

LEGENDARY KOKOWEEF CAVERNS INC.

CORPORATE OFFICES

3452 E. FOOTHILL BOULEVARD, SUITE 110

PASADENA, CALIFORNIA 91107

August 9, 1974

To Our Note and Shareholders:

The Board of Directors of Legendary Kokoweef Caverns Inc. would like to bring you up to date on some of the significant events that have transpired since our February 3rd Shareholder's Meeting.

Management

Many changes have occurred in the leadership of the corporation since the February Shareholder's Meeting. The resignation of President and Director Arden Wick was followed by the resignations of John Hogg and Larry Marburger. The vacant directorships were filled by Peter Tripodes, Lewis Roseberry and Patricia Harzke. Harold Morrow became the new President of the corporation, Jay McMurphy remained Vice-President, Peter Tripodes became Secretary and Patricia Harzke, Treasurer. The remaining Directors were Richard Hernandez, Lewis Roseberry and Norman Birkler.

In July the organization of the corporation was again changed. Mr. Morrow resigned as President against the objection of a majority of the Board and Mr. Roseberry resigned as Director. Most recently Sidney Dickie became Director and Richard Arnold became Secretary of the corporation. At present the officers and directors of Legendary Kokoweef Caverns are as follows.

Mr. Peter Tripodes	President and Director
Mr. Jay McMurphy	Vice-President and Director
Mr. Richard Arnold	Secretary
Mrs. Patricia Harzke	Treasurer and Director
Mr. Richard Hernandez	Director
Mr. Harold Morrow	Director
Mr. Norman Birkler	Director
Mr. Sidney Dickie	Director

Most of our efforts for the past few months have been spent building better organization and working conditions, assembling knowledge and, most important, creating a sound plan of action, hopefully to insure order and success.

Richard Hernandez' Letter

Those investors that received a letter from Director Richard Hernandez are understandably concerned by his accusations and charges. It is the position of a majority of the Directors that Mr. Hernandez is confused in most all matters concerning Kokoweef. Mr. Hernandez' charges are unfounded and show a lack of insight into the operation of the company. All allegations can be easily explained to anyone requesting such explanation.

The management of Kokoweef would like it to be known that any statements or opinions of Mr. Hernandez do not necessarily represent the plans, opinions, or activities of the corporation.

Notes and Noteholders

The last notes issued by the corporation were transacted on February 3rd of this year, none having been issued since that date and none having been issued by the new Board.

Perhaps the most frequent inquiries made at the corporate offices are from noteholders requesting information on the state of their due notes.

The response from the corporation is that at present the corporation is not redeeming any notes nor are notes convertible into stock, due to our lack of funds. The noteholders are advised that they have two choices of action. First, to sue for the recovery of their funds which would more than likely be uncollectible and more than probably lead to the forced bankruptcy of the corporation. The second choice would be to bear with us and hope we succeed in our venture in which we believe there is still hope.

The response has been overwhelming with the second choice. We feel this shows faith in our management and goals. There is, however, one exception, that being the one suit against the corporation by Mrs. Eleanor Hernandez, wife of Director Richard Hernandez, for recovery of a labor note for \$4,670.00 plus interest and court costs. The corporation at present is fighting this suit in court hoping to postpone payment. This has proved expensive and time consuming to the corporation.

On behalf of all the Directors, we would like all the noteholders to know that if it were not for their faith in our project our progress would not be near as advanced as it is now. Every effort will be made by this Board to protect your interest in our corporation.

Financial Position

The financial position of the company is grim indeed; the company has been out of funds since March of this year. Expenses have been paid from the small income derived from rock sales that have taken place at camp and Pasadena. Directors and officers have not been receiving salaries or reimbursements for personal expenses. The management has been operating on a plan of complete austerity. It is our feeling that too much money has been invested in our projects to date and our plan now is to pay as we go. How this is to be achieved is explained in the next part of this letter.

Carbonite King Mine

Those of you that have been to the campsite know about the abundance of zinc Carbonite King Mine produced during World War II and the Korean War. The corporation hired a well known Pasadena geologist, Dr. Ralph E. Pray, as a consultant to look into the feasibility of profitably reopening Carbonite King.

Dr. Pray reported to the Board that Carbonite King Mine can be easily and profitably reopened. Initial assay reports indicate zinc ore with approximately a 30% zinc content, this is extremely rich in comparison to operating zinc mines in the U. S. Negotiations have just been concluded with Sherwin Williams Chemicals of Coffeyville, Kansas for an initial order of 110 tons of zinc ore. This could net our company an estimated \$9,000.00. If all goes as expected, we could be in a fine position over the next year to perhaps gross up to \$200,000.00 from the sale of zinc ore.

Kokoweef Camp Report

The Board of Directors was forced by prudent judgment to suspend all further work on Crystal Tunnel due to the report in June from the California Department of Industrial Safety which reported the tunnel to be seriously unsafe. Until money can be raised for Crystal Tunnel it shall remain closed to all visitors and workers. Our intent is to reopen the tunnel when funds permit it to be repaired and maintained safely.

The Board would like to ask all persons that have personal property at Kokoweef camp to remove it as soon as possible or furnish the corporation a letter stating that the corporation is not responsible for that property. Any property that is not claimed or removed by November 1st of this year will be considered the property of the corporation.

Nipton Road Project

Many of you may have heard that some of last year's Board members have engaged in a venture on Niption Road several miles from our camp site. We do not know as yet if this project is a threat to our operation. A close and cautious watch is being made on the Niption Road group.

Of Special Interest

For those of you that are interested there are two articles published recently on Kokoweef. The first one is in the June, 1974 issue of 'Treasure Search' magazine. The information for this article was furnished by Mr. Richard Hernandez and does not necessarily represent a true or factual picture of Kokoweef. The second article is in the July, 1974 issue of 'California Geology' published by the State of California. This article deals mainly with the history of mining in the Mountain Pass area with an excellent section on Carbonite King Mine.

Future Plans

If all works well with Carbonite King Mine, the funds collected will be used to first pay off current and pressing bills of the company and second to reopen Crystal Tunnel and the search for the "River of Gold."

The management of the company has reorganized, changing from a group of people on a "treasure hunt" to a corporation that is going to run a business. We believe this change in attitude is the only way we can salvage the time and money put into our company over the past years and successfully achieve our goals for the benefit of all involved.

We do not want to paint a grim picture of what the future holds nor do we want anyone to feel success is assured. We do, however, feel that there is hope and all that can be done will be done. We will not promise a date for success as that has been done in the past and only despair resulted.

With your help and support we are sure the best will come to us. We thank you for your patience over the last few months. You will hear from us soon again with better news we hope.

Sincerely,

Peter Tripodes
Peter Tripodes, President

Patricia Harzke
Patricia Harzke, Treasurer

Harold Morrow
Harold Morrow, Director

Jay M. Murphy
Jay M. Murphy, Vice-President

Sidney Dickie
Sidney Dickie, Director