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ASBESTOS CORPORATION (EXPLORATIONS) LIMITED

THETFORD MINES, QUE.
CANADA

amp

October 14, 1955.

Mr. Charles L. Coleman,
Prospectors Airways Company Limited,
Suite 1616,
44 King Street, West,
Toronto 1, Ontario.

A		N
✓	C.L.C.	✓
✓	G.C.A.	✓
✓	GE.	✓
✓	E.C.C.	✓
✓	M.D.S.	✓
	J.K.	
	E.L.D.	

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Dear Charlie:

You will find enclosed two copies of our geological report on the Rex Group of 31 claims situated in the vicinity of Big Salmon Lake, Yukon Territory.

We have applied to the Mining Recorder in Whitehorse for Certificates of Work to cover the assessment work requirements for the year ending September 27, 1955. On receipt of these certificates we will forward them to you.

In regard to our option on the Rex Group we wish it understood that we are dropping it forthwith.

Sincerely Yours,
ASBESTOS CORPORATION (EXPLORATIONS) LIMITED

Peter Riordon

P.H. Riordon,
Chief Geologist.

PHR/GR.

It is recommended that the claims be dropped at their expiration date.

EO

Extract from letter written by E. O. Chisholm to C. L. Coleman dated October 4th, 1955.

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Rex Asbestos Claims - Big Salmon Lake

The results of the Bell Asbestos Company work on the adjoining ground has been disappointing and the options are reported to have lapsed. Asbestos Corporation did not obtain any favourable indications on the Rex claims and in all probability will drop this option. If the results are negative, it is recommended that the ground be dropped.

From: E. O. Chisholm

Date: August 25/55

To C. L. Coleman

Subject: Rex Asbestos

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I note that work is due on the Rex Asbestos ground by Sept. 27th. No doubt Asbestos Corp will file work on this ground before this date. I gather their results there were not so hot and they may drop the ground but I have no further information. If the claims are put in good standing for another year by virtue of the work Asbestos Corp has done: it may be advisable to hold on to them until we find out what Bell Asbestos are doing on their ground.

Please advise me of any information you may obtain from Bill Outred regarding the Rex claims, and if they intend to file the work on them. I presume this is covered in your option which I have not seen.

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April 28th, 1955

Mr. George W. Smith, President,
Bell Asbestos Mines, Ltd.,
Thetford Mines, Que.

Dear George:

Following the annual shareholders' meeting of Prospectors Airways Company yesterday afternoon, we held a directors' meeting at which the proposition you suggested to me with regard to our Rex claims in the Yukon was discussed.

As I had previously explained to you, we had one other proposition under consideration and after a great deal of discussion it was finally decided to act on that.

I think we both appreciate the very speculative nature of the claims and the impossibility of making a fair appraisal of their worth at this time.

It was generally felt that your company would have quite a project in hand to explore your large holdings in the area and that possibly the other company with only our claims to deal with could do more intensive work on the property. I also had in mind that you told me you would be happy in some measure if another responsible asbestos company had the ground.

We want to thank you very much for your interest in submitting an offer and wish you all success in the exploration of your Yukon property.

With kind regards,

Yours sincerely,

CLC:JK

Charles L. Coleman,
Managing Director.

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ANGLO-HURONIAN LIMITED

SUITE 1616. 44 KING STREET WEST

TORONTO 1

ONTARIO

LONDON CORRESPONDENTS
ANGLO-CANADIAN TRUSTEES LIMITED
FRIARS HOUSE
39-41 NEW BROAD STREET
LONDON E.C.2.

TELEPHONE
EMPIRE 6-7951
CABLE ADDRESS
"HUROBELSYN"

1709 Bank of Nova Scotia Bldg.,

April 25th, 1955

Mr. Charles L. Coleman,
Managing Director,
Prospectors Airways Company Limited,
44 King St. West,
Toronto, Ontario.

Dear Charlie, Re: Prospectors Airways Company Limited

I have given some thought to your communication of April 22nd to the P.A. Directors regarding the Rex claims. This is a most intangible situation any way you look at it.

I believe that the asbestos producers are not at all happy at Cassiar's entering production as they feel that it may well result in over production of certain grades. It would seem, therefore, that if a good deposit were developed on the Rex ground and was under control of Asbestos Corporation or Bell Asbestos, the property might well be left dormant for years, in which case a minority interest would not be very satisfactory, particularly if any substantial expenditure had been involved in maintaining the interest. This consideration applies fully to the 20% interest mentioned in the second paragraph of your letter and, to a lesser degree, to the 10% non-assessable interest.

I am inclined to favour the alternative deal, although it is impossible to know how it would work out. I note that the actual expenditures have not been agreed to, but I assume that the intention is that Asbestos Corporation would hold no interest in the property in the event they did not carry out the total work required. I note also that the cash offer which Asbestos Corporation may make would apparently cover a 40% interest in the property from P.A. and, on the other hand, a 50% interest in the property from Asbestos Corporation. I think that some expiry date should be stipulated for this option but I am not clear as to the best term.

I am wondering if it is wise to stipulate a 50% interest in the property in consideration of work done. This could end up in a stalemate and I think the acquired interest should be either 49% or 51%. It would be preferable for P.A. to retain 51% interest, but Asbestos would probably not be interested.

I suppose this matter will be discussed at the meeting next Wednesday.

Yours very truly,

R. V. Norratt
President.

RVP/L

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	E.O.C.	
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	J.I.K.	
	E.L.D.	

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April 22nd, 1955

W. S. Row, Esq., Virginiatown, Ont.
 R. V. Porritt, Esq., Toronto, Ont.
 James W. Baker, Esq., Virginiatown, Ont.
 Dr. Peter Price, Noranda, P. Q.

Dear Bill, Dick, Jim and Peter

Further to my letter of March 29th wherein I requested that you give me your opinion as to what price we might ask Bell Asbestos Company for an 80% interest in our Rex group of claims situated in the Yukon. I have since had discussions with Messrs. Row and Price who agree that it is almost impossible to intelligently appraise this interest with no knowledge as to the potential of the ground.

Yesterday I had another discussion with Mr. W. Oughtred of Asbestos Corporation regarding the suggested deal which I also mentioned in my letter of the 29th. I told him of our difficulty in trying to set a price at this time. I also suggested, at Bill Row's request, that he might consider the proposition we had previously discussed but with us reserving 20% of the property rather than 10% as previously suggested. However, he was not disposed to concede a 20% non-assessable interest to remain with us and in fact was under the impression that the original 10% interest discussed was not a non-assessable one. However, he is prepared to concede a 10% non-assessable interest or alternatively a 20% interest in the vendor consideration to be received from any company formed to acquire the claims with the right to subscribe for 20% of the financing.

To clarify this proposal, consider that a company of 4 million shares was formed and 1 million shares allotted for the property. In the first case we would receive 400,000 shares and would not participate in the financing. In the second case we would receive 200,000 shares of vendor stock and could purchase up to 600,000 shares additional. As a substantial amount of money would be required to bring an asbestos property into production we might be called on for funds beyond our immediate resources. However, if it was any good we could always raise the money from associates and in any event we would only have to put up 58% of the money, our partners being responsible for 42%.

The deal that I suggest below is satisfactory to Mr. Oughtred except we did not settle the exact amounts that his company should expend each year to acquire a 50% interest in the property.

Proposed that we option 31 claims known as the Rex group to the Asbestos Corporation on the following basis:

1. Asbestos Corporation to pay Prospectors Airways \$1,500 as a down payment to cover the cost of claim acquisition carried on our books at \$1,000.
2. Asbestos Corporation to perform work on the claims during 1955 in value not less than \$5,000. This will insure that assessment work requirements of \$3,100 will be fully covered in the event the option is lapsed at the end of the first year.

cc: André Dorfman, Esq.

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	R.D.S.	
	J.I.K.	
	E.L.D.	

March 29th, 1955

Mr. W. S. Row, Virginiatown, Ont.
 Mr. R. V. Porritt, Toronto, Ont.
 Mr. J. W. Baker, Virginiatown, Ont.
 Dr. P. Price, Noranda, P. Q.

Dear.....

You will recall that our last meeting I told you about a proposition that I had discussed with a representative of the Asbestos Corporation to acquire our Rex group of claims in the Yukon, staked adjacent to a reported asbestos discovery acquired by Bell Asbestos Mines.

In general my discussion with Mr. Oughtred of Asbestos Corporation was that we might consider taking them in as partners on these claims on the following terms. Asbestos Corporation to pay the cost of claims acquisition; undertake to diligently explore the property this year, doing at least the requisite work for assessment purposes.

If at the end of the year they were still interested, they would have the right to acquire a 50 percent interest in the claims by continuing this exploration work, and subsequent years up until five years' work had been done. At the end of this period or before, they would have the right to exercise an option that we would give them at the outset to acquire 80 percent of our 50 per cent interest.

In making us an offer to acquire this interest they would have to be prepared to have us accept the alternative of buying their interest for the same consideration.

When this proposed deal was discussed at our meeting, it was suggested by Bill Row that I might attempt to secure the same deal but only giving an option on 60 percent of the 50 per cent interest to be retained by us. It was also agreed that I should approach the Bell Asbestos Company and see if they would be interested in making us a proposition.

Recently Mr. George Smith of that company called on me at my suggestion and indicated that his company would be interested in securing an option on these claims.

His proposal was that the Bell Company would pay for the cost of claims acquisition in return for an option on 80 percent of the property for a purchase price to be set by us but which, naturally, he would have to find satisfactory. He

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March 29th, 1955

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suggested that if a favourable purchase price was presented, his company would be prepared to discharge it in four payments over a period of four years and, of course, do the necessary assessment work until such time as they took up the option or abandoned it.

It is my opinion that the Bell Company would only be interested if we set a very low price and I personally feel that we would do better with the Asbestos Corporation. However, I would be pleased to receive the opinion of my fellow Directors as to what they might regard as a fair price to suggest to the Bell Company.

Yours very truly,

PROSPECTORS AIRWAYS COMPANY LIMITED,

CLC:JK

Charles L. Coleman,
Managing Director.

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	G.E.	
	E.C.C.	
	G.S.S.	
	J.I.K.	
	E.L.D.	

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January 26th, 1955

Mr. W. W. Oughtred,
 Assistant General Manager,
 Asbestos Corporation, Ltd.,
 Thetford Mines, Que.

Dear Bill,

At this time I believe I will be in Toronto for the week commencing February 14th. During that month I will have to make a trip to New York but my plans have not been settled. In any event it would only be for a few days, so if you telephone, telegraph or write before you leave we will be sure of meeting.

It is too bad you will not be here for the Prospectors' Convention which is always a nice relaxation.

At present I know very little more about our asbestos prospect than you do. The staking sketch shows we have a group of 31 claims adjoining on the northwest the Bell Asbestos option called the Acme group. The showing on the Bell property is indicated 2½ claims to the east of our common boundary.

Ted Chisholm, our chief geologist, states in a memorandum that the government geological map of the area shows a large mass of peridotite extending for several miles. He is out of the city at present but will be here in February when you can question him at length.

With kindest regards,

Yours sincerely,

CLC:JK

Charles L. Coleman,
 Managing Director

ASBESTOS

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ASBESTOS CORPORATION LIMITED

A. L. PENHALE, PRESIDENT & MANAGING DIRECTOR
C. W. COLBY, PH.D., VICE-PRESIDENT
KENNETH T. DAWES, VICE-PRESIDENT

GENERAL OFFICE
THETFORD MINES, QUE.
CANADA

GEO. F. JENKINS, GENERAL MANAGER
J. A. D. MARCOTTE, GEN'L SALES MANAGER & SECRETARY
P. PAYEUR, TREASURER

January 24th, 1955.

Mr. Charles Coleman,
Managing Director,
Prospectors Airways Co. Ltd.,
Suite 1616,
44 King Street West,
Toronto 1, Ont.

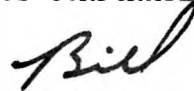
Dear Charlie:

Since the arrival of your January 7th letter I have been trying to figure out how I could get time to make a trip to Toronto. I will not be able to make the Prospectors' Convention this year and feel that leaving it until April, during the Mining Convention, would be rather late. However, I believe I can see my way clear for the week of February 14th if you will be in town at that time. Will you please let me know as soon as possible so that I may make reservations.

I have absolutely no prior knowledge of your property in the Yukon, except that I understand it lies between two pieces of ground held by Bell Mines. Has the presence of serpentine been established, at least magnetically, on your property?

I look forward to seeing you before too long.

Yours sincerely,
ASBESTOS CORPORATION LIMITED



W. W. Oughtred,
Assistant General Manager

WWO/AD

*Robert Ferguson
Chlo's desk
Bob Anderson*



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ASBESTOS CORPORATION LIMITED

Dec 23/54

A.L. PENHALE, PRESIDENT & MANAGING DIRECTOR
C.W. COLBY, PH.D., VICE-PRESIDENT
KENNETH T. DAWES, VICE-PRESIDENT

GENERAL OFFICE
THETFORD MINES, QUE.
CANADA

GEO. F. JENKINS, GENERAL MANAGER
J. A. D. MARCOTTE, GEN'L SALES MANAGER & SECRETARY
P. PAYEUR, TREASURER



October 20th, 1954

Mr. C. L. Coleman,
Managing Director,
Prospectors Airways Company, Limited,
44 King St. W.,
Toronto, Ont.

A		N
	A.D.	
✓	J.I.	✓
✓	G.C.A.	✓
✓	G.E.	
✓	C.L.C.	✓
	M.H.F.	
	R.D.S.	
	<i>WVO</i>	✓

Dear Charlie:

Through the newspapers and Bob, I find that you hold property adjacent to Bell's new prospect near Canol Road in the Yukon.

Should you consider dealing with these claims, we would certainly appreciate a chance to participate.

Yours sincerely,
ASBESTOS CORPORATION LIMITED

Bill.

W. W. Oughtred, *A.D.*
Assistant General Manager.

WVO/AD

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	C.L.C.	
✓	G.C.A.	
✓	G.E.	✓
✓	E.O.C.	✓
	R.D.S.	
	J.I.K.	
	E.L.D.	

*Replied in personal letter
Jan. 4/55.
C.L.C.*

Extract of letter from E. O. Chisholm to C. L. Coleman, dated Sept. 25, 1954

Big Salmon Asbestos - Rex Group

Big Salmon Asbestos Group: Thirty one claims have been recorded tying onto a group of 40 claims optioned by Bell Asbestos Company. The reported terms of the deal the vendors made with Bell are: \$1,000.00 down, \$25,000.00 by October 8th, 1954; and the balance of \$225,000 in three years time for outright purchase of the ground. An engineer named Motherwell from the Bell Company examined the showings and made the deal. A bulldozer has been taken in and is uncovering the main showings. Apparently the quality is excellent and it is simply a matter of quantity. Bill Asseltine, Bell's representative in this area, plans to do some drilling next year.

No asbestos was observed on the ground staked by our men but apparently it lies along the same belt of favorable rocks and our boundary is within two claims of one of the Bell showings. There is considerable overburden on our ground.

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Extract of letter from E. O. Chisholm to C. L. Coleman, dated Sept. 17, 1954

Asbestos - Big Salmon Lake

"Regarding the asbestos discovery at Big Salmon Lake I understand that Bell Asbestos have taken the original 40 claims and have paid \$2,500 down and will make a second payment of \$10,000 on October 8th. They plan to take a D8 into the property right away. It is all a matter of how much of the fibre there is. The quality is excellent. We have staked a compact group of 31 claims tying onto the northwest boundary of their group along the projected strike. Enclosed is a sketch of our ground. The Rex Mineral claims are ours and the Acme Group has been optioned to Bell. The claims will be recorded within the next few days and transferred to PA. We own this group outright.

Sept. 21, 1954
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Extract from Letter E. O. Shisholm to C. L. Cole
Dated September 10, 1954.

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ASBESTOS BIG SALMON LAKE

There has been some activity break out on Big Salmon lake near Quiet Lake recently and I sent our prospectors in to scout around and if possible acquire some ground. The interest is in some one-inch chrysotile fibre in serpentine rocks discovered by prospectors working for T. C. Richards, and Bill Asseltine. The prospectors are Fred Bryerchuck, and Slim MacMillan, a former employee of ours. MacMillan showed me samples last week end and told me that an engineer called Motherwell, from Bell Asbestos corporation was coming in to examine the showing. Apparently Asseltine is under contract to Bell to take them anything found by him in the asbestos line. Bell apparently made them a tentative offer of \$250,000 outright sale over a two year period, if the examination was satisfactory. T. C. Richards and the prospectors want a stock interest and may come to us with the deal if they are not satisfied with Bell's offer. The fibre is beautiful silky stuff with a high tensile strength and appears to be of good length. The 64 dollar question is how much. MacMillan told me he found fairly long fibre over a patch 100 feet square and another patch of 70 feet parallel, the intervening ground being drift and talus covered. He located three showings of asbestos on a forty claim group. I told our prospectors to try to get thirty six claims tying onto their group but I do not know if they were able to do this, as I hear some other people were in the area also. I shall know better at the end of the week when they return. Motherwell is now at the property and should return shortly.