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Baker Mine
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Mr. William Clancey
President
Multinational Resources Inc.
795 - 885 Dunsmuir Street
Vancouver, B.C. V6C 1N8

Dear Bill:

Re: Multinational B Zone - Toodoggone

I have reviewed Sable's assessment of the B Zone and their proposed terms regarding processing of some of this material. My comments are as follows:

My opinion is that Bruce Spencer is being overly conservative in his assessment of the tons and grade for that portion of the B Zone above the 1725 metre or creek level. I agree that most of the higher grades and consequently most of the ounces are contained in this part of the zone - this feature was identified by myself and work by Teck back in 1987. However, our assessment showed both more tonnage and higher grades as contrasted with Spencer's estimate of 20,000 tons grading 0.50 oz/ton gold and 5 oz/ton silver.

Spencer has cut some of the higher grade gold assays in drill core to 2 oz/ton which is reflected in his overall lower gold grade. I don't understand the rationale for this and feel that this exercise unjustly downgrades the zone. Higher grade (above 2 oz/ton) gold values are not isolated in drill cores - a good example is the best hole, M86-23, which graded 1.702 oz/ton gold and 21.26 oz/ton silver over 5.12 metres. Consistency of gold mineralization within this interval is demonstrated by 5 sequential 0.6 metre sample intervals which yielded grades of 3.885, 4.317, 1.175, 1.228 and 3.138 oz/ton. I question any cutting of grades at all and if one is going to cut, why 2 oz/ton? Why not 1 oz/ton or 2.75 or 3.25 etc.? The bottom line is that we do not have enough information at this time to properly cut the gold grades.

Teck's and my 1987 assessment of reserves above a proposed adit level (same interval as Spencer), including 25%

dilution at zero grade was 23,400 tons grading 0.728 oz/ton gold and 5.75 oz/ton silver. Spencer's assessment included 33% dilution at zero grade - using our average grades and the same 33% dilution factor would result in 25,400 tons grading 0.685 oz/ton gold and 5.40 oz/ton silver. A higher dilution factor obviously results in higher tonnages so it's fair to question Spencer's estimate of only 20,000 tons.

What is interesting is that Spencer's assessment has been used to structure Sable's proposal. Note that the NSR of \$199/ton of millfeed FOB minesite has been calculated on Spencer's grade estimates (plus 1% copper which seems high). Multinational's share of this would be 12.5% of \$199 or \$25/ton x 20,000 tons which equals \$500,000 or the cap as proposed by Sable.

Assuming our numbers are correct and that the zone will yield higher grades and more tons and using Sable's numbers including a 33% dilution factor, the NSR per ton of millfeed FOB minesite could be as much as \$270/ton. Multinational's 12.5% would be \$33.75 and even 20,000 tons would yield \$675,000. 25,400 tons would yield more than \$850,000.

Obviously Sable should not be the sole beneficiary if more tonnage of higher grade is developed. Therefore I would recommend that there be no cap on Multinational's 12.5% NSR. This would require detailed reporting by Sable and probably some monitoring by Multinational when the operation gets underway.

My second recommendation is that the arrangement with Sable apply only to the presently drill-indicated reserves on B Zone. The possible extensions to B Zone and the other known zones would remain the property of Multinational.

Yours very truly,



N.C. Carter