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GEORGE CROSS NEWS LETTER LTD. NO.22(1977) (Page Three)
SEAFORTH MINES LTD.

FEBRUARY 1, 1977

82E/NW

AGREEMENT ON KELOWNA - Seaforth Mines Ltd. is finalizing an option agreement with Mattagami
URANIUM CLAIMS DETAILED Lake Mines for an extensive exploration program on Seaforth's
uranium property near Kelowna, British Columbia.

The agreement provides Mattagami will make an initial cash payment to Seaforth of \$25,000 on 1Jan77 and must make further payments of \$10,000 on 1Jan78 and \$20,000 on 1Jan79. To maintain the option, Mattagami is required to spend \$300,000 in exploration work on the property over the three year period of 1Jan77 to 1Jan80. As a result of these expenditures, Mattagami will earn an 80% interest in the property and Seaforth will retain a 20% interest. At the end of this period, a joint venture will be formed with Seaforth holding a 10% non-assessable and a 10% assessable interest. Mattagami would then have the option to purchase Seaforth's non-assessable interest for a cash consideration of \$1,000,000.

In another recent development, Lacana Mining Ltd., drilling on a similar geological formation in the area, announced drill intersection figures which show higher grades of uranium mineralization than any previously published for this area. This is in addition to the existing uranium discoveries of Tye Lake Resources Ltd. and the Japanese Power Reactor and Nuclear Development Corporation. In making the announcement, G.A.Keevil, president of Seaforth, said there is every expectation that this area will develop into a major new uranium district.

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LARGE CLAIM GROUP ACQUIRED - Gordon A.Keevil, president of Seaforth Mines Ltd., has reported
IN KELOWNA URANIUM AREA that during September, after an intense program of regional
geological study, a block of 178 units or 11,000 acres were
acquired covering a large area of potential uranium bearing formation. This claim block,
located near Kelowna, B.C. is considered to have the highest uranium potential of any unexplored
property in this district. The claim groups cover the same geological settings as those
successfully explored by Japanese Power Reactor and Nuclear Development Corporation; Tye Lake
Resources-Horanda-Kerr Addison and Lacana Mining Corporation.

Mr.Keevil states that the property represents the largest single occurrence of the favourable geological formation that remains in the Kelowna district. Union Carbide has also staked ground in the immediate area and more recently a number of other mining interests have staked a large area surrounding the Seaforth and Union Carbide properties.

Mr.Keevil states that drilling in this key formation has been carried out in the Deer Creek and also the Hydraulic Lake area by the Japanese, Tye Lake Resources and Lacana Mining Corporation. All three programs have led to the discovery of important uranium mineralization. This very high success ratio indicates that there is an excellent chance of equal success on the Seaforth property.

Seaforth is now finalizing an agreement with a major company in order to provide the financing necessary for further development of this property.

Seaforth holds a number of other uranium properties in central Saskatchewan and other potential areas in Canada.

SOME DETAIL ON NEW YUKON STAKING - WELCOME NORTH MINES LTD. through its Woodside project has recently staked three properties for a total of approximately 270 mineral claims over zinc-lead sulphide occurrences discovered near the Anvil-Vangorda area, Yukon.

Interesting mineralization has been found at four specific locations over a strike length of 10 miles in Paleozoic metasediments and meta-volcanics. Overburden cover prohibits an accurate estimate of the continuity and extent of potentially economic mineralization at this time. However, grab samples from apparently continuous bands of significant base metal sulphides in outcrop have assayed up to 16.2% zinc, separated by lower grade values. One of the recently staked properties includes a previously-discovered zinc-lead occurrence where individual 4-foot samples were reported to have assayed as high as 30 to 40% combined zinc and lead with up to 3 ounces per ton of silver.

Detailed surface exploration of the properties will commence shortly and will be followed by diamond drill testing. The three properties are currently owned 40% Welcome North and 60% Getty Mining Pacific through the Vangorda Joint Venture. Welcome North is operator of the project.

SEAFORTH MINES LTD.

82M149 Bend.

82 M19 near Goldstream R. X

GOLDSTREAM PROPERTY OPTIONED TO PLACER - The Bend property located adjacent to Noranda's Goldstream massive sulphide discovery on Goldstream River, 50 miles north of Revelstoke, B.C., and owned by Seaforth Mines Ltd. has been optioned to Placer Development Limited.

Under the terms of the option agreement, Placer paid Seaforth a \$20,000 cash payment and, to maintain the agreement, must pay \$30,000 on or before Dec. 31, 1977, \$30,000 on or before Dec. 31, 1978 and \$30,000 on or before Dec. 31, 1979. In addition, Placer must spend at least \$500,000 on exploration work before Dec. 31, 1980 to earn a 75% interest with Seaforth maintaining a 25% net carried interest. Beginning in 1981, Placer must pay a \$30,000 per year advance royalty until production commences.

In January of 1977, Seaforth completed an agreement to acquire a 75% interest in two claims (FAR claims) which were required to consolidate the land holdings of the company before the above option agreement could be negotiated. According to the subsidiary agreement, the owners of the FAR claims acquired a 25% interest in the group and consequently receive 25% of all proceeds that Seaforth derives from the property.

In 1976, Seaforth carried out extensive geophysical, geochemical surveys on the property to locate a diamond drill target consisting of a distinct anomaly with coincident gravity and corresponding geochemical anomalies in the correct geological environment.

In making the announcement, Gordon A. Keevil, president of Seaforth, stated that since company geologists feel that this is an immediate viable drill target, a clause was included in the Placer agreement which commits Placer to carry out some diamond drilling during the 1977 field season. It is anticipated that the drilling will be underway in June, following the completion of additional surface and geophysical studies by Placer.

Placer has been working on the property for the past three weeks and has now completed approximately 14 line kilometers of additional geophysical and geochemical work. This work has reconfirmed the work completed by Seaforth in 1976 and has also produced electromagnetic anomalies which are spatially related to the gravity and magnetic anomalies. These results will enable Placer to accurately spot the first drill hole.

KEYCORP INDUSTRIES LIMITED

Six Months Ended March 31, 1977	1976	
Sales	\$2,571,857	\$1,659,393
Costs of Sales & Admin.	2,634,902	1,451,746
Income Taxes	(26,615)	93,444
Equity in Affiliated Company Earnings	286,000	353,000
Writeoff of Excess Acquisition Costs	(57,984)	(57,984)
NET EARNINGS	191,586	409,224
Earnings Per Share	10¢	22¢
Working Capital	\$624,380	\$751,103

Morris Belkin, chairman, and G.E. Lennox, president, of Keycorp Industries, state in the six months report that lower earnings were not entirely unexpected. The business forms division contribution to earnings dropped reflecting the deteriorating profit levels in B.C. market created mainly by intensive price competition. The new multiweb press was installed in early March and has performed up to expectations substantially increasing

the division's capacity to produce computer continuous stock and custom paper.

June 3, 77

SEAFORTH MINES LTD.

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DIAMOND DRILL TARGET LOCATED - Gordon A. Keevil, president of Seaforth Mines Ltd., has reported a well defined diamond drill target has been located on the ON GOLDSTREAM RIVER PROPERTY company's Bend claim group in the Goldstream River area, 50 miles north of Revelstoke, B.C. He said the remarkable coincidence of the geochemical, magnetic and gravity anomalies in an area where structural studies predicted possible massive sulphide occurrence makes this an excellent target.

The 1976 program cost \$25,000 and covered the property which adjoins the Noranda Mines major new copper-zinc ore body. Seaforth's property covers the same geological formation as the Noranda property. The company had five geologists on the property carrying out a program of geological mapping, geochemistry, magnetic surveys and, more recently, gravity surveys. Earlier geological mapping defined an alteration zone containing iron and copper sulphides, interpreted as a feeder zone characteristically related to massive sulphide deposits. Subsequent structural interpretation predicted a definite area where massive sulphides should occur in relation to this alteration zone. Follow-up geochemical sampling revealed high copper concentrations in soils within the predicted area and later a magnetic survey revealed a very well defined magnetic anomaly coincident with the copper anomaly. A recent gravity survey discovered a mass concentration coincident with the above anomalies, strongly suggesting the presence of massive sulphides of the Noranda type in this location.

Mr. Keevil states that the company intends to involve a major mining company in the future development of the property and that discussions are now underway with major companies.

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In January of 1977, Seaforth completed an agreement to acquire a 75% interest in two claims (FAR claims) which were required to consolidate the land holdings of the company before the above option agreement could be negotiated. According to the terms of this subsidiary agreement, the owners of the FAR claims acquired a 25% interest in the BEND group and consequently receive 25% of all proceeds that Seaforth derives directly from the property.

In 1976, Seaforth carried out extensive geophysical, geochemical and geological surveys on the property to locate a diamond drill target consisting of a discrete magnetic anomaly with coincident gravity and corresponding geochemical anomalies in the correct geological environment.

In making the announcement, Gordon A. Keevil, president of Seaforth, stated that since company geologists feel that this is an immediate viable drill target, a clause was included in the Placer agreement which commits Placer to carry out some diamond drilling during the 1977 field season. It is anticipated that the drilling will be underway in June, following the completion of additional surface and geophysical studies by Placer.

Placer has been working on the property for the past three weeks and has now completed approximately 14 line kilometers of additional geophysical and geochemical work. This work has reconfirmed the work completed by Seaforth in 1976 and has also produced electromagnetic anomalies which are spatially related to the gravity and magnetic anomalies. These results will enable Placer to accurately spot the first drill hole.

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Seaforth Mines Ltd. directors, in reporting progress on the company's Bend property some 40 miles north of Revelstoke, B.C., which is under option to Canex Placer, note that the Bend claims are well located geologically and adjoin Noranda's Goldstream River property where a massive sulphide deposit was discovered two years ago.

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