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PROCEEDINGS

ANNUAL STOCKHOLDERS MEETING

Tarasca Gold Mining Company of Mexico

November 20, 1903

Proceedings of Stockholders Meeting

The stockholders of the TARASCA GOLD MINING COMPANY OF MEXICO met at the San Francisco office of the Corporation, pursuant to the following call, which was read by the Secretary:

"You are hereby notified that the annual meeting of the stockholders of the Tarasca Gold Mining Company of Mexico will be held at the office of the Company, at No. 620 Market Street, San Francisco, Cal., at the hour of 2 P. M., on the 20th day of November, 1903, at which time full reports will be submitted and acted upon, relative to the milling and shipment of ore and the erection of a mill on the property, as well as the election of officers for the ensuing year, and the transaction of such other business as may properly come before the stockholders. This will be a most important meeting, and you are urgently requested to be present.

"HUGO REICHENBACH, *President*.

"ROBERT BARNETT, *Secretary*."

SAN FRANCISCO, October 15, 1903.

President Reichenbach presided, and called on the Secretary for a report of the number of shares of stock, represented in person and by proxy, at the meeting.

The Secretary reported 455,650 shares represented in person and by proxy, and said amount being more than necessary to constitute a quorum, the presiding officer declared the meeting duly organized and ready for business.

Owing to such a large number of stockholders being present, an adjournment was taken to the Chamber of Commerce rooms, at No. 307 Sansome Street, where the meeting proceeded as follows:

Reports from the officers of the Company were declared to be next the order of business.

The Secretary read the following reports:

Superintendent's Report.

Expert Bethune's Special Report.

H. H. Light's Letter.

Treasurer's Report.

President's Report.

Mr. Trueman then made a motion as follows:

"I move you that those reports be all placed on file and that the suggestions contained therein be submitted to the Board of Directors for their consideration."

Seconded by Mr. Talcott. Motion carried unanimously.

It was moved and seconded that the number of Directors of the Company be increased from three to five. The motion was carried unanimously.

The matter of the election of officers for the ensuing year was then taken up, and resulted in the election of the following Board of Directors for the ensuing term:

Hugo Reichenbach,
Robert Barnett,
F. P. Goddard,
H. S. Martin,
F. L. Talcott.

The question of the character of mill and manner of treatment was exhaustively discussed, and finally left by resolution to the Board of Directors, although it was the unanimous opinion of those present that the method of treatment should be at once determined upon for treating the ore on the ground.

Mr. L. B. Douglas, attorney, representing Mrs. F. Leveridge of Berkeley, at this point arose and, addressing the President, stated:

"I came here to represent one of your stockholders, and I certainly feel now that she should be very much pleased with your Company and all your actions in every way, and this seems to be the unanimous feeling among you all, and as my time is rather limited and there is nothing further to be done, I will bid you good-day."

Mr. Douglas, in this way, practically represented the sentiment pervading the entire meeting, which numbered over 150 people, the Chamber of Commerce rooms being crowded to the utmost.

Cries of "Barnett," called forth the following remarks from that gentleman:

"I did not come here to make a speech to you, as I am a mining man and not a speech-maker, but any questions you would like to ask me I should be most pleased to answer.

"I have been in charge of your property, as you will see by my report, for the last ten months, and I have endeavored to block out sufficient ore to put this mine upon a dividend-paying basis.

"I have met with some, I will not say unforeseen accidents, but unforeseen conditions.

"In the first place, I had not anticipated the trouble I had with the labor; it has been almost impossible for me to secure labor, for the reason, principally, of the intense heat we have had in the mine.

"You will observe by my report and the Engineer's report that we have driven through a great deal of hard ground and caved ground, and every one of the sets of timbers we have used is 8x8 with 3x6 lagging, and every piece of lagging had to be driven with a sledge hammer, but we got through it at last and on the 1st of October the connection was made.

"The mine is well opened and, as I stated in my report, every stick of powder we used I endeavored to make count, and I am positive, and stand here ready to go with any of you gentlemen to the mine, and I am sure you will all say we have one of the most valuable properties in the State of Sonora. That is all I can say."

Rev. Joseph Emery of Hollister, a stockholder, then said:

"Mr. President, I move that the Directors be instructed to proceed, at the earliest possible opportunity to construct the mill, as has been suggested by yourself and the engineer, and also to pipe the water to it, when it is erected."

Seconded by J. W. Neal. Carried without a dissenting voice.

Mr. Trueman then made a motion, as follows:

"I move you, sir, that all the acts and proceedings of the Board of Directors be and the same are hereby ratified and approved."

Seconded and carried unanimously.

Superintendent Barnett then stepped forward and spoke as follows:

"In running through the caved ground, and since we have got through the caved ground, we have taken about 200 tons of ore—of this 200 tons of ore we sorted or selected about six tons.

"Nine hundred pounds of this selected ore was sent to San Francisco, to the Selby Smelting Company, which gave us returns of \$440.00 per ton, U. S. money.

Five and a half tons of this selected ore was sent to the El Paso Smelting Company, through their agent at Hermosillo, which netted us \$1,333.32, which added to this, the charges and freight, made the ore worth about \$300.00 a ton, U. S. money.

"Of the second grade ore, from which the above ore was selected, I sent 16½ tons to the Mexican Ore Company, which, after adding the freight and duty charges, showed this ore to be worth \$62.00 a ton in U. S. money. However, we only received \$511.24 net, showing the freight and working charges to be \$513.53, which proves to us that it costs us more for freight and working charges on this ore than the amount it nets us."

President Reichenbach then called on Mr. Bethune to give the stockholders a little information in regard to the property, so they would know what they had there.

Mr. Bethune spoke, in part, as follows:

"Mr. President and Gentlemen—I would say to you that a man of my business is always gratified to find a property that may turn out to be a producer.

"Now I found there the formation to be regular, the veins to be large, and from the examination I have made it seems to me that the country rock and the formation of the ore in general is the same as the other large mines in the district.

"Now, I found also, as stated in my report, that the mines have been put in good shape, and I am used to good mining, and I will say that I think this mine will take rank with the Mina Prietas, La Colorado and Grand Central.

"In the lower workings, where the ore was blocked out, we took our samples, without trying to give the mine the best of it. The ore was taken clear across the vein for these samples, including all waste matter, and everything between walls was assayed.

"I went down with the foreman and a couple of men and put in a number of shots around the mine, and assayed the samples carefully, the assays appearing in my report.

"I found there, on what is known as the 'Tarasca' property, that the values in gold were higher than on the 'Ubarbo,' the lowest assay in the whole thing being \$46.00 in silver and \$10.00 to \$15.00 in gold, up to \$128.00 in gold on the Tarasca Vein.

"I am very glad that you have decided, to a certain extent, to put up a plant. The leaching process will save a large amount of work, and there is no reason why the mine should not be a great producer, and if you could see the mine as I saw it you would agree with me; I have looked forward to telling you, gentlemen, about this.

"The only drawback is the water, and luckily the water is not far away, and all that will be necessary is to pipe it.

"Get the mill, and it is only a question of time when dividends will begin. The ore is there, and I don't think it will run away. You will now excuse me."

Mr. Martin then arose and said in part, referring to his report:

"In regard to the remark I made as to the delinquent stockholders, if there are any present whose subscriptions are not fully paid for, I don't want them to feel hurt and think they are classed among those delinquents.

"There is from \$5,000.00 to \$6,000.00 still due, which will be paid in the course of time; however, there is \$10,000.00, or perhaps less than that, that is long past due, and Mr. Reichenbach simply allowed them to go on, as he did not wish to shut them out in any way, but I think it is a hardship to the Company to allow these people to go longer. For instance: Some have subscribed for 1,000 shares, paying \$10.00 or \$15.00, and it is not right to those who have paid in full for the others to take the benefit of the money of those who have kept up their payments, which have been expended down there, and to allow them to pay \$10.00 or \$15.00 on 1,000 shares and when the stock is worth \$2.00 or \$3.00 a share to come in any pay at the old rate.

"I don't want any one to feel hurt whose payments are still maturing, but I think it is wise to take action on those who are back in their payments and have shown no willingness to pay.

"There has been a motion, of course, made that the recommendations be left to the Directors, but I simply make these remarks so as to relieve any one present from feeling that they were classed as delinquents."

Mr. Aaron Evans, a stockholder, then asked the Superintendent for some additional information in regard to the new streak of ore found in the stringers, some of which went \$550.00 to the ton. Mr. Martin asked if he was talking of Mr. Bethune's report, but on Mr. Evans replying, "I was speaking of the ore in the incline shaft, in which a report states that a new bunch of ore was encountered," Mr. Barnett spoke as follows:

"When we were down 115 feet we cut that, but I can not give you any estimate of that body of ore—it is 177 feet in depth and it is all in ore; it averages from \$10.00 to \$600.00 a ton. I could not tell you how much \$10.00 or \$600.00 we have there."

Mr. Evans: "What I wanted to know is—Is it something new?"

Mr. Barnett: "In sinking the incline shaft we run across a streak of ore that went \$600.00, but how much there is I don't know, but we will soon find out."

On motion, the meeting adjourned.

Minutes of Directors Meeting

The Directors of the TARASCA GOLD MINING COMPANY OF MEXICO, duly elected at the annual meeting of stockholders, held in San Francisco on November 20, 1903, convened at the Company's office at the hour of 3 p. m., November 23, 1903.

Present—Hugo Reichenbach, Robert Barnett, F. P. Goddard and H. S. Martin.

On motion of F. P. Goddard, seconded by Robert Barnett, Hugo Reichenbach was duly elected President of the Company for the ensuing year.

On motion of Robert Barnett, seconded by Hugo Reichenbach, H. S. Martin was elected Secretary of the Company for the ensuing year.

On motion of F. P. Goddard, seconded by Hugo Reichenbach, Robert Barnett was elected Superintendent of the Company's mines, at a salary fixed at \$150.00 per month, said salary to continue from the 15th day of November, 1903.

F. P. Goddard introduced the following resolution: "That the California Safe Deposit and Trust Company, the Bank of California, and the International Banking Corporation be and are hereby designated and constituted depositories for moneys of the Corporation, and the same shall only be paid out upon checks or orders, signed by the President of the Company, and countersigned by the Secretary, and that a copy of this resolution be furnished the depositories, duly executed by the President and Secretary, under the seal of the Corporation."

Seconded by Hugo Reichenbach and unanimously adopted.

In accordance with the wishes of the stockholders, expressed at the stockholders' annual meeting, a motion was made, seconded and carried, that the President be instructed to notify all delinquent stockholders that they will forfeit all right to the unpaid portion of the stock subscribed for, after December 15, 1903, if their payments were not completed on or before the above date, and stock shall be issued to them for the amount they have paid, and that he shall proceed to dispose of the forfeited stock, for a sum not less than fifty cents per share, gross, to other stockholders only—the present price of stock being one dollar per share.

On motion made, seconded and unanimously carried, Superintendent Barnett was instructed to secure immediate estimates on proposed pipe line and reduction works, and that he further be instructed to arrange accommodations for the miners and laborers to do the work at the mine.

On motion, the Secretary was instructed to file a copy of a resolution passed at the annual stockholders' meeting with the Secretary of State of South Dakota, authorizing the increase of Directors from three to five.

On motion, meeting adjourned.