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May 1, 1988.

TO : MR. WILLIAM CLANCEY
PRESIDENT
MULTINATIONAL RESOURCES INC.

FROM : HOWARD H. BIRD, P.ENG.

SUBJECT : REVIEW OF THE REPORTS ON THE CHAPPELLE GOLD PROPERTY, TOODOGGONE RIVER AREA, B.C.

1. GENERAL

1.1 At our meeting in Toronto on 27 April 1988 you introduced me to the work which your company is doing at the Chappelle Property. You also gave me some reports with the request that I examine them and provide my technical opinions on the status of the work and suggestions for the future.

1.2 The reports I have examined are listed in the appendix attached hereto. My opinions are based solely on the information in those reports. I have not visited the property, or examined any diamond drill cores, or had discussions with those responsible for the work.

2. PERTINENT TECHNICAL CONSIDERATIONS

Some of the observations and interpretations which I have made from the reports and which are important for decision-making are as follows :

2.1 The portion of the B Zone shoot which is likely to be viable has been delineated on all sides by diamond drilling. That does not suggest that there are no other separate "pay shoots" along strike in the same structure.

2.2 An in-situ drill-indicated reserve of 50,000 short tons at 0.587 oz/ton Au and 5.16 oz/ton Ag has been reported. That is a reasonable estimate based on the intersection widths that were used. i.e. On selective pay values within the quartz vein. In most quartz veins pay values are erratically distributed within the vein and the entire width of the 'vein-proper' is mined. Should that apply to the B Vein, then an additional in-situ reserve estimate done on the full vein width would provide a useful perspective.

2.3 Fourteen boreholes have been drilled in the "pay shoot". Only M87-15 has returned poor values, and that is at the fringe of the shoot. The fairly dense drilling pattern and a 93% "pay intersection" rate provide a high level of confidence in the reserve estimating and the continuity of economic values.

2.4 The gold values are very high in the upper levels and decrease with depth. There appear to be all the signs of supergene enrichment which is common to a number of deposits around the world - high values near the surface;fractured and vuggy ground; references to unspecified grey or sooty minerals, some of which may be secondary sulphides; the gold in association with base metals, and probably occurring principally in electrum and argentite; etc. It would seem reasonable to assume that mineralisation can occur in significant amounts at the intersections of the main northeast structure and transverse fracture systems, followed by additional concentration by supergene enrichment ? Apparently, the Baker Mine shoot had a 200m strike, 3m width and only 40m depth.

2.5 It is reported that the B Vein is blind down to 10/30m below surface. Has this been definitely established at the projection of the pay shoot ? If so, is the lack of values at the surface due to leaching ?

2.6 There is no mention of visible gold in the borehole logs despite a number of very high values. Presumably the geologists are satisfied that the gold is either very fine and/or in solid solution in sulphides with no significant amounts of coarse gold in, say, the plus 150 mesh size range which would cause a "nugget effect" problem and the need for special sample preparation and assay procedures.

2.7 Have repeat assays been run on the coarse sample rejects (i.e. not the pulverised sub-samples) ? If so, do the repeats check well ? If not, it would be advisable to review the bucking/assay procedures and devise a system of check assays for the samples within the pay shoot area.

2.8 At the risk of repeating common knowledge, I should stress the serious grade biases (up or down) which can occur from both diamond drilling and the various forms of underground sampling when the gold is closely associated with friable sulphides. i.e. gold lost with the sludge or disproportionate amounts of fines included in samples.

2.9 An additional check on grade would be to submit two composite samples to a mineral dressing laboratory (e.g. Lakefield) for total gold analysis. One composite sample would be a weighted composite from all the boreholes in the upper high grade portion of the pay shoot and the other from all the boreholes in the lower portion. These would essentially be mini-bulk samples which would provide an excellent check on the reserve grade derived from the routine core sampling. This exercise could form part of beneficiation tests and should be conducted be metallurgists. (If there is an interest in this procedure, I can elaborate further).

2.10 The borehole logs frequently refer to significant amounts of copper, lead, zinc and unidentified grey minerals. These would obviously influence beneficiation. Would erratic amounts of base metal sulphides delivered to the mill upset precious metal recoveries ? Should sample composites in the pay shoot area be analysed for base metals, and perhaps other deleterious elements ? This aspect would need to be discussed with the metallurgists.

2.11 The logs indicate that ground conditions are poor. The core is frequently badly broken and gouge zones are common. The Baker Mine is reported to have had badly broken hanging-wall rocks and 65% dilution. It seems that consideration will need to be given to some form of cut-and-fill mining and possibly a small open pit if all the high grade ore is to be recovered with the minimum amount of dilution and some degree of selectivity.

3. SUGGESTIONS FOR PROCEEDING AHEAD

3.1 Ensure that the maximum information has been derived from the diamond drilling (including checking procedures) which would culminate in the most reliable interpretation of ground conditions, distribution of the economic minerals, characteristics of the gold, associated minerals, in-situ and millhead reserves, options for mining, beneficiation, etc.

3.2 With the information from 3.1 and considering that the potentially economic shoot has essentially been delineated with a virtually 100% frequency of "pay values", it would not be out of order to determine the probable mining method(s) and plan the development. That would not be a big exercise for such a small tonnage.

3.3 A pre-feasibility study could be incorporated with 3.1 and 3.2. Here again, this would not be a big exercise. The various options for milling could be incorporated and sensitivity analyses run on variations in grade, costs and gold price. Production rate should be based on what can be achieved from the mine in an efficient manner with maximum grade control and not on the available milling capacity.

3.4 The results of 3.3 would indicate the probable economic viability, or otherwise, and a decision made to check out the ore with a drift and one or two raises. That development would be suitably sited to perform both exploration and production functions as per 3.2 above. Furthermore, should the pre-feasibility study in 3.3 produce discouraging results, you may prefer to curtail the underground development and spend the money on other exploration.

3.5 Assuming that the pre-feasibility is encouraging and the exploration development confirms the presence of ore, a final feasibility could then be run and a decision made to proceed with production, or otherwise. (e.g. You may wish to delay production and continue exploration with the hope of finding more ore).

Footnote The above suggestions are simple, inexpensive procedures which I believe are in logical sequence for good decision-making.

H.H.Bird, P.Eng.

Appendix

LIST OF REPORTS

Progress Preports	by	Dr.N.C.Carter, Ph.D. to Mr.William Clancy dated April 12, 1988; January 20, 1988; November 30, 1987; October 15,1987; July 29, 1987.
Report on 1986 Exploration Program	by	N.C.Carter November 24, 1986.
Report on 1987 Exploration Program	by	N.C.Carter February 20, 1988.
Various News Releases	by	Multinational Resources Inc.