830310
Baker Mine
094E/6

# B.E. Spencer Engineering Ltd.

May 12, 1991

CONSULTING GEOLOGICAL ENGINEER

Mr. M.M. Rahal
Sable Resources Ltd.
1110-625 Howe Street
Vancouver, B.C.
V6C 2T6

Dear Mr. Rahal:

RE: MULTINATIONAL MINING INC.
B ZONE ORE RESERVES

As you requested, I have calculated the ore reserves for the B Zone deposit on Multinational Mining Inc. Chappelle gold property located in the Toodoggone River area near the Sable Resources Ltd. Baker mine and mill site.

The B Zone is a northeasterly striking quartz vein dipping vertical to steeply south which has been defined by ten diamond drill holes. Extensive additional drilling has defined the limits of the zone. The vein has an average horizontal width of 3 metres. The volcanic rocks adjacent to the vein are fractured and altered over widths of 1 to 6 metres on both the footwall and hanging wall sides of the vein. These altered rocks dictate mining by cut and fill methods and will cause an above average dilution factor.

An evaluation of the diamond drill hole sample data indicates the sample population has a log-normal type distribution. A simple arithmatic averaging of the samples does not provide a reliable grade estimate in this situation. In this particular case, 10% of the samples are greater than 2 oz. Au/ton and account for 55% of the estimated gold content. The impact of these samples has been reduced by cutting their value to 2 oz. Au/ton. The estimated grade of the deposit after cutting is 75% of the uncut grade. The nearby

A Zone mined by Du Pont of Canada Exploration Limited during 1980 to 1983 recovered 71% of the gold estimated in their uncut ore reserves.

Based on the ten diamond drill holes which intersect the B Zone, economic mineralization is limited to an area between the 1725 and 1750 metre elevation. The zone appears to terminate abruptly above the 1750 metre elevation and does not extend to surface. Four holes below the 1725 metre elevation intersected marginal grade values and if these holes are representative, this area is not presently economical.

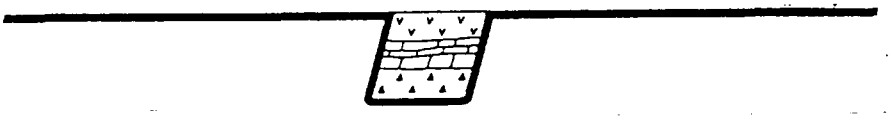
Based on the above parameters, I have estimated the B Zone contains 20,000 tons averaging 0.50 oz. Au/ton and 4.83 oz. Ag/ton. The above estimate has cut high samples to 2 oz. Au and assumes a 33% dilution factor.

Yours very truly,

B. E. SPENCER ENGINEERING LTD.

B. E. Spencer, P. Eng.

BES:lm



NET SMELTER RETURN CALCULATION : NSR-1 May 1, 1991

Client: Sable Project: Multinational

Plant Metallurgy: Hawthorn / lab testing

| | | oz/t Assay - % | | | Distribution % | | |
|---|---|---|---|---|---|---|---|
| Product | Wt % | Au | Ag | Cu | Au | Ag | Cu |
| Flot conc | 5.0 | 9.0 | 113 | 18.0 | 90 | 90 | 89 |
| Tailing | 95.0 | .05 | 0.6 | 0.12 | 10 | 10 | 11 |
| Feed | 100.0 | .50 | 6.3 | 1.0 | 100 | 100 | 100 |

Flotation Concentrate Analysis:

| Element | Assay | Mineral | % |
|---|---|---|---|
| Cu | 18.0 % | Cp | |
| Pb | 1.7 | Py | |
| Zn | 7.4 | Insol | 7.0 |
| Fe | 27.2 | Total | 100.0 |
| As | 0.5 | | |
| Sb | 0.2 | | |
| Cd | | | |
| S | 33.2 | | |
| Insol | 5.1 | | |
| Bi | | | |
| Alumina | | | |
| Lime | | | |
| Magnesia | | | |
| Total | 100.0 | | |

Moisture - 10.0 %

Smelter Schedule: Sumitomo estimated

CALCULATIONS

Metal Prices:

Exchange Rate: $ US / $ C = 1.15

| Metal | Price | Pay - $ C |
|---|---|---|
| Au | 360 X 1.15 - 8.00 X 1.15 | = 404.80 / oz |
| Ag | 3.90 X 1.15 - .50 X 1.15 | = 3.91 / oz |
| Cu | 1.10 X 1.15 - ( 0.10 ) | = 1.17 / # |

Payables:

| Metal | Contained | | Paid For | $C/SDT |
|---|---|---|---|---|
| Au | 9.0 oz | X .975 | = 8.78 oz | 3,552.12 |
| Ag | 113 oz | X .95 | = 107 oz | 419.74 |
| Cu | 18 | X 20 X 17/18 | = 340 # | 397.80 |
| Sub Total - Payables | | | | 4,369.66 |

Deductions:

| | |
|---|---|
| Basic Treatment | 90.00 |
| Moisture | - |
| Penalty for Pb / Zn ( 1.7 + 7.4 - 4.0 ) X 2.50 | 12.75 |
| Sub Total - Deductions | 102.75 |
| NSR - FOB smelter | 4,266.91 |

Less:

| | |
|---|---|
| Shipping bags | 25.00 |
| Freight (1) | 262.00 |
| Sub total | 287.00 |
| NSR - FOB minesite | 3,979.91 |
| NSR - FOB minesite per ton of mill feed | 199.00 |

NOTES: (1) $ C 3,800 / 25 TON TRUCKLOAD TO VANCOUVER + ALLOWANCE OF $ 110 / TON FOR SHIP LOADING AND OCEAN FREIGHT.

(g-0198A)