

KMT - 32

MINUTES
ANNUAL STOCKHOLDERS' MEETING - APRIL 28, 1956
MT. DIABLO QUICKSILVER CO., LTD.

Under call of the board of directors, the annual stockholders' meeting of the Mt. Diablo Quicksilver Co., Ltd. was held at the mine property near Clayton, California on April 28, 1956.

Vic Blomberg presided as Chairman and Harold Blomberg as Secretary of the meeting.

The Secretary called the roll and found stockholders representing 66,506 shares to be present in person, and stockholders representing 60,422 shares to be present by proxy. The Chairman appointed A. E. Moni and Raymond Blomberg as a committee to examine proxies. The Committee reported all proxies were valid except that of M. D. Finch (50 shares) which was disqualified due to lack of signature in the proper place. Since a majority of stockholders were present, the meeting was declared to be regularly convened.

The Secretary read the minutes of the annual stockholders' meeting of April 17, 1955. Since there were no errors or omissions noted, the minutes were ordered to stand as read.

The meeting was opened for nomination and election of directors for the ensuing year. The following candidates were nominated: Vic Blomberg, P. W. Cox, A. E. Moni, G. L. Henry and Dorothy Lanning. Results of voting by ballot were as follows:

In favor of the candidates - 96,799 votes
Not voting - 30,127 votes

The five candidates receiving the highest number of votes who would hold office as directors for the ensuing year were declared to be: Vic Blomberg, P. W. Cox, A. E. Moni, Dorothy Lanning and G. L. Henry.

The Chairman reported on activities since the previous stockholders' meeting of April 17, 1955. His report included the following:

- (1) The Cordero Mining Company discontinued active operations on our property during December, 1955. Up to that time Cordero had invested approximately \$115,000 on underground development and surface improvement. During the heavy rains of December the underground areas and shaft were flooded, forcing the lessee to pull out its equipment.
- (2) The Cordero lease was subsequently assigned to Nevada Scheelite Corp. Dewatering of the underground areas was started but was halted due to complaints by downstream neighbors. Dewatering had been started to late in the season to take advantage of high creek flow. After several meetings with downstream neighbors, with no favorable results, the lessee decided to discontinue operations on our property as of March 31, 1956.
- (3) The Chairman reported that approximately \$250,000 had been spent on our property in development and rehabilitation costs by our lessees since the time Bradley Mining Co. left the property, resulting in only small ore recovery. It now appears extremely unlikely that further exploration would uncover a quantity of ore necessary to maintain a sustained operation, especially in view of the fact that any exploration activity would probably be halted by downstream neighbors. In view of the amount of money spent on the property by our former lessees, it is apparent that only substantially financed companies could possibly succeed, but no such company would likely be interested in view of the constant threat of law suit by downstream neighbors. The Chairman pointed out that our experience with the small speculative operator had cost our corporation alone approximately \$4,000 in legal and other costs over the recent years.

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(continued)

The Chairman suggested that the stockholders should seriously consider the sale of the mine and equipment. He stated, in view of the large amounts expended by our former lessees in development which had produced no favorable results, that our corporation could not possibly expect to be able to operate the mine with our present small capital. It appears now that the stockholders would benefit more by selling the property.

Discussion followed regarding the price which the property might bring. The Chairman stated that according to two land appraisers in our area we should expect to receive a minimum of \$200 per acre (or approximately \$20,000) for the land alone; and that we might optimistically expect an additional \$10,000 for the buildings and equipment. If the property were sold as a mine it would possibly bring more.

After discussion, P. W. Cox moved, seconded by Dorothy Lanning, that the following resolution be adopted:

RESOLVED that the Chairman be authorized to enter into preliminary negotiations for the sale of the mine properties and obtain the best available cash offer for same, which offer shall be ratified by the stockholders at a special meeting called for that purpose.

RESOLVED FURTHER, that a price of \$50,000 be asked for the land, machinery and buildings, with a minimum of \$40,000, net after selling expenses.

The motion was unanimously approved and the Chairman announced the resolution to be duly adopted.

J. E. Johnson brought up the matter of the disposition of equipment which former lessees Jonas & Johnson share jointly with the U. S. Government. Mr. Johnson stated that his partnership has the right to sell the equipment now, and that anyone may bid on it. Mr. Johnson suggested that this corporation and his partnership a letter to the effect that the corporation does not claim interest to any material or equipment bought and owned jointly by Jonas & Johnson, as operators, and the U. S. Government, under the DMEA contract, excluding property listed in the inventory when Jonas & Johnson took over operations from Ronnie B. Smith, et al.

The Chairman stated that the newly elected board of directors would consider and act upon a letter to that effect.

There being no further business, J. E. Johnson moved, Seconded by A. E. Mori, that this meeting be closed. Motion unanimously approved.


Secretary