

KMT - 28

MINUTES

DIRECTORS' MEETING - MARCH 25, 1956

Mt. Diablo Quicksilver Co., Ltd.

A meeting of the directors of the Mt. Diablo Quicksilver Co., Ltd. was held at its office on the mine property near Clayton, California on March 25, 1956.

Present: Vic Blomberg, P. W. Cox, G. L. Henry, A. E. Moni, Dorothy Lanning and Harold Blomberg.

The minutes of the previous directors' meeting dated January 29, 1956, were read and approved.

V. Blomberg reported that he had met with the officials of Black Mammoth Consolidated Mining Co. to come to a working agreement with our company. However, it appeared that Black Mammoth would not be able to come to the property and start operating and developing immediately, which would be necessary in order to take advantage the high flow of water in the lower streams for purposes of dewatering the mine shaft and underground tunnels. It was Black Mammoth's suggestion that an agreement be reached with Nevada Scheelite Corporation to start work on the property on a participating arrangement with them.

Accordingly our company, on February 28, 1956, executed an assignment of the Cordero Mining Co. lease to Nevada-Scheelite Corporation. After discussion, it was moved by P. W. Cox and seconded by A. E. Moni, that the Board approve the assignment of our lease agreement with Cordero Mining Co. to the Nevada-Scheelite Corporation. Motion was unanimously approved.

V. Blomberg introduced Mr. Ray Henricksen and Mr. John M. Gomes, representing Nevada Scheelite Corporation. These men reported that they had been forced to halt pumping operations from the underground areas by our downstream neighbors. Complaints had been filed regarding excess salt and iron in the waters flowing from the mine. Mr. Henricksen stated that his company would do everything possible to solve the problem, but that it appeared that certain of the downstream group were on the verge of starting suit, and that his company would not want to be involved in such trouble.

Mr. Henricksen reported on the history and financial worth of Nevada Scheelite Corporation. He stated that this company is a wholly-owned subsidiary of Kennametal Inc., with head offices in Labrobe, Pennsylvania. According to reports on file this company's present net earnings exceeded \$80,000.00 per month. After some discussion, Mr. Henricksen and Mr. Gomes were excused from the meeting.

The Secretary reported that he had received financial statements of Kennametal, Inc., and that the company appeared to be in excellent financial position.

The President reported that Nevada Scheelite, Inc. have agreed to our amendments outlined in our minutes of January 29, 1956, after they had been on the property ninety days, except for the provision for working a minimum of 120 shifts per month; which provision would be modified slightly.

Discussion followed regarding plans for holding the annual stockholders' meeting in April, 1956. The Board discussed the practicability of holding a meeting on a Saturday rather than on a Sunday. It was felt that since a number of stockholders have objected to holding a business meeting on Sundays, we should consider holding our coming meeting on a Saturday.

Dorothy Lanning moved, seconded by A. E. Moni, that the regular meeting of stockholders be held at this office on Saturday, April 28, 1956, for the purpose of electing directors for the ensuing year and to transact any other business as may properly come before such meeting; the meeting would be called to order at 1:00 p.m.

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The Secretary was instructed to send out notices and a report to the stockholders, together with financial statements for the year ended December 31, 1955, and the necessary proxy forms, at least two weeks prior to the holding of the meeting.

The Secretary reviewed the financial statements for the year ended December 31, 1955. A net income for that year of \$365.14, after provision for federal income tax of \$64.44, was realized. Stockholders' equity in the assets of the company had dropped by \$3,002.24 during the year, due to a payment of a two-cent per share dividend (\$3,367.38) less the net profit realized of \$365.14.

The Secretary submitted the following payments by check since our previous meeting for Board approval:

3/10 - District Director of Internal Revenue - 1955 income tax	\$ 64.44
- State Franchise Tax Board - State income tax for 1955	25.00
3/25 - Harold Blomberg - salary for Jan & Feb, less taxes	38.50
3/25 - Vic Blomberg - salary for Jan & Feb, less taxes	77.00
- Vic Blomberg - expenses	55.09
- Directors' fees to A. E. Moni, Dorothy C. Lanning, G. L. Henry and P. W. Cox, total	100.00
- Harold Blomberg, expenses	9.02

G. L. Henry moved, seconded by Dorothy Lanning that the above expenditures be approved. Motion unanimously approved.

A. E. Moni, moved, seconded by G. L. Henry, that this meeting be closed. Motion unanimously approved.


SECRETARY