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GOLCONDA CORPORATION
39 SO. LA SALLE STREET · CHICAGO, IL. 60603 · 312/372-3090 · 312/372-3148

September 20, 1976

Mr. Harry F. Magnuson
H. F. Magnuson & Company
P. O. Box 469
Scott Building
Wallace, Idaho 83873

Dear Mr. Magnuson:

Thank you for your letter of July 29, 1976 which incorporates by reference your letter of June 2, 1976 and the Schedule of Assets dated March 31, 1976, attached hereto as Exhibit "A", and the Schedule of Accounts Receivable due Golconda and/or Golconda Mining Corporation dated April 30, 1976, attached hereto as Exhibit "B". Golconda Corporation (hereinafter referred to as "Golconda") accepts your, Mr. Harry F. Magnuson (hereinafter referred to as "Magnuson"), offer to purchase the assets referred to in the aforementioned Schedule of Assets and Schedule of Accounts Receivable (hereinafter collectively referred to as "Assets") for the purchase price of One Hundred Seventy-Five Thousand Dollars ($175,000) cash, to be paid at closing, upon the following terms and conditions:

1. Magnuson agrees that all the securities of the various mining companies which are listed under Items 3 and 4 of Exhibit "A" (all such securities hereinafter referred to as "Affiliated Mining Securities") are being purchased for investment purposes only, and Magnuson agrees that the Affiliated Mining Securities are not being purchased with a view toward distribution. Accordingly, Magnuson agrees not to sell, transfer or otherwise dispose of any of the shares of the Affiliated Mining Securities for two years from the date of acquisition of said shares, except if the sale, transfer or other disposition is (i) by operation of law; (ii) after registration, or in the opinion of counsel acceptable to Golconda that a registration is not necessary, or (iii) with Golconda's

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consent. Magnuson agrees that the stock certificates for said shares may contain a legend to denote his investment intent in making this purchase. After the end of the two-year period or after the occurrence of one of the exceptions referred to above, the Affiliated Mining Securities may be reissued in a form not containing said legend. It is agreed, however, that the foregoing restrictions shall not prohibit the transfer of the ownership of the said Affiliated Mining Securities to a corporation or partnership wholly-owned by H. F. Magnuson and members of his immediate family and not more than two other persons. It is further agreed that in the event a transfer of ownership of said Affiliated Mining Securities is made to such a corporation or partnership, the following restrictions will apply to the transferee.

2. Magnuson is a member of the Board of Directors of Golconda and also a member of the Board of Directors of some of the companies whose shares of stock make up the Mining Securities listed under Items 3, 4 and 5 of Exhibit "A" being sold pursuant to this agreement. Accordingly, Magnuson represents and warrants to Golconda that he is not in the possession of any special or confidential information regarding the value of the stock of such Mining Securities, nor does he have any special or confidential information regarding the financial condition of Golconda Mining or the companies whose shares of stock make up such Mining Securities or any of the mineral claims underlying any of said securities which is not also known to Golconda or to an officer or Board member of Golconda other than Magnuson.

3. Magnuson, in his capacity as a member of the Board of Directors of Golconda or in any other capacity, has not currently received or has no knowledge of any offer or potential offer to purchase the Assets or, in the alternative, the stock of Golconda Mining or in the Mining Securities at a price in excess of the price which he is paying to Golconda.

4. The transfer of all the securities contemplated by this agreement is made on an "as is" basis without any representations and/or warranties of any kind or character whatsoever by Golconda to Magnuson

except that Golconda does warrant to Magnuson that it owns all said securities free and clear of any liens, encumbrances or restrictions and that Golconda has taken all the necessary corporate action to transfer full and complete title in said shares to Magnuson upon the consummation of the transaction.

5. The parties hereto agree that this matter will be closed as soon as possible, but in no event later than _____, 1976. The closing shall take place at the office of Golconda Mining in Wallace, Idaho or such other place as the parties may mutually agree.

6. At the closing, Magnuson and Golconda shall deliver the following documents:

   A. Golconda

      (1) Stock certificates representing the shares of Mining Securities listed in Items 3, 4 and 5 of Exhibit "A", duly endorsed in blank to Magnuson. Magnuson shall arrange for the transfer to himself of the Mining Securities. (Items 3, 4 and 5 on Schedule of Assets).

      (2) A bill of sale conveying Golconda's and Golconda Mining's interest in the Mill and all personal property, equipment and fixtures now located thereon. (Item 2 on Schedule of Assets).

      (3) A quitclaim deed or deeds conveying all of Golconda's and Golconda Mining's right, title and interest in and to the mining property to Magnuson. (Item 1 on Schedule of Assets).

      (4) An assignment assigning to Magnuson all of Golconda's and Golconda Mining's interest in and to the accounts receivable listed on Exhibit "B".

      (5) A duly endorsed stock certificate or certificate representing all of the outstanding stock of Golconda Mining Corporation, an Idaho corporation. Magnuson agrees that the shares of Golconda Mining Corporation shall be held by him subject to the

restrictions set forth in Paragraph 1 hereof, and that any cash belonging to Golconda Mining Corporation may be distributed to Golconda prior to the closing.

B. Magnuson

(1) A certified or cashier's check in the amount of $175,000 payable to Golconda.

(2) All corporate and financial books and records of Golconda.

Golconda agrees, after the closing of this matter, to be responsible for all existing commitments with respect to employment or pension agreements or arrangements by and between either Golconda or Golconda Mining Corporation and Wray Featherstone, Walter L. Sly and C. E. Bloom. From and after the date of the closing, Golconda and Magnuson agree that there is no need for continuance of the office of Golconda Mining or the employment of any personnel, or other similar expense at Golconda's expense; consequently, after the closing Golconda will no longer honor any expenses thereafter incurred related to the maintaining of the Golconda Mining office. All records of Golconda shall be shipped at Golconda's expense to Golconda's office in Chicago immediately after the closing.

If the foregoing terms and conditions are acceptable to you, please sign in the space provided below.

GOLCONDA CORPORATION

By: _____
Thomas L. Seifert
General Counsel & Secretary

The foregoing terms and conditions are acceptable.

Date: _____ By: _____
Harry F. Magnuson

TLS:cd
Att.

LS 002020

EXHIBIT "A"

Golconda Mining Corporation
Scott Building
Wallace, Idaho

SCHEDULE OF ASSETS FOR WHICH OFFERS OR BIDS ARE SOLICITED
March 31, 1976

1. Golconda Mining Corporation - Mining Property:

The property consists of approximately 90 acres of patented land with mineral rights, a 50 per cent interest in approximately 30 acres of patented mining claims, 66 patented mining claims totaling approximately 1,003 acres and 25 unpatented mining claims totaling approximately 400 acres. This contiguous group is located in the Lelande and Hunter Mining Districts, Shoshone County, Idaho. Property maps may be inspected at the office of Golconda Mining Corporation, Scott Building, Wallace, Idaho by appointment.

2. Golconda Mill:

This consists of a 200-ton lead-zinc flotation mill. Arrangements to inspect the mill can be made by calling D. L. Hess at (208) 752-1131, Wallace, Idaho or Wray Featherstone at (208) 772-3556, Hayden Lake, Idaho. The purchaser would be expected to remove all machinery and equipment and dismantle the mill building within a reasonable length of time unless such purchaser also acquires the land on which the mill is located.

3. Interest in Alice Consolidated Mines, Inc.:

Golconda Mining Corporation owns 4,308,020 shares of Alice Consolidated Mines, Inc. or 53.65 per cent of the outstanding capital stock. The Alice Consolidate property lies to the east of the Golconda Mining Corporation property. The Ali Consolidated property consists of a 90 per cent mineral right interest in approximately 145 acres of patented land, 32 patented mining claims aggregating approximately 533 acres and 43 unpatented claims aggregating approximately 482 acres. Property maps may be inspected at the office of Golconda Mining Corporation, Scott Building, Wallace, Idaho by appointment. It is the desire of Golconda to sell this capital stock interest consisting of 4,308,020 shares of Alice Consolidated Mines, Inc.

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4. Interest in companies owning properties in the Golconda Area:

Golconda Mining Corporation holds substantial stock interests in several corporations owning properties near or adjacent to the Golconda property. These interests are set forth as follows:

Corporation	Shares Owned By Golconda	Percentage of Outstanding Capital Stock
Bell Mining Company	203,000	40.64%
Black Bear Mines Company	880,371	68.73
Granada Lead Mines, Inc.	~~775,442~~ 755,442	31.02
Great Eastern Mining Co., Ltd.	100,000	12.83
Ivanhoe Mining Company	358,000	23.93
Mullan Metals, Inc.	426,512	42.7
Square Deal Mining & Milling Co.	997,459	54.33
Wallace Mining Company	254,025	52.19

Square Deal also owns 349,600 shares (4.35%) of the outstanding shares of Alice Consolidated Mines, Inc. It is the desire of Golconda Mining Corporation to sell the capital stock interests in the various mining corporations either separately or as a unit. Additional information regarding these various corporations and/or the mining properties held by these corporations will be provided upon request.

5. Miscellaneous Securities:

Golconda Mining Corporation wishes to sell miscellaneous securities in various corporations set forth as follows:

Corporation	Shares Owned by Golconda
Aberdeen-Idaho Mining Company	13,000
Abot Mining Company	27,502
Bullion Mining Company	157,902
Coeur d'Alene Syndicate	318
East Coeur d'Alene Silver Mines, Inc.	100,000
Hunter Creek Mining Company	6,500
Uranium Mines, Inc. — Idaho-Montana Silver Mines, Inc.	253,834 ~~673,834~~
Metropolitan Mines Corporation, Ltd.	88,500
Silver Bowl, Inc.	36,500
Silver Buckle Mines, Inc.	211,750
Vindicator Silver-Lead Mines Co.	148,500
Yreka-United, Inc.	95,500
Silver Eureka Corporation	5,700

All of these corporation except Silver Eureka Corporation hold property which is situated in the Coeur d'Alene Mining District.

It is the desire of Golconda Mining Corporation to sell these stocks separately or as a group.

Additional information regarding these various corporations and/or the mining properties held by these corporations will be provided upon request.

LS 002022

Iconda Mining Corporation
(An Idaho Corporation)
Wallace Idaho

ACCOUNTS RECEIVABLE
April 30, 1976
(Prepared from the records without audit)

AFFILIATED	
Square Deal Mining and Milling Company	$16,192.77
Wallace Mining Company	109.94
Idaho-Montana Silver Mines, Inc.	5,100.00
Granada Lead Mines, Inc.	800.00
Alice Consolidated Mines, Inc.	1,500.00
Ivanhoe Mining Company	300.00
Total	$24,002.71

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EXHIBIT "B"

INTER OFFICE MEMO

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Date September 14, 1976

To T. L. Seifert

Attn.

From D. R. Nomura

Subject Golconda Mining Securities

GOLCONDA CORPORATION
4201 WEST PETERSON AVENUE · CHICAGO, ILLINOIS 60646

Several weeks ago I had a discussion with Mr. Philip Lindstrom, who is responsible for investments at Hecla Mining Co. Mr. Lindstrom indicated that Hecla was interested in acquiring the mining securities. At that time I indicated that we were still open to an offer as long as it was a valid cash offer and certain other conditions were met (similar to conditions in the Magnuson draft).

Today I spoke with Mr. Lindstrom, who stated that although Hecla was interested, management and the Hecla directors did not feel that the company was in the position to make a cash offer at the present time.

Dave

DRN:cd

LS 002024

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RECEIVED
AUG 16 1976
CERRO-MARMON CORPORATION
TAX DEPARTMENT

135 Overlook Drive
Alliance, Ohio 44601
August 12, 1976

Mr. Jeffrey J. Lonsdale
Tax Manager
Cerro-Marmon Corporation
39 South LaSalle Street
Chicago, Illinois 60603

Dear Jeff:

Pursuant to your request, I have completed a review of the available information regarding the Golconda Mining Co., and Alice Consolidated Mines, Inc., properties. My memorandum report to you is enclosed.

I propose to return the claim map to the Wallace office as soon as practical. With your permission, I would like to retain the reports by Shenon, et al, and by Full for a couple of weeks.

If you have any questions regarding the report, or if I can be of further assistance, please let me know.

Yours sincerely,

Bob

Robert G. Wiese, Jr.
Consultant
(C.P.G.S. No.3314)

RGW/sm
Enclosure

LS 002025

MEMORANDUM August 12, 1976

TO: Jeffrey J. Lonsdale, Tax Manager -- Cerro-Marmon Corp.
FROM: R.G. Wiese, Jr., Consultant
SUBJECT: Golconda Mining Corp., and Alice Consolidated Mines, Inc. Properties.

SUMMARY

The properties held by Golconda Mining Corp. and by Alice Consolidated Mines, Inc. appear to contain no known ore reserves that should be included in the valuation of the companies.

A low priority exploration target below the 1800 level of the Golconda Mine can be defined. Based upon the history of ore occurrence in the mine, however, it is unlikely that this target will yield commercial ore.

Areas of the Golconda property that merit further study for possible exploration include: The Mexican Fault - Commander fault intersection in the area of Bell Gulch; the area of the Black Bear Mines Co.; and the largely unexplored area west of the Wonder workings.

The area in the western-northwestern part of the Alice Consolidated Mines property apparently was not included in the Hecla exploration program. This area lies essentially between Ruddy Gulch and Trowbridge Gulch, and appears to have generally favorable lithology and structural features that merit further consideration for exploration.

No specific exploration targets are delineated for the properties, and it is not possible to assign a dollar value to the mineral potential of these properties at this time. From the information available, I cannot determine whether Springer's values of

$50 per acre and $10 per acre for patented and unpatended claims respectively, reflect his valuation of the general exploration potential of the properties.

INTRODUCTION

At your request I have reviewed the following reports regarding the Golconda Mining Corp., and Alice Consolidated Mines, Inc. properties:

Shenon, P.J., Full, R.P., and Harty, R.F., 1964, Geologic study of the Golconda area, Leland and Hunter mining districts, Shoshone County, Idaho.

Full, R.P., 1969, Evaluation of the Golconda East exploration area for proposed consolidation into Alice Consolidated Mines, Inc., Hunter mining district, Shoshone County, Idaho.

Hecla Mining Co., 1971-1975, Quarterly progress reports of exploration on Alice Consolidated properties.

Springer, D.C., Jan. 21, 1976, Valuation of Golconda Mining Corp.

Additional published references regarding the geology and ore deposits of the Coeur d'Alene district are listed at the end of this report.

This study has focused on the geologic potential for ore discovery on the Golconda properties, including the exploration potential for below the 1800 level of the Golconda Mine, and on the exploration potential for the Alice Consolidated Mines group of properties. The reports by Shenon, et al (1964) and by Full (1969) present comprehensive summaries of the geology of the areas under

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consideration as well as available detailed information regarding some of the old workings on the properties.

Principal exploration target areas exist where favorable formations, such as the Revett and Burke formations, and to a lesser extent, the Prichard formation, exhibit structural complexities of folding intersected by strong, generally east-west to northwest trending faults. The difficulty of delineating specific exploration targets in such areas is evident from the work of Shenon, et al (1964) and detailed evaluation targets will be needed prior to initiating surface drilling. Deep ore structures, perhaps well below the 3000 foot elevation, will undoubtedly constitute a significant part of the objectives of future exploration in the area. At higher elevations such targets may exhibit very little clear indication of deep mineralization. This type of exploration is expensive and is best carried out by a company, or joint venture, that is committed to mining and which has a financial structure capable of absorbing the costs.

GOLCONDA MINE

The available information indicates that the Golconda mine contains no known or inferred ore reserves. The Golconda mine has produced a modest tonnage of ore down to at least the 1800 level. The last reported production was in 1955. Ore shoots are described by Shenon, et al as having been irregular and discontinuous, and mining conditions were difficult due to heavy ground. Based upon Figure 3 of Shenon, et al, the Golconda structure should extend approximately 1100 feet down-dip below the 1800 level to its intersection with the Osburn fault.

The down-dip extension of the Golconda structure constitutes a low priority exploration target that can be drilled from the surface or from the 1000 level of the Mayflower workings, provided they can be re-opened at reasonable cost. The character of the Golconda mineralization and the history of mining conditions pre-

clude consideration of this target as a priority target. At present metal prices, and assuming a typical Golconda ore shoot, it seems unlikely that such an orebody can be developed and mined at a reasonable profit.

GOLCONDA PROPERTIES

Based upon the available information, it is apparent that the remaining Golconda properties contain no proven or inferred ore reserves. As indicated by Shenon, et al (1964), there are areas of interest for future deep exploration, particularly north of the Paymaster fault in the northern section of the Golconda claims. Two such areas are discussed in the following paragraphs.

The Mexican fault intersects with the Commander fault in the vicinity of Bell Gulch. The area is largely underlain by the Revett and Burke formations. Shenon, et al report fault structures intersecting strongly folded probable Burke formation above the 3500 elevation in the West Star workings. Small production is reported from a discontinuous ore zone. The general exploration objective here would be deeper ore structures related to the Mexican and Commander fault systems. No specific target has been defined at this time.

A small tonnage of predominantly zinc ore is reported to have been mined during the 1950's from above the 3400 elevation in the Black Bear Mines Co. and Coeur d'Alene Syndicate properties. These workings are in strongly fractured Burke and Revett formations. The objective here would be deep exploration of known mineralized structures. However, no specific targets have yet been determined.

A large section of apparently untested ground lies to the west of the Wonder workings. The area lies between the Paymaster and Wonder faults and is composed predominantly of Burke and probable

Revett formations. Very little specific information has been made available regarding this area.

ALICE CONSOLIDATED MINES PROPERTY

The Alice Consolidated group includes an area of approximately 1150 acres lying east of the Golconda property. Exploration work undertaken by Hecla Mining Co., from 1971 to 1975, included two diamond drill holes from the surface, the driving of a 2,373 foot lateral westerly from the Morning Mine No. 6 Tunnel, and seven drill holes north and south of the lateral. A surface hole drilled south from Ruddy Gulch to below the Alice workings apparently did not intersect favorable structures. A surface hole drilled to the south from Grouse Gulch to below the old Mineral Farm workings, encountered minor mineralization. The lateral driven westerly from the Morning Mine No. 6 Tunnel and the associated drilling failed to disclose favorable structures in the eastern part of the Mullan Silver-Lead property.

No recent work appears to have been done in the general vicinity of the intersection of the White Ledge and Paymaster faults in the area of the United Lead-Zinc and Square Deal claims between Ruddy Gulch and Trowbridge Gulch. The area appears to have both structural and lithologic features favorable for exploration. Full (1969) reports that the United Lead-Zinc tunnel, south of the Paymaster fault contained several strong faults at above the 3300 elevation. This area merits detailed study to determine specific exploration targets at depth.

Springer has valued the Golconda 53.7% interest in the Alice Consolidated group at $20,381. The Golconda balance sheet (June 30, 1976) indicates the market value of Golconda's interest in Alice Consolidated to be approximately $512,962. While such discrepencies are not uncommon with respect to appraisals, this

difference raises the question of whether Springer's value of $50 per acre for patented claims and $10 per acre for unpatented claims reflects his estimate of the exploration potential of the property.

Respectfully submitted:

Robert G. Wiese, Jr.

Robert G. Wiese, Jr.

PUBLISHED REFERENCES

Fryklund, V.C., 1964, Ore deposits of the Coeur d'Alene district, Shoshone County, Idaho: U.S. Geol. Survey, Prof. Paper 445, 103 pp

Hobbs, S.W. et al, 1965, Geology of the Coeur d'Alene district, Shoshone County, Idaho: U.S. Geol. Survey, Prof. Paper 475, 139pp

Hobbs, S.W., and Fryklund, V.C., 1968, the Coeur d'Alene district, Idaho: in Ridge, J.,editor, Ore deposits of the United States: A.I.M.E. p 1417-1435

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TS

CERRO-MARMON CORPORATION

39 South LaSalle Street
Chicago, Illinois 60603
312/372-9500
Telex 253112

August 3, 1976

Dr. R. G. Wiese, Jr.
c/o Snug Harbor Post Office
Duxbury, Massachusetts 02332

Dear Bob,

Enclosed please find a copy of the Shenon, Full and Harty 1964 Geologic Study of the Golconda Area, as well as a copy of Full's 1969 Evaluation of the Alice Consolidated Mines Proposal. I am also enclosing copies of Quarterly Reports issued by Hecla Mining Company, the operator of Alice Exploration Project.

Golconda has received a $175,000 cash offer for the assets of Golconda Mining Corporation, a wholly owned subsidiary of Golconda. I am attaching June 30, 1976 Financial Statements for your use. Note that the statements are consolidated with Golvest Corporation. However, the only asset of Golvest is the $15,309,019 net receivable from Golconda.

I would like to have you appraise the current fair value of the geologic potential of property plant and equipment now owned by Golconda Mining Corporation. You may wish to specifically consider the feasibility of further developing the Golconda Mine below the 1800-foot level further into the Upper Pritchard Formation down to the intersection of the Osburn and Paymaster Faults (See Fig. 3 Shenon and Full)

I would also like you to determine the fair value of the geologic potential of the Alice Consolidated Mines, Inc. stock. Assume for this purpose that Golconda Mining Corporation's 53.65 percent stock investment in Alice represents a 53.65 percent investment in the underlying assets, consisting only of the mining claims and exploration work done by Hecla.

None of the reports enclosed contain claim maps for Golconda, but the 1969 Full evaluation has an Alice claim map (Fig. 3). I will have claim maps for the West Golconda Area forwarded to you directly from Wallace, Idaho.

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If you have any specific geologic questions, you may contact Mr. Wray Featherstone directly at (208) 722-3556 in Hayden Lake, Idaho. Mr. Wray Featherstone is a mining engineer and is president of Golconda Mining.

It is our understanding that you are to be compensated in the amount of $200 per day plus any related out-of-pocket expenses. If the project is expected to last longer than two days, advise me before beginning a third day's work.

The materials enclosed are our original copies, which need to be returned to me upon completion of your work.

If you have any questions, my telephone number is (312) 372-9500.

Best regards.

Very truly yours,

Jeffrey J. Lonsdale
Tax Manager

JJL:er
Enclosures

cc: David R. Nomura
cc: Thomas Seifert

LS 002033

INTER OFFICE MEMO

Date July 30, 1976

To T. L. Seifert
Secretary and General Counsel

Attn.

GOLCONDA CORPORATION
4201 WEST PETERSON AVENUE · CHICAGO, ILLINOIS 60646

From D. R. Nomura

Subject Disposal of Golconda Mining Corporation

Efforts to dispose of Golconda Mining Corporation and its mining securities consisted of the following:

Late 1975 - Discussions with George Westby of Cerro Corporation. Westby indicated that Newmont Mining expressed some interest in acquiring the mill and concentrator, but that after further review decided not to buy.

Marshall Samuels of Cerro Corporation contacted a broker at Bache Halsey in New York and asked for a bid on the mining securities. The original bid was approximately $25,000 and was rejected.

In February, 1976, based upon discussion with Harry Magnuson and a local Idaho geologist, the mining securities were written down on the books to an estimated realizable value of $250,000.

In early March, 1976, Wray Featherstone was contacted and authorized to obtain bids for Golconda Mining Corporation. (See attached correspondence.) Featherstone sent out letters (see attached) to approximately 30 mining companies, including Hecla Mining, soliciting bids.

In the latter part of April, 1976, Myron Wein of Bache Halsey called and indicated an interest in acquiring the mining securities for a group of investors. I indicated to him that we would be interested, but that other prospective buyers would be given a change to respond.

Fred Manning also indicated that he might be able to market the mining securities through certain of his contacts if Featherstone's letter did not produce results.

In late May, 1976, Featherstone indicated that little progress was being made. (See letter attached.) I contacted Myron Wein of Bache Halsey in New York and asked him to coordinate his offer through Fred Manning.

In June, 1976, Featherstone forwarded a bid from Harry Magnuson. (See attached.) Magnuson's original offer of $162,000 was rejected as it involved a financing arrangement on Golconda's part. Magnuson then made a cash offer of $150,000.

Myron Wein of Bache Halsey then contacted Fred Manning with an offer of $175,000 which Harry Magnuson subsequently matched.

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Golconda Mining Corporation
SCOTT BUILDING
P. O. Box 469
WALLACE, IDAHO 83873
752-1131

May 25, 1976

Mr. David Nomura
Golconda Corporation
4201 W. Peterson Avenue
Chicago, Illinois 60646

Dear Dave:

This will supplement my recent conversation with you regarding the disposition of the assets owned by Golconda Mining Corporation. As I stated in my letter to you dated April 6, 1976, we sent a letter along with a brief description of the assets that we desired to sell to the chief executive officers and/or represenatives in charge of 28 major mining corporations. Included among these corporations were the six major mining corporations who have operations in the Coeur d'Alene Mining District.

Since that time we have received a reply from the following seven corporations stating they have received our letter and that they had no interest in acquiring our assets:

Cyprus Mines Corporation
Callahan Mining Corporation
Noranda Exploration, Inc.
Bear Creek Mining Company
Bethlehem Copper Corporation
Cities Service Minerals Corporation
Rosario Resources Corporation

We have received no reply from the following 17 companies:

Hecla Mining Company
Day Mines, Inc.
Sunshine Mining Company
UV Industries, Inc.
Superior Mining Company
U. S. Borax & Chemical Corporation
Quintana Minerals Corporation
Placer Amex, Inc.
Minerals Exploration Company
Inspiration Development Co.
American Copper & Nickel Company, Inc.

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F. H. Blair & Associates
Chevron Oil Company
Cominco American Incorporated
Earth Resources Company
Newmont Mining Corporation
U. S. Industries, Incorporated

This leaves the following four companies with which I have had individual discussions with their representatives who have examined the properties and/or reviewed the maps and other information with me:

ASARCO Incorporated
The Bunker Hill Company
Homestake Mining Company
The Anaconda Company

As to these four companies that have expressed this interest and with whom I have had discussions, Anaconda seems the most interested. I met with two of their officials who are headquartered in Salt Lake and Tucson. These individuals came to Wallace and reviewed the Golconda properties and maps with me.

I talked with Mr. W. J. Garmoe, Regional Senior Geologist for Anaconda, who is headquartered in Salt Lake City this morning and he advised me they are still reviewing the Golconda properties and will communicate with me within a few days as to their possible interest. As soon as I hear further from Anaconda, which I anticipate will be within a very few days, I will promptly advise you as to their interest.

Yours very truly,

GOLCONDA MINING CORPORATION

By Wray Featherstone
Wray Featherstone, President

WF:ed

cc: Mr. John Morrill
Mr. Robert Pritzker

LS 002036

H. F. MAGNUSON & COMPANY

Certified Public Accountants

SCOTT BUILDING
WALLACE, IDAHO

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

OFFICES
KELLOGG AND
COEUR D'ALENE, IDAHO

June 30, 1976

Mr. David Nomura
Golconda Corporation
39 South LaSalle Street
Chicago, Illinois 60603

Dear Dave:

This will confirm my conversation of today with you relative to the offer I submitted to Mr. Wray Featherstone by letter dated June 2, 1976, to purchase the assets owned by Golconda Mining Corporation.

As set forth in my letter of June 2, 1976, I offered $162,000 for certain assets with the purchase price payable on a monthly basis. In accordance with my conversation with you, I would be willing to pay ~~$150,000~~ in cash for the assets set forth in my letter of June 2, 1976. 175.000 7/29/76

Following the recent meeting of shareholders of Golconda Corporation, I had a brief conversation with you and it was suggested I might consider the purchase of the two million shares of Golconda Mining Corporation capital stock presently outstanding. If agreeable, I would be willing to purchase the outstanding capital stock of Golconda Mining Corporation on the basis of a cash offer of $150,000 for the assets set forth in my letter of June 2, 1976. This amount would have to be adjusted by adding the cash in bank and deducting the accounts payable which I would assume.

If this offer is acceptable, I would appreciate your advising me and I will have any necessary agreement drafted. If you desire any additional information, please advise.

Yours very truly,

H. F. MAGNUSON & COMPANY

By H. F. Magnuson
H. F. Magnuson

HFM:ed

cc: Mr. Wray Featherstone

LS 002037

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

AIR MAIL

Woolvin Patten, Esq.
Messrs. LeSourd, Patten & Slemmons
1140 Washington Building
Seattle, Washington 98101

NOV 3 1969

Re: Hecla Mining Company

Dear Mr. Patten:

This will reply to your letter of October 3, 1969 in which you request our views regarding the proposed sale of 30,000 shares of Hecla Mining Company ("Hecla") common stock by your client, Golconda Mining Corporation ("Golconda"). The facts as we understand them are as follows:

Hecla is a Washington corporation whose shares are listed on the New York Stock Exchange and other national securities exchanges. At the present time Hecla has an authorized capitalization of 6,000,000 shares of common stock, of which 5,956,975 shares are issued and outstanding. The principal shareholders of Hecla are Transarizona Resources, Inc. and Golconda which own 1,000,000 and 691,900 shares, respectively. Thus, Golconda's ownership represents approximately 11 percent of the outstanding shares of Hecla.

Without specifying the date of purchase, you indicate that Golconda acquired 30,000 shares of Hecla after Golconda's differences with the management of Hecla arose in late 1968. That dispute concerned the acquisition of the Lakeshore Property by Hecla and the issuance of 1,000,000 shares of its common stock to Transarizona Resources, Inc. Golconda acquired the 30,000 shares in the open market with a view to strengtheing its position in opposition to the acquisition of the Lakeshore Property. Nevertheless, the Lakeshore transaction was approved by the Hecla shareholders.

D. Fetherstone

LS 002038

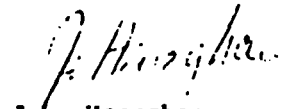
Golc - CDA dm - 1071

As a result of the dispute over the Lakeshore Property, H. F. Magnuson, Golconda's only representative on the Hecla board, was removed. None of the officers or directors of Golconda are closely connected by family or business associations with the officers and directors of Hecla. Apart from its ownership of Hecla shares, the only significant relationship between Hecla and Golconda is a preliminary agreement under which Hecla proposed to lease for purposes of exploration, certain mining properties owned primarily by corporations in which Golconda owns the controlling interest.

You also state that Golconda's inability to influence the management of Hecla and retain a representative on the Hecla board demonstrate that Golconda is not in a control position with respect to Hecla.

On the basis of the facts presented, this Division will not recommend any action to the Commission if Golconda sells 30,000 shares of Hecla stock without compliance with the registration requirements of the Securities Act of 1933, in reliance upon your opinion as counsel that registration is not required.

Sincerely,



John Heneghan
Assistant Chief Counsel

LS 002039

LESOURD, PATTEN & SLEMMONS
ATTORNEYS AT LAW
TEMPORARY ADDRESS
1140 WASHINGTON BUILDING
SEATTLE, WASHINGTON 98101

MAIN 4-1040

F. A. LESOURD
WOOLVIN PATTEN
WARREN R. SLEMMONS
GEORGE M. HARTUNG, JR.
LEON C. MISTERER
DWAYNE E. COPPLE
PETER LESOURD
JOHN F. COLGROVE

JOSEPH E. GANDY
ROBERT L. PALMER
COUNSEL

October 3, 1969

Mr. Wray Featherstone, President
Golconda Mining Corporation
P.O. Box 469
Wallace, Idaho 83873

Re: Sale of Hecla Shares by Golconda

Dear Wray:

You have asked our opinion as to whether Golconda could dispose of approximately 30,000 shares of the common stock of Hecla Mining Company (hereinafter referred to as "Hecla") in the open market without registering the same under the Securities Act of 1933.

Statement of Facts

We will first set forth the facts which appear pertinent in this regard.

Hecla is a Washington corporation. Its shares are listed on the New York and other National Securities Exchanges. At the present time Hecla has an authorized capitalization of 6,000,000 shares of common stock, of which 5,956,975 are issued and outstanding. In September 1969 Hecla issued an additional 1,000,000 shares of its stock, thereby increasing the amount of its outstanding stock to the above figure.

The principal shareholders of Hecla and the number of shares owned by each are as follows:

Transarizona Resources, Inc.	1,000,000
Golconda Mining Corporation	691,900

Thus, Golconda's ownership represents approximately 11% of the outstanding shares of Hecla. Immediately prior to the issuance of the above 1,000,000 shares to Transarizona Resources, Inc., Golconda owned approximately 14% of the outstanding shares of Hecla.

Prior to May 29, 1969, H. F. Magnuson, then a vice president and director of Golconda, was a member of the board of directors of Hecla and sat on its executive committee.

In the latter part of 1968, Golconda and the management of Hecla clashed over a proposal that Hecla acquire a one-half interest in and develop copper mining leases in Arizona, known as the Lakeshore Property, and issue 1,000,000 shares of its stock to Transarizona Resources, Inc. for such interest. Transarizona is a wholly owned second-tier subsidiary of El Paso Natural Gas Company. H. F. Magnuson, the Golconda representative on the Hecla board, consistently voted against this proposal. All the other members of the Hecla board voted for the proposal. As result of this difference, H. F. Magnuson was removed from the management slate of directors presented to shareholders at the meeting held on May 29, 1969.

The proposal to acquire the Lakeshore Property was presented to the shareholders of Hecla at the annual meeting of shareholders held on May 29, 1969. Golconda solicited proxies in opposition to the proposal to acquire an interest in the Lakeshore leases. Golconda's opposition was unavailing. The proposed acquisition was approved by Hecla shareholders and recently consummated.

Golconda also instituted proceedings in the United States District Court for the Eastern District of Washington and in the Superior Court for Spokane County seeking, among other things, to prevent acquisition of the Lakeshore property by Hecla and the issuance of 1,000,000 shares of its common stock to Transarizona.

After shareholder approval of these transactions, these court proceedings were dismissed with prejudice. Golconda is, however, appealing an adverse decision by the Superior Court for Spokane County on the contention by Golconda that the shares of Hecla are entitled to cumulative voting privileges.

At the present time, Golconda has no representative on the Hecla board. None of the officers or directors of Golconda are closely connected by family or business associations with the officers and directors of Hecla. Aside from its ownership of the aforementioned shares of Hecla, the only significant relationship between Hecla and Golconda is a preliminary agreement under which Hecla proposes to lease for purposes of exploration certain mining properties in the Coeur d'Alene District owned primarily by corporations in which Golconda owns the controlling interest.

LS 002041

Golc - CDA dm - 1074

After Golconda's differences with the management of Hecla arose, Golconda acquired 30,000 shares of Hecla in the open market, hoping thereby to strengthen its position in opposition to the acquisition of the Lakeshore Property. Golconda's broker in the acquisition was Dominick and Dominick, Chicago. The seller is not known, although it is known that the seller was an institutional investor represented by Walston & Co., New York. As previously mentioned, neither this acquisition nor Golconda's other efforts in opposing the Lakeshore proposal were successful. Golconda now wishes to dispose of these shares in the open market. Only the usual brokerage commission charges will be paid in connection with the disposition of these shares. It is contemplated the shares will be sold on the New York Stock Exchange.

Golconda's position in Hecla was acquired in 1964, primarily as a result of a statutory merger between Hecla and Lucky Friday Mines and Golconda's substantial and longtime ownership of Lucky Friday shares.

Discussion

Section 4(1) of the Securities Act of 1933 exempts from the registration provisions of the Act "transactions by any person other than an issuer, underwriter or dealer". Golconda, with one possible exception, would not appear to be an issuer, underwriter nor dealer with respect to the subject transaction.

The possible exception to which we have reference arises because of the language of Section 2(11) of the Act, which, after defining an underwriter as "any person who purchases from an issuer with a view to . . . distribution . . ." defines for the purposes of such paragraph an issuer to include "any person . . . controlling or controlled by or under . . . common control with the issuer".

We know of no fact which suggests that the seller of the shares Golconda recently purchased in the open market might have been in control of, controlled by or under common control with Hecla. Nor are we aware of any facts which suggest that Golconda may be controlled by or under common control with Hecla. Consequently, the question would appear to be whether Hecla could be deemed to be controlled by Golconda.

Nowhere in the Securities Act nor in the Rules and Regulations is there any definition of the word "control" as

used in Section 2(11). However, most writers and courts regard persons who come within the ambit of Section 16 of the Securities Exchange Act of 1934 to be at least suspect of control. Such persons are the officers, directors and principal stockholders of an issuer. A principal stockholder is defined by Section 16(a) of the Exchange Act as a person owning 10% or more of the voting shares of an issuer. The few decided cases in this area teach that a person is not a controlling person because of the existence of one or more of the named relationships but that the ability to acquire such relationships may be indicative of control. Thus, the fact Golconda owns in excess of 10% of the voting shares of Hecla at least suggests the possibility of control.

In our opinion, the fact that in recent months Golconda was unable to influence the management of Hecla on a matter of major corporate policy and unable to retain a representative on the Hecla board of directors dramatically evidences Golconda's lack of control with respect to Hecla and overcomes the presumption or suspicion created by its stock ownership. It is also important that Golconda has been replaced as the major shareholder of Hecla. It is, therefore, our opinion that the proposed sale of 30,000 shares of Hecla by Golconda on the open market is exempt from the registration requirements of the Securities Act of 1933.

By copy of this letter, we are inquiring as to whether the U.S. Securities and Exchange Commission concurs in the foregoing opinion.

Very truly yours,

LeSOURD, PATTEN & SLEMMONS

Woolvin Patten

WP:afc

Woolvin Patten

cc: Mr. James E. Newton
Securities and Exchange Commission
Seattle, Washington

LS 002043

Golc - CDA dm - 1076

March 4, 1971

Securities and Exchange
Commission
Washington, D.C. 20549

Gentlemen:

We hereby submit for filing Form 4, Statement of Changes in Beneficial Ownership of Securities, of Golconda Corporation for the calendar month of February, 1971

Sincerely,

J. M. Stogin
Vice President

JMS:cs
enc.

cc: New York Stock Exchange
Marine Midland Grace Trust Company of New York
Hecla Mining Company
Spokane Stock Exchange
Pacific Coast Stock Exchange

bcc: D.L. Hess

LS 002044

SEC ITIES AND EXCHANGE COMMI ION
Washington, D.C. 20549

FORM 4

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935, or Section 30(f) of the Investment Company Act of 1940.

HECLA MINING COMPANY
(Name of listed company, holding company or investment company)

GOLCONDA CORPORATION
(Name of person whose ownership is reported)

8550 West Bryn Mawr Avenue, Chicago, Illinois 60631
(Business address of such person; street, city, zone, state)

Relationship of such person to company named above. (See instruction 8) Beneficial owner of more than ten (10) percent of the company's common stock

Statement for Calendar Month of February, 1971

CHANGES DURING MONTH AND MONTH-END OWNERSHIP (See instruction 6)

TITLE OF SECURITY (See instruction 7)	DATE OF TRANSACTION (See instruction 8)	AMOUNT BOUGHT or otherwise acquired (See instruction 9)	AMOUNT SOLD or otherwise disposed of (See instruction 9)	NATURE OF OWNERSHIP (See instruction 10)	AMOUNT OWNED beneficially at end of month (See instruction 9)
Common Stock	2/2/71		2,600shrs	Direct	
	2/3/71		1,000shrs	Direct	668,488

LS 002045

REMARKS: (See instruction 11)

GOLCONDA CORPORATION

Date of statement March 4, 1971

(Signature)
J.M. Stogin - Vice President

Golc - CDA dm - 1078

February 5, 1971

Securities and Exchange
Commission
Washington, D.C. 20549

Gentlemen:

We hereby submit for filing Form 4, Statement of Changes in Beneficial Ownership of Securities, of Golconda Corporation for the calendar month of January, 1971.

Sincerely,

J.M. Stogin

JMS:cs
enc.

cc: New York Stock Exchange
Marine Midland Grace Trust Company of New York
Hecla Mining Company
Spokane Stock Exchange
Pacific Coast Stock Exchange

bcc: D.L. Hess

LS 002046

21,400

693,488
21,400
612,088

506,273.61

18,200 on 1/15
3,200 on 1/26

John this is
all in Jan.
Ask

2/4/71

LS 002047

SEC[illegible]ITIES AND EXCHANGE COMMI[illegible]ION
Washington, D.C. 20549

FORM 4

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935, or Section 30(f) of the Investment Company Act of 1940.

HECLA MINING COMPANY

(Name of listed company, holding company or investment company)

GOLCONDA CORPORATION

(Name of person whose ownership is reported)

8550 West Bryn Mawr Avenue, Chicago, Illinois 60631

(Business address of such person; street, city, zone, state)

Relationship of such person to company named above. (See instruction 8) Beneficial owner of more than ten (10) percent of the company's common stock

Statement for Calendar Month of January, 1971

CHANGES DURING MONTH AND MONTH-END OWNERSHIP (See instruction 6)

TITLE OF SECURITY (See instruction 7)	DATE OF TRANSACTION (See instruction 8)	AMOUNT BOUGHT or otherwise acquired (See instruction 8)	AMOUNT SOLD or otherwise disposed of (See instruction 8)	NATURE OF OWNERSHIP (See instruction 10)	AMOUNT OWNED beneficially at end of month (See instruction 9)
Common Stock	1/15/71		18,200 shrs	Direct	
	1/26/71		3,200 shrs	Direct	672,088

LS 002048

REMARKS: (See instruction 11)

GOLCONDA CORPORATION

Date of statement February 5, 1971

(Signature)
J.M. Stogin - Vice President

Golc - CDA dm - 1081

January 7, 1971

Securities and Exchange
Commission
Washington, D.C. 20549

Gentlemen:

We hereby submit for filing Form 4, Statement of Changes in Beneficial Ownership of Securities, of Golconda Corporation for the calendar month of December, 1970.

Sincerely,

J.M. Stogin

JMS:cs
enc.

cc: New York Stock Exchange
Marine Midland Grace Trust Company of New York
Hecla Mining Company
Spokane Stock Exchange
Pacific Coast Stock Exchange

bcc: D.L. Hess

LS 002049

SEC ITIES AND EXCHANGE COMM. ION
Washington, D.C. 20549

FORM 4

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935, or Section 30(f) of the Investment Company Act of 1940.

HECLA MINING COMPANY
(Name of listed company, holding company or investment company)

GOLCONDA CORPORATION
(Name of person whose ownership is reported)

8550 West Bryn Mawr Avenue, Chicago, Illinois 60631
(Business address of such person; street, city, zone, state)

Relationship of such person to company named above. (See instruction 8) Beneficial owner of more than ten (10) percent of the company's common stock

Statement for Calendar Month of December, 19 70

CHANGES DURING MONTH AND MONTH-END OWNERSHIP (See instruction 6)

TITLE OF SECURITY (See instruction 7)	DATE OF TRANSACTION (See instruction 8)	AMOUNT BOUGHT or otherwise acquired (See instruction 9)	AMOUNT SOLD or otherwise disposed of (See instruction 9)	NATURE OF OWNERSHIP (See instruction 10)	AMOUNT OWNED beneficially at end of month (See instruction 9)
Common Stock	12/1/70		500 shrs	Direct	
	12/3/70		500 shrs	Direct	
	12/7/70		1,000 shrs	Direct	
	12/8/70		900 shrs	Direct	
	12/9/70		100 shrs	Direct	
					693,488

LS 002050

REMARKS: (See instruction 11)

GOLCONDA CORPORATION WAS FORMERLY KNOWN AS GOLCONDA MINING COMPANY

GOLCONDA CORPORATION

Date of statement January 7, 1971

(Signature)
J.M. Stogin - Vice President

Golc - CDA dm - 1083

January 8, 1971

MEMO TO: John Stogin

FROM: D. L. Hess

RE: Golconda Form 4

John, I enclose a copy of the transmittal letters and the Form 4 filed for Hecla transactions during the month of November, 1970.

LS 002051

P.O. Box 469 * Wallace, Idaho 83873 * a. c. 208-752-1131

Golconda Mining Corporation
SCOTT BUILDING
P. O. Box 469
WALLACE, IDAHO 83873
752-1131

December 10, 1970

Securities and Exchange Commission
Washington
D. C. 20549

Gentlemen:

I am enclosing a copy of Form 4 setting forth changes in our ownership of capital stock of Hecla Mining Company during the month of November, 1970.

Very truly yours,

GOLCONDA CORPORATION

By D. L. Hess
D. L. Hess, Assistant Secretary

DLH:sjv

Enclosure

LS 002052

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 4

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935, or Section 30(f) of the Investment Company Act of 1940.

HECLA MINING COMPANY
(Name of listed company, holding company or investment company)

GOLCONDA CORPORATION (Formerly Golconda Mining Corporation)
(Name of person whose ownership is reported)

P. O. Box 469, Wallace, ID 83873
(Business address of such person; street, city, zone, state)

Relationship of such person to company named above. (See instruction 5) Beneficial Owner of more than 10% of the company's outstanding common stock.

Statement for Calendar Month of November, 1970

CHANGES DURING MONTH AND MONTH-END OWNERSHIP (See instruction 6)

TITLE OF SECURITY (See instruction 7)	DATE OF TRANSACTION (See instruction 8)	AMOUNT BOUGHT or otherwise acquired (See instruction 8)	AMOUNT SOLD or otherwise disposed of (See instruction 9)	NATURE OF OWNERSHIP (See instruction 10)	AMOUNT OWNED beneficially at end of month (See instruction 9)
Common stock 25¢ par value	11-30-70		1,000	Direct	696,488

REMARKS: (See instruction 11)

LS 002053

D. L. Hess
(Signature)
D. L. Hess, Assistant Secretary

Date of statement December 10, 1970

Golc - CDA dm - 1086

June 22, 1971

Mr. D.L. Hess
Alice Consolidated Mines, Inc.
200 Radio Central Building
Spokane, Washington 98004

Dear Don:

Enclosed are signature pages which must be included as part of our registration of Alice Consolidated Mines, Inc. in connection with the proposed rights offering.

Would you please have these pages executed, preferably undated, and return the same to my office in the enclosed envelope. Needless to say, timing is very important on this as Al Thomson is anxious to make the initial filing.

If there is any problem, please let me know immediately.

Sincerely,

J.M. Stogin

JMS:cs
encs.

cc: Albert W. Thomson
John G. Miller

AIR MAIL
SPECIAL DELIVERY

LS 002054

(1) Golconda also owns [illegible] of the [illegible] of Square Deal Mining and Milling Company Limited which owns 349,600 shares of Alice Consolidated Stock constituting 4.3% of the issued and outstanding stock of Alice Consolidated.

MANAGEMENT

The five directors of Alice Consolidated and the Executive Officers of Alice Consolidated are listed as follows:

Name	Address	Position
Wray Featherstone	315 Pine Wallace, Idaho	Director and President
J. E. McKay	P. O. Box 69 Kellogg, Idaho	Director and Vice President
Walter L. Sly	1007 Buell Court Spokane, Washington	Director
H. F. Magnuson	P. O. Box 469 Wallace, Idaho	Director
R. J. Bruning	c/o North Idaho Press Wallace, Idaho	Director
D. L. Hess	P. O. Box 469 Wallace, Idaho	Secretary-Treasurer

REMUNERATION OF MANAGEMENT

Officers and Directors of Alice Consolidated received no remuneration as Officers and Directors for fiscal year 1970.

LITIGATION

Alice Consolidated is not a party to any material litigation and knows of no contemplated litigation of a material nature which may involve the Company in the foreseeable future.

LS 002055

Golc - CDA dm - 1088

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of ....., and State of ....., on the ..... day of ....., 1971.

ALICE CONSOLIDATED MINES, INC.

By _____
Wray Featherstone,
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons in the capacities and on the dates indicated.

Signature	*Title*	*Date*
Wray Featherstone	*Director, President and Chief Executive Officer*	....., 1971
J. E. McKay	*Director and Vice President*	....., 1971
D. L. Hess	*Secretary and Treasurer (Principal Financial Officer and Accounting Officer)*	....., 1971
Walter L. Sly	*Director*	....., 1971
H. F. Magnuson	*Director*	....., 1971
R. J. Bruning	*Director*	....., 1971

LS 002056

WILLIAM A. GRUENBERG
2970 LAKE SHORE DRIVE
CHICAGO, ILLINOIS 60657
312 - 525-6517

June 25, 1971

Wm. G 1,100 — pref
Claire Gruenberg 500 - pref

Golconda Corp.
8550 W. Bryn Mawr Ave.
Chicago, Ill.

Attn: Mr. George B. Howell

Dear Sir:

As a large stockholder of your preferred stock, I was very sorry to see that you plan to offer via rights to your common stockholders, shares in Hecla Mining and Alice Consolidated Mines. This unusual dividend is unfair to preferred stockholders unless an adjustment is made in the conversion ratio or rights are offered to preferred stockholders.

I would begin a stockholder suit if you go ahead with the rights offering without regard to the preferred holders who do not wish to convert at this time.

Yours truly,
William A. Gruenberg

WAG/ch

LS 002057

HECLA MINING COMPANY
TEL. 752-1281
WALLACE, IDAHO 83873
P. O. BOX 320

October 14, 1971

Mr. Wray Featherstone, President
Alice Consolidated Mines, Inc.
Box 469
Wallace, Idaho 83873

Mr. Wray Featherstone, President
Golconda Mining Corporation
Box 469
Wallace, Idaho 83873

Mr. R. B. Fulton, Vice President
Newmont Exploration Limited
300 Park Avenue
New York, New York 10022

Re: Alice Consolidated Project

Gentlemen:

Attached is a copy of the report on operations at the Alice Consolidated Project for the quarter ended September 30, 1971. A copy of the Schedule of Exploration Costs for the quarter and total project to date is also attached.

Sincerely,

W. H. Love
President

WHL:skp

Attachment

cc: GMMiner
HEHarper
Engineers

LS 002058

October 6, 1971

ALICE CONSOLIDATED PROJECT

PROGRESS REPORT

Third Quarter 1971

Our primary efforts during the quarter were directed toward the ultimate completion of diamond drill holes AC-3 and AC-4 and the aerial mapping of the property.

Maps available sometime in Dec.

Aerial Mapping Company of Boise, Idaho performed the aerial photography of the area on September 8. The resultant photographs are presently being studied and marked preparatory to making final maps. A total of 70 points were marked on the ground for use as reference points in the making of Alice area maps. These points include survey points, mineral monuments, section corners and claim corners.

DRILLING

After experiencing considerable operational difficulties in drilling holes No. AC-3 and No. AC-4, Sim Core Limited was replaced by E. J. Longyear Company, who moved onto the sites and commenced drilling with their equipment on August 16. By the end of the quarter, a total of 2,135 feet of new hole had been drilled by Longyear. Of this total, 1,506 feet is in hole No. AC-3 and 629 feet in hole No. AC-4.

Hole No. AC-3

Nov. 17 - 2300' - Expect to drill another 200'-400'

This hole is located in Ruddy Gulch designed to explore the area below the old Alice mine workings and is directed due south at -50°. Sim Core attained a depth of 623 feet in the hole before losing their drill rod string. They placed a deflection wedge in the hole at 116 feet and had redrilled the hole to 506 feet when they terminated. E. J. Longyear Company moved onto the site, collared a new hole and by the end of the quarter advanced to a depth of 1,506 feet. Rock encountered in this hole has consisted of sheared and broken Revett quartzite with varying amounts of iron and manganese staining. Numerous zones of gouge and fault breccia have been encountered. No sulfides, other than minor pyrite, has been encountered. A tropari survey taken at 1,215 feet shows a bearing of S 06° W and a dip of -49°, which indicates the hole is closely following its designed course.

Hole No. AC-4

Nov. 17 - Complete to 2175'

This hole is located on the east slope of Grouse Gulch designed to explore the area below the old Mineral Farm tunnel and is directed due south at -72°. Sim Core attained a depth of 861 feet in this hole by July 14, but then stuck their drill rod string. The rods were finally broken at 665 feet and the remainder of the rod string taken from the hole. The hole was then cemented back to 487 feet and an attempt made to deflect around the stuck rods. This plan proved unsuccessful and Sim Core abandoned the project on July 30. E. J. Longyear set up on the hole, placed a retrievable deflection wedge at 500 feet and by the end of the quarter had advanced the hole 629 feet to a depth of 1,129.

LS 002059

Alice Consolidated Proje
Progress Report
Third Quarter 1971

Rock encountered in this hole has consisted of argillite, argillaceous quartzite and quartzite typical of the St. Regis-Revett contact area. Numerous gouge and fault breccia zones have been encountered. Small quartz stringers with specks of siderite have been observed, but other than minor pyrite, no sulfide mineralization has been encountered.

Gordon M. Miner
Vice President - Operations

GMM:skp

LS 002060

ALICE CONSOLIDATED PROJECT

Schedule of Exploration Costs

For the Quarter Ending September 30-1971
and Total Project to Date September 30-1971

	Quarter Ended September 30-1971	Total to Date September 30-1971
Minimum advance royalty to Alice Consolidated Mines, Inc.	$ 900.00	$ 3,000.00
Engineering and geology salaries and wages	3,244.02	14,729.55
Supervision	- -	308.24
Contract drilling costs	31,789.02	41,441.35
Truck and transportation costs	316.76	717.77
Other expenses	387.82	880.31
Subtotal	36,637.62	61,077.22
Add: 5% administrative charge per Article I (4)(c)	1,831.88	3,053.86
Total	$ 38,469.50	$ 64,131.08

LS 002061

REC'V'D
JAN 1 4 1974
PETER D. WEISSE

January 10, 1974

Mr. Herbert Kunzel
Westgate California Corporation
1010 Second Avenue
San Diego, California 92101

Dear Mr. Kunzel:

Reference our conversation this date, we would be interested in bidding on your holdings in Colecula Corporation. As explained on the phone, we at Cerro Metal Products want to expand our product line and the Rego/Colecula metals operation would give us this vehicle.

Appreciate your consideration.

Sincerely,
CERRO METAL PRODUCTS

Tom: Tell me more about Colecula 10K
PDW

DAGardiner/B
bcc/
PDWeisse
TLAbimo

P.S. (P.D.W.)- They have 1,043 shares or approximately 33% of the voting stock which, according to Kunzer, is effective control of the company. More later.

LS 002062

CERRO CORPORATION

300 PARK AVENUE • NEW YORK, N. Y. 10022

C. GORDON MURPHY
PRESIDENT

February 5, 1974

Mr. Herbert Kunzel
President
Westgate-California Corporation
1010 Second Avenue
San Diego, California 92101

Dear Sir:

Cerro Corporation ("Cerro") hereby agrees to purchase from you, and you hereby agree to sell or to cause your subsidiaries to sell to Cerro an aggregate amount of 1,043,566 shares of Common Stock, no par value (the "Stock"), of Golconda Corporation ("Golconda") at a price in cash of $8.375 per share, or an aggregate of $8,739,865.25 (the "Purchase Price").

This agreement is subject to fulfillment of the following conditions precedent to Cerro's obligation, at Cerro's option, to purchase the Stock:

(a) Cerro's Board of Directors shall have ratified the making of this offer at its meeting to be held on February 13, 1974.

(b) There shall be no action or proceeding pending or threatened, challenging Cerro's acquisition of the Stock.

(c) The United States District Court for the Southern District of California shall have entered an appropriate order authorizing and approving the sale of the Stock to Cerro, satisfactory in form and substance to Cerro, as provided for herein, and the time to

appeal such order shall either have expired without the filing of an appeal therefrom, or appropriate waivers of rights to appeal from said order shall have been executed by any and all parties who shall have a right to appeal.

(d) Golconda shall not since November 30, 1973 have committed itself to issue or have issued any additional shares of capital stock, (including Treasury stock) declared any dividends in cash or in property payable to stockholders of record on a date prior to the Closing (as hereinafter defined) or have declared any stock dividend or stock split or concluded any recapitalization or reclassification of securities affecting stockholders of record prior to the Closing except that Golconda may have declared cash dividends on all classes of its capital stock for the period between November 30, 1973 and the Closing of no greater amount per share than during the corresponding period of fiscal 1973.

(e) The Federal Deposit Insurance Corporation ("FDIC") and the Internal Revenue Service ("IRS") shall have consented in writing to the transaction contemplated hereby, and at or prior to the Closing, as hereinafter defined, shall have released any and all liens, security interests or encumbrances which they may have upon the Stock.

(f) The Closing of the purchase and sale contemplated hereby shall have taken place not later than February 28, 1974 (subject to extension by the parties) and you shall have delivered all documents and instruments to be delivered by you at the Closing.

The closing of the sale of the Stock to Cerro (the "Closing") shall take place at your offices, U.S. National Bank Bldg., 1010 Second Avenue, San Diego, California, on February 15, 1974 or such later date as may be mutually agreeable.

LS 002064

You and we represent that no finders or brokers have been employed in connection with the transaction contemplated hereby so as to give rise to fees or commissions.

At the closing, (1) you shall deliver to Cerro: (i) duly endorsed for transfer, certificates representing the Stock, with all applicable stock transfer taxes (if any) paid, (ii) a certified copy of the order of the United States District Court for the Southern District of California referred to in (c) above, (iii) executed or certified copies of the consents referred to in (e) above, (iv) certificates representing to Cerro that you or your subsidiaries, as the case may be, are duly authorized and empowered to convey the Stock to Cerro free of any liens, other encumbrances or restrictions (subject to applicable provisions of state and Federal securities laws), (v) the opinion of counsel satisfactory to Cerro to the same effect as (iv) above and as to such other matters as Cerro may reasonably request and (vi) Cerro shall have received from Alexander Grant & Company, a letter dated the Closing date as of a date not more than five (5) days prior to the Closing date stating that on the basis of an examination of the November 30, 1973 Consolidated Balance Sheet of Golconda and that on the basis of consultation with officers and employees of Golconda, a review of the latest available financial statements, and such other specified procedures as are deemed necessary, nothing came to their attention that caused them to believe that (i) at a date no more than five (5) business days prior to the Closing date there was any change in the capital stock or long term debt of Golconda or any decrease in net current assets or net assets as compared with amounts shown in the November 30, 1973 Consolidated Balance Sheet of Golconda, (ii) for the period from November 30, 1973 to such date no more than five (5) business days prior to the Closing date there were decreases as compared with the corresponding period in the preceding fiscal year in consolidated net sales or net income and (iii) at such date no more than five (5) business days prior to the Closing date there was any adverse change in the composition of current assets or that there were any reservations of capital stock of Golconda for future issuance not referred to in the Consolidated

Balance Sheet of Golconda as at November 30, 1973, and (2) Cerro shall deliver to you: (i) a certified or bank check in San Francisco Clearing House funds to your order in the amount of the Purchase Price, (ii) the opinion of Messrs. Alexander & Green to the effect that the purchase has been duly authorized and is being effected pursuant to appropriate and proper corporate action on the part of Cerro and (iii) Cerro's representation that it is acquiring the Stock with a view to investment and not with a view to public distribution or sale thereof.

By accepting this offer you agree to use your best efforts to obtain the order of the United States District Court for the Southern District of California referred to in (c) above; to cause your nominees to resign promptly after the Closing as directors of Golconda.

We acknowledge that we have had access to and reviewed Golconda's financial statements as of November 30, 1973, in preliminary form.

If the foregoing is acceptable, kindly so indicate by signing, dating and returning the enclosed copy hereof not later than February 8, 1974 when this offer otherwise will expire, whereupon this letter shall constitute a binding agreement between Cerro and yourself.

CERRO CORPORATION

By: _____
President

ACCEPTED:

WESTGATE-CALIFORNIA CORPORATION

By: _____
President

LS 002066

FOR IMMEDIATE RELEASE MAY 2, 1974

CERRO ANNOUNCES TENDER OFFER FOR GOLCONDA

Cerro Corporation announced today that it would commence a Tender Offer on May 3, 1974 to purchase all of the common stock of Golconda Corporation at $8.375 per share net to the seller and all of the cumulative convertible preferred stock of Golconda at $16.25 per share net to the seller. On May 1, 1974, the closing prices on the Pacific Coast Stock Exchange for Golconda common and preferred were $8.125 and $15.875 per share, respectively.

Cerro stated that the offer will expire at 5:00 P.M. San Francisco time on May 29, 1974 unless extended by Cerro and that payment for all shares validly tendered will be made promptly after receipt commencing as soon as practicable after May 13, 1974.

Cerro will pay a commission of $.35 for each share of Golconda common and $.50 for each share of Golconda preferred purchased to qualifying brokers and dealers soliciting tenders.

The announcement followed the entry of an order on May 1, 1974 by the Federal Reorganization Court in San Diego overruling the objections of the Federal Deposit Insurance Company to the reorganization proceedings involving Westgate-California Corporation and its subsidiary, Wescal Properties, Inc. On March 29, 1974,

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Golc - CDA dm - 1100

Cerro had purchased from the Reorganization Trustees, all of Westgate's and Wescal's 1,043,566 shares of Golconda common at a price per share of $9.346 and had agreed to announce a tender offer for the balance of the Golconda common if the reorganization proceedings were confirmed by May 13, 1974.

LS 002068

Golc - CDA dm - 1101

12 THE WALL STREET JOURNAL, Thursday, April 25, 1974

Cerro Delays on Bid For Golconda Shares

By a WALL STREET JOURNAL Staff Reporter

NEW YORK—Cerro Corp. said it is delaying its planned announcement of a tender offer for all the outstanding shares of Golconda Corp., pending the outcome of a court hearing scheduled for Tuesday.

The company said a federal court in California has adjourned a hearing in the reorganization proceedings of Westgate-California Corp. and its Wescal Properties unit until then. Cerro's purchase of Westgate's 37.5% interest in Golconda needs court approval. The tender offer of $8.275 a share for the remainder of Golconda's common and $16.25 a share for its cumulative convertible preferred will be made after the initial purchase is approved, the company said.

LS 002069

This announcement is neither an offer to buy nor a solicitation of an offer to sell these securities. The offer is made solely by the Offer to Purchase mailed to stockholders of Golconda Corporation. The offer is not being made, nor will tenders be accepted from holders of Common Stock or $1.00 Cumulative Convertible Preferred Stock of Golconda, in any State in which the making or acceptance thereof would not be in compliance with the securities laws of such State.

Notice of Offer to Purchase All Shares of

Golconda Corporation

at $8.375 Per Share of Common Stock and $16.25 Per Share of $1.00 Cumulative Convertible Preferred Stock by Cerro Corporation

Cerro Corporation ("Cerro") is offering to purchase all shares of the Common Stock of Golconda Corporation ("Golconda") at $8.375 per share and all shares of the $1.00 Cumulative Convertible Preferred Stock of Golconda at $16.25 per share, net to the seller in cash, upon the terms and conditions set forth in the Offer to Purchase dated May 3, 1974 and the related Letter of Transmittal. Copies of the Offer to Purchase and the Letter of Transmittal are being mailed to stockholders. This material contains important information which should be read before tenders are made. All tenders pursuant to the Offer to Purchase will be irrevocable except that shares tendered prior to 5:00 P.M., San Francisco Time, on May 13, 1974, may be withdrawn, in whole or in part, prior to such time.

THE OFFER TO PURCHASE WILL EXPIRE AT 5:00 P.M., SAN FRANCISCO TIME, ON MAY 29, 1974, UNLESS EXTENDED.

Subject to the terms and conditions of the Offer to Purchase, all validly tendered shares of the Common Stock and the $1.00 Cumulative Convertible Preferred Stock of Golconda will be purchased. Payment for all shares validly tendered and purchased will be made by the Depositary as promptly as possible after May 13, 1974.

Cerro will pay to any broker or dealer who is a member of a national securities exchange or of the National Association of Securities Dealers, Inc., or any foreign dealer who agrees to conform to the Rules of Fair Practice of such Association in soliciting acceptances in the United States, or any commercial bank or trust company, whose name appears in the appropriate space in the Letter of Transmittal, a fee of 35 cents for each share of Common Stock and 50 cents for each share of $1.00 Cumulative Convertible Preferred Stock tendered and purchased.

Copies of the Offer to Purchase and the Letter of Transmittal are available from the Depositary, the Forwarding Agents, the Soliciting Agent and the Dealer Managers named below.

Depositary:

American National Bank and Trust Company of Chicago

33 North La Salle Street
Stock Transfer Dept.—Room 1325
Chicago, Illinois 60602

Forwarding Agents:

Wells Fargo Bank, N.A.

By Mail
Corporate Trust Department
P.O. Box 44011
San Francisco, California 94144

By Hand
Corporate Trust Department
475 Sansome Street—10th Floor
San Francisco, California

Irving Trust Company

By Mail
Corporate Trust Department
Special Agencies
1 Wall Street
New York, New York 10015

By Hand
Corporate Trust Department
Special Agencies
40 Rector Street—9th Floor
New York, New York

Questions or requests for assistance or for copies of the Offer to Purchase and the Letter of Transmittal may be directed to the Soliciting Agent:

D. F. King & Co., Inc.

3871 Piedmont Avenue
Oakland, California 94611
(415) 547-1119
(collect)

20 Exchange Place
New York, New York 10005
(212) 269-5550
(collect)

2 North Riverside Plaza
Chicago, Illinois 60606
(312) 236-5881
(collect)

Dealer Managers:

Smith, Barney & Co.
Incorporated

White, Weld & Co.
Incorporated

May 6, 1974

LS 002070

GOLCONDA CORPORATION
4601 WEST PETERSON AVENUE · CHICAGO, ILLINOIS 60646

312/685-0500

GORDON PAUL SMITH
President
Chief Executive Officer

May 3, 1974

To Our Shareholders:

We are pleased to advise you that transmitted herewith is an Offer of Cerro Corporation to purchase for cash your shares of Golconda stock at $8.375 per share net for the Common and $16.25 per share net for the Preferred. We urge you to read completely the enclosed material relating to the Offer.

The members of your Board of Directors have considered the Offer and recommend that you accept it. The prices offered by Cerro are in excess of recent market prices for our stock. (See schedule of market price history in the Cerro Offer.)

We understand that it is the intention of four of the present six Directors who own Golconda Common or Preferred stock to tender all of their shares pursuant to the Offer. These Directors are: Gordon Paul Smith, Daniel L. Brenner, R. M. Dunn and Richard S. Sloma. The other two Directors, Wray Featherstone and H. F. Magnuson, who own Common stock, intend to tender 12,000 and 14,000 shares, respectively, from their holdings of 13,500 and 15,100 shares, respectively. In addition, A. D. Martin and Walter L. Sly, who resigned from the Board at the close of the meeting on April 3, 1974, have indicated that they will tender all of their Golconda shares.

If you wish to accept the Offer, you should complete and forward the enclosed Letter of Transmittal, together with your stock certificates, to the Depositary or one of the Forwarding Agents named in the Offer, in accordance with the instructions contained in the Offer and the Letter of Transmittal.

Very truly yours,

Gordon Paul Smith

GORDON PAUL SMITH
President

LS 002071

GOLCONDA CORPORATION

4201 West Peterson Avenue
Chicago, Illinois 60646
(312) 685-0600

Notice of Annual Meeting of Shareholders

To be held June 19, 1975

To The Shareholders of
GOLCONDA CORPORATION:

The Annual Meeting of Shareholders of Golconda Corporation will be held in Rosemont, Illinois at the Hyatt Regency O'Hare, River Road at the Kennedy Expressway, on Thursday, June 19, 1975 at the hour of 10:30 A.M. local time for the following purposes:

(1) To elect a Board of Directors to serve for the next ensuing year; and,

(2) To consider and act upon such other matters as properly may come before the meeting.

Information relevant to the above is contained in the accompanying proxy statement to which your attention is invited. Only holders of Common Stock and/or Preferred Stock of record at the close of business on May 1, 1975 will be entitled to vote at the Meeting. For ten days prior to the Annual Meeting, a complete list of the shareholders entitled to vote at that Meeting will be available for inspection by any shareholder, for any purpose germane to the Meeting, at the Company's office, 4201 West Peterson Avenue, Chicago, Illinois, during usual business hours.

BY ORDER OF THE BOARD OF DIRECTORS

JOHN M. STOGIN
Secretary

May 19, 1975

Please fill in, sign and mail the enclosed proxy promptly in the addressed envelope supplied. If mailed in the United States, no postage is required. If you attend the meeting and vote in person, your proxy will not be used. The prompt return of your proxy will save expense involved in further communication.

GOLCONDA CORPORATION

Proxy Statement

The accompanying proxy is solicited by and on behalf of the management of Golconda Corporation (the "Company") for use at the Annual Meeting of Shareholders to be held at the Hyatt Regency O'Hare, River Road at the Kennedy Expressway, Rosemont, Illinois, on Thursday, June 19, 1975 at the hour of 10:30 A.M. local time, or at any adjournment thereof. You may revoke your proxy at any time prior to its exercise by presenting to the proxy holders a properly signed written request.

On the record date, May 1, 1975, there were 2,785,595 shares of Common Stock and 383,157 shares of Convertible Preferred Stock outstanding. The holders of the Company's Common Stock and Convertible Preferred Stock are, with respect to the matters covered by this Proxy Statement, entitled to one vote for each share held and vote together as one class. However, the Articles of Incorporation of the Company permit cumulative voting by shareholders for Directors. Thus, each shareholder has a number of votes equal to the number of shares he owns multiplied by the number of Directors to be elected. He may cast these votes all for one nominee, or may distribute them among more than one or all of the nominees as he chooses by so indicating on the proxy card.

As of the date of this proxy statement the management knows of no matters to be brought before the meeting other than the election of Directors. If, however, any other matters properly come before the meeting, it is the intention of the persons named in the enclosed form of proxy to vote such proxy in accordance with their judgment.

PRINCIPAL SHAREHOLDER

A change in control of the Company has occurred since the beginning of the Company's last fiscal year. On March 29, 1974, Cerro Corporation ("Cerro") purchased 1,043,566 shares of the Company's common stock for $9,752,985.50 ($9.346 per share) from the Reorganization Trustees of Westgate-California Corporation and its subsidiary, Wescal Properties, Inc. On April 19, 1974, Cerro purchased 22,100 shares of the outstanding common stock as a block at a net cost of $179,562.50 ($8.125 per share). As a result of the foregoing purchases, which were made out of Cerro's general corporate funds, Cerro then owned approximately 33.6% of the voting stock of the Company.

On May 3, 1974, Cerro made a tender offer for all of the outstanding common and preferred stock of the Company at $8.375 and $16.25 net cash per share, respectively. That offer expired on May 29, 1974 and pursuant to that offer Cerro purchased additional shares bringing its total holdings to 2,411,325 shares of common stock and 281,635 shares of preferred stock. Cerro's interest in the Company exceeds 86% of the outstanding common stock and 73% of the outstanding preferred stock, which combined is 85% of the voting stock of the Company. Cerro may be deemed a parent of the Company within the meaning of the federal securities laws.

ELECTION OF DIRECTORS

The Company's Articles of Incorporation provide for a Board of Directors to be comprised of not less than seven (7) nor more than eleven (11) persons, the exact number to be fixed by the By-Laws of the Company. At its meeting of September 12, 1974 the Board of Directors, by resolution duly adopted, amended the By-Laws to fix the exact number of Directors at eleven (11). However, only ten (10) Directors are to be elected at this Annual Meeting, each to hold office until the next Annual Meeting, or until his successor is duly elected and qualified.

At the meeting of the Company's Board of Directors on September 12, 1974, Mr. Robert A. Pritzker was elected a Director of the Company to fill the vacancy created when the Board was increased to eleven (11) members. The vacancy on the Board created by the resignation of Mr. C. Gordon Murphy is not being filled.

The proxy holders intend to vote proxies received for the election of the ten (10) nominees listed below unless otherwise directed. Management is not aware that any of those named will

be unwilling or unable to serve, however, if at the time of the meeting any of the ten (10) nominees named below is not available for election, the persons named as proxies will vote for a substitute nominee designated by a majority of the present Board of Directors. The proxies cannot be voted for a greater number of persons than the number of nominees named.

The following table shows the names of the proposed ten (10) nominees, the position or positions held by each, his principal occupation and the equity securities of this Company beneficially owned directly or indirectly, on the record date, as reported by the nominee:

		Beneficial Ownership		
Name and Position	*Principal Occupation*	*Director Since*	*Common Shares*	*Preferred Shares*
John DeStefano	Executive Director Information Systems-Manufacturing Group, Cerro Corporation New York, New York	—	(1)	(1)
R. M. Dunn (5)	Director and Chairman Executive Committee of Ozark Airlines, Inc., Chairman of the Board, Ken-A-Vision Mfg. Co., Kansas City, Missouri (Manufacturer)	1970	—	—
Wray Featherstone Vice President	President of Subsidiary, Golconda Mining Corporation, Wallace, Idaho	1956	500	—
David A. Gardiner (4)	President Cerro Metal Products, Div. of Cerro Corporation, Bellefonte, Pennsylvania	1974	(1)	(1)
George A. Jones	Executive Vice President The Marmon Group, Inc. (Michigan), Chicago, Illinois (Diversified Manufacturer)	—	(1)	(1)
H. F. Magnuson	Certified Public Accountant Wallace, Idaho	1951–1969 1971 (6)	100	—
John R. Morrill (4) President and Chief Executive Officer	President	—	—	—
Robert A. Pritzker (2) (4)	President, Cerro Corporation; President, The Marmon Group, Inc. (Michigan), Chicago, Illinois (Diversified Manufacturer)	1974 (3)	(1)	(1)
Gordon Paul Smith Chairman	Chairman	1970	—	—
Peter D. Weisse (4) Chairman of the Executive Committee	Vice President—Manufacturing Group, Cerro Corporation New York, New York	1974	(1)	(1)

(1) Cerro, of which Messrs. Pritzker and Weisse are executive officers, is the owner of in excess of 86% of the Company's Common Stock and 73% of the Company's Preferred Stock. (See Principal Shareholder above.) Marmon, of which Mr. Pritzker is President and Mr. Jones Executive Vice President, owns 3,586,297 shares of Common Stock of Cerro (approximately 45% of the outstanding shares).

(2) Director of Cerro. (See Principal Shareholder and Note 1 above.)

(3) Elected to the Board on September 12, 1974 to fill a vacancy created by an increase in the number of directors.

(4) Member of the Executive Committee.

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(5) Mr. R. M. Dunn owns $14,000 of the Company's 7% Convertible Subordinated Debentures due January 1, 1990.

(6) Mr. H. F. Magnuson was a director of the Company from 1951 to May, 1969 and was re-elected to the Board in April, 1971.

Mr. Morrill became President and Chief Executive Officer on May 19, 1975. On that date he was also elected a director and member of the Executive Committee. Prior to joining the Company he was for three years a Senior Vice President of Automation Industries, Inc., a diversified manufacturing and service company. Prior to that he was Chairman, Chief Executive Officer and President of UMC Industries, Inc. a diversified manufacturing company.

Mr. Pritzker has been a director of Cerro Corporation since December 11, 1974 and President since February 12, 1975. He has been President and a director of the Marmon Group, Inc. (Michigan) for more than the past five years and Treasurer of that corporation since 1972.

Mr. Jones has been nominated as a director of Cerro Corporation for election at Cerro's 1975 annual meeting. He has been Executive Vice President of Marmon since 1972 and was a Vice President of that corporation from February, 1970 to 1972.

Mr. DeStefano has been Executive Director Information Systems-Manufacturing Group of Cerro Corporation since June, 1972. Prior to that he was Assistant Vice President of Bache & Co., stock brokers, and an officer of that firm.

REMUNERATION

The following table sets forth (a) with respect to each Director and each of the three highest paid officers of the Company and subsidiaries whose aggregate direct remuneration equalled or exceeded $40,000, the direct remuneration for the last fiscal year; (b) the aggregate direct remuneration to all directors and officers as a group; and (c) the estimated retirement benefits to be paid at normal retirement based on present salary levels:

Name and Capacity	*Aggregate Direct Remuneration (A)*	*Estimated Annual Benefits Upon Retirement (B)*
Gordon Paul Smith, President, Chairman and Consultant	$ 72,708	$ —
Richard S. Sloma, Executive Vice President & President (C)	82,250	—
R. R. Del Presto, Vice President (D)	70,514	—
Directors & Officers as a group (23)	485,914	—

(A) The Board of Directors has adopted and put into effect, for fiscal 1975, an "Incentive Compensation Plan." Payments, if any, made under this plan will be based upon achievement of return-on-investment related goals approved by the Board for the entire year. The bonus rates vary, depending upon job responsibility and achievement levels of the individual. As of April 30, 1975, no amounts have been accrued under this plan.

(B) Under the "Retirement Plan for Salaried Employees" the normal monthly retirement benefit at age sixty-five is determined in accordance with a formula which includes average compensation, length of service and Social Security benefits.

(C) On May 16, 1975 Mr. Sloma resigned as a director and as President and Chief Executive Officer of the Company.

(D) In early April, 1975, the Bastian-Blessing Division, of which Mr. Del Presto was president, was sold. Mr. Del Presto's employment with the Company has terminated.

Mr. John R. Morrill will be compensated during 1975 at a base salary of $50,000 per annum and he may receive a discretionary bonus for 1975 if awarded by the Board of Directors.

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CERTAIN TRANSACTIONS

On April 9, 1974, pursuant to agreement reached with Cerro on April 3, 1974, the Company sold to Cerro its holdings of 344,927 shares (the "Hecla Stock") of the common stock of Hecla Mining Company. The sale of the Hecla Stock was authorized by the Board of Directors of the Company on April 3, 1974 prior to the election of Cerro's representatives to such Board and constituted a continuation of the Company's policy, adopted by its Board approximately three years ago, of liquidating its investment in Hecla Mining Company to finance acquisitions and capital expansion projects. Pursuant to such policy, the Company had reduced its ownership from 637,674 shares at November 30, 1972 to 507,327 shares at November 30, 1973 and to 344,927 shares at April 3, 1974. The purpose of the sale of the Hecla Stock was to increase working capital, which had been depleted by such acquisitions and expansion projects.

The Hecla Stock had been carried on the Company's books at cost ($1,788,235, or approximately $5.18 per share).

The total consideration paid for the Hecla Stock was $9,916,651.25 (or $28.75 per share), consisting of $916,651.25 in cash and $9,000,000 in a 2½ year promissory note of Cerro. The Cerro note bore interest from April 4, 1974 at 110% of the prime rate of American National Bank and Trust Company of Chicago as in effect from time to time, and was payable in two equal installments on March 31 and September 30, 1976. The Note was paid in full by Cerro on January 24, 1975.

The price per share paid by Cerro of $28.75 represented an amount equal to the mean between the high ($30.625) and the low ($29.125) per share selling price on the New York Stock Exchange of Hecla common stock on April 3, 1974, less a discount negotiated between the parties of $1.125 per share. The price paid by Cerro was $.375 less than the reported last sale price of Hecla common stock on the New York Stock Exchange on April 3, 1974. On April 9, 1974, the date the sale was closed, the high, low and closing prices per share on the New York Stock Exchange of Hecla common stock were $26.375, $25.25 and $26.00, respectively.

Until the sale to Cerro, the Company had not been able to sell the Hecla Stock as a block at a more favorable percentage discount from the market price of Hecla common stock, and at the time of the sale to Cerro, the Company's management did not believe that it would have been able to sell the Hecla Stock as a block on terms more favorable than those involved in the sale to Cerro. Cerro and the Company believe that the sale of the Hecla Stock was in the best interest of the Company, since it provided the Company with the liquidity required for various corporate purposes.

The Company had obtained a term loan of $8 million from American National Bank and Trust Company of Chicago, secured by the Cerro Note. The loan bore interest at 110% of the prime rate of the lending bank and was to mature on January 2, 1977, but was paid in full on January 24, 1975 when Cerro paid its Note to the Company.

In order for the Company to sell the Hecla Stock to Cerro and to obtain the loan, the Company made the following arrangements with certain of its institutional lenders:

A. At April 4, 1974, there were 234,850 shares of the Hecla Stock pledged as collateral for a note payable to Old National Bank of Washington, Spokane, Washington in the then principal amount of $1,016,733.36 and bearing interest at ¾% above the lending bank's prime rate. At the closing of the sale of the Hecla Stock to Cerro on April 9, 1974, this loan was prepaid by the Company without premium or penalty, and the pledged shares were released.

B. On April 9, 1974, certain institutional lenders, which held outstanding notes of the Company in the amount of $2.5 million, waived, for a period of 45 days, compliance by the Company with certain provisions of the note agreement relating to the permissible amount of unsecured bank borrowing by the Company and the nature of the consideration which could be accepted for the Hecla Stock. These notes, which bore interest at 7% per annum, were prepaid by the Company on May 15, 1974 without premium or penalty.

As a result of the transactions described above, the Company had available to it approximately $5 million of additional cash and credit facilities for working capital purposes.

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Wray Featherstone, President of subsidiary Golconda Mining Corporation to which he devotes 100% of his time, is employed by the Company under a contract at a salary of $27,500 per year, with retirement benefits of $10,000 per year at age 65 (November 4, 1977).

On June 27, 1974, the Board approved an employment agreement with Mr. Gordon Paul Smith. The agreement provides for compensation until June 27, 1979, at an annual rate of $25,000 for Mr. Smith as Chairman of the Board, or $20,000 annually should he cease to be Chairman. In addition, he will serve as a consultant to the Company for a period of two years and will receive compensation therefor at an annual rate of $25,000.

ACCOUNTING MATTERS

Price Waterhouse & Co. were the Independent Accountants of the Corporation for the fiscal year 1974. It is expected that representatives of such firm will be present at the Annual Meeting of Stockholders and will be provided the opportunity to make a statement if they desire to do so. It is also expected that such representatives will be available to respond to appropriate questions at the meeting. It has been the custom of the Board of Directors of the Company to select the Independent Accountants of the Corporation for each fiscal year at the Board's meeting immediately following the Annual Meeting, and it is expected that Price Waterhouse & Co. will be appointed by the Board to that position for 1975 at its June meeting.

The Board of Directors of the Company does not have an Audit Committee of the Board nor any similar committee.

ANNUAL REPORT

A copy of the Company's annual report on Form 10-K, including the financial statements and the schedules thereto, required to be filed with the Securities and Exchange Commission has been sent to each shareholder of record as of May 1, 1975. The Company will furnish a copy of said report to any beneficial owner of the Company's securities upon receipt of a written request from such person addressed to the Secretary of the Company. Each request must set forth a good faith representation that, as of the record date for the annual meeting, the person making the request was a beneficial owner of securities entitled to vote at the meeting.

EXPENSE OF SOLICITATION

The entire expense of preparing, assembling and mailing the proxy statement, form of proxy and the other material used in the solicitation of proxies will be paid by the Company. In addition to the solicitation of proxies by mail, arrangement may be made with brokerage houses and other custodians, nominees and fiduciaries to send proxy material to their principals, and the Company will reimburse them for their expenses in so doing. To the extent necessary in order to insure sufficient representation, officers and regular employees of the Company may request the return of proxies personally, by telephone or telegram. The extent to which this will be necessary depends entirely on how promptly proxies are received, and shareholders are urged to send in their proxies without delay.

BY ORDER OF THE BOARD OF DIRECTORS

JOHN M. STOGIN
Secretary

Chicago, Illinois
May 19, 1975

LS 002077

Golc - CDA dm - 1110

Dated: May 19, 1975

Signature

_____

_____

Dated _____, 1975

Dated _____, 1975

Number of Votes	*Director*
_____	John DeStefano
_____	R. M. Dunn
_____	Wray Featherstone
_____	David A. Gardiner
_____	George A. Jones
_____	H. F. Magnuson
_____	John B. Morrill
_____	Robert A. Pritzker
_____	Gordon Paul Smith
_____	Peter D. Weisse

Shareholder—sign enclosed card exactly as your name appears on your share certificate. Joint owners of shares must each sign. Fiduciaries should state their titles. Proxies by corporations should be signed in the corporate name by the President and Secretary or other authorized officers and should bear the corporate seal. I will ☐ will not ☐ attend the meeting.

LS 002078

GOLCONDA CORPORATION

PROXY FOR 1975 ANNUAL MEETING OF SHAREHOLDERS

June 19, 1975

The undersigned appoints Robert A. Pritzker, Gordon Paul Smith and John M. Stogin proxies, with power of substitution to each, to vote at the Annual Meeting of Shareholders of Golconda Corporation (the "Company") to be held on June 19, 1975 at 10:30 A.M., and at any adjournments thereof, all shares of said Company which the undersigned would be entitled to vote if personally present. Such proxies or their substitutes, or any one if only one be present or acting, shall have all the powers of all such proxies. The undersigned instructs such proxies or their substitutes to vote in such manner as they may determine on any matters which may properly come before the meeting, all as indicated in the Notice of the Meeting and Proxy Statement, receipt of which is acknowledged, and to act on the following matters set forth in such Notice:

(1) (a) For ☐ The election of the ten (10) Directors named in the accompanying Proxy Statement dated May 19, 1975.

or (b) ☐ Cumulatively as directed on the reverse hereof.

(2) In their discretion upon such other matters as may properly come before this meeting.

THIS PROXY IS SOLICITED BY THE MANAGEMENT OF THE CORPORATION. SHARES REPRESENTED BY DULY EXECUTED PROXIES WILL BE VOTED.

(Please SIGN on other side and return promptly in the enclosed envelope.)

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GOLCONDA CORPORATION

39 SO. LA SALLE STREET · CHICAGO, IL. 60603 · 312/372-3030 · 312/372-3148

EXHIBIT 2

March 9, 1976

Mr. Marshall Burack
Division of Market Regulation
Securities and Exchange Commission
Washington, D. C. 20549

Re: Golconda Corporation --
Request for No Action Letter and Exemption

Dear Mr. Burack:

Pursuant to our telephone conversation of Wednesday, March 3, 1976, the following is an outline of all of the relevant facts relating to the proposed purchase by Golconda Corporation and/or The Illinois Company/McCormick, Inc. ("Illinois"), a broker dealer, acting for Golconda [and a member of the New York, American, Midwest Stock Exchanges, the Chicago Board of Options and the National Association of Securities Dealers] of its 7% convertible subordinated debentures due January 1, 1990 ("debentures"), its $1.00 par value cumulative convertible preferred stock ("preferred stock"), and its no par value common stock ("common stock").

7% Convertible Subordinated Debentures

In January, 1970 Astro Controls, Inc., succeeded in interest by way of merger dated September 15, 1970 of Astro Controls, Inc. and Golconda Mining Corporation by Golconda Corporation ("Golconda"), an Idaho corporation, sold to the public at face value $5,000,000 in principal amount of its debentures. This sale was made pursuant to Registration No. 2-34451 on Form S-1. The debentures are convertible at any time into Golconda's common stock [registered pursuant to Section 12G of the Securities Exchange Act of 1934 (the "Act")] at a conversion price of $10.67 per share (subject to adjustment to prevent dilution). As of March 3, 1976 the face value of debentures outstanding was $4,132,000. The price for the debentures as of March 3, 1976 was $58.00, and the bid/ask prices for the common stock as of March 3, 1976 were $3-7/8 and $4-1/8, respectively.

The debentures were issued pursuant to an Indenture ("Indenture") dated January 1, 1970 which requires the establishment of a sinking fund ("sinking fund"). The provisions of the Indenture pertaining to the sinking fund require Golconda to deliver to the Indenture trustee in each of the years 1976 through 1988 cash sufficient to retire by redemption in each such year $325,000 in principal amount of the debentures, and Golconda may, at its option, deliver to the Indenture trustee in each such year and for such purpose an additional amount of cash up to and including $325,000. In lieu of delivering cash, Golconda may deliver debentures, the principal amount of which will be credited to the required or permitted sinking fund payment. The Indenture trustee is required to use the cash in the sinking fund to redeem outstanding debentures.

From time to time in the future while the debentures continue to sell at a discount, Golconda proposes to purchase debentures in order to eliminate the indebtedness created by the debentures at a savings to Golconda and with a view to using the debentures so purchased to satisfy all or a portion of Golconda's sinking fund obligations.

Although the debentures are convertible at any time into Golconda's common stock and, hence, the underlying common stock could be considered to be continuously the subject of a distribution within the meaning of Rule 10b-6 of the Act, it is believed that the proposed purchases would not be manipulative or deceptive devices or contrivances within the meaning of Section 10(b) of the Act and said Rule for the following reasons:

1. The underlying common stock is not continuously the subject of a distribution within the meaning of Rule 10b-6 of the Act because the bid/ask prices of Golconda's common stock (bid/ask prices of the common stock as of March 3, 1976 were $3-7/8 and $4-1/8, respectively) are substantially below the conversion price of 93.72 shares per $1,000 of debentures, or $10.67 per share. In addition, due to the financially troubled condition of Golconda, there have been no dividends paid with respect to the common stock since December 15, 1970 when a 12¢ dividend per share was paid. So long as the price disparity exists and dividends are not declared on the common stock, a situation which it is estimated will continue for the next several years, it is highly unlikely that any

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holder of the debentures would convert any of his debentures into the underlying common stock. To do so would result in paying $10.67 for a share of stock that is currently selling for only $3-7/8 to $4-1/8 and paying no dividends.

2. The proposed purchases fall within the exception created by Rule 10b-6(a)(8)(3) for "purchases by an issuer effected more than forty days after the commencement of the distribution for the purpose of satisfying a sinking fund or similar obligation to which it is subject". As stated above, the proposed purchases will be made with a view to satisfying Golconda's sinking fund obligations under the Indenture.

$1.00 Cumulative Convertible Preferred Stock

There are 383,157 shares of the preferred stock issued and outstanding, of which 281,635 shares, or 73.5%, are owned by Cerro-Marmon Corporation and 101,522, or 26.5%, are owned publicly. The preferred stock is convertible at any time into one and one-half shares of common stock, carries a $37.50 redemption price and pays a $1.00 per year dividend, which dividend is cumulative and has been paid without exception since the issuance of the preferred stock. Any preferred stock which would be purchased would be retired in accordance with Golconda's Articles of Incorporation. The number of preferred shareholders outstanding as of March 3, 1976 is 660. As of March 3, 1976 the bid/ask prices for the preferred stock were $11.00 and $11-1/4, respectively. The preferred stock is listed on the Pacific Stock Exchange, the Spokane Stock Exchange and the Intermountain Stock Exchange, Salt Lake City, Utah.

Although the preferred stock is convertible at any time into Golconda's common stock and, hence, the underlying common stock could be considered to be the subject of a distribution within the meaning of Rule 10b-6 of the Act, it is believed that the proposed purchases would not be manipulative or deceptive devices or contrivances within the meaning of Section 10b of the Act because of the disparity of prices between the common stock and the preferred stock and because of the regular payment of dividends on the preferred stock and the fact that dividends have not been paid on the common stock since December 15, 1970, i.e., it is highly doubtful whether a preferred stockholder would convert preferred stock selling at $11.00 on March 3, 1976 for $6.00 worth of common stock ($4.00 = market price times 1.5), especially in light of the regular dividends paid with respect to the preferred stock and the lack of dividends declared with respect to the common stock.

Common Stock

There are currently 2,785,595 shares of Golconda common stock issued and outstanding, of which 2,411,425 shares, or 86.6%, are held by Cerro-Marmon Corporation and 374,170 shares, or 13.4%, are held publicly. The bid/ask prices for the common stock as of March 3, 1976 were $3-7/8 and $4-1/8, respectively. The common stock is listed on the Pacific Stock Exchange, the Spokane Stock Exchange and the Intermountain Stock Exchange. Any shares of common stock acquired would be held as Treasury shares.

Golconda proposes to make purchases of the three above-mentioned securities by itself and through its designated broker dealer, Illinois, both by purchases in the market and by soliciting security holders directly, such purchases being made at current market prices as they exist from time to time. The purchase program would extend for an indefinite period of time, and Golconda would use its own cash in making these purchases. Golconda will attempt to make the purchases which will have the greatest return for it, and it may suspend the program at any time or from time to time as to one or more of the three securities involved if it is unable to purchase said security(ies) at such prices as will yield an adequate return to the company with respect to the amounts of money required for such purchases. The weekly trading in these securities is very sporadic and usually the volume of shares trading is very low and in some weeks there is no trading of any of the securities involved.

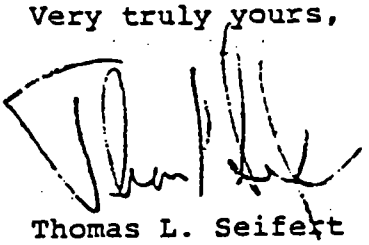
There is no acquisition of another company involving the issuance of Golconda's securities now pending or contemplated, there is no distribution of the preferred stock, common stock (except as discussed above) or debentures or a security convertible into or of the same class and series as said stocks and debentures (except for warrants of the company which expire on January 15, 1979 at a price of $14.51 per share, which warrants are most unlikely to be exercised due to the current market price of the common stock) by the Company or any insider now going on or being considered, and there are no employee plans that buy, sell or distribute the preferred stock, common stock or debentures.

Accordingly, on behalf of Golconda and Illinois, it is hereby requested that the staff state on the basis of the facts stated above, that it will not recommend that the Commission take any enforcement action against Golconda or Illinois with respect to

the proposed purchase of the debentures and the preferred stock, and further requests an exemption pursuant to Rule 10b-6(f) under the Act for the purpose of purchasing shares of its common stock.

Should you require further information, please call the undersigned collect at 312/372-3148.

Very truly yours,



Thomas L. Seifert
General Counsel and Secretary
TLS:cd

bcc: Clyde Keith

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