

TARA

EXPLORATION AND DEVELOPMENT COMPANY LIMITED



ANNUAL REPORT

1967

The Directors of
**TARA EXPLORATION AND DEVELOPMENT
COMPANY LIMITED**

Present the
ANNUAL REPORT
TO THE SHAREHOLDERS

For the Year Ended December 31st

1967



TARA EXPLORATION AND DEVELOPMENT COMPANY LIMITED

DIRECTORS

S. Patrick Boland	Dublin, Ireland
Charles Carvill	Warren Point, Northern Ireland
James Hanratty	Newry, Northern Ireland
P. J. Hughes	Dublin, Ireland
Michael McCarthy	Ballinasloe, Ireland
J. V. McParland	Newry, Northern Ireland
M. V. OBrien	Dublin, Ireland

OFFICERS

Michael McCarthy	<i>President</i>
M. V. OBrien	<i>Executive Vice-President and General Manager</i>
S. Patrick Boland	<i>Vice-President</i>
Matthew Gilroy	<i>Vice-President</i>
J. V. McParland	<i>Secretary-Treasurer</i>

AUDITORS

Thorne, Gunn, Helliwell & Christenson

REGISTRAR AND TRANSFER AGENT

National Trust Company Limited
Toronto, Ontario

HEAD OFFICE

Suite 1905 — Seven King Street East
Toronto 1, Ontario, Canada

EXECUTIVE OFFICE

162 Clontarf Road
Dublin 3, Ireland

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors are pleased to present the Annual Report of the Company together with the audited financial statements for the year ended December 31, 1967. Also included is financial information for the period August 1, 1966 to December 31, 1966, as the previous audited statements submitted to the shareholders covered the period ended July 31, 1966.

Your Company's principal effort has been and continues as detailed follow-up in the search for base metals in the Republic of Ireland following its widened 1965 reconnaissance there. A drilling programme, started in the latter part of 1967, has not yet met any commercial success but it is still far from complete. The combination of geology, recent mineral discovery by several companies, accessibility and further improved taxation provisions have satisfied the Directors that the long-term programme should be pressed on vigorously and, in some aspects, expanded.

The Republic is now a leading European producer of zinc-lead-silver concentrates. Considering its wide area of geological possibility for further large discovery, your Company has conducted renewed reconnaissance. Appropriate new Licence applications have been made. This is in a strongly competitive exploration area. At year's-end, a score and more of active companies together held 5,300 square miles under Licence and some 4,000 square miles more was under application.

The Republic of Ireland in its Finance Act 1967 has provided full relief from corporate taxes for the first twenty years of production at new mines coming into production before 1986 on non-bedded deposits of copper, lead, zinc, silver, pyrite, barite and certain other minerals.

Other projects of your Company in the Republic include participation in re-examination of the Avoca copper mining district and examination, under option, of a midlands area in which Lenadele Syndicate has found anomalous zinc conditions in soils.

The Company has taken two licences to prospect in Northern Ireland, where geological conditions are similar to those of the Republic. There is no tax relief comparable to that of

Canada or the Republic; new mineral ownership legislation is, however, in preparation.

In Canada there is continued participation in petroleum development and production.

REPUBLIC OF IRELAND

A map shows the location of the Company's 97 Prospecting Licences, for which the particulars are set out in the following table:—

	Licence No.	County	Approx. Area: Sq. Miles
	2	Galway	4
	15	Galway	8
	16	Galway	6
	18	Galway	16
	22	Galway	9
	23	Galway	14
(a)	405	Waterford	12
(b)	415	Wicklow	11
	427	Limerick/Tipperary	11
	449	Limerick	12
	450	Limerick	11
	465	Tipperary	9
	466	Tipperary	7
(c)	497	Galway	10
	503	Limerick	12
(d)	504	Waterford	12
	531	Mayo	12
(a)	532	Waterford	12
	546	Mayo	11
	547	Mayo	13
	601	Tipperary	12
	602	Offaly/Tipperary	13
	603	Offaly/Tipperary	10
	604	Offaly	13
	605	Tipperary	10
	606	Offaly	10
	607	Offaly	13
	608	Offaly	10
	609	Offaly	14
	610	Offaly	12
	611	Offaly	13
	612	Offaly	14
	613	Offaly	13
	614	Offaly	14
	615	Laois	13
	616	Laois	14
	617	Laois	13
	618	Offaly	12
	619	Westmeath	10

DIRECTORS' REPORT (continued)

Licence No.	County	Approx. Area: Sq. Miles	Licence No.	County	Approx. Area: Sq. Miles
620	Westmeath	10	783	Limerick	15
621	Longford	11	784	Limerick	11
622	Longford	14	785	Limerick	10
623	Offaly/Westmeath	13	786	Limerick	8
624	Offaly	10	787	Limerick	9
625	Offaly	12	922	Limerick	15
626	Tipperary	10	923	Limerick	14
627	Tipperary	10	924	Longford/Westmeath	15
628	Tipperary	14	925	Merged with 776	
629	Clare	14	(a) 926	Waterford	12
630	Clare	13			
728	Tipperary	4			
729	Mayo	10			
730	Mayo	14			
731	Mayo	10			
732	Laois	12			
733	Laois	11			
734	Laois	11			
(a) 735	Waterford	14			
(a) 736	Waterford	11			
754	Laois	14			
755	Sligo	14			
756	Sligo	11			
757	Sligo	12			
758	Sligo	16			
759	Sligo	12			
760	Sligo	13			
761	Sligo	16			
762	Leitrim	13			
763	Galway	14			
764	Galway	10			
765	Galway	12			
766	Galway	13			
767	Galway	16			
768	Galway	16			
769	Galway	11			
770	Galway	9			
771	Galway	5			
772	Clare	5			
773	Offaly	3			
774	Offaly/Tipperary	11			
775	Tipperary	16			
776					
(incl. 925)	Tipperary	16			
777	Tipperary/Limerick	10			
778	Limerick	12			
779	Limerick	10			
780	Limerick	11			
781	Limerick	12			
782	Limerick	11			

NOTES TO TABLE:

Certain of the licences were at December 31, 1967 in the course of renewal, the necessary reports on work carried out having been submitted.

(a) 50% interest, held jointly with Anglo United Development Corporation Ltd.

(b) 25% interest, held jointly with Gortdrum Mines Limited, Irish Base Metals Limited (Northgate Exploration Ltd. subsidiary) and Anglo United Development Corporation Limited.

(c) 50% interest, held jointly with Irish Base Metals Limited.

(d) 33⅓% interest, held jointly with Irish Base Metals Limited and Anglo United Development Corporation Limited.

For the parts of areas flown by the Barringer Input system under an Agreement between the Company, Barringer Research Limited and Wakanda Explorations Limited, the latter shall be entitled to receive 2½% (in respect of Licences 18, 22, 23, 729-731) and 5% (601-630, 655-659, 763-777) of the vendor consideration in any new company which may be formed to develop economic mineral deposits found as a result of survey in the areas selected for airborne study.

General Exploration

May 1966 to December 1967 was chiefly occupied by systematic checking of the main anomalous conditions that had been recorded in extensive airborne EM and regional geochemistry of the preceding period.

This accounted for some 80% of the geochemical and most of the ground geophysical work, for which round figures are:—

85,000 soil and stream samples analysed in 1967 alone (mainly not extraction analyses).

400 line miles of ground geophysical survey, including IP, EM and magnetic.

These works extended into all save a few of the most recently issued Licence areas. In conjunction with detailed geological mapping they aimed to identify anomalous areas in which there was a sufficient chance of economic mineralization (copper, zinc and lead being the most likely in the areas concerned) to justify drilling. Then, within such areas, they had to show where a small group of initial exploratory holes would have the best chance of meeting any ore present.

As a practical matter it seems that, while examining all the anomalous conditions on their merits, one-fifth of them must be followed through with drilling.

The drilling programme is in fact now under way. In its early stages it has not met any commercial ore nor any significant intersections of base metal sulphides such as we had had at Carrickittle, Co. Limerick in 1965-66. Resumed drilling at Carrickittle will take its place during the continuation of the current overall drilling programme which, so far, has comprised:—

Licence 15 — 7 holes	2,287 feet
Licence 603 — 2 holes	923 feet
Licence 604 — 2 holes	636 feet
Licences 613 and 614 — 2 holes	582 feet
Licence 623 — 2 holes	681 feet
Licence 770 — 1 hole	235 feet

It is of particular value to your Company, with its numerous prospecting areas in somewhat similar situations in the Carboniferous Limestone, that the feed-back of information from the earlier drilling can help to improve the interpretation of the detailed investigations so as to benefit later drill hole selection and siting. Similarly, the experience of detailed geophysics and geochemistry and of drilling is being fed back to renewed interpretation of the regional geochemical and airborne geophysical surveys. Additional target areas for drilling are emerging.

In some cases drilling must follow direct from the airborne geophysics, when its responses were in locations of promising geological structure, even where ground effects are unavailable or ambiguous, as through depth of cover, water and peat. It was, after all, an objective of the airborne study not only to speed search but to widen it over areas where measurements at ground level might be ineffective.

Option from Lenadele Syndicate

Lenadele Syndicate are holders of Licence 586, covering nine square miles in Counties Laois and Kilkenny valid for one year from July 1, 1966 and for which renewal has been sought and is in the normal course of consideration. Following geochemical studies by Lenadele, Tara has, in fulfilment of the 1966/67 requirements of the terms of its option Agreement, performed work including both widespread and detail geochemistry, detail geophysics in limited areas and drilling of six holes totalling 1,330 feet. These have not given adequate explanation of strong surface zinc geochemical anomalies; option terms allow further examination before August 1, 1968.

Avoca Mines Limited

Tara has a one-sixth participation in Avoca Mines Limited, an Irish Company formed in September, 1966. The latter holds an option for periods up to March, 1969 for eleven square miles including the extensive and formerly partly mined Avoca, Co. Wicklow, pyritic copper deposit, and for 29 square miles of adjoining prospecting rights. The principal mine workings have been kept open and used for detail testing of the shape and character of orebody boundaries and metal contents of formerly drill-indicated bodies, formation of mine-openings to allow further underground drilling and progress with engineering, metallurgical and feasibility studies.

NORTHERN IRELAND

Following up airborne electro-magnetic studies of 1965, Tara now holds two Licences to prospect, N.I.1 and N.I.2, each covering four square miles near Drumquin, Co. Tyrone. Each

DIRECTORS' REPORT (continued)

is valid for two years from February 17, 1967. Work to date comprises geological studies to complement the airborne survey. The areas are underlain by Carboniferous Limestone.

CANADA

Four additional wells, all of which are producers, have been drilled under agreements with Pinnacle Petroleum Limited whereby your Company has participations of $4\frac{1}{2}\%$ to 10% . Your Company, therefore, now participates in eleven wells, of which nine are producing.

Cassils Area, Alberta

For 1,045 acres, interest was increased to $8\frac{1}{4}\%$. 11% interest is held in an adjacent 235 acres. There has been no work since the dry hole of 1965.

Benson Area, Saskatchewan

Of the three wells drilled in 1965-66 on 480 acres in which your Company has 10% interest, the two producers are now included in the Benson Unit operation. The Company has a $7\frac{1}{2}\%$ interest in an adjacent block of 320 acres.

Parkman Area, Saskatchewan

Following drilling of four successful producers during the period and the adjustments mentioned below, your Company has 9% interest in 320 acres with three producers and $4\frac{1}{2}\%$ interest in 480 acres with four producers. One well in each category were drilling at the end of 1967. For one well-site drainage rights were surrendered to the Crown, while for 80 acres your Company's interest was reduced from 9% to $4\frac{1}{2}\%$ in consequence of exercise of an option by another party.

ACKNOWLEDGEMENTS

The Board records its appreciation of the work of the Company's geologists in Ireland with their supporting staff and contractors. In relation to the Company's Western Canada oil participation the Board acknowledges the co-operation of the Companies there associated.

On behalf of the Board of Directors,

MICHAEL McCARTHY,

President.

March 19, 1968.

Prospecting Licences in the Republic of Ireland

As at December 31, 1967

0 50 miles

TARA Licences Outlined



TARA EXPLORATION AND DEVELOPMENT

Balance Sheet—December 31, 1967 (with comparative figures at July

ASSETS

CURRENT ASSETS

Cash, including term deposits
Accounts receivable

INCOME TAXES

Income taxes and interest paid on assessment under appeal (note 2)

AVOCA MINES LIMITED

Shares and advances at cost

FIXED ASSETS IN IRELAND, AT COST

Buildings
Motor vehicles, equipment and office furniture

OTHER ASSETS AND DEFERRED CHARGES

Prospecting licences in Ireland, at cost (note 3)
Exploration and administrative expenditures deferred
Interest in Irish prospecting syndicate at cost
Organization expenses

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable and accrued liabilities

SHAREHOLDERS' EQUITY

Capital stock (note 4)

Authorized — 6,000,000 shares of \$1 each

Issued — 3,635,005 shares

Less discount on shares

Retained earnings

COMPANY LIMITED (Incorporated under the laws of Ontario)

31, 1966)

Dec. 31, 1967	July 31, 1966
\$ 373,823	\$1,021,963
39,902	31,151
<u>413,725</u>	<u>1,053,114</u>
 190,946	
 82,000	
 8,534	8,534
21,930	16,740
<u>30,464</u>	<u>25,274</u>
 8,818	4,368
896,576	556,279
7,500	
3,885	3,885
<u>916,779</u>	<u>564,532</u>
<u>\$1,633,914</u>	<u>\$1,642,920</u>
 \$ 16,859	 \$ 25,865
 3,635,005	3,635,005
2,362,000	2,362,000
<u>1,273,005</u>	<u>1,273,005</u>
344,050	344,050
<u>1,617,055</u>	<u>1,617,055</u>
<u>\$1,633,914</u>	<u>\$1,642,920</u>

AUDITORS' REPORT

*To the Shareholders of
Tara Exploration and Development Company Limited*

We have examined the balance sheet of Tara Exploration and Development Company Limited as at December 31, 1967 and the statements of exploration and administrative expenditures deferred and source and application of funds for the period from August 1, 1966 to December 31, 1967. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1967 and the results of its operations and the source and application of its funds for the period then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

THORNE, GUNN, HELLIWELL & CHRISTENSON,
Chartered Accountants.

*Toronto, Canada,
March 19, 1968.*

Approved on behalf of the Board:

MICHAEL McCARTHY, Director.

J. V. McPARLAND, Director.

STATEMENT OF EXPLORATION AND ADMINISTRATIVE EXPENDITURES DEFERRED

From August 1, 1966 to December 31, 1967

	Year ended Dec. 31, 1967	Aug. 1, 1966 to Dec. 31, 1966
EXPLORATION		
IRELAND		
Salaries and wages	\$ 33,542	\$ 12,810
General exploration	1,235	903
Geological examinations	10,425	6,609
Geochemical examinations	81,786	37,611
Geophysical examinations	66,658	23,016
Diamond drilling	19,970	13,989
Trenching and pitting	517	1,479
Maps and drafting	9,423	3,702
Travel and transportation	5,479	4,044
	<u>229,035</u>	<u>104,163</u>
Less recoveries from others not allocated to specific expenses	10,714	
	<u>218,321</u>	<u>104,163</u>
CANADA		
Oil participations	8,200	19,203
General exploration		5,283
	<u>226,521</u>	<u>128,649</u>
ADMINISTRATIVE		
General office, rent, telephone, postage and supplies	20,798	14,378
Professional fees and expenses	14,490	5,532
Pension plan	2,100	
Travel	3,289	3,961
Shareholders' information	1,290	6,767
Share transfer expense	889	358
Insurance	2,856	1,770
Bank charges	1,670	814
Government fees and taxes	592	
Loss on exchange, including loss on devaluation of sterling currency . .	5,474	
	<u>53,448</u>	<u>33,580</u>
	<u>279,969</u>	<u>162,229</u>
Deduct		
Interest earned	32,601	49,082
Share of net income from oil participations	17,008	3,210
	<u>49,609</u>	<u>52,292</u>
Expenditures (net) for the period	<u>230,360</u>	<u>109,937</u>
Balance deferred at beginning of period	666,216	556,279
Balance deferred at end of period	<u>\$ 896,576</u>	<u>\$ 666,216</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

From August 1, 1966 to December 31, 1967

	Year ended Dec. 31, 1967	Aug. 1, 1966 to Dec. 31, 1966
SOURCE OF FUNDS	Nil	Nil
APPLICATION OF FUNDS		
Exploration and administrative expenditures (net)	\$ 230,360	\$ 109,937
Purchase of shares in and advances to Avoca Mines Limited	13,000	69,000
Participation in exploration syndicate		7,500
Additions to motor vehicles, equipment and office furniture	2,550	2,640
Prospecting licences	3,568	882
Income tax and interest paid on assessments under appeal	190,946	
	<u>440,424</u>	<u>189,959</u>
Decrease in working capital	440,424	189,959
Working capital at beginning of period	837,290	1,027,249
Working capital at end of period	<u>\$ 396,866</u>	<u>\$ 837,290</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 1967

1. CURRENCY CONVERSION

Current assets and liabilities held in Ireland are converted to Canadian dollars at December 31, 1967 at the rate of exchange of \$2.60 to £1 (Sterling) which approximates the rate prevailing at that date (July 31, 1966 \$3 to £1). Other assets and deferred charges, including exploration and administrative expenditures incurred from August 1, 1966 to December 31, 1967, are converted at the approximate rates prevailing when the expenditures were incurred.

2. INCOME TAXES

Income taxes have been assessed with respect to gains on sales of investments realized in prior periods and have been paid, with interest, in the total amount of \$190,946. The amount paid is shown in the balance sheet as an asset as the company has denied liability for such taxes and appeals have been entered against the assessments.

3. PROSPECTING LICENCES

Under an agreement for an airborne geophysical survey, the survey company is entitled to receive a portion varying from 2½ % to 5% of the consideration received from any new company formed to acquire and develop mineral deposits found as a result of the survey.

4. EMPLOYEES' STOCK OPTIONS

In March, 1967 an employee of the company exercised an option to purchase 15,000 shares of the company's capital stock at 30¢ per share. At December 31, 1967 the shares had not been issued as the consent of the Ontario Securities Commission is required and such consent has not yet been obtained.

At December 31, 1967, and subject to the approval of the Ontario Securities Commission employees held options to purchase 6,000 shares of the capital stock of the company at \$1.50 per share, which expire with respect to 2,000 shares on May 31 in each of the years 1968 through 1970.

5. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Direct remuneration of the company's directors and senior officers (as defined by the Ontario Corporations Act) amounted to \$39,096 for the year ended December 31, 1967 and \$24,306 for the period from August 1, 1966 to December 31, 1966.

6. FISCAL YEAR AND COMPARATIVE FIGURES

In 1966 the company's fiscal year-end date was changed from April 30 to December 31. The 1966 report to shareholders contained audited financial statements for the year ended April 30, 1966 and for the three months ended July 31, 1966.

The accompanying balance sheet includes comparative figures as at July 31, 1966 which is the date of the last balance sheet submitted to the company's shareholders. Comparative figures are not presented in the statements of exploration and administrative expenditures deferred and source and application of funds, as previously reported audited figures were for fiscal periods which differ in length from those covered in the accompanying financial statements.

