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MT. DIABLO QUICKSILVER CO., LTD.

CLAYTON, CALIFORNIA

March 31, 1957

To The Stockholders:

A regular meeting of the stockholders of the Mt. Diablo Quicksilver Co., Ltd. will be held at its office on the mine property near Clayton, California, on SUNDAY, APRIL 28, 1957 at 1:00 P.M. for the purpose of electing directors for the ensuing year, to discuss preliminary considerations regarding the possible sale of our mine property, and to transact any other business as may properly come before such meeting.

A year ago our operators, Nevada Sheelite, Inc., discontinued their exploration activities on our property. Since approximately \$250,000 had been spent by recent lessees in exploration and development, resulting in only a minor ore recovery, it was apparent that only substantially financed companies could possibly succeed in the further exploration necessary to develop a mine. It appeared therefore that the stockholders would benefit much more by selling our property and equipment as early as possible. Accordingly, the stockholders adopted a resolution that the President be authorized to enter into preliminary negotiations for the sale of the mine property. It was decided that our property be advertised for sale for a price of \$50,000, with a minimum of \$40,000 net after selling costs.

We received many inquiries from mining people in answer to our advertisement in mining trade journals. One of these parties, a substantial mining interest, recently had his engineer complete a study of our history and conduct extensive tests on our ground. His report appeared to us to be favorable, and we are hopeful that this party will decide to buy at the price asked.

In the event the corporation is able to sell its property for a price of \$50,000, the stockholders could reasonably expect to receive in excess of 36¢ per share, after providing for taxes, claims and expenses of liquidation. This distribution could be expected only if the stockholders agree to follow the steps provided for liquidation and distribution of assets in the current Internal Revenue Code. It is believed that a savings in federal corporation taxes of approximately \$12,500 can be passed along to the stockholders if these provisions and steps are closely followed.

Briefly stated, we should plan to adhere to a program in somewhat the following order: (1) Make preliminary plans for a sale with a buyer, (2) have the directors adopt a plan of complete liquidation, (3) come to formal sale arrangements with the buyer, (4) call a special stockholders meeting for their approval, and (5) distribute the assets.

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In addition to the foregoing procedures by the corporation, each stockholder should approve the liquidation within thirty days of its adoption by filing certain necessary forms with the Internal Revenue Service, in order that he derive benefits of the long-term capital gain provisions on his distribution.

The above procedures of dissolution and distribution are outlined so that each stockholder may, in a preliminary way, be aware of the benefits available in the event of a sale of our property.

Enclosed are copies of our balance sheet as of December 31, 1956 and our profit and loss statement for the year then ended. Our loss for the year was held to a minimum even though we had to meet such substantial expenses as property taxes and insurance, formerly assumed by our property operators. We are hopeful that we will be successful in our efforts to sell the mine soon so that we may pass more on to our stockholders.

If you cannot attend the stockholders' meeting, we ask that you complete and sign the enclosed proxy form, in the presence of a witness, which will delegate an officer of the company to represent you at the meeting. We urge that you give this matter your immediate attention so that we may be assured of the representation necessary to hold a meeting. An envelope is enclosed for your convenience in sending us your proxy promptly.

MT. DIABLO QUICKSILVER CO., LTD.

Harold Blomberg - Secretary