

DRAFT PRESS RELEASE

1988 exploration work on the Chappelle property included 7,455 ft. of diamond drilling which was directed to four gold-silver zones in the western property area. These and other zones investigated by surface geochemical and geophysical surveys and backhoe trenching are shown on the accompanying diagram.

The B Zone, estimated to contain 50,000 tons grading 0.587 oz/ton gold and 5.16 oz/ton silver, is a northeast raking mineralized shoot as shown on the accompanying longitudinal projection. Note that the reserve figure incorporates a minimum 6 ft. mining width, 20% dilution at zero grade and a gold cut-off grade of 0.20 oz/ton. Significantly higher grades are present in that part of the zone between surface and the proposed underground adit.

Significant drill intercepts were obtained from the New Zone, 2,000 ft. east of B Zone, and from an unmined portion of A Vein as follows:

<u>Hole Number</u>	<u>Interval(ft.)</u>	<u>Length(ft.)</u>	<u>Gold(oz/ton)</u>	<u>Silver(oz/ton)</u>
M88-09 (New Zone)	201.8-209.5	7.7	0.535	18.38
M88-19 (A Vein)	147.5-153.5	6.0	0.189	2.95
including	147.5-150.0	3.0	0.362	5.54
M88-20 (A Vein)	221.0-228.3	7.3	0.132	2.13
including	221.0-223.0	2.0	0.174	6.94

Additional investigation including deeper drilling is warranted for the New Zone particularly in view of grab samples grading up to 0.117 oz/ton gold from backhoe trenches some 600 ft. north of the zone.

The drilled portion of A Vein has an indicated 10,000 tons with a weighted average grade of 0.247 oz/ton gold and 4.65 oz/ton silver which may be exploited from surface. This zone is midway between B Zone and the existing 100 tons per day mill on the property.

Surface work in 1988 in the western property area indicated several areas worthy of follow-up work including the Cirque zone where rock sampling has indicated anomalous gold and silver values over a large area. Float samples collected north of C Vein have returned values of up to 15.2 oz/ton silver.

Most work to date on the Chappelle property has been concentrated in the western property area. Areas of good geological potential exist on the eastern claims and these warrant serious investigation.

The Joint Venture has elected not to exercise the option to purchase the mill and camp facilities at this time, pending resolution of the uncertainties regarding the use of the new road into the Toodoggone area.

road. This figure does not include Auger's time in carrying out routine maintenance.

I suggest that Multinational reimburse J.T. Thomas for the amount paid to DuPont and that the Company insist DuPont provide the same vehicle at no cost this season, particularly during the period before we can get a rental vehicle on site.

Inventory

Dave Barr has indicated that he and Don Davidson want to go into the site with a Multinational representative at the beginning of the season to undertake an inventory that will be acceptable to both parties. Barr has indicated that a number of the tools on site belong to Davidson.

Budget

The estimated costs for the surface and drilling programs, as contained in my letter of April 12, 1988, should be in the order of \$450,000. This figure assumes 8,000 feet of drilling at a cost of \$30/foot which is very close to the Coates bid.

This estimate also includes costs of camp maintenance and rental for the surface program.

N.C. Carter