APPROVED BY:
BOARD OF DIRECTORS

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Board of Directors
National Lead Company

February 17, 1965

In November, 1963 the writer proposed that National Lead investigate the possibility of entering the magnesium metal business and, if Great Salt Lake were chosen as a feed material source, the extraction of other chemical values from the lake waters. A study team was chosen, and reported its findings to the Board at the June, 1964 meeting.

Subsequently, an engineering review was made by Mr. Bender. Market surveys have been completed on the three main products - magnesium metal, potassium sulphate and chlorine, while a study of magnesium oxide is now underway.

It soon became apparent that the profitable disposal of chlorine was the key to the project. It also became apparent that those capable of accomplishing this objective would require a major equity interest. The Hooker Chemical Corporation has expressed a strong interest in the project, and we have been discussing with that company an arrangement where National Lead and Hooker would each have a four ninths interest and Hogle-Kearns, our original joint venturer, a one ninth interest. With Hooker's knowledge of the chlorine business, its other chemical industry experience and its general capabilities, this arrangement is recommended.

It is proposed that a three party endeavor be carried on to continue and augment the present investigational program. Additional expenditures would be required to develop and construct ponds and to secure a site for the electrolytic plant, with probably a $4,000,000 to $5,000,000 investment before completion of the program. In the event the investigational program establishes that commercial exploitation of the project would be feasible, a new corporation will be formed which will require an estimated total additional commitment by the three parties of approximately $32,000,000 to $33,000,000. A target date of March 1, 1966 for the final decision on this arrangement has been set.

In the light of present information, a revised project earnings statement has been made, and is attached. The return is quite attractive and is recommended by the magnesium study committee.

Respectfully submitted,

E. R. Rowley

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