

SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HERE- UNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

SEAWAY BASE METALS LIMITED

An Exploitation Corporation

(Incorporated under the laws of the Province of Ontario)

COMMON SHARES WITHOUT PAR VALUE

NEW ISSUE

This is a new issue consisting of 300,000 common shares as follows:

	<u>Price to Public</u>	<u>Agent's Commission</u>	<u>Proceeds to Corporation (1)</u>
Per Share	52.5¢	2.5¢	50¢
Total	\$157,500	\$ 7,500	\$150,000.

(1) Before deducting the Corporation's expenses of this issue estimated at \$10,000.

PURPOSE OF ISSUE

The purpose of this issue is to provide funds to enable the Corporation to implement the program recommended by the Corporation's consulting engineer, being an evaluation program involving humus soil sampling and drilling for samples on the Corporation's Burnthut Island mining claims and to pay for organizational and ordinary operating expenses. (SEE "USE OF PROCEEDS").

SECONDARY OFFERING - 70,000 common shares.

Upon this Prospectus being accepted for filing with the Ontario Securities Commission, 40,000 common shares of the Corporation will be issued by it to Canadian Gold & Metals Inc. in consideration of mining claims sold by it to the Corporation.

HECTOR M. CHISHOLM & CO. LIMITED
11 Adelaide Street West
Toronto, Ontario

This issue is not firmly underwritten but is offered on a best effort basis through Hector M. Chisholm & Co. Limited, the Agent. The minimum amount to be raised for the Corporation is \$150,000. after Agent's commission.

THESE SHARES ARE SPECULATIVE (SEE "SPECULATIVE NATURE OF SECURITIES").

THERE IS NO MARKET THROUGH WHICH THESE SECURITIES MAY BE SOLD AND PURCHASERS OF SHARES MAY BE UNABLE TO SELL THEM.

*(continued over)



(SEE "HISTORY AND BUSINESS") which may be sold hereunder after the new issue of 300,000 common shares has been taken down and paid for.

Gordon Leliever by an agreement between himself, the Corporation and the Agent, dated 6 June, 1980 has the right to receive 30,000 shares of the Corporation's common shares out of its treasury upon the completion of the sale of the 300,000 common shares hereby offered for sale by the Corporation and it was agreed by Gordon Leliever and the Agent by an Agreement dated 9 July, 1980 that the Agent would receive 12,000 of the 30,000 common shares which Gordon Leliever would be issued upon the said completion (SEE "PLAN OF DISTRIBUTION").

The 40,000 common shares of Canadian Gold & Metals Inc. and the 30,000 common shares of Gordon Leliever, collectively referred to as the "secondary shares", may be sold at prices varying from 52.5¢ per share to \$1.60 per share after the 300,000 common shares offered by the Corporation, referred to as the "offered shares", have been sold and paid for (SEE "PLAN OF DISTRIBUTION"). The aggregate proceeds received upon the sale of the secondary shares shall accrue to the selling shareholder(s) and not the Corporation. There is no present intention or justification for selling secondary shares at a price or prices higher than that one at which the offered shares are being offered. This distribution is intended to qualify both the offered shares and the secondary shares for sale. At least thirty per cent (30%) of the aggregate proceeds of this distribution will be received by the Corporation.

The price at which the Corporation offers its shares was arbitrarily established by the directors of the Corporation in consultation with officers of the Agent.

By an Agreement between the Corporation and the Agent dated 9 July, 1980, it was agreed that should the Agent successfully offer the 300,000 offered shares for an aggregate net proceeds to the Corporation of \$150,000 then the Agent shall be afforded a right of first refusal to underwrite any future issue of common stock to the public by the Corporation. The said Agreement of 9 July, 1980, was amended by an Agreement of 8 December, 1980.

I N D E X

	Page
Summary	3
History and Business ..	4
Incorporation	4
History	4
The Mining Claims	4
Summary of Geology	5
Langmuir Claims	7
Speculative Nature of Securities	8
Use of Proceeds	8
Plan of Distribution	9
- Secondary Offering	10
Capitalization	11
Description of Shares	11
-Common Shares	11
-Preference Shares	12
-Warrants	12
Dividends	12
Principal Holders of Shares	13
Remuneration of Directors and Senior Officers	14
Directors and Officers	14
Interest of Management and Others in Material Transaction	15
Promoter	15
Preliminary Expenses	15
Auditors	15
Transfer Agent and Registrar	15
Material Contracts	16
Other Material Contracts	16
Purchaser's Statutory of Withdrawal and Recission	16



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Index

Page two

Page

Options to Purchase Securities	17
Market for Securities	17
Prior Sales	17
History of Management	18
Financial Statements	20
Certificate	27

SUMMARY

SEAWAY BASE METALS LIMITED has purchased 8 contiguous staked claims located in the Patricia Mining Division of Ontario (SEE "HISTORY AND BUSINESS"). Transfers duly made out to the Corporation are being held for registration pending a final receipt for this prospectus. This property is accessible from the town of Sioux Lookout by boat or by Highway 72 secondary roads and boat.

The claims have been prospected, trenched, surveyed, bulk sampled and diamond drilled to a limited extent at various intervals of time during the past 80 years. The current prices of gold have greatly improved the economics of precious metal production and these claims now warrant re-evaluation and further development.

A work program having an initial estimated cost of \$85,000.00 is recommended. This will involve line cutting, drilling at two locations, and humus sampling for gold. The drilling can be done during the winter months. As yet none of the work program has been carried out. The drilling is dependent upon completion of the line cutting and humus sampling. (SEE caption "HISTORY AND BUSINESS").

These shares are being sold on a best efforts basis and all monies sought may not be raised within 60 days of the issuance of a final receipt for this prospectus in which case all monies will be returned by the Trustee to subscribers. (SEE "PLAN OF DISTRIBUTION").

These shares are highly speculative

Mineral exploration involves a high degree of risk. It involves many risks which a combination of experience, knowledge and careful evaluation may not be able to overcome. There is no assurance that commercial mineral deposits will be discovered on the Corporation's Parnes Lake Area mining claims. The marketability of minerals discovered on these claims will be affected by numerous factors beyond the control of the Corporation. These factors include gold market value fluctuation, the proximity of processing equipment and government regulation (including regulations relating to environmental protection.)

The funds to be received from the sale of common shares offered by this Prospectus are to be used primarily to carry out the program recommended by the Corporation's engineer (SEE caption "HISTORY AND BUSINESS").

The drilling and surface work must be considered to be highly speculative; there is no possibility that such work will determine whether the properties to be acquired are commercially productive and accordingly the shares being offered hereby should be considered as involving risk and speculative. Additionally, the Corporation will be required to raise additional funds to pay for further drilling and test work if the work done as a result of this financing should justify the said claims as potentially productive.

HISTORY AND BUSINESS
INCORPORATION

SEAWAY BASE METALS LIMITED (herein called the "Corporation") was incorporated under the laws of the Province of Ontario by Letters Patent dated the 21st day of June, 1968, with an authorized capital consisting of 5,000,000 common shares without par value (the "common shares") and 2,000,000 non-participating, redeemable, voting preference shares with a par value of 1/10 of 1¢ each (the "Preference Shares"). Incorporation was dissolved in 1976 and revived 28 February 1978. The head office of the Corporation is located at Suite 445, 100 Richmond Street West, Toronto, Ontario, Canada, and the Corporation's business address is Suite 34, 1565 Britannia Road East, Mississauga, Ontario, Canada.

HISTORY

During 1971, the Corporation effected two distributions of its common shares the proceeds from which were used to carry on an exploration and development programme on its Langmuir Township mining claims, (SEE LANGMUIR CLAIMS), which are primarily a nickel prospect. Pursuant to an Engineering Report on the Langmuir mining claims, of R.J. Brandshaw, P. Eng., dated 7 May, 1971, an induced polarization survey of the said claims was carried out and 5,000 feet of diamond drilling was as well done on the said claims. The Corporation does not believe further work on the said claims is warranted until further work is done on adjoining properties. The Corporation was inactive from 1973 to 1976 when it was dissolved. In 1978 the Corporation was revived.

THE MINING CLAIMS

By an Agreement dated 5 March, 1980 between Canadian Gold & Metals Inc., the Vendor, and the Corporation, which Agreement has been approved by its Directors 22nd April, 1980, and ratified and confirmed by the Corporation's shareholders 23rd May, 1980, it agreed to acquire 8 contiguous staked claims in Parnes Lake Area, Patricia Mining Division, Province of Ontario, namely:

<u>Claim Numbers</u>	<u>Number of Claims</u>
PA 538029 to PA 538034 inclusive	6
PA 538083 and PA 538084 inclusive	2

The said Agreement of 5 March, 1980, was amended by an Agreement of 8 December, 1980. The said claims are in good standing until 31 December, 1980 and will remain in good standing thereafter provided the minimum yearly assessment work is completed each year.

Canadian Gold & Metals Inc. was granted a 1.5% net smelter return royalty on all ore mined from the said claims.

Canadian Gold & Metals Inc. acquired the said claims from Gordon Leliever and John Kevin Leliever by an Agreement dated 4 January, 1980; Gordon Leliever and John Kevin Leliever staked the claims. In the said Agreement it was agreed that John K. Leliever was to receive \$30,000. Canadian Gold & Metals Inc. subsequently agreed to transfer the said claims to the Corporation contingent upon it successfully raising \$150,000.00 net to its Treasury on a public offering of its common shares offered pursuant to a final receipt for a prospectus, and upon the payment by the Corporation of \$30,000.00 for John K. Leliever and the issuance of 40,000 free trading shares to Canadian Gold & Metals Inc. The said Agreement of 4 January, 1980 was amended by an Agreement of 8 December, 1980.

Mr. G. Harper has recommended the following program to explore the said claims:

1. VLF electromagnetic and magnetic surveys of those areas underlying Lake Minnitaki, \$3,000.00.
2. Humus soil sampling for gold in the areas underlain by felspar porphyry and particularly the hanging wall contacts of the porphyries, \$10,000.00.
3. A short drill program is recommended for the Nos. 1 and 2 Zones. The holes should be drilled on a bearing about S60E, \$40,000.00, and
4. Some drill footage to follow up the results of the humus soil sampling, \$20,000.00.
5. Total, \$73,000.00.
6. Contingency, \$12,000.00.
7. Grand Total, \$85,000.00.

SUMMARY OF GEOLOGY

The Corporation's mining claims referred to above are as a group partly on Burnthut Island and partly under Lake Minnitaki and partly on the mainland.

The north part of Burnthut Island and the mainland areas are underlain by a volcanic sequence of intermediate composition. These rocks have been metamorphosed to the amphibolite stage. Structurally they are massive, dioritic flows, agglomerates, and some pillow lavas. They trend slightly north of east and dip northward at 80 to 85 degrees.

Within the volcanics is an intercalated horizon of sediments, chiefly if not entirely, of volcanic origin. These are thin beds of slate, greywacke, and argillite and have been overturned. The volcanic rocks have been intruded by masses of quartz porphyry whose full dimensions are unknown. The central part of the island contains a small stock of quartz porphyry. The narrow portion of the island is cut by a dike or sill of quartz porphyry some 200 feet wide.

The south lobe of the island is underlain by a quartz porphyry whose dimensions are unknown because its surface expression is hidden under the waters of Minnitaki Lake. Since all of the gold occurrences of note on Burnthut Island are associated with quartz porphyry and since two of those occurrences are associated with the quartz porphyry stock under discussion, therefore, the dimensions of this quartz porphyry mass are of considerable exploration import.

There are three gold occurrences on Burnhut Island where diamond drilling has located interesting gold values. These are the Shaft Zone, the No. 1 Zone, and the No. 2 Zone. The following results were obtained during the drill program carried out in 1947 and 1948 by Ourgold Mining Company Limited which drilled 21 holes totalling 6,082 linear feet in that period and later drilled another 18 holes. The diamond drilling disclosed the following gold values:

Shaft Zone

<u>DDH</u>	<u>Core Length - Feet</u>	<u>Ozs. Au per ton</u>
35	2.0	0.23
37	0.9	0.27
40A	2.5	0.71
37A	1.4	0.30

No. 1 Zone

7	2.0	0.16
8	3.7	0.15
9	6.3	0.19

No. 2 Zone

<u>DDH</u>	<u>Core Length - Feet</u>	<u>Ozs. Au per ton</u>
13	2.5	0.20
14	14.4	0.18
15	7.9	0.15
17	15.1	0.09
20	1.0	0.30

Drill results arrived at in 1962-63 suggested that much of the gold on Burnhut Island may occur in stringer veins occurring transverse to the greenstone-porphyry contact and hence nearly parallel to the drillhole direction. This could account for the lack of continuity and erratic distribution of values indicated by the 1962-63 drill program. Furthermore, the attitudes of the transverse fractures become vitally important when considering deeper drill holes. Some electromagnetic surveys were conducted by Shilo Mines Limited in the early 1970's, but they proved inconclusive when graphite and pyrite deposits on the surface distorted results.

The auriferous quartz veins occur in stringers associated with mariposite (green carbonate), pyrite, and small amounts of chalcopyrite and galena. The three gold bearing zones occur along a sheared contact on the hanging wall side of the felspar porphyry stocks which intrude the volcanics. All known gold occurrences are limited to this environment. No gold has been found adjacent to the felspar porphyry dike or sill lying between the two stocks.

The northern felspar porphyry stock, which is the host for the No. 2 Zone, is quite small. The southern stock is much larger but of unknown size since its southern, eastern, and western contacts lie under Minnitaki Lake.

-/-

Quartz veins also occur in the volcanic rocks unrelated, so far as is known, to any felspar porphyry intrusive. None of these have been drill tested. The best of these is known as the No. 3 Zone and it is located on the mainland west of Burnthut Island. The general area is lightly overburdened and favourable for humus soil sampling which might upgrade the known occurrence to a drill target. Other veins must occur in this area for during the course of the property examination a previously unreported vein was found. The Agreement to acquire the said mining claims from the Vendor stipulates that the Vendor shall receive a one and one-half per cent (1½%) net smelter returns royalty of all ore mined on the said claims.

The Corporation intends to carry out the recommended program proposed by H. Grant Harper, P.Eng., the Corporation's geologist.

No plant and equipment is located on the mining claims either underground or on the surface. To date no work has been done on the mining claims by present management of the Corporation or any affiliated corporation. The work program recommended by Harper includes line cutting, humus soil sampling, and diamond drilling as a follow-up to humus soil sample results.

All of the foregoing information is based upon a report prepared by Mr. Grant Harper which has been filed with this prospectus and is available for inspection at the head office of the Corporation or in the public file of the Ontario Securities Commission, 10 Wellesley Street East, Toronto, Ontario.

Mr. Gordon Leliever is the Promoter of the Corporation and as well controls and is President of Canadian Gold & Metals Inc.

In consideration of having revived the Corporation, and having arranged the financing provided for herein, the Corporation has agreed to allot and issue to Gordon Leliever, 14 Pine Cliff Drive, Streetsville, Ontario, 500,000 preference shares with a par value of 1/10 of 1¢, for the aggregate consideration of \$500.00 in cash.

LANGMUIR CLAIMS

The Corporation retains title to the mining claims in Langmuir Township numbered P85845, P85848, P 85851, P85852, P85792 and P85794. The said Langmuir mining claims are six contiguous unpatented mining claims comprising 240 acres. The said Langmuir claims are near the centre of Langmuir Township and are about 20 miles southeast of the City of Timmins, Ontario. The said properties are accessible by float or ski-equipped aircraft at Nighthawk Lake, or by a road to within one mile of the northern limit of the properties. The said Langmuir properties were acquired by the Corporation from Gordon Leliever and had certain work performed thereon (SEE HISTORY). During the Corporation's period of inactivity, being from 1973 to 1976, a fire occurred which destroyed the Corporation's records, equipment and engineering data. Management considers the Langmuir claims to constitute a valuable nickel-copper prospect which does not warrant further work thereon at present in view of current nickel and copper prices, but it does warrant retention by the Corporation.

SPECULATIVE NATURE OF SECURITIES

Mineral exploration involves a high degree of risk. It involves many risks which a combination of experience, knowledge and careful evaluation may not be able to overcome. There is no assurance that commercial mineral deposits will be discovered on the Corporation's Parnes Lake Area mining claims. The marketability of minerals discovered on these claims will be affected by numerous factors beyond the control of the Corporation. These factors include gold market value fluctuation, the proximity of processing equipment and government regulation (including regulations relating to environmental protection.)

The funds to be received from the sale of common shares offered by this Prospectus are to be used primarily to carry out the program recommended by the Corporation's engineer (SEE caption "HISTORY AND BUSINESS").

The drilling and surface work must be considered to be highly speculative; there is no possibility that such work will determine whether the properties to be acquired are commercially productive and accordingly the shares being offered hereby should be considered as involving risk and speculative. Additionally, the Corporation will be required to raise additional funds to pay for further drilling and test work if the work done as a result of this financing should justify the said claims as potentially productive.

PURCHASERS OF THE SECURITIES OFFERED HEREBY WILL SUFFER DILUTION, as a result of the issuance of common shares to Gordon Leliever pursuant to the Agreement between himself, the Agents, and the Corporation (SEE SECONDARY OFFERING), preference shares to Gordon Leliever (SEE CAPITALIZATION) and any exercise of his warrant rights to common shares (SEE CAPITALIZATION).

USE OF PROCEEDS

The net proceeds to be received by the Corporation from the sale of the shares sold is \$150,000. The net proceeds will be used to pay the Corporation's cost of this offering estimated at \$10,000., the cost of the reviving and reorganizing of the Corporation, of \$4,000.00, the cash cost of acquiring the claims from Canadian Gold & Metals Inc. being \$30,000.00, and the Corporation's cost to carry out the program recommended by Grant Harper, P.Eng. estimated at \$85,000.00, (SEE caption "HISTORY AND BUSINESS"). Excess monies will form part of the general working capital of the Corporation and for general administration and operating expenses estimated at approximately \$22,200. for the next twelve months, which amount will be spent to provide office, secretarial and telephone services for the Corporation as well as travel expense money for its management. It is estimated that ordinary office and secretarial expenses will cost the Corporation \$500.00 per month - no signed retainer agreement exists. (SEE "REMUNERATION OF DIRECTORS AND SENIOR OFFICERS"). While the Corporation has no plans in this regard at the present time, the excess monies in its treasury may be used to implement programs to acquire, stake and explore other properties adjacent or contiguous to the mining claims herein referred to and the Corporation may act either alone or in concert with others, and to carry out exploration programs as opportunities and finances permit.

When the shares of the Corporation are in the course of distribution to the public, such monies will not be so used without an amendment to this prospectus being filed. If the Corporation acquires further claims from Canadian Gold & Metals Inc. which are adjacent or contiguous to the Corporation's claims, these claims will be vended to the Corporation at no cost to the Corporation. Excess monies will be deposited in an account at Canada Trust, Shoppers World, Brampton, Ontario or invested only in those securities in which insurance companies registered under part 3 of The Canadian and British Insurance Companies Act(Canada) may invest their funds without availing themselves of the provisions of Section 63(4) of such Act.

PLAN OF DISTRIBUTION

By an agreement dated the 6th day of June, 1980, between the Corporation, Gordon Leliever and Hector M. Chisholm & Co. Limited, the Agent, the Corporation has agreed with the Agent that the Agent will act as agent on a best efforts basis to offer 300,000 shares of the Corporation to the public. Therein it is agreed that Gordon Leliever, the Promoter of the Corporation, in consideration of assisting the Agent in the best efforts offering will receive 10 common shares for every 100 offered shares purchased from the Corporation's treasury, or in the aggregate 30,000 common shares of the Corporation's authorized capital, provided the offering herein is successful and a minimum proceeds to the Corporation of \$150,000. results within one year of the receipt of this prospectus. The Agent has the right to employ sub-Agents to offer the offered and the secondary shares to the public. The said Agreement of 6 June, 1980, was amended by an Agreement 8 December, 1980. By an agreement between Gordon Leliever and the Agent dated 9 July, 1980, it was further agreed that if as and when Gordon Leliever became entitled to receive the said 30,000 common shares, the Agent would be entitled to be allotted 12,000 common shares of the said 30,000 common shares. The address of the Agent is 11 Adelaide St. W., Toronto, Ontario.

Guaranty Trust Company of Canada, 335 Bay Street, Toronto, Ontario, has agreed to act as Trustee in the said Agreement of 9 July, 1980, as amended, and shall hold all the monies deposited for the shares herein offered until all 300,000 offered shares have been sold and paid for. If all of the said offered shares have not been sold and paid for within 60 days of the issuance of a receipt for this prospectus then all money for any sold shares shall be returned by the Trustee to the purchasers thereof.

OFFERED SHARES

<u>Number of Common Shares Offered for Sale</u>	<u>Price Per Share</u>	<u>Net Amount to be received by the Corporation</u>
300,000	52.5¢	\$150,000

The Offering Price for the 300,000 common shares is 52.5¢ per share..

The Corporation will net 50¢ per share. All of the offered shares must be taken down and paid for not later than 60 days after the date upon which the Ontario Securities Commission issues a receipt for this Prospectus (which date of acceptance is herein called "the effective date"). Unless 300,000 shares are so purchased, all monies on hand with the trustee of same will be returned to those persons who subscribed for offered shares and deposited monies.

The Corporation is not aware of any options, underwriting agreements, assignments, or sub-underwritings with respect to the aforementioned offered shares, and the Corporation is not aware of any securities being offered otherwise than through Hector M. Chisholm & Co. Limited pursuant to this offering.

The Agent will offer these shares over-the-counter in the Province of Ontario at the price of 52.5¢.

SECONDARY OFFERING

The 40,000 common shares to be issued to the vendor in connection with the mining claims (SEE caption "HISTORY AND BUSINESS") are being qualified for sale to the public by this Prospectus. The shares will only be offered for sale after the 300,000 offered shares have been purchased, and no part of the proceeds from the sale of these shares will accrue to the treasury of the Corporation. The said 40,000 common shares may be offered by the vendor to the public after the offering of the 300,000 shares has been completed. In consideration of having arranged this distribution, Gordon Leliever is entitled by agreement with the Corporation and the Agent to receive 30,000 common shares upon the Agent successfully distributing the offered shares. The Agent by an Agreement with Gordon Leliever dated 9 July, 1980, is entitled to receive 12,000 common shares of the said 30,000 common shares. Consequently, Gordon Leliever will be receiving 18,000 common shares which shall constitute his secondary shares. The Agent's 12,000 common shares constitute its secondary shares. The offering price of all of these secondary shares may vary from 52.5¢ per share to \$1.60 per share.

The vendors of the secondary shares herein offered will file an amendment to this Prospectus if a material change occurs in the affairs of the issuer. See caption "HISTORY AND BUSINESS" as to details of the acquisition and consideration paid for the shares. The vendors of the secondary shares have agreed to bear their proportionate portion of the costs of distribution of these shares including prospectus costs. At least 30% of the aggregate gross proceeds of this distribution which includes both the offered shares and the secondary shares, will be received by the Corporation.

CAPITALIZATION

<u>SECURITY</u>	<u>AUTHORIZED</u>	<u>OUTSTANDING AS JUNE 12, 1980</u>	<u>OUTSTANDING IF ALL SECURITIES BEING ISSUED ARE SOLD (1)</u>
Preference shares with a par value of 1/10 of 1¢ each	2,000,000	500,000 (\$500)	500,000 (\$500)
Common shares without par value	5,000,000	1,200,005 (3) \$257,505 (4)	1,570,005 (2) \$413,505 (5)

- (1) Calculated on the basis of the sale of 300,000 offered common shares. See also "PLAN OF DISTRIBUTION" and "SECONDARY OFFERING".
- (2) In addition, there will be issued 125,000 warrants entitling the holder thereof to purchase 125,000 common shares at the price of 51¢ per share (SEE caption "WARRANTS").
- (3) Represents qualifying shares for 5 directors and 550,000 common shares previously issued for mining claims sold to the Corporation and 650,005 common shares previously issued for cash.
- (4) Represents cash previously paid for common shares (\$220,005) and includes an arbitrary value of 5¢ per share issued by the Corporation to Vendors of property heretofore sold to the Corporation. The aggregate number of common shares outstanding as consideration for property previously sold, as referred to, is 550,000.
- (5) Represents sums indicated in note (4) above together with the sum of \$150,000.00 to be realized by the Corporation on this issue.

DESCRIPTION OF SHARES

Common Shares

The Common Shares without par value entitle the holders thereof to receive notice of all meetings of shareholders and to cast one vote for each Common Share held. The holders of Common Shares are entitled to dividends as and when declared by the Board of Directors, are entitled upon liquidation, dissolution or winding-up of the Corporation, to receive such assets as are distributable to shareholders (subject only to the distribution in priority to the holders of the Preference Shares of a sum equal to the par value thereof) and have no pre-emptive or conversion rights. The outstanding Common Shares of the Corporation, including the Common Shares offered hereby, are not subject to call or assessment. Under its Articles of Incorporation, the Corporation may purchase its Common Shares.

Preference Shares

The Preference Shares with a par value of 1/10 of 1¢ per share are not entitled to dividends at any time; are entitled, in the event of liquidation, dissolution or winding up of the Corporation to receive, in priority to the Common Shares, a sum equal to the par value thereof, but are not entitled to any further participation in the assets of the Corporation; shall be redeemed by the Corporation at the par value thereon upon the expiration of five years from the date of issuance thereof; are not transferable without the prior written consent of the Ontario Securities Commission; and, entitle the holders thereof to receive notice of all meetings of shareholders and to cast one vote for each Preference Share held. The number of issued Preference Shares outstanding at any time is limited to 500,000 in number, and the presently issued Preference Shares are not subject to call or assessment. Gordon Leliever has subscribed for and has been issued 500,000 Preference Shares for \$500.

Warrants

The Corporation has authorized and will issue, upon receipt of the sum of \$150,000.00 from the sale of the 300,000 underwritten shares, warrants entitling the holder to purchase 125,000 common shares of the Corporation at the price of 51¢ per share (the "Warrants") to Gordon Leliever, the Promoter of the Corporation, exercisable at any time or times, prior to the expiration of the close of business five years after the date of the receipt of the Ontario Securities Commission for this Prospectus. Warrants may only be exercised when accompanied by an equivalent number of Preference Shares for redemption by the Corporation at the par value thereof. Warrants may not be transferred without the prior written consent of the Ontario Securities Commission and carry no voting rights.

DIVIDENDS

No dividends have been paid by the Corporation. As hereinbefore set forth, no dividends are payable on the Preference Shares of the Corporation.

PRINCIPAL HOLDERS OF SHARES

<u>Name and Address</u>	<u>Class of Security</u>	<u>Type of Ownership</u>	<u>No. and Percentage of Shares Owned as at the time of this prospectus</u>	<u>No. and Percentage of Shares to be owned after this Financing</u>
Gordon Leliever 14 Pine Cliff Dr. Streetsville, Ont.	Common	Direct	550,001 (45.8%)	568,001 (1) (36.1%)
Gordon Leliever	Common	Indirect		40,000 (2) (2.5%)

(1) Upon the completion of this issue, an aggregate of 125,000 Warrants will also be issued to Gordon Leliever, each warrant entitling the holder to purchase one common share of the Corporation at 51¢ per share.

As set out on the front page, 40,000 common shares are being qualified for sale through a secondary offering and these shares may or may not be sold.

(2) Gordon Leliever is the President of and a 20% shareholder in Canadian Gold & Metals Inc. which is the Vendor of mining claims to the Corporation (SEE "SECONDARY OFFERING"). Gordon Leliever may be considered to control Canadian Gold & Metals Inc. as he is its President and Chief Executive Officer.

The percentage of common shares of the Corporation beneficially owned, directly or indirectly, by all the directors and senior officers of the Corporation as a group as of the date of this Prospectus, is as follows:

<u>Name</u>	<u>Description of Class</u>	<u>Number</u>	<u>Percentage of Class</u>
Gordon Leliever 14 Pine Cliff Dr. Streetsville, Ont.	Common shares without par value	550,001	45.8%

Gordon Leliever retains 550,000 common shares for mining claims sold to the Corporation prior to its last offering of common shares to the public. The said common shares were part of 750,000 escrowed shares he received upon vending to the Corporation six Langmuir Township claims 9 June, 1971. 200,000 of such shares were donated by Gordon Leliever 18 October, 1971 to the Corporation. Subsequently 150,000 of such shares were offered by the Corporation to the public. (SEE "LANGMUIR PROPERTIES" under "HISTORY AND BUSINESS").

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

No director or senior officer of the Corporation has received any remuneration since its incorporation. During the current financial year, the Corporation has retained Canadian Gold & Metals Inc., Suite 34, 1565 Britannia Road East, Mississauga, Ontario, to provide head office, administrative, secretarial and accounting services at a fee not to exceed \$500.00 per month. Marlene Leliever, wife of Gordon Leliever, owns 60% and Gordon Leliever owns 20% of the Common Shares of Canadian Gold & Metals Inc. John K. Leliever and Robert G. Leliever, sons of Gordon Leliever, each own 10% of the common shares of Canadian Gold & Metals Inc.

DIRECTORS AND OFFICERS

The names, home addresses and principal occupations within the five preceding years of the Directors and Officers of the Corporation are as follows:

<u>Name and Address</u>	<u>Position Held</u>	<u>Principal Occupation</u>
Gordon Leliever 14 Pine Cliff Dr. Streetsville, Ont.	Director and President	Mining executive and prospector
Arthur Loader James Street Uxbridge, Ontario	Director	Accountant, Past Director of mineral exploration companies, including Lost River Mining Corp. and Pan Central Exploration Ltd.
Edward A. Jupp Q.C. Suite 1100 65 Queen St. W. Toronto, Ontario	Director and Secretary- Treasurer	Barrister and Solicitor. Director and officer of National Iron Resources Limited
Robert E. Peters 200 Balliol St. Toronto, Ontario	Director	Geologist. In the past was a senior geologist with Falconbridge Nickel Mines Limited and Sherrit Gordon Mines Limited and a consultant with Derry Mitchener & Booth, mining consultants
Nelson T. Timmins 5491 Hurontario St. Mississauga, Ontario	Director	Mining explorations and agriculturalist

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Reference is made to the caption "HISTORY AND BUSINESS" for details pertaining to the Corporation's right to acquire its interest in the mining claims, the issuance by the Corporation of 700,000 Preference Shares and of warrants carrying the right to purchase at present 125,000 Common Shares at 51¢ per share (SEE "WARRANTS"), and 40,000 Common Shares to Canadian Gold & Metals Inc. (SEE "HISTORY AND BUSINESS") and 30,000 Common Shares to be allotted as follows: 18,000 to Gordon Leliever and 12,000 to the Agent (SEE "SECONDARY OFFERING"). By an Agreement between the Corporation and the Agent dated 9 July, 1980, the Corporation agreed to offer the Agent a first right of refusal regarding any common share issues of the Corporation to be underwritten or offered to the public on a best efforts basis.

PROMOTER

Gordon Leliever is the promoter of the Corporation. The mining claims will be acquired from Canadian Gold & Metals Inc. which may be considered to be controlled by Gordon Leliever.

PRELIMINARY EXPENSES

Preliminary administrative expenses incurred and estimated to date, including the cost of this offering, are \$14,000.00 (SEE CAPTION "USE OF PROCEEDS"). Such expenses for the next twelve months are estimated at \$22,200. Reference is made to the estimate of the Corporation's Consulting Engineer under the caption "HISTORY AND BUSINESS" for the cost of the recommended exploration program being \$85,000.00. As well, the Corporation is to pay \$30,000. to Canadian Gold & Metals Inc. as part consideration for the mining claims to be transferred by it to the Corporation.

AUDITOR

The auditors of the Corporation are Fuller Jenks Landau, C.A., 280 Jarvis Street, Toronto, Ontario.

TRANSFER AGENT AND REGISTRAR

Guaranty Trust Company of Canada, 88 University Avenue, Toronto, Ontario, is the Transfer Agent and Registrar of the Corporation.

MATERIAL CONTRACTS

1. Agreement dated 5 March, 1980 between Canadian Gold & Metals Inc. and the Corporation, (SEE "HISTORY AND BUSINESS").
2. Agency Agreement dated 6 June, 1980, between the Corporation, Hector M. Chisholm & Co. Limited, Gordon Leliever and Guaranty Trust Company of Canada, (SEE "PLAN OF DISTRIBUTION").
3. Agreement between Gordon Leliever and the Agent dated 9 July, 1980.
4. Agreement between the Corporation and the Agent dated 9 July, 1980.
5. Agreement dated 8 December, 1980, between Canadian Gold & Metals Inc. and the Corporation, (SEE "HISTORY AND BUSINESS").
6. Agreement dated 8 December, 1980, between the Corporation, Hector M. Chisholm & Co. Limited, Gordon Leliever and Guaranty Trust Company of Canada, (SEE "PLAN OF DISTRIBUTION").

Copies of the contracts referred to above may be inspected at the head office of the Corporation at Unit 34, 1565 Britannia Road East, Mississauga, Ontario, during ordinary business hours throughout the period of distribution and for a period of 30 days thereafter and at the Ontario Securities Commission, 10 Wellesley St. E., Toronto, during ordinary business hours.

OTHER MATERIAL CONTRACTS

There are no other material facts relating to the securities being offered which are not disclosed in the foregoing and accompanying reports.

PURCHASER'S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Sections 70, 126 and 135 of The Securities Act, 1978 (Ontario) provide, in effect, that when a security is offered in the course of a distribution to the public:

- a) a purchaser will not be bound by a contract for the purchase of such security if written or telegraphic notice of his intention not to be bound is received by the dealer from whom the purchaser purchased the security not later than midnight on the second business day after the latest prospectus and any amendment to the prospectus offering such security is received or deemed to be received by the purchaser or his agent, and
- b) if a prospectus together with any amendment to the prospectus contains a misrepresentation, a purchaser who purchases a security offered thereby during the period of distribution or distribution to the public shall be deemed to have relied on such misrepresentation if it was a misrepresentation at the time of purchase, and subject to the limitations set forth in the Act,
 - (1) has a right of action for damages against,
 - (i) the issuer or a selling security holder on whose behalf the distribution is made,
 - (ii) each underwriter required to sign the certificate by section 58 of the Act,

- (iii) every director of the issuer at the time the prospectus or amendment was filed,
- (iv) every person or company whose consent has been filed pursuant to a requirement of the regulations under the Act but only with respect to reports, opinions or statements made by them, and
- (v) every other person or company who signed the prospectus or the amendment.

but no action to enforce the right can be commenced by a purchaser more than the earlier of 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action or three years after the date of the transaction that gave rise to the cause of action, or

- (2) where the purchaser purchased the security from a person or company referred to in (i) or (ii) above or from another underwriter of the securities, he may elect to exercise a right of rescission against such person, company or underwriter, in which case he shall have no right of action for damages against such person, company or underwriter, but no action to enforce this right can be commenced by a purchaser more than 180 days after the date of the transaction that gave rise to the cause of action.

Reference should be made to The Securities Act, 1978 (Ontario) for the complete texts of the provisions under which the foregoing rights are conferred. The foregoing summary is subject to the express provisions thereof.

OPTIONS TO PURCHASE SECURITIES

There are no outstanding options to purchase securities of the Corporation other than the common shares which may be issued to Gordon Leliever through the exercise of the Warrants for common shares (SEE "DESCRIPTION OF SHARES").

MARKET FOR SECURITIES

The price for the shares has been arbitrarily established by the Corporation.

PRIOR SALES

There have been no prior sales of the Corporation's common shares within the preceding months. It was agreed that Canadian Gold & Metals Inc. would, upon the completion of this offering, be issued 40,000 common shares for the said claims as partial vendor's consideration (SEE "HISTORY AND BUSINESS") and Gordon Leliever was issued 500,000 preference shares for \$500.00 and warrants for 125,000 common shares will be issued to the holder of the preference shares each entitling the holder to purchase one common share for 51¢ each on certain terms and conditions, (SEE captions "WARRANTS" and "PREFERENCE SHARES" under "DESCRIPTION OF SHARES"). Gordon Leliever will be entitled to 18,000 common shares if the offering herein is successful. There will be no cash consideration for the said 18,000 shares, (SEE "SECONDARY OFFERING").

HISTORY OF MANAGEMENT

The associations of the various directors and officers of the Corporation during the past 10 years with exploration corporations are as follows, with the following abbreviations having the following meanings:

- AM - Active Mining Exploration Corporation
- D - Dormant or Defunct Exploration Corporation
- CT - Subject to a cease trading order
- * - No longer a director
- + - No longer an officer

None of the Corporations described as active have discovered an ore body or reached the production stage. Accordingly the value of the activity is exploration rather than development or production.

Mr. Leliever is a director and officer of the following exploration corporations for the period set out opposite.

<u>NAME OF CORPORATION</u>	<u>PERIOD OF ASSOCIATION</u>
Seaway Base Metals Limited ,AM	From incorporation to present
Nordic Mines & Investments Ltd., D, *, +	From incorporation to 1975
Northville Explorations Ltd., CT, *, +	From 1965 to 1974
Colleen Copper Mines Ltd., D, *, +	From 1961 to 1972
Cherokee Manganese Corp., D, *, +	From 1968 to 1973
United Hearne Coppermine Ltd., AM, *, +	From incorporation to 1972
Canadian Gold Resources Inc., AM	From incorporation to 1980
Hargor Resources Inc., AM	From incorporation to 1980

Mr. Leliever will expend approximately 15% of his time to the Corporation in preparation and supervision of the work being performed pursuant to Mr. Harper's recommendations. As well, he will be assessing the results of work performed as well as other administrative duties normally associated with the duties of president of a corporation. Mr. Loader will spend approximately 5% of his time in keeping the books and records. The other directors and officers, it is expected, will devote less than 5% of their time to the Corporation.

As to Canadian Gold Resources Inc., as of 30 November, 1980, it had on hand circa \$28,150.00. Previously, this Corporation had raised \$150,000.00 by distributing its securities of which \$121,850.00, approximately, has been spent exploring and developing its prospects.

As to Hargor Resources Inc., as of 30 November, 1980, it had on hand circa \$180,000.00. Previously, this Corporation had raised \$447,000.00 by distributing its securities of which \$266,200.00, approximately, has been spent exploring and developing its prospects.

Arthur Loader is a director and officer of the following exploration corporations:

Nordic Mines & Investments Ltd., D, *, +
Copperville Mining Corp., D, *, +
Seaway Base Metals Limited, AM
Lost River Mining Corp., AM, *, +
Pan Central Explorations Ltd., AM, *, +
Cherokee Manganese Corp., D, *, +
Northville Explorations Limited, CT, *, +
Canadian Gold Resources Inc., AM
Hargor Resources Inc., AM

Edward A. Jupp, Q.C., is a director and officer of the following exploration corporations:

National Iron Resources Limited, AM

20
SEAWAY BASE METALS LIMITED

FINANCIAL STATEMENTS

JUNE 30, 1980

21
FULLER JENKS LANDAU
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

TO THE DIRECTORS OF
SEAWAY BASE METALS LIMITED

We have examined the balance sheet and pro-forma balance sheet of Seaway Base Metals Limited as at June 30, 1980 and the statements of deferred expenditures and changes in financial position for the six months then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion:

- (a) The accompanying balance sheet presents fairly the financial position of the company as at June 30, 1980;
- (b) The accompanying pro-forma balance sheet presents fairly the financial position of the company as at June 30, 1980 after giving effect to the changes set forth in Note 5;
- (c) The accompanying statements of deferred expenditures and changes in financial position present fairly the results of operations and the changes in the financial position of the company for the six months ended June 30, 1980; all in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TORONTO, ONTARIO
AUGUST 8, 1980

Fuller Jenks Landau
CHARTERED ACCOUNTANTS

SEAWAY BASE METALS LIMITED

BALANCE SHEET
AS AT JUNE 30, 1980

CURRENT		
Cash		\$ 500
MINING CLAIMS, at cost, note 2		37,500
DEFERRED EXPENDITURES, at cost		
Exploration and development	\$ 22,417	
Administration	43,432	
Organization	<u>2,681</u>	<u>68,530</u>
		<u>\$ 106,530</u>

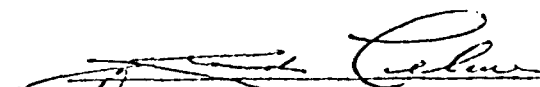
LIABILITIES

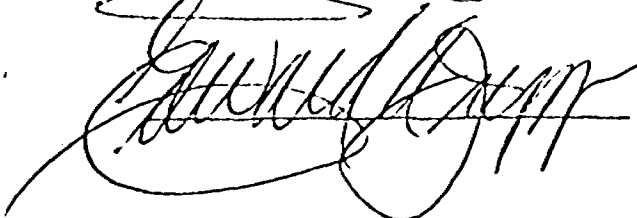
CURRENT		
Accounts payable and accrued liabilities		\$ 36,060
Loans payable - directors		<u>3,286</u>
		39,346

SHAREHOLDERS' EQUITY

CAPITAL STOCK, note 3	\$ 258,005	
DEFICIT	<u>190,821</u>	<u>67,184</u>
		<u>\$ 106,530</u>

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

SEAWAY BASE METALS LIMITED
 PRO-FORMA BALANCE SHEET
 (after giving effect to Note 5)

AS AT JUNE 30, 1980

ASSETS

CURRENT			
Cash		\$	106,500
MINING CLAIMS, at cost			71,500
DEFERRED EXPENDITURES, at cost			
Exploration and development	\$	22,417	
Administration		55,932	
Organization		<u>2,681</u>	<u>81,030</u>
			<u>\$ 259,030</u>

LIABILITIES

CURRENT			
Accounts payable and accrued liabilities	\$	33,060	
Loans payable - directors		<u>3,286</u>	\$ 36,346

SHAREHOLDERS' EQUITY

CAPITAL STOCK			
Authorized, note 3:			
Issued and fully paid:			
Common shares			
950,005 shares for cash		370,005	
590,000 shares for mining claims		41,500	
30,000 shares for services		<u>1,500</u>	
<u>1,570,005</u> shares		413,005	
Preference shares			
<u>500,000</u> shares for cash		<u>500</u>	
		413,505	
DEFICIT		<u>190,821</u>	<u>222,684</u>
			<u>\$ 259,030</u>

SEAWAY BASE METALS LIMITED
FOR THE SIX MONTHS ENDED JUNE 30, 1980

STATEMENT OF DEFERRED EXPENSES

EXPLORATION AND DEVELOPMENT

Taxes and fees	\$ 100
BALANCE, beginning of period	<u>22,317</u>
BALANCE, end of period	<u>\$ 22,417</u>

ADMINISTRATION

Professional fees	\$ 5,294
Shareholders' information	814
General	<u>340</u>
	6,448
BALANCE, beginning of period	<u>36,984</u>
BALANCE, end of period	<u>\$ 43,432</u>

STATEMENT OF CHANGES IN FINANCIAL POSITION

WORKING CAPITAL WAS APPLIED TO:

Exploration and development expenses	\$ 100
Administration expenses	<u>6,448</u>
	6,548

WORKING CAPITAL WAS PROVIDED BY:

Issue of capital stock	<u>500</u>
------------------------	------------

INCREASE IN WORKING CAPITAL DEFICIENCY 6,048

WORKING CAPITAL DEFICIENCY, beginning of period 32,798

WORKING CAPITAL DEFICIENCY, end of period \$ 38,846

WORKING CAPITAL DEFICIENCY IS REPRESENTED BY:

Current liabilities	\$ 39,346
Current assets	<u>500</u>
	<u>\$ 38,846</u>

SEAWAY BASE METALS LIMITED

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1980

1. COMPARATIVE FIGURES FOR 1979

There are no comparative figures for the six month period ended June 30, 1979.

2. MINING CLAIMS

Six leased mining claims in Langmuir Township, Ontario acquired by the issue of 750,000 shares of capital stock at 5¢ per share, subsequently reduced to 550,000 shares.

See note 3

\$ 37,500

3. CAPITAL STOCK

Pursuant to the agreement for the purchase of the above noted mining claims, 675,000 of these shares were issued in escrow on the understanding that should these claims be abandoned by the company on the recommendation of an independent mining engineer or geologist, these shares would be surrendered to the company.

In 1971, the vendor unconditionally returned 200,000 of these escrowed shares to the company. 150,000 of these shares, were later resold, and the remaining 50,000 shares have been recorded as a reduction in the issued capital and are available for re-issue.

Pursuant to Articles of Amendment dated June 9, 1980 the authorized capital was increased by 2,000,000 preference shares to the following:

Authorized:

5,000,000 common shares, without par value, aggregate consideration not to exceed \$ 2,500,000
2,000,000 preference shares, voting, non-participating par value of 0.1¢ each. These shares carry no right to dividends, no more than 500,000 can be outstanding at any time, are redeemable within five years of issue with the consent of the shareholders and shall be redeemed five years from the date of issue. No shareholder can dispose of these shares without the prior consent of the company and the Ontario Securities Commission.

Issued and fully paid:

Common shares

650,005 shares for cash
550,000 shares for mining claims

1,200,005 shares
Preference shares

\$ 257,505

500,000 shares for cash

500

\$ 258,005

SEAWAY BASE METALS LIMITED

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1980

4. STATUTORY INFORMATION

No direct remuneration has been paid or is payable to the directors or officers of the company for the six months ended June 30, 1980.

5. The Pro-forma balance sheet has been prepared after giving effect to the following proposed transactions:

- (a) Obtaining qualification from the Ontario Securities Commission and selling 300,000 common shares at a price of 50¢ each after payment of the agent's commission. The estimated cost of this issue and reviving and reorganizing the company of \$ 14,000 is fully provided for.
- (b) Upon receipt of the \$ 150,000 for the sale of the above 300,000 shares, the company will issue 30,000 common shares to a director for his services and effort in respect of the above offering, at a value assigned by the directors of 5¢ each. 12,000 of these shares are to be assigned to the company's agent.

In addition, this same director, as promoter for the company, will receive warrants entitling him to purchase 125,000 common shares at a price of 51¢ per share. These are exercisable at any time up to five years after the date of the receipt from the Ontario Securities Commission for the proposed prospectus. Warrants may only be exercised when accompanied by an equivalent number of preference shares for redemption by the company.

- (c) Purchase of 8 mining claims, located in the Paines Lake Area, Patricia Mining Division, Ontario for the sum of \$ 30,000 and the issue of 40,000 fully paid and non-assessable common shares, at a value assigned by the directors of 10¢ each. The purchase agreement further provides for payment to the vendor of 1½% of any net smelter returns on ore from these claims.

The director referred to in 5(b) above, holds a controlling interest in the company selling these mining claims.

19 December, 1980

27

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part XIV of The Securities Act, 1978 and the regulations thereunder.

"Gordon Leliever"
President and Chief Executive
Officer, Gordon Leliever

"Edward A. Jupp"
Secretary-Treasurer and Chief
Financial Officer
Edward A. Jupp Q.C.

ON BEHALF OF THE BOARD OF DIRECTORS

"Robert E. Peters"
Director, Robert Peters

"Nelson T. Timmins"
Director, Nelson T. Timmins

PROMOTER

"Gordon Leliever"
Gordon Leliever

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part XIV of The Securities Act, 1978 and the regulations thereunder.

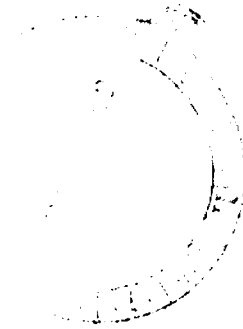
HECTOR M. CHISHOLM & CO. LIMITED

Per: "H. M. Chisholm"
A. S. O.
H. M. Chisholm



52G13NW0015 52G13NW0027 PARNES LAKE

020



SEAWAY BASE METALS LIMITED
BURNTHUT ISLAND GOLD PROSPECT
PARNES LAKE AREA
ONTARIO

SEAWAY BASE METALS LIMITED
BURNTHUT ISLAND GOLD PROSPECT
PARNES LAKE AREA
ONTARIO

INTRODUCTION

Seaway Base Metals Limited owns a gold prospect located on Burnthut Island near Sioux Lookout, Ontario. The purpose of this report is to summarize the exploration history of the property and to recommend a program for its further development.

This report is based on the following sources of information.

1. The following publications of the Ontario Ministry of Natural Resources.
 - a. Volume 41, Part 6, 1932, by M.E. Hurst.
 - b. GR101, Geology of the Vermilion-Abram Lakes Area, 1972, by F.J. Johnston.
 - c. Map P421, 1967.
 - d. Air photographs on scales of 1"=1/4 mile and 1"=400 feet.
2. A search of the data in the Resident Geologist's files, Sioux Lookout and the Assessment Files Records Office in Toronto.
3. The following private reports and maps.
 - a. Ourgold Mining Company Ltd. by A.S. Hudson, 1948, and R.V. Oja, 1961.
 - b. Shilo Mines Limited by A.S. Bayne, P.Eng. 1972, W.W. Walker 1973, and Barringer Research Ltd. 1973.
4. I made a surface inspection of this property on August 4th, 1979.

PROPERTY AND LOCATION

The property consists of 8 contiguous staked claims located in the northwest corner of the Parnes Lake Area, Patricia Mining Division, Ontario. The claims are numbered as follows:

Pa 538029 to Pa 538034, inclusive,

Pa 538083 and Pa 538084.

The claim area is substantially in excess of 320 acres. Claim titles were not searched.

The claims cover the southern part of Burnthut Island, the eastern tip of the large peninsula lying to the west, and the lands underlying part of the waters of Lyons Bay and Minnitaki Lake. Burnthut Island lies 8 miles south and slightly west of the town of Sioux Lookout, Ontario.

ACCESS AND FACILITIES

Access to the property is by boat from Sioux Lookout or from the secondary roads leading off Highway 72 to Pickerel Arm. Burnthut Island is a scant 3 miles from an existing road connecting with Highway 72 so the water route could easily be shortened by building an access road to the mainland north of the claim group and then a causeway/bridge to Burnthut Island.

There is no plant or equipment on the property.

HISTORY AND DEVELOPMENT

Circa 1898 the Harvey Syndicate of Winnipeg prospected the north shore of Minnitaki Lake and, amongst other discoveries, found gold on the south lobe of Burnthut Island. Subsequently a 7' x 9' prospect shaft was sunk on the vein to a depth of 48 feet. Nothing more is known about this early venture.

In 1947 the property was acquired by Ourgold Mining Company Limited. During 1947 and 1948 this company drilled 21 holes totalling 6,082 linear feet. Of the 21 holes, 2 were drilled on the Shaft Zone, 3 on the No. 1 Zone, and 8 on the No. 2 Zone. The remaining 8 holes were exploratory or cross-sectional in nature. None of the logs of these holes are available but gold values in excess of 0.10 ounces per ton were obtained from the No. 1 and No. 2 Zone in 8 separate holes.

In 1961 and 1962 the Company drilled an additional 18 holes totalling 2,562 linear feet. The drill lots were filed with the Ministry but no assay data was recorded. However, the cores were extensively and thoroughly sampled. Of the 18 holes drilled, 13 were located on the Shaft Zone, 3 on the No. 1 Zone, and 2 on the No. 2 Zone.

In 1972 Shilo Mines Limited acquired a property which included Burnthut Island and its gold prospects. Barringer Research Limited was engaged to carry out magnetic and horizontal loop magnetic surveys. The electromagnetic surveys could not give complete coverage of Burnthut Island due to the shortness of the lines and the coil separation factors. The purpose of the

electromagnetic survey was to search for sulfide deposits. When the conductors found could be explained by graphite and pyrite seams found on surface they were abandoned. One drill hole of 803 feet tested an air photograph interpretation of the gold structures.

Altogether some 40 holes totalling 9,447 linear feet have been drilled on Burnthut Island.

GENERAL GEOLOGY

The geology of Burnthut Island was mapped in sufficient detail for exploration purposes by F.J. Johnston of the Ontario Ministry of Natural Resources.

The north part of the island and the neighbouring mainland areas are underlain by a volcanic sequence of intermediate composition. These rocks have been metamorphosed to the anthibolite stage. Structurally they are massive, dioritic flows, agglomerates, and some pillow lavas. They trend slightly north of east and dip northward at 80 to 85 degrees.

Within the volcanics is an intercalated horizon of sediments, chiefly if not entirely, of volcanic origin. These are thin beds of slate, greywacke, and argillite and have been overturned.

The volcanic rocks have been intruded by masses of quartz porphyry whose full dimensions are unknown. The central part of the island contains a small stock of quartz porphyry. The narrow

portion of the island cut by a dike or sill of quartz porphyry some 200 feet wide.

The south lobe of the island is underlain by a stock (?) quartz porphyry whose dimensions are unknown because its surface expression is hidden under the water of Minnitaki Lake. Since all of the gold occurrences of note on Burnthut Island are associated with quartz porphyry and since two of those occurrences are associated with the quartz porphyry stock under discussion, therefore the dimensions of this quartz porphyry mass are of considerable exploration import.

ECONOMIC GEOLOGY

There are three gold occurrences on Burnthut Island where diamond drilling has located interesting gold values. These are the Shaft Zone, the No. 1 Zone, and the No. 2 Zone. The following results were obtained during the drill program carried out in 1947 and 1948.

Shaft Zone

<u>DDH</u>	<u>Core Length - Feet</u>	<u>Ozs. Au per ton</u>
35	2.0	0.23
37	0.9	0.27
40A	2.5	0.71
37A	1.4	0.30

No. 1 Zone

7	2.0	0.16
8	3.7	0.15
9	6.3	0.19

No. 2 Zone

<u>DDH</u>	<u>Core Length - Feet</u>	<u>Ozs. Au per ton</u>
13	2.5	0.20
14	14.4	0.18
15	7.9	0.15
17	15.1	0.09
20	1.0	0.30

Further drilling was done in 1962 and 1963 but the assay results are not available. However, it is known that the core was thoroughly and extensively sampled and that some very long core lengths of "low grade" was intersected. The 1962-63 drill results suggested that much of the gold may occur in stringer veins occurring transverse to the greenstone-porphyry contact and hence nearly parallel to the drillhole direction. This could account for the lack of continuity and erratic distribution of values indicated by the 1962-63 drill program. Furthermore, the attitudes of the transverse fractures become vitally important when considering deeper drill holes.

The auriferous quartz veins occur in stringers associated with mariposite (green carbonate), pyrite, and small amounts of chalcopyrite and galena. The three gold bearing zones occur along a sheared contact on the hanging wall side of the felspar porphyry stocks which intrude the volcanics. All known gold occurrences are limited to this environment. No gold has been found adjacent to the felspar porphyry dike or sill lying between the two stocks.

The northern felspar porphyry stock, which is the host for the No. 2 Zone, is quite small. The southern stock is much larger but of unknown size since its southern, eastern, and

western contacts lie under Minnitaki Lake.

A further search for gold should be concentrated along the contacts and within the body of the felspar porphyry intrusives.

The horizontal loop electromagnetic survey done by Shilo Mines Limited failed to detect the known gold zones and therefore cannot be used to indicate drill targets. Likewise, the magnetic survey did not distinguish areas of volcanic rock from areas of porphyry rock. The magnetic features indicated appear to reflect topography and overburden more than the underlying rock type. Further geophysical surveying is not likely to indicate potential drill targets.

The future thrust of exploration on Burnthut Island should be directed to proving up a large tonnage of relatively low-grade gold bearing rock, the possibilities for which are suggested by the long core lengths of low grade material detailed in the 1962-1963 drill programs. Since much of this material lay within the porphyry bodies, these rocks must be thoroughly explored.

Burnthut Island, especially the porphyry areas, has a strong relief and relatively shallow overburden. Humus soil sampling for gold might locate additional gold occurrences along the porphyry-volcanic contact or within the mass of the porphyry intrusives.

Quartz veins also occur in the volcanic rocks unrelated, so far as is known, to any felspar porphyry intrusive. None of these have been drill tested. The best of these is known as the No. 3 Zone and it is located on the mainland west of Burnthut Island. The general area is lightly overburdened and favourable for humus soil sampling which might upgrade the known occurrence to a drill target. Other veins must occur in this area for during

the course of the property examination a previously unreported vein was found. Minnitaki Lake was unusually low at the time of the property examination and a vein, normally well covered by water, was located in the general area of the No. 3 Zone. The vein could be seen for a length of about 12 feet and had a maximum width of about 18 inches. It was mostly under water although some quartz vein debris was scattered along the shoreline.

CONCLUSIONS AND RECOMMENDATIONS

1. The Burnthut Island gold zones are valid prospects whose potential for developing large tonnage low grade bodies of gold mineralization have not been adequately tested in view of the current price for gold
2. It is unlikely that further geophysical surveying on the land areas will prove useful in searching for gold. However, VLF electromagnetic and magnetic surveys might be helpful in those areas underlying Lake Minnitaki.
3. Humus soil sampling for gold in the areas underlain by felspar porphyry and particularly the hanging wall contacts of the porphyries may define areas for exploration drilling.
4. Since there is a possibility of developing large tonnage, low grade bodies of gold mineralization, and since the better gold values may be concentrated along fracture systems trending perpendicular to the porphyry-volcanic contact, a short drill program is recommended for the Nos. 1 and 2 Zones. The holes should be drilled on a bearing about S60E.
5. Some drill footage should be allocated to follow up the results of the humus soil sampling recommendations.

COST ESTIMATES

1.	Line cutting and general preparation: about 7 miles.	\$ 3,000.00
2.	Humus soil sampling: 500 samples	10,000.00
3.	Drill testing on Nos. 1 and 2 Zones: 2000 linear feet at \$20/foot.	40,000.00
4.	Follow-up drilling on humus soil sample results: 1000 linear feet at \$20/foot.	<u>20,000.00</u>
	TOTAL	73,000.00
	Contingency allowance: transportation, supplies, shipping, travel.	<u>12,000.00</u>
	GRAND TOTAL	\$ 85,000.00

My report is respectfully submitted.

March 14th, 1980
Willowdale, Ontario.

H. G. Harper
H. Grant Harper, P. Eng.
Economic Geologist.



CERTIFICATE

I, HUGH GRANT HARPER, of Metropolitan Toronto, in The Province of Ontario, certify as follows with respect to my report on the Burnthut Island Gold Prospect of Seaway Base Metals Limited, dated March 14, 1980.

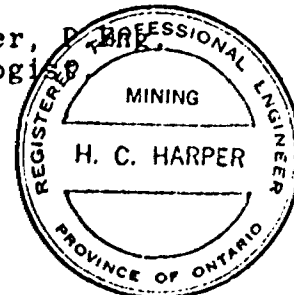
1. For over twenty years I have been practising as an independent economic geologist, carrying on business as

H. Grant Harper, P.Eng.,
314 Hendon Avenue,
Willowdale, Ontario.

2. I graduated from the University of Toronto with the degree of B.A.Sc., 1950 and M.A.Sc., 1951 and have been engaged in my profession since that time. I am a Member of the Ontario Association of Professional Engineers registered in the Mining Branch, and a designated Consulting Engineer.
3. I have no interest, nor do I expect to receive any, either direct or indirect, in either the property or securities of Seaway Base Metals Limited.
4. I visited Burnthut Island on August 24, 1979 and examined the rock dumps and some of the old original trenches.

March 14, 1980
WILLOWDALE, Ontario.

H. G. Harper
H. Grant Harper, P.Eng.,
Economic Geologist



CONSENT

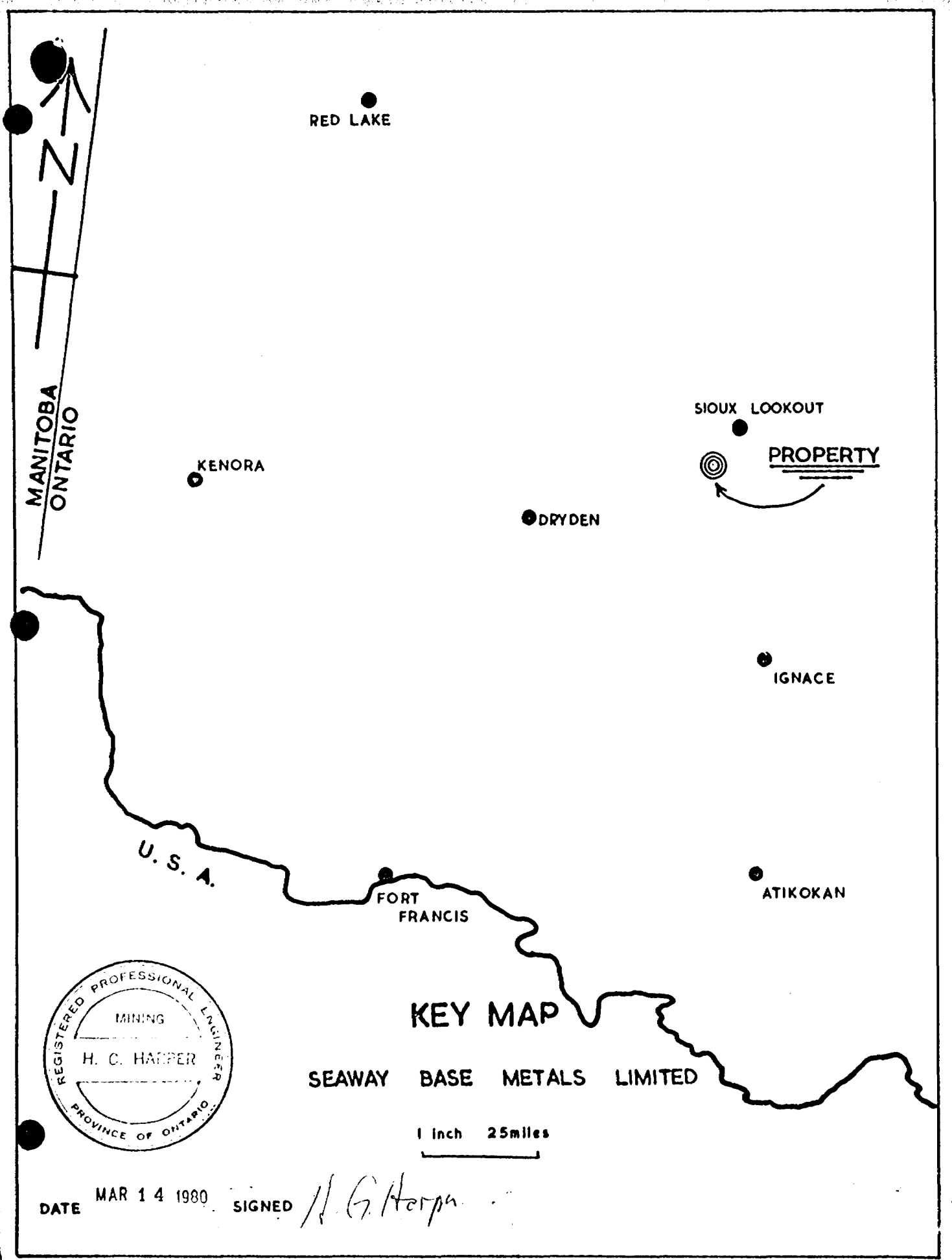
I, H. Grant Harper, P.Eng. of 314 Hendon Avenue, Willowdale, Ontario author of the Report entitled Seaway Base Metals Limited, Burnthut Island Gold Prospect, Ontario dated March 14, 1980 do hereby consent to the use of my report in any Prospectus or Filing Statement of Seaway Base Metals Limited, filed with any properly authorized Canadian Securities exchange or commission.

Dated this 14th day of March, 1980

By: _____

H. G. Harper
H. Grant Harper, P.Eng.





RED LAKE

KENORA

DRYDEN

SIOUX LOOKOUT

PROPERTY

IGNACE

ATIKOKAN

FORT FRANCIS

U. S. A.

MANITOBA
ONTARIO

KEY MAP

SEAWAY BASE METALS LIMITED

1 inch 25 miles

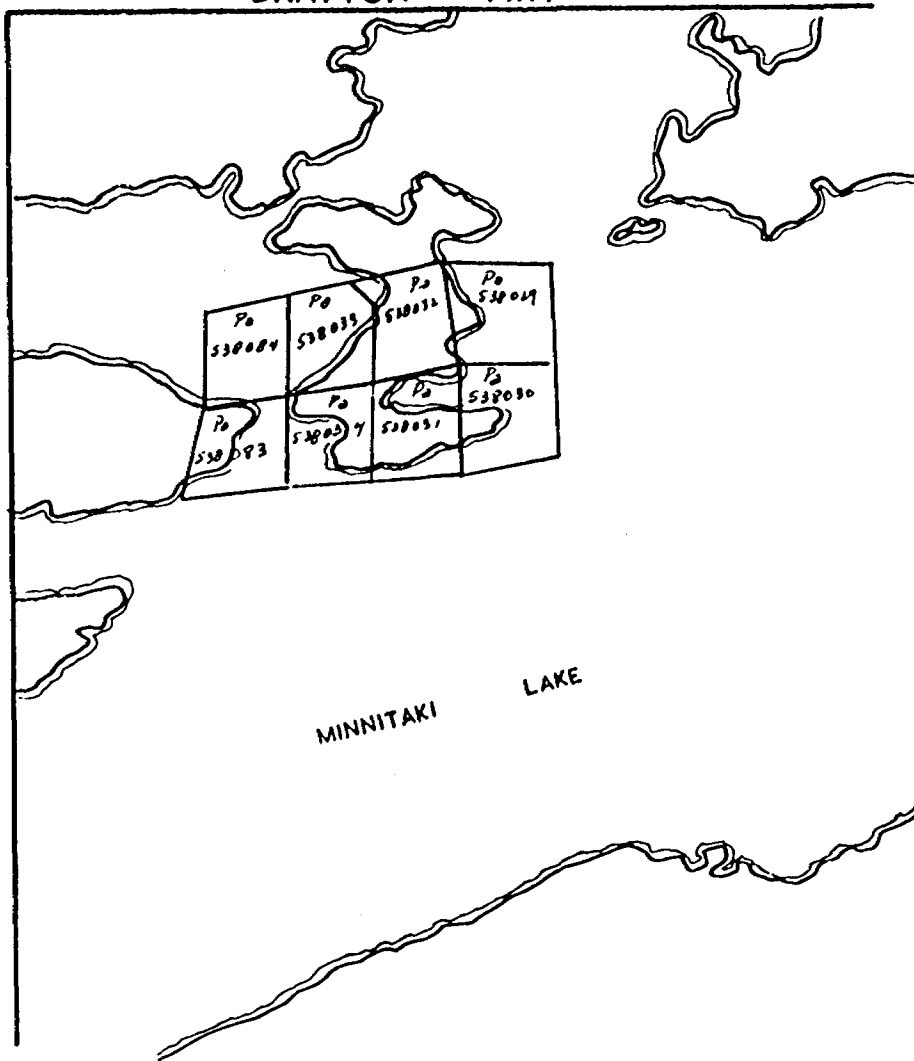


DATE MAR 14 1980

SIGNED *H. C. Harper*



DRAYTON TWP.



MINNITAKI LAKE

SEAWAY BASE METALS LIMITED

LOCATION MAP

Traced From
CLAIM MAP PLAN No. M2150
PARNES LAKE



1 inch = 2640 feet



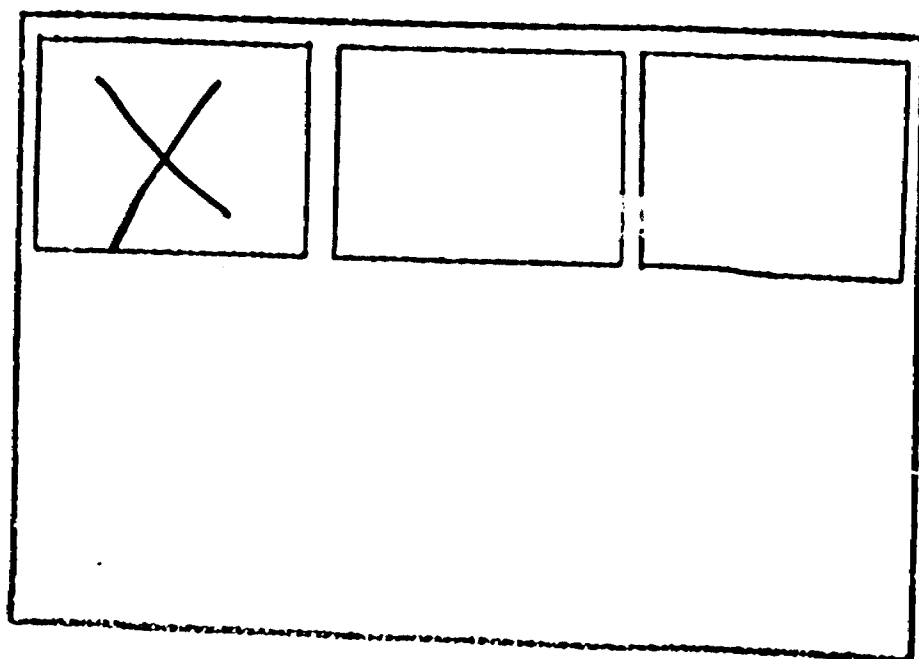
MAR 14 1960
DATE MAR 14 1960

SIGNED


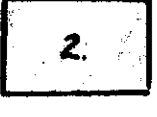

H. C. Harper

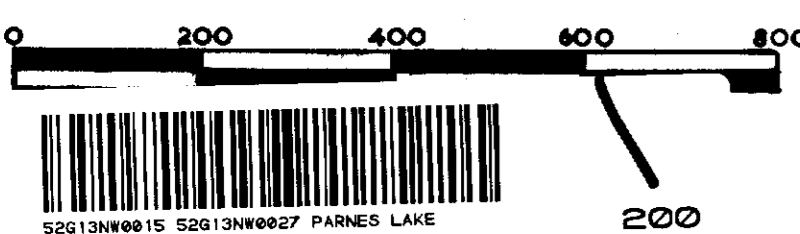
SEE ACCOMPANYING
MAP(S) IDENTIFIED AS
52G/13NW-0027-#1

LOCATED IN THE MAP
CHANNEL IN THE FOLLOWING
SEQUENCE (X)



LEGEND

- 3  Quartz Porphyry
- 2  Sediments
- 1  Volcanics



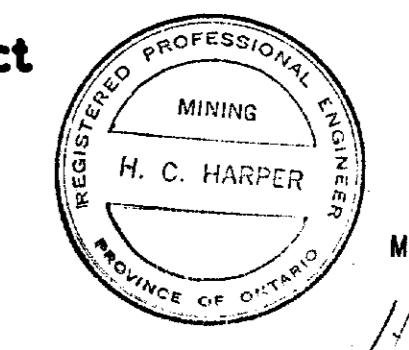
200



52613NW-0027-#1
SEAWAY BASE METALS LIMITED

Burnthut Island Gold Prospect

PARNES LAKE AREA



MAR 14 1980

H. C. Harper