

Kulan Exploration  
007575  
Property Submission

A	W.S.R.	N
	M.B.	
	E.O.C.	
	H.A.P.	
	B.P.S.	
	G.P.R.	
	E.L.D.	
	J.I.K.	
	E.C.J.	

January 24th, 1957.

Mr. A. Kulan,  
Box 606,  
Whitehorse, Y.T.

Dear Al:

Sorry I did not write earlier regarding your prospecting venture. I discussed it with Rod, and we decided to run our own show, as in previous years, and we regret we will not be able to participate in your syndicate. Because of our present partners percentage in our Yukon Exploration, any other division of interest makes the net return to us hardly worth the risk involved. We would in addition, be setting up competition to our own prospecting parties.

I discussed your syndicate some time ago with Biff Breckey of Newconex and he did not think he would do any Yukon prospecting this year, although you have probably heard from him directly by now.

As you will gather from the papers, it has been a difficult year for raising money on the market, and most of the brokers are out of the exploration business temporarily. The mining companies are continuing their exploration programs, but on a reduced scale.

Kindest personal regards,

Yours very truly,

PROSPECTORS AIRWAYS COMPANY LIMITED

E. O. Chisholm,  
Chief Geologist.

EOC/sb

November 8th, 1957.

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A		N
✓	W.S.R.	✓
	R.J.B.	
✓	E.O.C.	
✓	H.A.P.	
	R.D.S.	✓
	B.C.B.	
	G.P.P.	
	E.L.D.	
✓	(E.C.)	

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MEMORANDUM:


Re: Kulan Exploration Limited

The attached proposal provides for three 2-man prospecting teams in the Yukon under Kulan's supervision. Terms are as follows: 20% to Kulan's syndicate and 80% to participants; one thousand dollars limit on any options taken and 3% to the syndicate and 97% to the participants; agreement estimates yearly expenditures of \$35,000.00 for a three year period; Kulan to pay himself \$4,200.00 per season (approximately \$840.00 per month on a 5 month basis) for supervision in addition to his interest; syndicate limited to 3 companies participating. The advantage of the syndicate is principally in having a competent man like Kulan head it up. The disadvantages outweigh this however, and are as follows: (1) for a monthly salary of \$850.00 we could hire or use our own staff engineer, who is more competent than Kulan, to supervise such a programme; (2) our diluted interest in the whole deal, assuming 3 additional participants and our present participants would be about 12% (we would pay approximately \$6,000.00 for this); (3) we would not be taking advantage of our own experience in the Yukon exploration under this scheme.

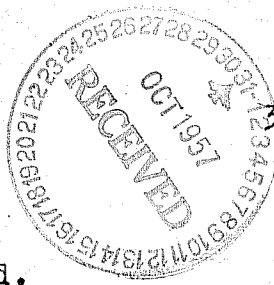
It would be more effective on our part to field our own prospectors, supervised by our own engineer, and retain a 45% interest in any ground staked (assuming a 10% interest to our prospectors and a 50% interest to our Yukon associates). The cost of fielding 3 teams of our own in the Yukon would be considerably less than Kulan's costs.

EOC/ss

3/82  
J 27

  
E. O. Chisholm,  
Chief Geologist.

Box 606  
Whitehorse, Yukon



30 October 1957.

A		N
	W.S.R.	
	R.J.B.	
	<b>E.O.C.</b>	
	H.A.P.	
	R.D.S.	
	R.C.B.	
	G.P.R.	
	E.L.D.	
	J.K.	
	E.C.I.	

Mr. E.O. Chisholm  
Prospectors Airways Co. Ltd.  
Suite 1616,  
44 King Street West,  
Toronto, Ont.

Dear Ted:

I had intended to get this away to you sooner but due to the unforeseen I was not able to do so.

The attached is a proposal of what we will try to do for the next three years. I plan to manage the operation in the field also prospect.

If you have any suggestions as to setting this up please advise.

As ever

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PROPOSAL OF KULAN EXPLORATIONS CO.

An exploration company, Kulan Exploration Co. will be formed to prospect for minerals in the Yukon and northern British Columbia and three Mining and Exploration Companies will be approached to provide finances.

It is proposed that three parties of two prospectors each will be placed in the field during the full prospecting season for three successive years commencing 1958.

The Exploration Company will have no jurisdiction over any development program on claims staked, nor will the funds provided each year by the participants be used for anything other than prospecting. Prospecting will consist of: staking, sampling, recording and transferring of claims. The participants must agree among themselves as to further development and must notify the Exploration company as to their decision in writing.

Any participant will have the right to withdraw, wholly or partially from the financing of any development program on any claims staked by the Company which has been approved by the remaining participants, but his interest would be affected accordingly.

When a mineral deposit is located, the participants will assume financial responsibility for any development program that they deem advisable. They will be responsible further for keeping claims in good standing under the mining laws of the area concerned. The decision of which claims will be

maintained will be made by mutual agreement by the participants and the Exploration Co.

The participants will jointly hold 80 % of the vendors interest in any properties located as a result of the efforts of the Exploration Co. and the remaining 20% of the vendors interest will be reserved for the Exploration Co., and further, all claims staked by persons of the Exploration Co. or persons employed by them will be transferred to the Exploration Companies name.

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The Exploration Company will provide the following additional service as the opportunity permits: They will examine mineral claims or properties owned by others and will attempt to secure an option on the property if they deem it advisable. The Exploration Co. will be limited to an expenditure up to \$1,000,00 in securing a holding option, and in the preliminary discussion with the optionee will endeavor to secure the best terms possible. The participants will share equally 97% of any profits that may accrue in such a deal. The final decision confirming such an option will be at the discretion of the participants. The balance of any profits will be reserved for the Exploration Co. Finally the Exploration Company will immediately be reimbursed for the sum expended in the holding option and any reasonable expenses incurred.

PROPOSAL FOR FINANCING OPERATIONS OF KULAN EXPLORATION CO. LTD. 105

It is proposed to operate Kulan Exploration Co Ltd. for a period of three years, commencing January, 1958 and to secure the financing for the three year program from three participants. Kulan Exploration will be limited Company capitalized at 101 shares, having five directors. Two directors will represent Kulan Exploration Co and one director representing each of the participants providing finances.

By mutual agreement an interest in the affairs of Kulan Exploration Co. can be secured by the participants either by written agreement between the participants and Kulan Exploration Co. or by a system of share interest purchased by the participants during each of the three years of the proposed program. In whichever form of maintaining the agreement or share interest, the interest of Kulan Exploration Co. shall be maintained at a 20% carried interest on any claims secured by staking.

Attached to this proposal is a sample estimate of the cost of operation during the first year.

20  
3/81  
27 shares

ESTIMATED COST OF OPERATIONS FOR ONE YEAR

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One party, (2 men) per season:

Wages, one man at \$400.00, one at \$325.00 per month.....	\$3.100.00
Fringe Benefits, compensation, holiday pay, insurance, etc. (10% of wages)	310.00
Maintainance.....	1.350.00
Transportation.....	1.800.00
Camping equipment.....	250.00
	<u>\$6.810.00</u>
Trhee parties, 6 men in the field.....	20.430.00
Supervision.....	4.200.00 ?
Field office & storage space, at \$35. per month.....	420.00
Expediting.....	1.000.00 ?
Field office transportation, vehicle, gas, repairs, insurance etc.....	1.500.00
Auditing.....	200.00
Communication, radio rental etc.....	300.00
Assaying.....	200.00
Estimated incidental expenses 5% of estimate.....	1.750.00
Reserve for staking and options.....	<u>5.000.00</u>
	\$35.000.00