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CHAPPELLE GOLD PROJECT

Toodoggone River Area
British Columbia

STATUS REPORT

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MULTINATIONAL MINING INC. JOINT VENTURE

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INTRODUCTION

The Chappelle gold property is situated in the Toodoggone River area of north-central British Columbia 150 air miles north of Smithers.

Access to the property is by aircraft to an all-weather airstrip linked to the property by a 9 mile road. The Toodoggone area is also accessible by a network of public and private roads from Mackenzie and Fort St. James.

The Chappelle property, which consists of one Mining Lease, 158 2-post mineral claims and fractions and four Modified Grid claims, adjoins the property of Cheni Gold Mines Inc. which is scheduled for imminent production at a daily milling rate of 550 tons.

The property includes a number of gold-silver zones, one of which was exploited as an underground operation (Baker mine) by DuPont of Canada Exploration Limited between 1981 and 1983. 37,600 ounces gold and 742,000 ounces silver were recovered from 80,000 tons milled over a 30 month period.

Facilities on site include a 70 person camp, a 100 tons per day mill and ancillary buildings.

Work by Multinational Mining Inc. Joint Venture between 1985 and 1988 has outlined some 60,000 tons of good grade gold-silver mineralization within 1 mile of the existing mill.

GEOLOGICAL SETTING

Gold-silver mineralization in the western Chappelle property area is hosted by quartz veins developed in Mesozoic andesitic volcanic rocks immediately north of their contact with a granitic stock.

Better gold-silver grades occur in northeast-striking, steeply dipping quartz veins which range in width from 4 to 10 feet. Principal gold and silver minerals are electrum, argentite and native gold. Pyrite is the dominant sulfide mineral and higher gold-silver grades are commonly accompanied by chalcopyrite, sphalerite and galena.

Significant precious metals grades (1 oz/ton gold, 20 oz/ton silver) within A Vein, previously mined by DuPont, were contained in a flat-lying shoot extending from surface to a depth of 130 feet.

Work by Multinational between 1985 and 1988 has been mainly directed to B Zone, 1,200 feet northeast of, and on strike with A Vein. While similar in style and structure, better gold-silver grades in B Zone are contained in a steeply northeast plunging shoot within the plane of the vein.

RESULTS OF 1985-1988 EXPLORATION PROGRAMS

Since acquisition of the Chappelle property in mid 1985, Multinational Mining Inc. Joint Venture has carried out surface

geochemical and geophysical surveys and some 28,000 feet of diamond drilling.

70% of the drilling to date has been directed to B Zone where some 50,000 tons grading 0.587 oz/ton gold and 5.16 oz/ton silver is indicated. (These reserves incorporate a minimum 6 ft. mining width, 20% dilution at zero grade and a 0.20 oz/ton gold cut-off grade). The appended longitudinal projection shows holes drilled to date and the outline of the steeply northeast plunging shoot containing the better gold-silver grades.

1987 and 1988 drilling of B Zone served to delineate the boundaries of the zone. Additional potential may exist at depth where interesting gold values were intersected in one hole below the 1650 metre level (see longitudinal projection).

Several areas with potential unmined reserves are present within the A Vein structure adjacent to areas previously mined by DuPont. One of these, at the Southwestern limit of the vein is estimated to contain 10,000 tons grading 0.247 oz/ton gold and 4.65 oz/ton silver which could be extracted by a combination of surface and underground mining.

Several other gold-silver bearing quartz vein structures in the western property area (see appended diagram) have also been drilled with mixed success. The New Zone, 2,000 ft. northeast of B Zone, is considered to have good potential for definition of additional mineable reserves. Results of 1988 drilling include a 7.7 ft. section grading 0.535 oz/ton gold and 18.38 oz/ton silver.

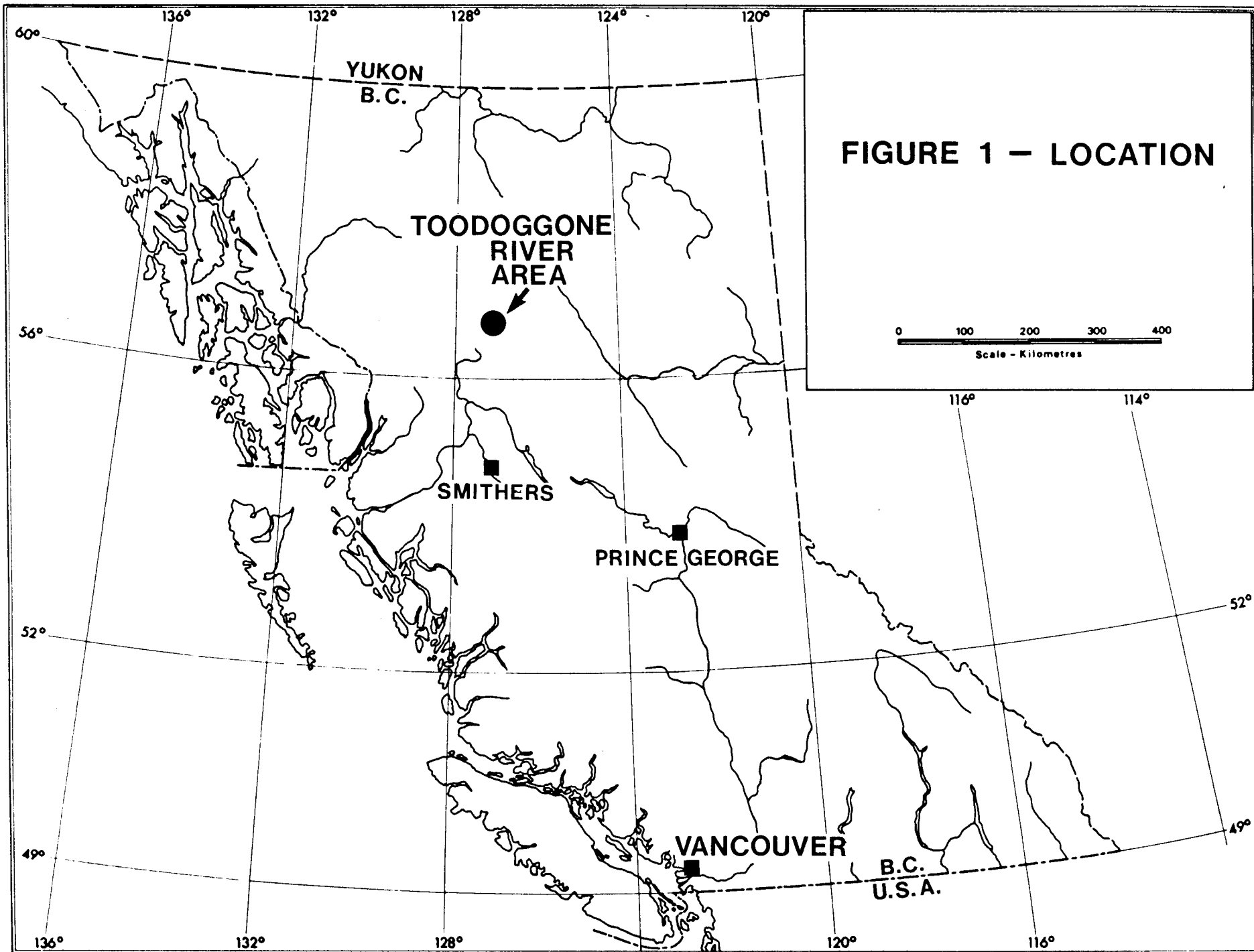
Surface surveys conducted in 1988 identified several other areas which merit further investigation. These include the Cirque, North Black Gossan and an area north of C Vein where a sample of quartz float yielded 15.2 oz/ton silver.

RECOMMENDATIONS FOR ADDITIONAL WORK

Additional drilling is recommended to test the New Zone at depth. This work should be coupled with further assessment of an area of backhoe trenching several hundred feet north where exposed quartz veins yielded values of up to 0.117 oz/ton gold.

Further surface work is warranted in the Cirque and North Black Gossan areas. It is noteworthy that most work to date has been concentrated in the western property area - areas of good geological potential exist in the eastern claims area.

Existing infrastructure on the Chappelle property, including a 100 tons per day mill, coupled with the relatively good grade of reserves indicated to date may allow for an early production decision depending on metal prices. Metallurgical testing of B Zone is recommended to determine if the existing mill facility requires modifications to treat these reserves.



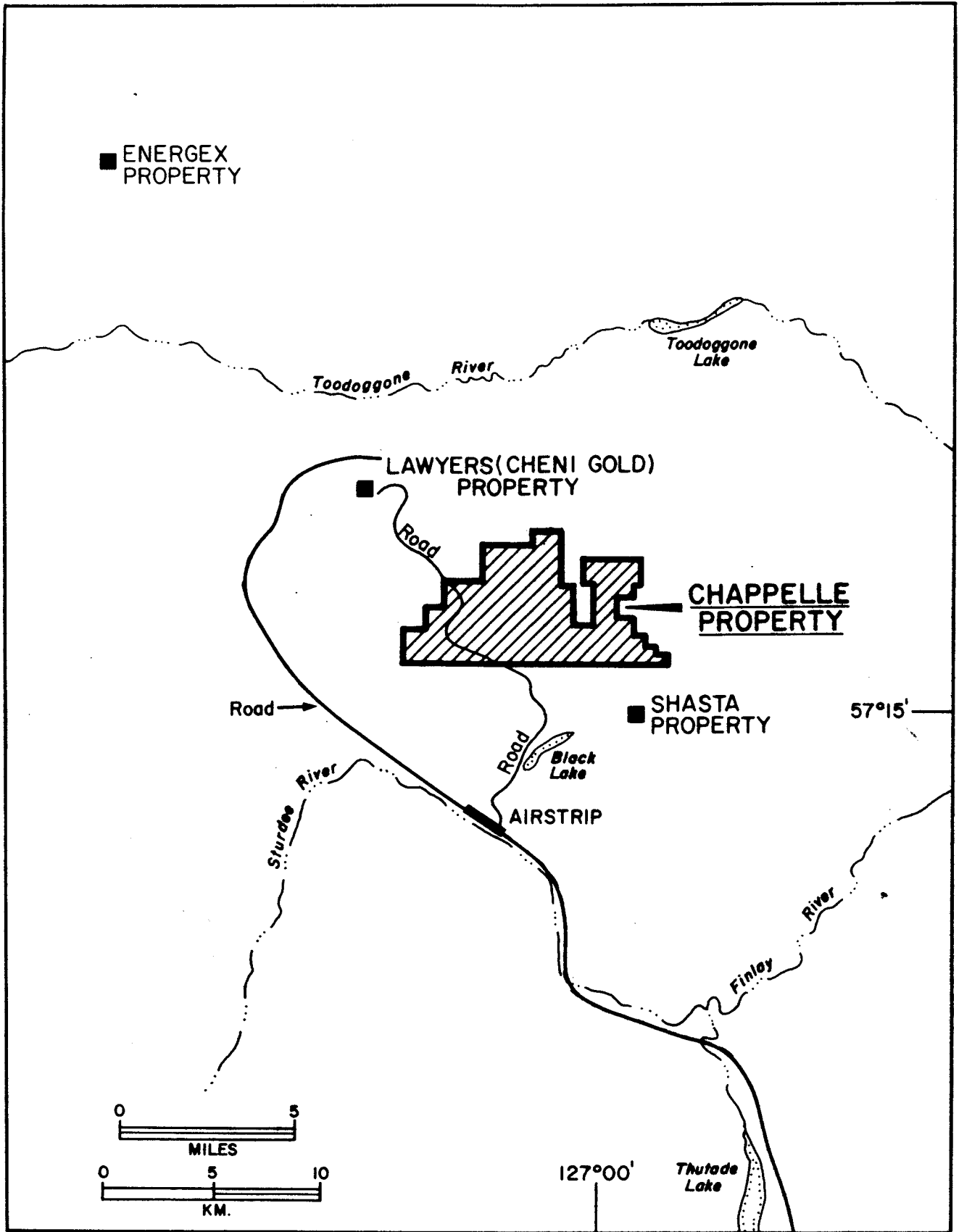
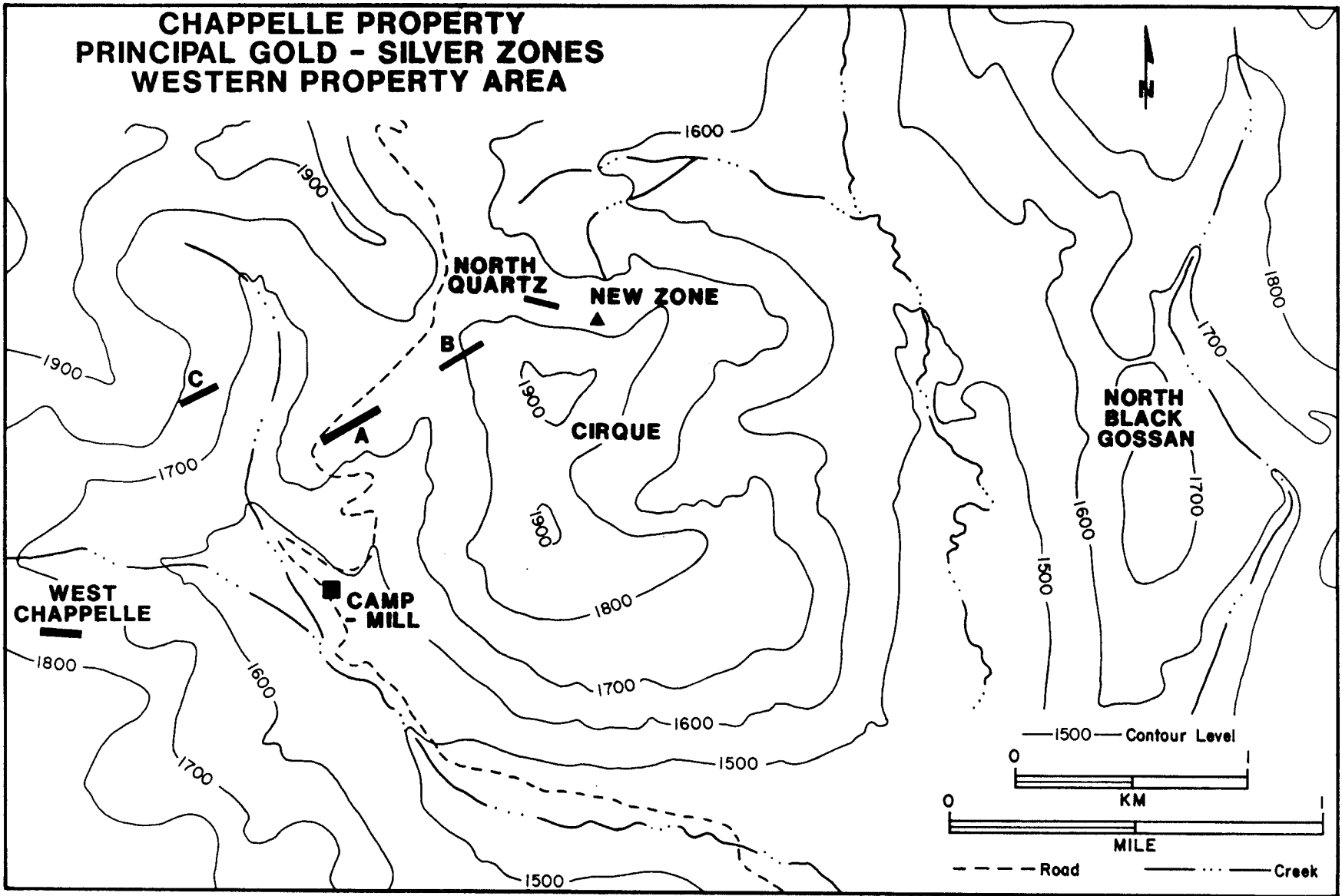


FIGURE 2 – LOCATION – CHAPPELLE PROPERTY

**CHAPPELLE PROPERTY
PRINCIPAL GOLD - SILVER ZONES
WESTERN PROPERTY AREA**



CHAPPELLE PROPERTY

B ZONE - LONGITUDINAL PROJECTION

N 50°E →

