAND

CHARLES CARVILL

J. N. CLARKE

E. KENDALL CORK

MATTHEW GILROY

JOHN A. HALL*

JAMES HANRATTY

PATRICK J. HUGHES

BRENDAN HYNES

WILLIAM JAMES †

MICHAEL McCARTHY

JOSEPH V. McPARLAND

HUGH MURPHY

MURROGH V. OBRIEN

ALFRED POWIS

JOHN J. TULLY

OFFICERS

MICHAEL McCARTHY President

MATTHEW GILROY Vice-President

BRENDAN HYNES Vice-President

PETER McALEER Vice-President

JOSEPH V. McPARLAND Secretary-Treasurer **AUDITORS**

Thorne Riddell, Chartered Accountants, Toronto, Canada.

Griffin, Lynch & Co., Chartered Accountants, Dublin, Ireland.

SOLICITORS

Fasken & Calvin, Toronto, Canada.

McCann, Fitzgerald, Roche & Dudley, Dublin, Ireland.

REGISTRAR AND TRANSFER AGENT

Crown Trust Company, Toronto, Canada.

Charter Consolidated Limited, Ashford, Kent, England.

EXECUTIVE OFFICE

162 Clontarf Road, Dublin 3, Ireland. Telephone: 332211 Telex: 25881 IBAM EI

REGISTERED OFFICE

Suite 3140, P.O. Box 143, 1, First Canadian Place, Toronto, Ontario, M5X 1C7 Telephone: area code (416) 362-6683 Telex: 06-217766

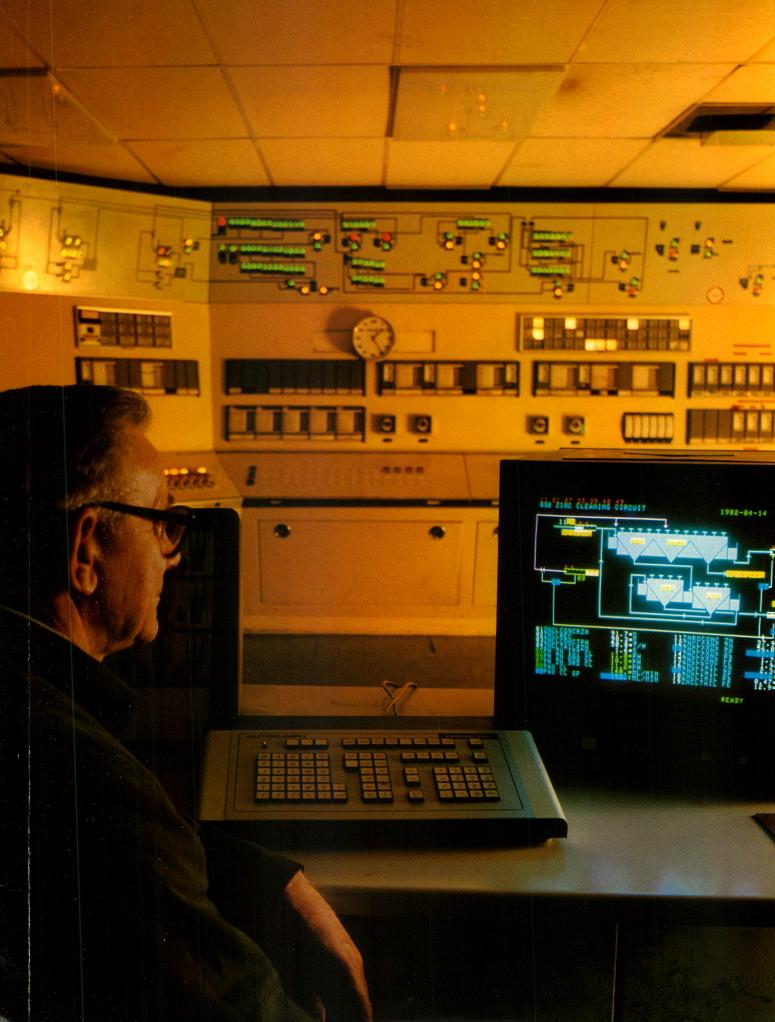
ANNUAL AND GENERAL MEETING OF SHAREHOLDERS

June 28, 1982, 10.00 a.m.

Upper Canada Room, Royal York Hotel, 100, Front Street West, Toronto, Ontario.

†Retired April 26, 1982.

^{*}Appointed April 26, 1982.



Report to Shareholders

The results for the year were gravely affected by industrial disputes by craftsmen from late June until mid-February, 1982. The increase in the production rate achieved during 1980 was maintained during early 1981 but the industrial relations difficulties which began in mid June, leading to the strike, led to the production of only 175,680 tonnes of zinc concentrates and 27,555 tonnes of lead concentrates during the year.

As a result, the Company experienced a sharp fall in revenues to \$48.0 million and a net loss of \$9.972 million was incurred. The Company coped with the financial effects of the production stoppage by invoking force majeure provisions in its loan agreements on the repayment of principal amounts due during July and October, and by drawing down on standby lines of credit. The principal repayments to the bank consortium and Export Development Corporation were deferred and added to the final payments due to the Banks and E.D.C.

The strike action by craftsmen was taken in support of their claim for an increase in basic wages and a bonus scheme based on miners' bonus earnings. The claim had been raised by the craftsmen during 1979/1980 and considered by the national conciliation service the Labour Court — both informally and formally. In April, 1981, the Labour Court rejected the craftsmen's claims. Tara indicated that while it was not prepared to concede the principle of a craftsmen's bonus scheme based on miners' bonus earnings, it was prepared to discuss additional payments for increased productivity. Pickets were placed in late June, as a result of disciplinary action taken against some craftsmen. A strike followed in support of the wage and bonus claim. Following a protracted stoppage and several mediation efforts, an agreement was reached in early February, on

a bonus scheme based on mine production, in return for flexibility which is expected to lead to increased productivity. Similar arrangements were later agreed with representatives of all employees other than the miners whose bonus system was unaffected by the agreements reached as a result of the strike.

Although the financial circumstances deteriorated sharply as a result of the strike, Tara has been able to meet all interest payments and the principal payments due in 1982 by the use of its credit lines. While Tara is operating within the current finances available to it, the Company plans to secure a short-term bank loan in order to be in a position to assist Tara, pending finalisation of plans to raise equity capital. The Company has requested shareholders' approval to increase its authorised ordinary share capital from 7 million shares to 50 million shares and to authorise the creation of 40 million preference shares. This proposal will be voted on by shareholders on June 28, 1982.

Following prolonged discussions between Tara and officials of the Department of Industry and Energy on the funding of Tara, agreement was reached in mid-February on the raising of further finance for Tara. The agreement provides for the increase of the authorised share capital of Tara by the creation and issue to the Company of up to 20,000,000 IR£1 preference shares; a cumulative dividend of 11% and an additional amount equal to 10% of any dividend paid on each ordinary share of Tara will be paid on each preference share issued; the extension of the lease term by 10 years to the year 2010 on the receipt by Tara of not less than IR£ 8,000,000 for preference shares prior to December 31, 1984; the extension of the lease area to include 3,440 acres contiguous to the existing mine area.

The markets for lead and zinc metals were favourable during the first nine months of 1981, with substantial increases in lead and zinc prices until late September. Zinc concentrates were in particularly short supply due to production stoppages in North America and Ireland. The terms of lead and zinc concentrate contracts with European smelters were re-negotiated at year end in accordance with the long term contracts' provisions which required agreement on revised treatment charge terms for the years 1982, 1983 and 1984. Substantial improvements were secured in the terms which prevailed until the end of 1981. Although the demand for zinc metal has fallen, Tara's customers' zinc concentrate levels are low by historical standards and no difficulties are being experienced in disposing of zinc concentrates. In the case of lead there is an oversupply of lead concentrates but Tara's long-term contracts enable it to sell all production.

Tara Prospecting Limited continued with an active exploration programme during 1981 but this was adversely affected by the Company's deteriorating financial condition. Exploration plans are being revised and it is likely that the Company will seek joint venture partners to maintain a vigorous exploration effort.

The future of the Company depends on the ability and efforts of those associated with it. On behalf of the Board of Directors, I wish to acknowledge the efforts of all employees during 1981 and ask for their continued commitment which is essential to the future of the Company.

June 2, 1982 Dublin, Ireland MICHAEL McCARTHY President



The Year in Review

PRODUCTION

Mining production during 1981 amounted to 806,829 tonnes of ore extracted from the undiluted ore reserves. Main development and stope development completed was 2,429 metres and 5,525 metres respectively. A total of 557,664 tonnes of backfill was placed in mined-out stopes. Pillar recovery continued in several trial areas, and production pillar mining was successfully introduced.

Work was substantially completed on an extension to the underground mobile equipment workshop. It is expected that the new workshop will provide improved mobile machine maintenance facilities and higher equipment availability.

The resumption of work by craftsmen during February, 1982, led to a quick return to work by miners. Production levels to the end of April have been in line with planned production increases and it is expected that the mine will be operating at full rate during the second half of 1982.

Work has continued on methods to reduce dilution. Unacceptable dilution was experienced during early 1981 and several measures were taken to reduce the amount of waste hoisted with ore. Although dilution has been considerably reduced during March/April 1982, work is continuing on modified stope design and waste handling procedures to secure further improvements.

Production Statistics

		1981	1980
Ore hoisted	tonnes	806,829	1,843,176
Main development	metres	2,429	2,472
Stope development	metres	5,525	12,383
Backfill placed	tonnes	557,664	720,508

PROCESSING

Undiluted ore milled during 1981 totalled 830,557 tonnes at a grade of 12.5% zinc and 2.5% lead yielding 175,680 tonnes of zinc concentrate containing 95,718 tonnes of zinc metal and 27,555 tonnes of lead concentrates containing 16,184 tonnes of lead metal. The mill continued to operate satisfactorily up to the time of the craftsmen's strike. At the time of the strike the Proscon 20/200 computer control system had been installed and commissioning of the system was imminent. The commissioning was deferred to April, 1982, as a result of the craftsmen's strike. Studies are continuing on ways to improve recoveries and to reduce costs, particularly energy costs.

RESERVES

Estimates of undiluted geological ore reserves at December 31, 1981, were:

Proven and probable	Tonnes 30,608,700	%Zn 11.4	%Pb 2.6
Possible	33,855,800	8.5	2.8
Gross Total	64,464,500	9.9	2.7

Total tonnes of ore extracted to December 31, 1981, amounted to 5,701,302 tonnes at an average grade of 12.9% zinc and 2.8% lead. The total of this category of ore at December 31, 1981 amounted to;

	Tonnes	% Zn	%Pb
Proven and Probable	24,907,400	11.1	2.5
Possible	33,855,800	8.5	2.8
Net Total	58,763,200	9.6	2.7

A total of fifteen surface diamond drill holes were drilled within the mine property boundary to the south-west of the shaft pillar during 1981. The results obtained from these drill holes have not been included in reserve estimates. A further twenty-nine drill holes will be drilled during 1982.

MARKETING

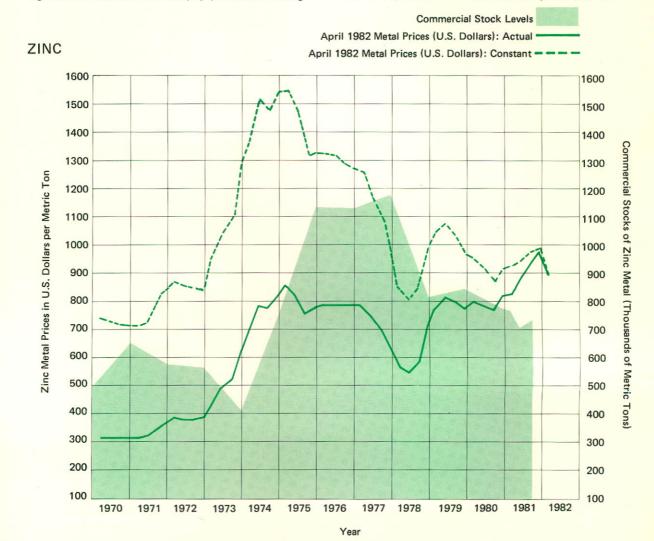
Deliveries of zinc concentrates during 1981 totalled 173,582 tonnes compared to 363,345 in 1980, while deliveries of lead concentrates totalled 28,797 tonnes compared to 54,441 tonnes in 1980. Silver contained in lead concentrates amounted to 3,466 kilos compared to 6,414 kilos during 1980.

Zinc

The world zinc industry suffered from weakening metal demand coupled with a tight zinc concentrate supply position during

1981. The European zinc industry was badly affected by the Tara strike. The effects of the shortfall in concentrate supplies from Tara during the strike were tempered, however, by a reduction in concentrate inventory levels and increased use of secondary feed.

In spite of weakening demand, the European producer price for zinc metal increased from \$825 to \$875/tonne during April, to \$925 during May and to \$1,000/tonne in early September. However, the price fell to



\$950 in early December. The price declined further to \$900 during March and fell yet again to \$860 during April, 1982.

Western World mine output fell 2.1% to 4.4 million tonnes (zinc content of concentrates). European output fell by 12.3% to 977,000 tonnes, mainly due to the fall in Irish mine output caused by the Tara strike. U.S. production fell by 9.0% to 335,000 tonnes because of strikes at several mines in Missouri and Mexican production fell by 8.8% to 217,000 tonnes. Production in Canada showed an increase, reflecting a recovery from the low level of 1980 when production was cut by a prolonged strike at the New Brunswick Mine, while mine production increases also occurred in Asia and in Australia.

Western World refined metal production rose by 1.1% to 4.52 million tonnes.

Zinc metal consumption in 1981 fell by 3.4% to 4.33 million tonnes, the lowest level in four years. Demand slackened in all major European countries with the exception of the U.K. where it rose by 5% to 190,000 tonnes. Consumption dropped also in Japan by 7.0% to 699,000 tonnes and in Australia by 2.1% to 94,000 tonnes. Contrary to trends in American countries, consumption in Mexico and the U.S. increased with Mexican demand up by 12.3% to 100,000 tonnes and United States demand up by 4.3% to 917,000 tonnes.

Western World producers' stocks increased by 48,000 tonnes last year to about 542,000 tonnes.

Lead

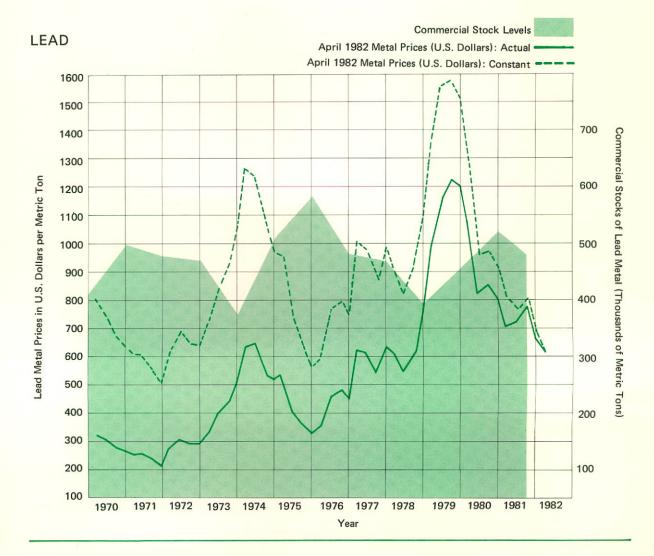
Lead prices on the London Metal Exchange tended to follow zinc prices during 1981, falling from £310/tonne at the beginning of the year to £287/tonne at the end of January and reaching a peak of £500/tonne during August — traditionally a period of weak demand. The price fell to £370/tonne at December 31.

Western World mine production of lead in concentrates declined in 1981 by 2.8% to 2.47 million tonnes, due to industrial disputes

particularly in the U.S.A. and in Ireland. Output lost due to strikes was at least 150,000 tonnes of lead.

Refined lead production fell by 4.7% to 3.91 million tonnes.

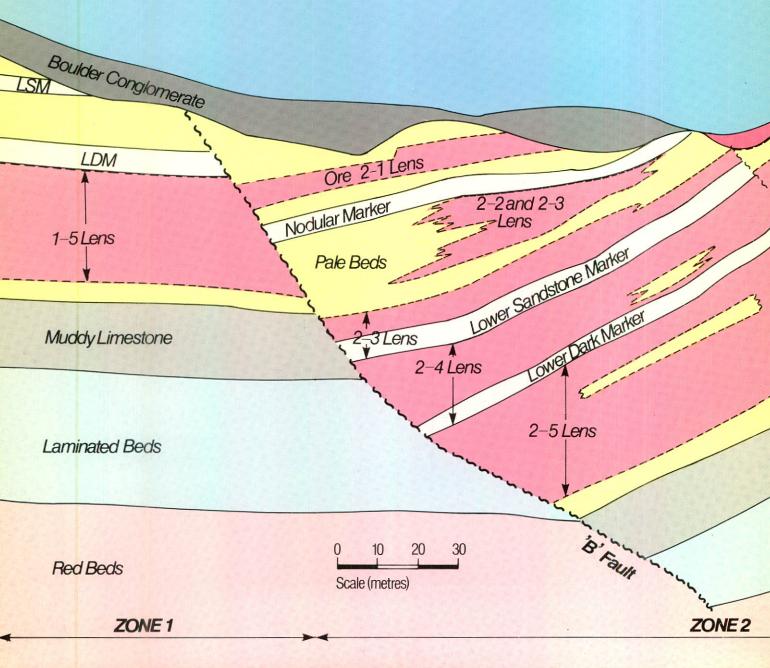
Refined lead consumption at 3.74 million tonnes fell by 4.8% from 1980 levels. European consumption fell by 7.3% to 1.54 million tonnes, the principal reductions being in the United Kingdom, Netherlands, Italy and Yugoslavia.

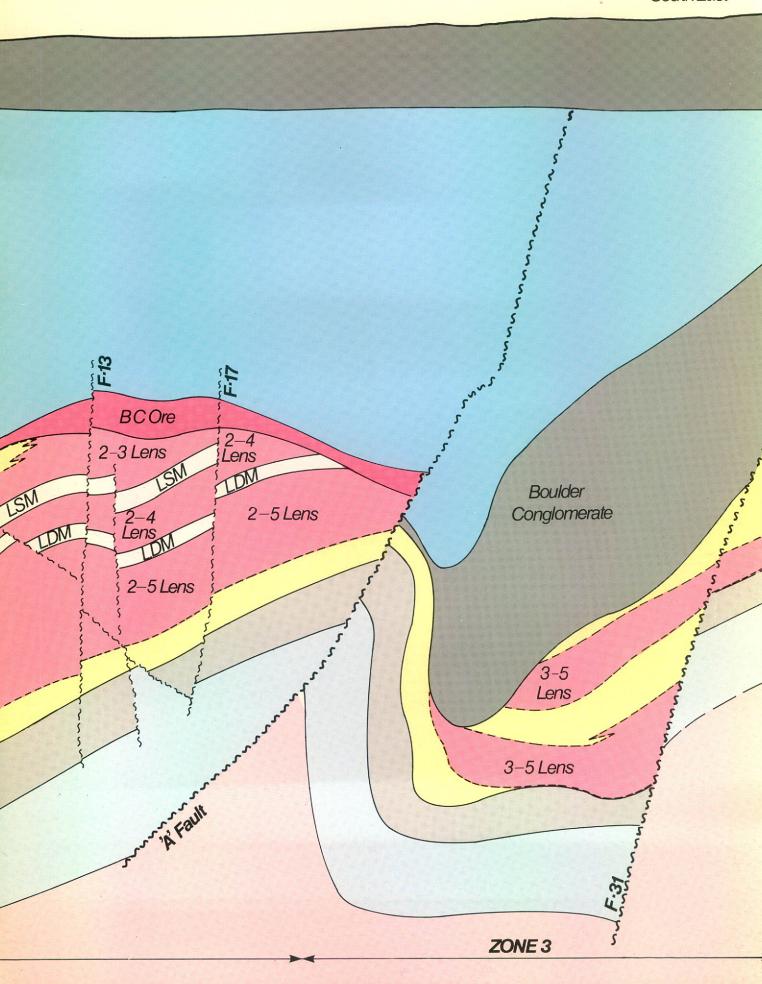


Overburden

NW/SE Geological Cross Section 845 NW of Navan Ore Body (facing NE)

Upper Dark Limestone





American demand slackened in most countries, notably the United States where demand fell by 3.9% to 1,051,000 tonnes and Brazil by 25.3% to 62,000 tonnes. In Asia, Japanese consumption fell by 2.6% to 382,000 tonnes. However, this fall was more than offset by small rises in several other Asiatic countries. Consumption in Africa and Australia differed little from the previous year.

One fairly substantial area where lead

consumption continues to fall is the market for petrol additives. The use of refined lead in petrol additives as a percentage of the total Western world consumption of refined lead dropped in 1981 to 6.6% (248,300) from 6.8% (265,900) in 1980, continuing the trend of the last few years.

Total producers' closing stocks of 247,000 tonnes show an increase of 26,000 over the opening position at the beginning of the year.

Silver

Silver prices fluctuated fairly widely during the year. Beginning the year at around £6.58/oz., silver reached its 1981 high of £6.71/oz. in January and fell to its low of £4.13/oz., in December.

The silver price dropped to £5.12/oz. during March, reflecting fears that the U.S.A. would dispose of the entire General Services Administration stockpile of 139 million ozs. The downward trend for silver continued until the price reached £4.35 in early July. Thereafter, the rising political tensions in the

Middle East and heightening anxieties over Poland pushed the silver price to £6.33 in mid-September until the U.S. Government announced plans to sell silver from the G.S.A. stockpile and the silver price declined steeply to £4.62 in October. The resultant dampening of speculator interest and continuing sluggishness of industrial demand led to lower silver prices and the market reached its low during early December. The announcement by the G.S.A. during December of plans to suspend silver sales until further notice failed to stabilise prices.

PRODUCTION AND CONSUMPTION STATISTICS

WESTERN WORLD

Zinc (000's Tonnes)	1981	1980	1979	1978	1977
Metal Consumption	4,335	4,486	4,744	4,654	4,256
Producer Stocks	542	494	536	447	859
Metal Production	4,523	4,471	4,706	4,291	4,277
Mine Production (Metal Content)	4,435	4,529	4,606	4,689	4,839

Source ILZRO

Lead (000's Tonnes)	1981	1980	1979	1978	1977
Metal Consumption	3,744	3,932	4,175	4,145	4,053
Producer Stocks	247	221	181	150	178
Metal Production	3,912	4,104	4,309	4,150	4,031
Mine Production (Metal Content)	2,466	2,537	2,544	2,539	2,516

Source ILZRO



Auditors' Report

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, 1981 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, 1981 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 preceeding year.

THORNE RIDDELL

Chartered Accountants Toronto, Canada.

March 5, 1982

Accounting Policies

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 and net realizable value. Inventories of supplies are stated at the lower of cost and replacement cost.

(d) Depreciation and amortization

- (i) Fixed assets, other than land not used for mining, are depreciated over the shorter of the expected useful lives of the assets and the life of the mine. 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 the life of the mine.
- (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

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

Consolidated Balance Sheet

at December 31, 1981

Expressed in thousands of U.S. dollars

	1981	1980
ASSETS Current Assets		
Cash and short term investments	\$2,002	64 600
Smelter settlements receivable, at estimated net realizable value	\$2,003 1,391	\$4,692
Accounts receivable and prepaid expenses	2,050	11,174
Inventories (note 2)	6,345	2,485
myentones (note 2)		6,386
	11,789	24,737
Investment (note 3)	3,362	3,362
Fixed Assets	-	
Land, buildings, equipment and construction in progress, at cost	103,478	102,168
Less accumulated depreciation	24,980	19,724
		13,724
	78,498	82,444
Other Assets and Deferred Charges (note 4)	64,797	66,693
	\$158,446	\$177,236
	Ψ100,110	Φ177,230
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$8,022	\$15,026
Income taxes payable	119	219
Due to shareholders	1,736	1,159
Long term debt maturing within one year	17,000	23,000
	-17,000	25,000
	26,877	39,404
Odbor Usakilida		
Other Liabilities	110.075	
Long term debt (note 5)	112,975	106,623
Deferred income taxes and royalties (note 6)	7,962	6,475
Minority interest (note 7)	(2,934)	1,196
	\$118,003	\$114,294
SHAREHOLDERS' EQUITY		
Capital Stock (note 8)		
Authorised - 7,000,000 shares of Can. \$1 each		
Issued — 6,559, 360 shares	\$6,308	\$6,308
Contributed surplus	20,310	20,310
	26,618	26,618
Deficit	13,052	3,080
	13,566	23,538
	\$150.446	
	\$158,446 =======	\$177,236
Commitments (note 11)		

Commitments (note 11)

Approved by the Board MICHAEL McCARTHY, Director BRENDAN HYNES, Director

Consolidated Statement of Income

Year ended December 31, 1981
Expressed in thousands of U.S. dollars

	1981	1980
Revenue		
Net concentrate and metal sales	\$48,025	\$93,341
Funnance		
Expenses	34,632	62 222
Operating expenses	7,282	62,232
Depreciation and amortization		9,724
Interest and other costs of servicing long term debt	19,194	19,679
	61,108	91,635
	(13,083)	1,706
Other Income (expenses)		
Exploration	(586)	(706)
Sundry income	768	616
Currency translation adjustment	215	(45)
Income (loss) before undernoted items	(12,686)	1,571
Income taxes	1,416	1,863
Income (loss) after income taxes	(14,102)	(292)
Minority interest in subsidiary	(4,130)	(400)
Net income (loss)	\$(9,972)	\$108
Earnings (loss) per share	\$(1.52)	\$0.02

Consolidated Statement of Deficit

Year ended December 31, 1981
Expressed in thousands of U.S. dollars

1981	1980
\$3,080	\$3,188
(9,972)	108
\$13,052	\$3,080
	\$3,080 (9,972)

Consolidated Statement of Changes in Financial Position

Year ended December 31, 1981

Expressed in thousands of U.S. dollars

	1981	1980
Working capital derived from		
Operations	\$(4,481)	\$11,680
Bank loans	8,000	2,000
Increase in non-current portion of long term debt	6,000	
Reduction in deferred charges	36	
	9,555	13,680
Working capital applied to		
Repayment of bank loans	8,500	8,500
Additions to fixed assets	1,476	3,206
Reduction in non-current portion of long term debt		14,500
Additions to deferred charges		47
	9,976	26,253
Decrease in working capital position	421	12,573
Working capital deficiency at beginning of year	14,667	2,094
Working capital deficiency at end of year	\$15,088	\$14,667
Marking assisted deviced from Japulied to apprecions		H. W.
Working capital derived from (applied to) operations Net income (loss)	\$(9,972)	\$108
Items not affecting working capital:	\$(9,972)	\$100
Minority interest	(4,130)	(400)
Depreciation and amortization	7,282	9,724
Interest on long term debt deferred	795	687
Currency translation adjustment	87	(238)
Deferred income taxes and royalties	1,457	1,799
Deterried income taxes and royalties	1,707	1,799
	\$(4,481)	\$11,680

Notes to Consolidated Financial Statements

December 31, 1981 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

	1981	1980
	'000	'000
Inventories consist of the		
following:		
Concentrates	\$923	\$931
Supplies	5,422	5,455
	\$6,345	\$6,386

3. INVESTMENT

The investment consists of 501,714 shares in Northgate Exploration Limited stated at \$3,362,000. The quoted market value of these shares at December 31, 1981 was \$2,195,000 (1980 \$4,100,000). This value is not necessarily indicative of their realisable value because of the number of shares held.

4. OTHER ASSETS AND DEFERRED CHARGES

	1981	1980
	'000	'000
Exploration, development and preproduction		
expenditures deferred	\$70,097	\$70,133
State mining lease	6,069	6,069
Less accumulated	76,166	76,202
amortization	11,369	9,509
	\$64,797	\$66,693
		-

5. LONG TERM DEBT

ο.	LONG LEKIN DEBT		
	Bank consortium loans due 1982-1988 with interest at	1981 ′000	1980 '000
	2% above the London interbank rate for Eurodollar loans	\$87,986	\$93,986
	9%% vendor credit loan due 1982-1986	21,786	24,286
	Standby facility loan due 1988 with interest at 1% above the London interbank rate for Eurodollar loans	14,000	6,000
	Subordinated loan of Can. \$6,803,000 (1980 Can. \$6,404,000) due 1988-1990 as to principal and interest, with interest at the rate applicable to		
	the bank consortium loans	6,203	5,351
	Less amounts due within	129,975	129,623
	one year	17,000	23,000
		\$112,975	\$106,623

Tara Mines Limited is liable to the guarantors of the standby facility for 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.

Maturities of long term debt during the next five years are: 1982—\$17m; 1983—\$17m; 1984—\$17m; 1985 — \$17m; 1986 — \$13.786m.

The bank consortium, vendor credit and standby facility loans are secured by a first and fixed specific charge on certain property and assets of Tara Mines Limited and a floating charge on its remaining property and assets. The company has also given an unconditional guarantee for the full amount of these loans and has pledged all of its shares in Tara Mines Limited.

Among other covenants, the loan agreements contain certain restrictions relating to working capital and the payment of dividends.

6. DEFERRED INCOME TAXES AND ROYALTIES

	1981	1980
	'000	'000
Deferred income taxes	\$7,962	\$6,106
Deferred royalties		369
		-
	\$7,962	\$6,475
		-

7. MINORITY INTEREST

Minority interest is shown as a deficit balance since accumulated losses attributable to the minority interest exceed the minority interest's original equity. The minority interest represents the equity interest of the holder of the subordinated loan referred to in Note 5. In the event that future profits do not eliminate the deficit in minority interest, the subordinated loan may be reduced by the deficit.

8. CAPITAL STOCK

Employees' Stock Option

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

At December 31, 1981 options were outstanding as follows:

Number of	Option price			
Shares	per share	Expiry date		
48,000	Can. \$13.05	Oct. 30, 1983		
10,000	Can. \$11.81	Sept. 23, 1984		

No stock options were exercised during the year ended December 31, 1981.

9. INCOME TAXES

At December 31, 1981 the company's subsidiary, Tara Mines Limited, has losses carried forward for tax purposes of \$35,000,000, which includes capital cost allowances claimed for tax purposes in excess of amounts booked in the accounts. The effect of the losses has not been recorded in the accounts.

10. STATE MINING LEASE

The company's subsidiary, Tara Mines Limited, holds a state mining lease which extends for twenty-five years from September 1, 1975. A royalty based on profits derived from the rights under lease is payable annually to the lessor. (see Note 13)

11. COMMITMENTS

The company's subsidiary, Tara Mines Limited, is committed to capital expenditure in the amount of \$142,000 (1980 \$692,000).

12. 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.

13. SUBSEQUENT EVENT

Sebsequent to the year end, the Company and the Government of Ireland, the minority shareholder of Tara Mines Limited, entered into an agreement which provides that the Company may invest or procure subscriptions for up to IR£20,000,000 (\$31,610,000), in 11% cumulative redeemable participating preference share capital of Tara Mines Limited at any time up to December 31, 1984, and that the term of the state mining lease will be extended for an additional ten years if the amount invested in preference shares is not less than IR£8,000,000 (\$12,644,000). The agreement further provides that in the event of an issue of preference shares, the shareholders of Tara Mines Limited will waive interest and commitment fees due to them. It is not practicable to quantify the effect on the Company's financial statements until the investment occurs.

TARA MINES LIMITED

DIRECTORS

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

Sydney Filer Patrick J. Hughes David J. Libby Peter McAleer

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

REGISTERED OFFICE

162 Clontarf Road, Dublin 3, Ireland. Telephone: 332211 Telex: 25881 IBAM EI

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