

Feb. 9, 1935

TO THE STOCKHOLDERS:

Mr. W. J. Priestley's offer of January 9th has had careful consideration by your Committee appointed October 29th, last, to if possible, work toward the redemption of the property. Your Committee, as you no doubt know, was unable at the time of their November meeting to work out an agreement with Mr. Priestley which would preserve the equities of the Stockholders. However, your Committee believes that Mr. Priestley's last letter offers a possible basis upon which the actual equities in this property can be redeemed.

There are a few provisions however which should be clarified and amended. This being done, your Committee would be reconciled to your supporting such a program. The following amendments are recommended by your Committee:

1st The offer to purchase or redeem their equities be extended to all National Gold Corporation Stockholders upon the basis of their present holdings of stock in the National Gold Corporation.

2nd The ratio of W. J. Priestley and E. G. Priestley holdings or ownership in properties formerly held by the National Gold Corporation shall be in the same ratio when this financing program has been completed as was their ratio of ownership of stock in the National Gold Corporation at the time their suit was filed for judgement against the National Gold Corporation. All ownership or stock other than that assigned or acquired as provided hereby to remain as treasury holdings to the mutual interests of such ownership of stock.

3rd In order that all details may be carefully considered before any monies are invested, it is our suggestion that any action taken by Stockholders in support of any program be done thru a committee to represent the Stockholders from each district rather than to support any program individually.

4th Our hope is that Mr. Priestly realizing, as he must, the great sacrifices made by those who have put their money into the developement of the property and knowing that they are no more at fault than he himself for the failure to realize on their investment, will accept your Committee's recommendations in his desire to give all a square deal.

Flora R. Smith
W. J. Priestley

Committee