

SOUTH T-BAR RANCH PROPERTY OWNERS ASSOCIATION

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December 17, 2007

FROM: Jim Greenwood, President, POA Board of Directors
TO: Members, South T-Bar Ranch POA
RE: January 19, 2008, Special Meeting of the Members

Hi, Everyone:

The POA Board of Directors has called a Special Meeting of the POA membership for Saturday, January 19, 2008. The special meeting will be held between 8:30 am and 1 pm, at a location in Colorado Springs, Colorado.

Several people have asked about the purpose of this special meeting. I can not provide specifics at this time, for two reasons: First, the Board is very limited in what it can talk about, for legal, negotiations, and even tax reasons. Second, there are new events almost daily regarding the mineral rights situation, so whatever I might say now may well be overcome by such events by the time the January 19th meeting occurs.

However, I can tell you the following:

1. Please recall that our first question last spring was: "Assuming the POA controls 51% of the mineral rights to the Hansen and Picnic Tree ore bodies, can we stop mining?" The answer we received was "No . . . if the POA only owns 51%." Our actions and decisions since that time (including those regarding the formation of a limited liability company and transfer of the POA's mineral rights at the October 20, 2007, Special Meeting of the Members) were made based upon this assumption.
2. The title examination conducted by the POA's attorneys has confirmed that (a) the POA does indeed own 51% of the non-governmental mineral rights on parts of the Ranch, and (b) it possesses "an excellent legal argument" that the POA owns or can control the remaining 49%.¹
3. With 100% ownership of the mineral rights, the answer to the "control mining" question is completely different.

¹ Anyone who presently owns or intends to buy stock in companies who may have a claim or an interest in the minerals should be very careful about how they treat this information, as their actions could violate various securities laws.

One can undoubtedly see the importance of this change . . . whether to reconsider the “block mining” alternative or to reconsider our negotiation strategies to maximize the financial return to the members as the sole owner of the minerals.

If the POA chooses to attempt to block mining, litigation will likely occur, with its associated costs and time line. There is no guarantee that the POA will be successful and the result might not be known for years. By the same token, some POA members have come up with their own calculations (some of which are unrealistically inflated) about the dollars and cents return if the POA decides to maximize the financial aspects of the mineral rights. But, in reality, no one knows for sure how much that will be until we form an LLC and start negotiations with the mining industry.

At the January 19th meeting, representatives of Dufford & Brown, the Denver law firm representing the POA on the mineral rights situation, will help with the presentations and answer your questions related to the new developments, again subject to limits that even they have on what they can say.

As this memo is being written, the committee to provide input on the governance of the limited liability company (LLC) is being formed, and we are getting draft documents from the attorneys with which the committee will work.

As for attending the January 19th meeting: Yes, it is the middle of winter. Yes, some of us live far away from Colorado Springs (I’m in Florida) and it will take considerable time and expense to get there for this meeting. However, I think these could be the most important discussions and decisions that the POA will have in terms of mining at South T-Bar Ranch, so I urge you to make every effort to participate.

The Board is working to see if we can link POA members from distant locations into the meeting. However, this is not a certainty. Furthermore, if it does occur, it is more likely that those in distant locations will be able to listen to the presentations and discussion, but will not be able to ask questions or add comments easily. We will notify the POA membership as soon as we know what we will be able to do in terms of conference calling, but please realize that, as one POA member has put it, “as one who has spent the last 7 years using conference calls, even with polycomms, they are the least effective way for all to be heard, for people to really understand and ask questions, etc.”

I know that some POA members feel that the Board has some “secrets” that we’re not sharing regarding the mining situation. No one likes to be on the outside of a “secret,” so I understand your feelings. However, let me draw a simple analogy: suppose the Game Warden knows a poacher is going to be on South T-Bar Ranch tomorrow, illegally killing wildlife. Do you think it would be better for the Game Warden to publicize that knowledge today, so that it’s not kept as a secret from the POA members (or from the poachers)? Or would it be better to let the Game Warden do a stake out at STB, capture the poachers in the act, and then share with everyone the details leading up to the event? The Game Warden has a responsibility to enforce the laws regarding hunting, and he must weigh that against the “citizens’ right to know.” Similarly, the POA Board is aware of a number of issues that, if we were to disclose them openly to the full POA membership (and in turn to everyone those members might talk to), it could seriously compromise the legal, financial, and negotiating position of the POA relative to a host of outside entities that have some

role, real or potential, in the STB mining situation. The Board has a fiduciary responsibility to the POA, which means we may not immediately share information with the general POA membership when that could compromise the long-term benefits and rights of the POA and its members.

What I pledge to you is that the Board will share as much as we and the attorneys feel that we can at the January 19th meeting. The Board recognizes the importance of the mining situation to every POA member, and it will be seeking input from and decisions by the POA at that time. Therefore, I encourage you to make every effort to participate, preferably in person.

You will receive, probably shortly after the first of the new year, a packet of important information for the January 19th Special Meeting of the Members.

Thank you, and have a great Holiday Season!

- Jim