

N.C. CARTER, Ph.D., P.Eng.

Consulting Geologist

1410 Wende Road
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(604) 477-0419

December 18, 1985

The Directors
Multinational Resources Inc.
795-885 Dunsmuir Street
Vancouver, B.C.
V6C 1N8

Dear Sirs:

Multinational's 1985 exploration program on its Baker mine property in the Toadoggone River area of northern British Columbia included geochemical and geophysical surveys, trenching and diamond drilling of four vein structures.

Significant results were obtained from the B zone, 1600 feet northeast of the A vein which was mined between 1981 and 1983. The B zone includes two sub-parallel vein structures exposed in trenches over strike lengths exceeding 400 feet. While surface samples yielded low gold and silver values, one drill hole intersected 14 ft. of quartz-carbonate vein natural and altered wallrocks grading 0.33 oz/ton gold and 5.21 oz/ton silver. This section included an initial 5.3 ft. of 0.702 oz/ton gold and 11.34 oz/ton silver.

Potential size and grades of the B zone may be similar to the A vein. Other similarities include the apparent concentration of precious metals values within a specific horizon in the plane of the vein and the incidence of higher gold-silver values in the upper, or hangingwall sections of the structure. Additional drilling to depth and along strike is definitely warranted.

Several other target areas were identified by 1985 work. These include the E zone, 225 ft. north of, and parallel to the A vein structure. The E zone has a marked surface gold geochemical anomaly but investigation of this zone by diamond drilling was hampered by poor core recovery. Further assessment of the zone may require percussion drilling.

A strongly anomalous gold value (13,700 ppb) was obtained in a heavy mineral stream sediment sample northwest of the E zone. Cause of this anomalous value is not known.

A potentially significant target may exist some 200 ft. vertically below the base of the A vein ore shoot. Two previous holes reportedly intersected good gold-silver grades and further drilling to test this potential zone is recommended.

Most of the exploratory and development work to date has been concentrated on the western half of the property. The eastern claims should be thoroughly investigated.

It is recommended that the 1986 program include additional diamond drilling and surface work estimated to cost between \$200,000 and \$250,000. The bulk of the drilling should be directed to further assessment of the B zone, and positive results will predicate an extension of the proposed program.

The present milling facility on the Baker mine property is a major asset. Expansion of the current 100 tons per day capacity is feasible and the mining lease on which the mill is situated is in good standing.

Several exploratory programs elsewhere in the Toodoggone area are at an advanced stage and could benefit by the availability of a milling facility to process bulk samples.

Additional infrastructure at the mine site includes a fully equipped 60 man camp.

Yours truly,



N. C. Carter, Ph.D., P. Eng.

N.C. CARTER, Ph.D., P.Eng.

Consulting Geologist

1410 Wende Road
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February 6, 1986

Mr. Clarence Anderson
Director
Multinational Resources Inc.
795 - 885 Dunsmuir Street
Vancouver, B.C.
V6C 1N8

Dear Clare:

Re: St. Joe Proposal - Toodoggone Area

I had a brief meeting yesterday with Dave Kennedy at the St. Joe office to review some of their results on the Silver Pond property adjacent to SEREM. Dave asked that I sign a confidentiality letter which I am enclosing.

Best results to date are from a zone in the east-central part of the property south of the Cliff Creek and Duke's Ridge zones of SEREM. This is a NNW striking zone of locally intense quartz veining and silicification, exposed by trenching over 1300 feet and tested by only four drill holes. Soil geochemistry and resistivity surveys indicate a 2000 feet strike length and the presence of 2 semi-parallel zones. Better gold-silver grades in trenches and drill holes range from 0.10 - 1.3 oz/ton gold and 1 - 2 oz/ton silver over widths of up to 15 feet.

St. Joe is planning a \$500,000 program for 1986, most of which is targeted for backhoe trenching and diamond drilling of this new zone.

Most work to date has been done on the Cloud Creek showing which has been drill tested with mixed results. Locally good silver values (5 oz/ton) and modest gold values have been found to date. More trenching is planned for a probable south extension.

Several other zones are indicated by geochemistry in the south central part of the claims - these have been only partially investigated to date and warrant more work.

The new zone appears to be the southeast extension of a larger zone of good soil geochemistry (+160 ppb) in the northern part of the property - this too requires further investigation.

St. Joe have extended the road to SEREM onto their property, affording truck access to the airstrip. The proposed Omineca road

extension to the SEREM property passes through the western and northern parts of the Silver Pond claims.

Current situation regarding the property is that St. Joe has an 80% working interest with Imperial Metals holding a 20% working interest and Cassidy carried for a 12% NPI.

I get the impression that St. Joe is looking for some assistance in carrying on the program, ideally by hooking up with another serious Toadoggone operator with a good property- I don't know this, but I would anticipate that there are some we know, including Energex, that have been approached.

I would agree that the mill enters into this somewhere - I would imagine that ideally, St. Joe would like to pool properties and share expenses on some sort of a mutually agreeable basis.

In any event, I would recommend your getting together with Kennedy sometime next week, possibly with Bill Meyer. Kennedy is going through Marshall Smith's report and is planning to give you a call early next week.

As I indicated to you on the phone, I am going to Ontario for a (hopefully) small drill program on the weekend and should be back about the 19th. If you need to get hold of me during that time, I can be reached at (807) 879-2544.

ST. JOE CANADA INC.

A SUBSIDIARY OF ST. JOE MINERALS CORPORATION

553 GRANVILLE STREET, SUITE 410

VANCOUVER, BRITISH COLUMBIA V6C 1X6

(604) 687-7091

February 5, 1986

Dr. N.C. Carter, Consultant
Multinational Resources Inc.
795 - 885 Dunsmuir St.
Vancouver, B.C.
V6C 1N8

Dear Sirs:

This is to confirm that we have made available to you certain information relating to the Silver Pond property, north central British Columbia.

We confirm that you have agreed that all information supplied to you in connection with this property by us, is of a **confidential** and **proprietary** nature and is to be used by your company and senior employees for the sole purpose of determining whether or not your company is interested in negotiating with us with respect to the acquisition of an interest in this property.

The information shall not be copied, or otherwise circulated, save to your senior personnel directly involved in making the decision referred to above. All materials will be returned at our request.

Yours truly,

ST. JOE CANADA INC.

Per: 

DRK:pk

ACCEPTED AND AGREED

MULTINATIONAL RESOURCES INC.

PER: 

N.C. CARTER, Ph.D., P.Eng.

Consulting Geologist

1410 Wende Road
Victoria, B.C. V8P 3T5
(604) 477-0419

April 23, 1986

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

Dear Mr. Clancey:

Re: 1986 Exploration Program - Chappelle Property
Toodoggone River Area, British Columbia

The following comments are meant to serve as a brief report concerning planning of the 1986 program. A summary budget is appended for your comments.

Reference is made to my letter of December 18, 1985, in which I recommended a \$200,000 - \$250,000 program based largely on 1985 exploration results. The bulk of these expenditures would be directed to a 4,000 ft. diamond drilling program, principally on the B vein structure where one 1985 drill hole intersected a 14 ft. section grading 0.33 oz/ton gold and 5.21 oz/ton silver. This section included an initial 5.3 ft. which assayed 0.702 oz/ton gold and 11.34 oz/ton silver. Deeper holes were also recommended to test the potential for additional ore shoots at depth on the main or A vein. The proposed program is also planned to include some limited trenching and prospecting in the mine area and on claims to the east.

Diamond Drilling

2500 feet of diamond drilling is proposed to test the B vein structure to depth and along strike. Tentative hole locations are shown on the appended diagram. Two or three deeper holes are planned for the northeast part of the A vein. Possible changes to the program will be dependent on results of work in progress.

An all-inclusive bid for 4000 ft of NQ drilling at \$34.20 per foot has been received from J.T. Thomas Diamond Drilling of Smithers. This figure includes managing the camp, including expediting and necessary air transport from Smithers, mobilization and demobilization of drill equipment and crew, moves between holes and drill site preparation, drilling mud, core boxes, etc. Also included in the footage price is room and board for up to three Multinational representatives. Not included are charges for cementing of holes, if necessary, and down time due to delays caused by the client.

J.T. Thomas Diamond Drilling has extensive experience in the Toadoggone area, including previous drilling programs on the Chappelle property between 1981 and 1985.

I consider their bid to be an attractive one and would recommend the Company accept it, subject to the inclusion of an 'escape clause' in the event a decision is made to terminate the program prior to the completion of 4000' of drilling.

I have attempted to obtain other bids but there appears to be more than a little reluctance on the part of other contractors to take on Thomas who have three drills, tractors, backhoe and trucks already stationed in the area. This firm could also undertake any backhoe or cat trenching deemed necessary.

I have made enquiries regarding the use of Min-En Labs' facility at the SEREM property to provide quick geochemical analyses of drill core samples. Pulps of apparently better grade material will necessarily have to be shipped to Vancouver for fire assay.

Prospecting

A review of available Kannco and Du Pont data indicates that the eastern Chappelle claims have received only limited attention to date. Some geochemical work followed by hand trenching in the extreme northeast part of the claim block yielded some interesting results which are worthy of follow up.

St. Joe have expressed some interest in taking on this part of the property if a suitable deal can be worked out. Dave Kennedy has looked at some of the data and should be getting back to the Company shortly concerning their interest. Lacana plan to undertake work on their Golden Neighbor property which adjoins the eastern part of the Chappelle property, and they have also indicated interest in these claims.

Du Pont Mill and Camp

Phase one of Multinational's option on the Baker mill expires June 30 after which a first refusal on any other offer to Du Pont takes effect for a period of one year.

In view of the expected interest in this facility by other parties working in the area, I would recommend that Multinational undertake an independent assessment of the current state and potential worth of the mill in the near future.

Dave Barr of CSR Minerals (ex Du Pont) has advised that an agreement with the drill contractor will need to be worked out

for use of the camp during the exploration period. Barr feels there is a good chance that at least part of the camp may be acquired by contractors working on the road should SEREM make a production decision. Multinational has a first refusal on the camp at terms similar to those in effect for the mill beyond June 30.

Mineral Claims Status and Permits

The Mining Lease and most mineral claims comprising the Chappelle property are in good standing until the early 1990's. Two claims east of the Mining Lease have expiry dates in 1987 and will necessarily need assessment work filed on them. An up-to-date claims status report is being prepared.

Most permits acquired by Du Pont for the Baker operation are believed to be still in effect - further investigation is necessary to verify this.

Financial Assistance for Mineral Exploration Program

The Provincial Government recently announced a \$5 million program to assist credible exploration ventures. \$1.5 million of this amount has been allocated for an Accelerated Mine Exploration Program which will include grants of up to \$300,000 or 1/3 of total costs of exploration work to define additional reserves at currently producing or recently past producing mines.

The Chappelle project is an obvious candidate for a grant under this program. Application forms will be available shortly and these will need to be accompanied by a 2 page summary outlining recent work and details of proposed programs.

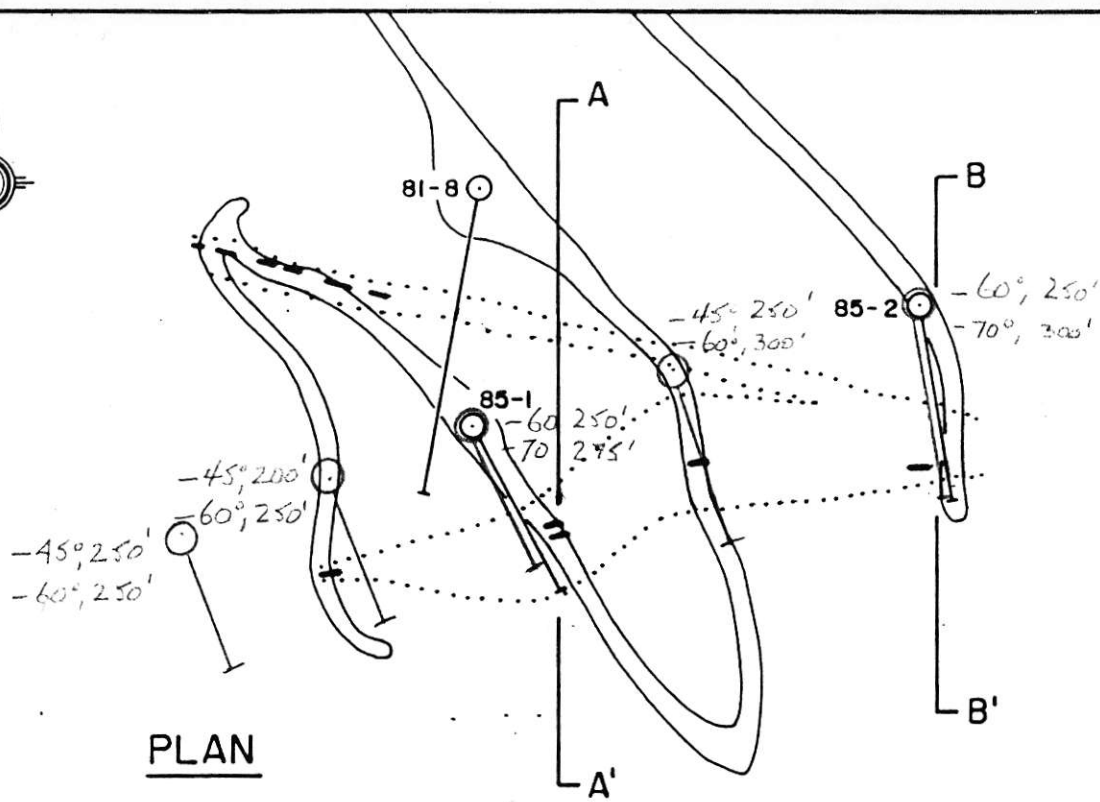
Timing of Program

It should be possible to get the proposed program underway early in June or as soon as weather conditions permit. Drilling should be completed within three weeks of collaring the first hole.

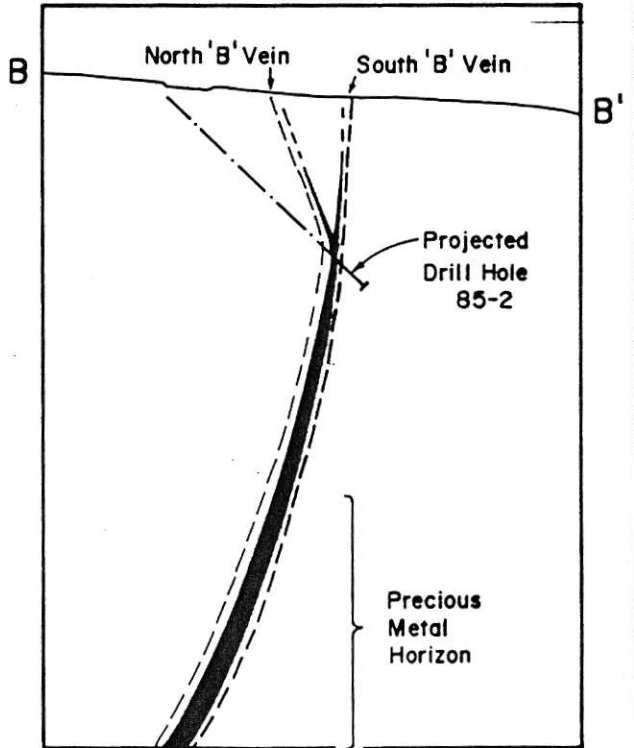
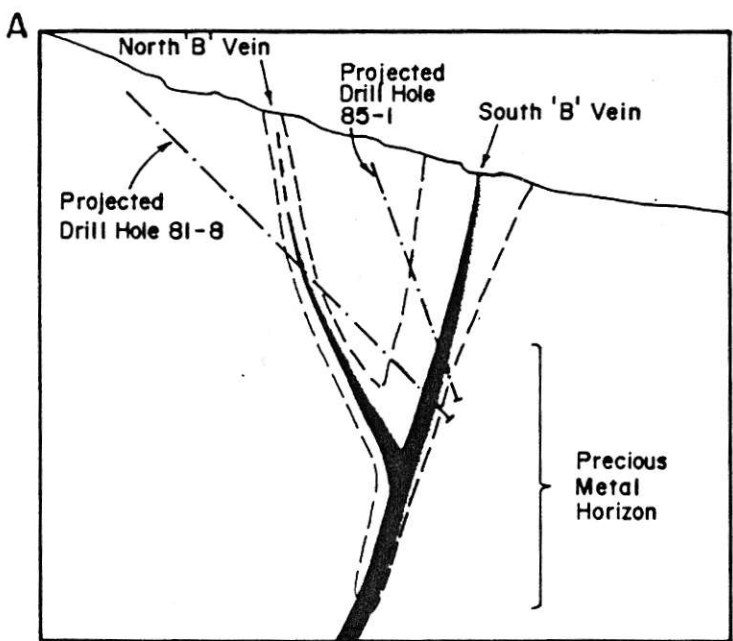
1986 CHAPPELLE PROJECT

PROPOSED BUDGET

DIAMOND DRILLING 4,000 ft. @ \$34.20/ft. (includes camp, expediting, etc)	\$137,000.00
TRENCHING	\$5,000.00
ANALYTICAL COSTS	\$10,000.00
TRAVEL, FREIGHT (includes helicopter time for prospecting)	\$10,000.00
SUPERVISION, TECHNICAL SUPPORT (includes prospecting)	\$18,000.00
CONTINGENCIES	\$27,000.00
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TOTAL	\$207,000.00

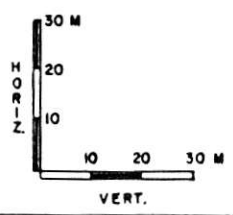


PLAN



LEGEND

- - Quartz on surface
- Alteration Zone on surface
- Alteration at depth
- ▬ Quartz Vein
- Diamond Drill Hole



MULTINATIONAL RESOURCES LTD.

CHAPPELLE CLAIMS
OMINECA MINING DIVISION
BRITISH COLUMBIA

PROPOSED SECTIONS
THROUGH THE 'B' ZONE

SEARCHLIGHT RESOURCES INC.

SCALE: Horiz. & Vert. 1:1500 DATE: SEPTEMBER, 1985

N.C. CARTER, Ph.D., P.Eng.

Consulting Geologist

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July 31, 1986

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

Dear Mr. Clancey:

Re: Phase I Program - Chappelle Property

Phase I drilling, consisting of 2,096 feet of NQ core in 9 inclined holes on the B Zone is now complete. Drilling commenced July 14 and was completed July 23.

A zone of intense quartz-sericite-(carbonate)-pyrite alteration with numerous quartz-carbonate-pyrite veins, 1 to 15 feet in core length, and enveloped by closely spaced quartz veinlets, is developed in pyritized augite andesites. This alteration zone has been drill tested over a strike length of 250 feet and a vertical range of 300 feet.

Assay results are disappointing, with the exception of the last 2 feet of hole M86-1 where a quartz vein assayed 0.309 oz/ton gold and 27.5 oz/ton silver. This hole was terminated due to a burned drill bit.

A dark grey metallic mineral, possibly a sulfosalt, was noted in drill holes M86-6, -7 and -9, accompanied by up to 25% pyrite in quartz-carbonate veins. The alteration zone intersected in these holes includes a bright green mineral, possibly mariposite.

Current interpretation is that the east-west zone of strong alteration (and contained quartz veins and veinlets) "tops out" below the uppermost road on the B Zone (see sketch). It appears to have been segmented by north trending faults and drill hole data indicate a gentle to steep north dip. The good assay at the end of hole M86-1 relative with that in hole 85-1 suggests a possible reversal in dip in this part of the alteration zone.

Other Zones

Several days were spent prospecting and collecting samples from a number of other zones on the property. A 13700 ppb Au value in a heavy sediment sample collected from a drainage northwest of the A Vein in 1985 is believed to be due to a silicified

zone with disseminated pyrite northeast of the C Zone (see sketch).

Several grab samples were collected near the west property boundary in the vicinity of a zone trenched by SEREM in 1985. Three other zones in the eastern claims area, including the North Black Creek Gossan, Northeast Zone and an area of anomalous silver values in silt samples, were also investigated.

Peregrine-Falcon Claims

Limited helicopter time afforded a brief visit to the Peregrine-Falcon property July 25. Weakly anomalous soil samples at the base of a steep slope, indicated by 1985 work, may be due to a prominent gossan in this area. Additional rock sampling is warranted.

General Comments

Several visitors to the property during the recent program included Art Winckers and Bill Van Dam of Teck Corporation who spent a day thoroughly examining the milling facility. I believe they were favourably impressed by the condition of the mill but indicated its worth is dependent on finding more ore close by.

Smithers-based Mines Inspector Brian Goode and District Geologist Dave Lefebure also visited the site. Goode is not too concerned with the lack of grass on the tailing pond - he appreciates the fact that the caribou are eating it.

Expenditures to Date

Total costs to date are estimated to be \$85,000 - \$90,000 and include:

Drilling	\$71,683.20
Assays, freight	\$2,500.00
Contracting, expenses	\$10,000.00
Travel	\$1,500.00

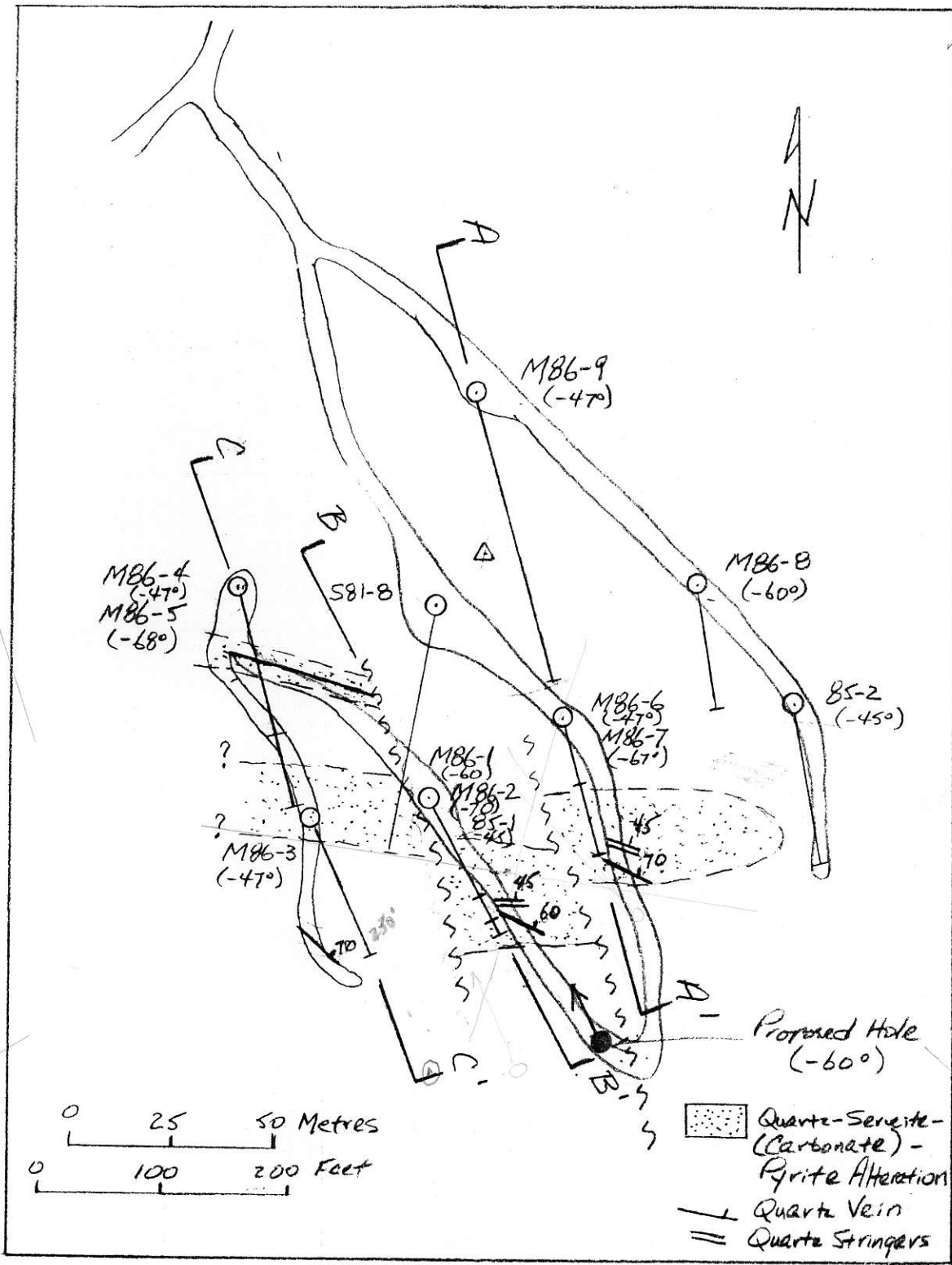
Recommendations

Assay results to date from B Zone drilling are disappointing in spite of apparent structural continuity. The possible reversal in dip in the area of M86-1 and -2 holes should be tested by a hole drilled in a northerly direction.

Potential for an ore shoot at depth on the A Vein structure should be tested by two 500-600 ft. holes which could be drilled while awaiting results of the trial hole on the B Zone.

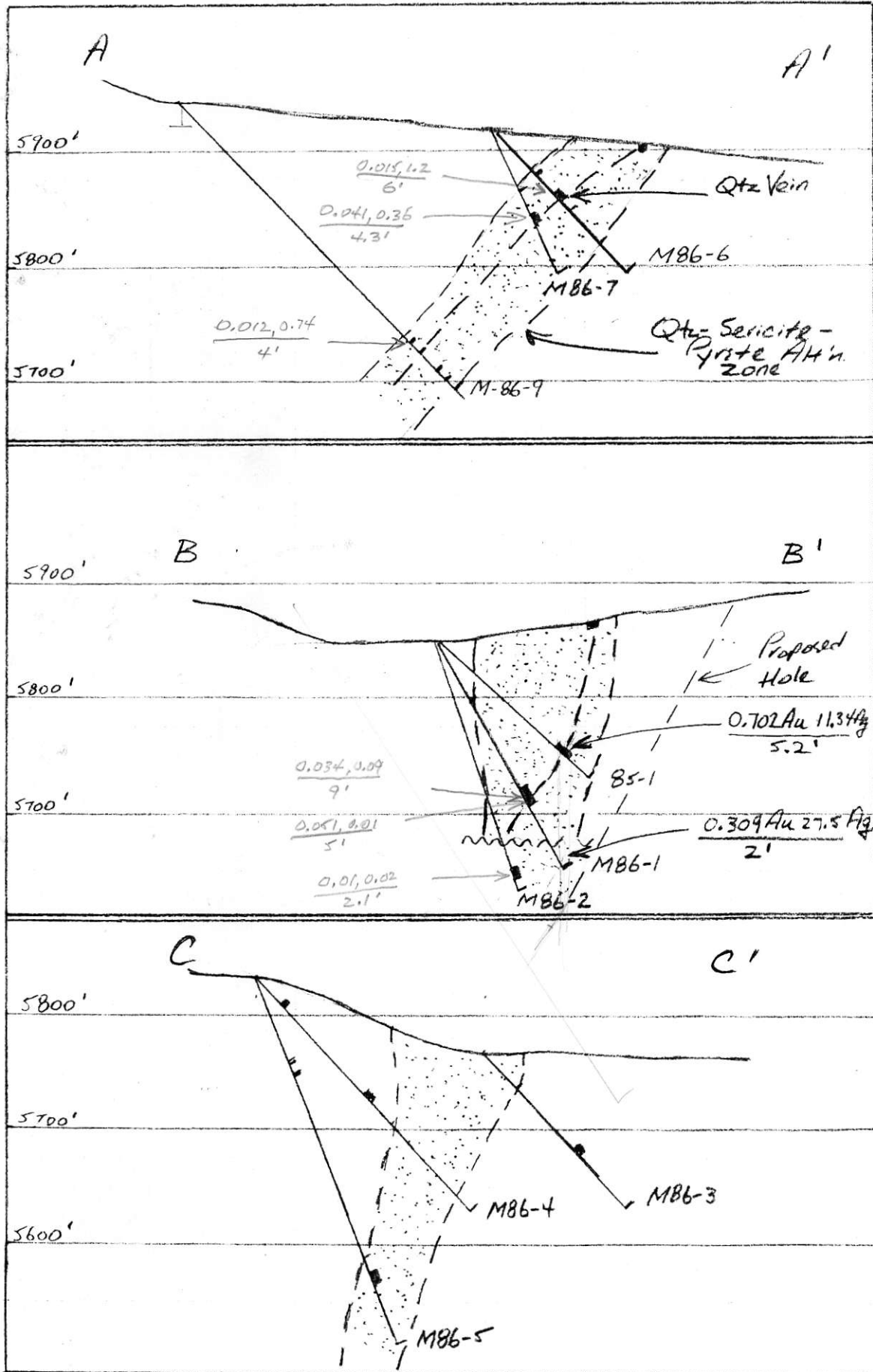
Early resumption of drilling would ensure we get the same crew that capably carried out the first phase program.

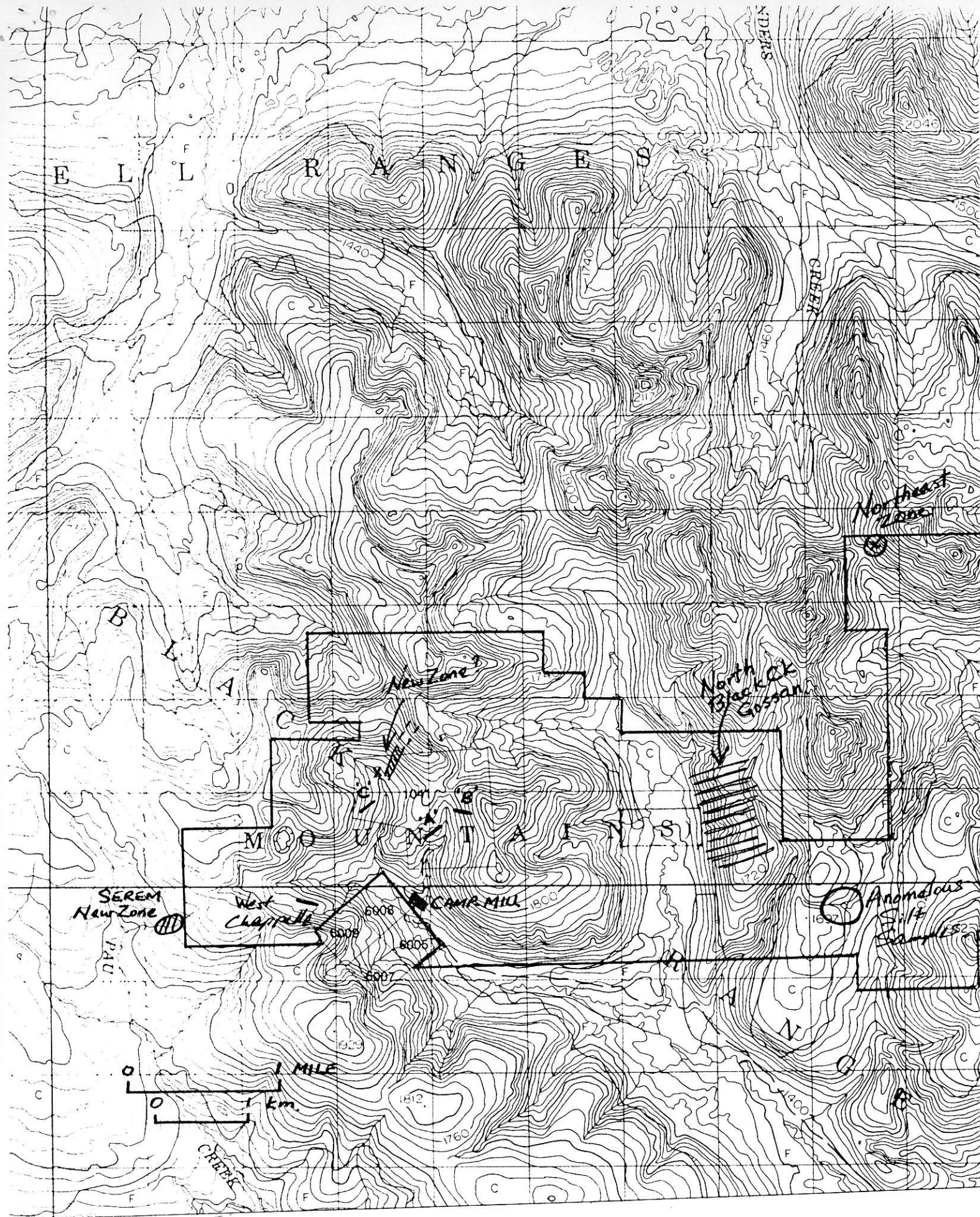




'B' ZONE DRILL PLAN
 CHAPPELLE PROPERTY

SECTIONS - 'B' ZONE CHAPPELLE PROPERTY





ELL ENS

1440

1740

NDERS

GREEN

0971

2045

North East Zone

New Zone

North Black Bluffs Gossan

MOUNTAINS

SEREM New Zone

West Channel

CAMP MILL

Anomalous Site



CHICK

1512

1760

1720

1600

N.C. CARTER, Ph.D., P.Eng.

Consulting Geologist

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September 8, 1986

Mr. William Clancey
President
Multinational Resources Inc.
795 - 885 Dunsmuir Street
Vancouver, B.C.
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Dear Mr. Clancey:

Re: Phase II Drilling - Chappelle Gold Project

Phase II drilling was underway August 11 and complete by August 29, 1986. Some 3,207 feet of NQ drilling was completed in 10 holes, of which 9 were drilled on the B Zone.

Results from the B-Zone are most encouraging and a further 1,000 feet of drilling is recommended. The one hole designed to test depth potential on the northeast extension of the A Vein structure returned disappointing results and no further work in this area is recommended at this time.

Costs to date for both drilling phases are estimated to be \$211,000. It is recommended that the bulk of Phase II expenditures (\$125,000) be applied to assessment work on the Mining Lease and 90 grouped claims so as to bring them into good standing to 1994-1996. A Notice to Group and Statement of Exploration and Development have been prepared for submittal to Ministry of Energy Mines and Petroleum Resources. Recording fees will be in the order of \$6,250.

Anticipated costs for an additional 1,000 - 1,200 feet of diamond drilling are estimated to be \$50,000, which will effectively use up the FAME grant awarded to this project.

A summary of Phase II work is as follows:

B Zone

A drill plan, cross sections and a Longitudinal section of Phase II drilling is appended. Five of nine holes drilled yielded good results as tabulated below; also included are results of previously drilled holes.

<u>Drill Hole</u>	<u>Interval (ft.)</u>	<u>Length (ft.)</u>	<u>Gold (oz/ton)</u>	<u>Silver (oz/ton)</u>
M86-10	320.2-328.8	8.6	0.306	0.76
	323.6-327.0	including- 3.4	0.667	1.33
"	382.0-395.5	13.5	0.289	0.17
	391.1-395.5	including- 4.4	0.484	0.41
M86-12	255.5-261.5	6.0	0.270	0.10
	255.5-257.5	including- 2.0	0.608	0.02
M86-14	159.8-172.7	12.9	0.486	8.27
	163.4-170.6	including- 7.2	0.734	13.25
M86-15	280.5-287.5	7.0	0.053	0.08
M86-16	196.2-200.2	4.0	0.046	0.11
M86-17	123.8-128.0	4.2	0.173	0.55
M86-19	135.0-146.3	11.3	1.151	3.05
	143.0-146.3	including- 3.3	3.221	7.24
	146.3-165.0	18.7	0.090	0.40
	(sheared wallrock-50% recovery)			
	165.0-172.5	7.5	1.351	0.87
	169.0-172.5	including- 3.5	2.378	0.67
M86-13		No Values		
M86-18		No Values		
85-1	136.0-150.0	14.0	0.327	5.16
	136.0-141.3	including- 5.3	0.698	10.51
M86-1	220.0-225.0	5.0	0.147	11.49
	223.0-225.0	including- 2.0	0.309	27.56
	(hole stopped-burnt bit)			

All holes drilled intercepted quartz vein material but it is virtually impossible to visually assess possible precious metals

values. Assay results indicate a northeast raking shoot of better grade material within the northeast striking vein structure (see longitudinal section). Locally excellent gold grades are not necessarily accompanied by good silver grades, unlike the character of the A Vein mined by DuPont.

The principal structure has a N60°E strike and a vertical to steep northwest dip. The structure has been intersected in drill holes over a strike length of 300 feet and to a depth of 300 feet below surface. The better grade shoot has a vertical dimension of 180 feet and true widths of the structure are estimated to be 8 to 10 feet. Repetition of the structure by gently dipping faults has been encountered in drill holes M86-10 and -19.

Better gold grades are concentrated in the hangingwall (north) section of the vein, a feature similar to the A Vein 900 feet southwest. (B Zone is currently interpreted as being an extension of the A Vein structure) Phase I drilling in July was almost entirely within the hangingwall alteration zone, consisting of silica, clay and sericite alteration with some low gold and silver values.

To test the hypothesis of a northeast raking mineralized shoot, an additional 3 to 4 inclined holes are recommended to intersect the zone as shown on the longitudinal section. Hole lengths would be in the order of 300-350 feet.

A Vein

One 756 ft. hole, drilled to test the depth potential of the A Vein northeast of the area mined by DuPont, yielded disappointing results. No obvious quartz vein was intersected and geochemical values of samples collected were less than 100 ppb gold and 2 ppm silver.

Other Zones - Chappelle Property

Samples collected from the 'New Zone' (2200 ft. northwest of A Vein) have yielded low gold and silver geochemical results from soils and rocks.

Four rock samples from an area near a Kennco soil anomaly on the North Black Gossan, 5 miles northeast of the camp, returned low gold and silver values as did samples from the northeast claims adjacent to the Lacana boundary.

One sample from a 3 ft. quartz vein exposed in a gully 300 ft. south of B Zone yielded 358 ppb gold.

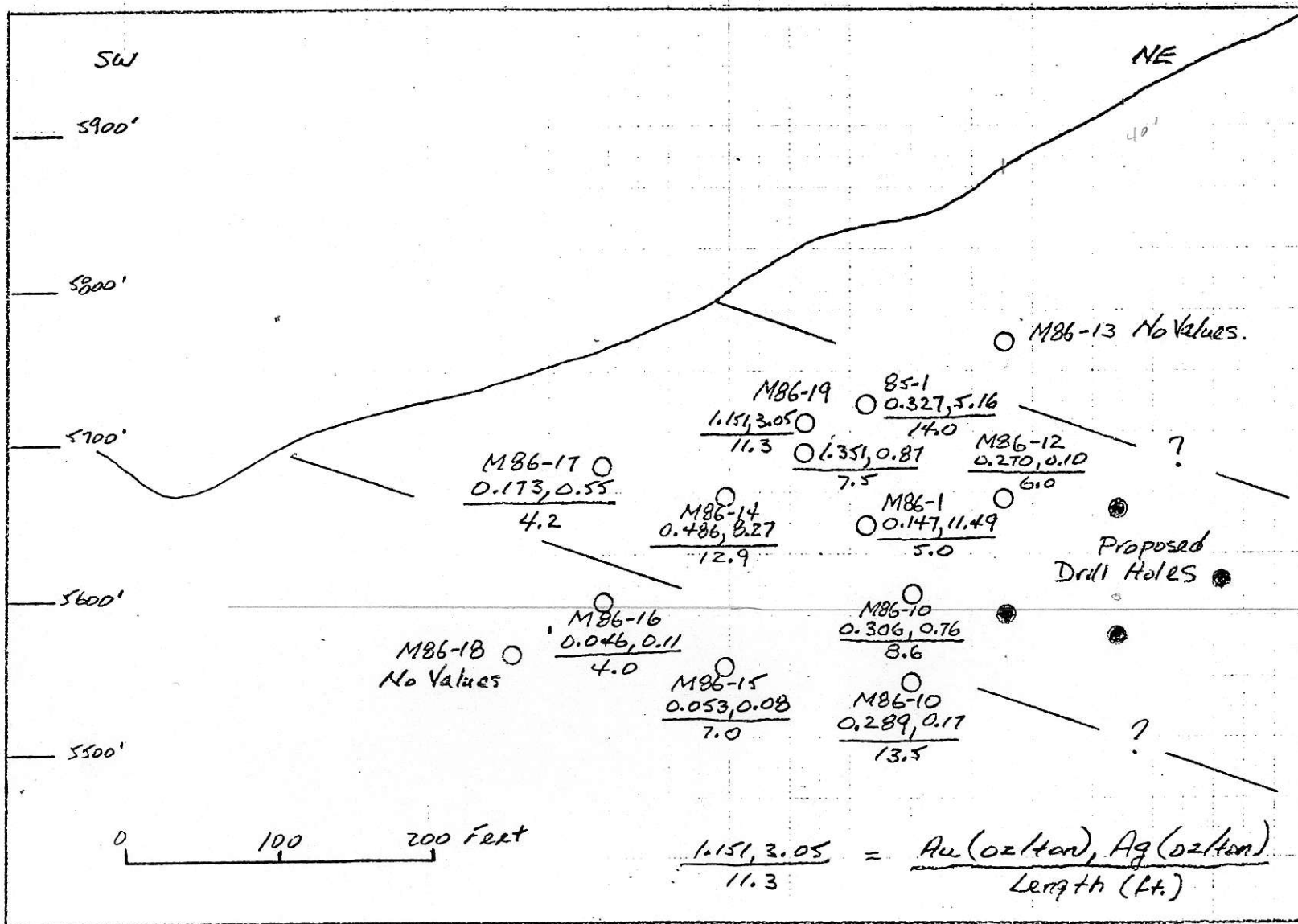
Peregrine-Falcon Claims

Two days of prospecting on these claims (10 miles north of Chappelle) by Gerry Auger resulted in the discovery of a mineralized zone in the central part of the Falcon claim. Float samples (3) over a several hundred ft. area returned values of 1063 ppm copper, 21866 ppm lead, 6766 ppm zinc. 6.8 ppm silver and 16 ppb gold. One grab sample from mineralization in place yielded 700 ppm copper, 39000 ppm lead(3.9%), 162000 ppm zinc(16.2%), 12 ppm silver and 70 ppb gold.

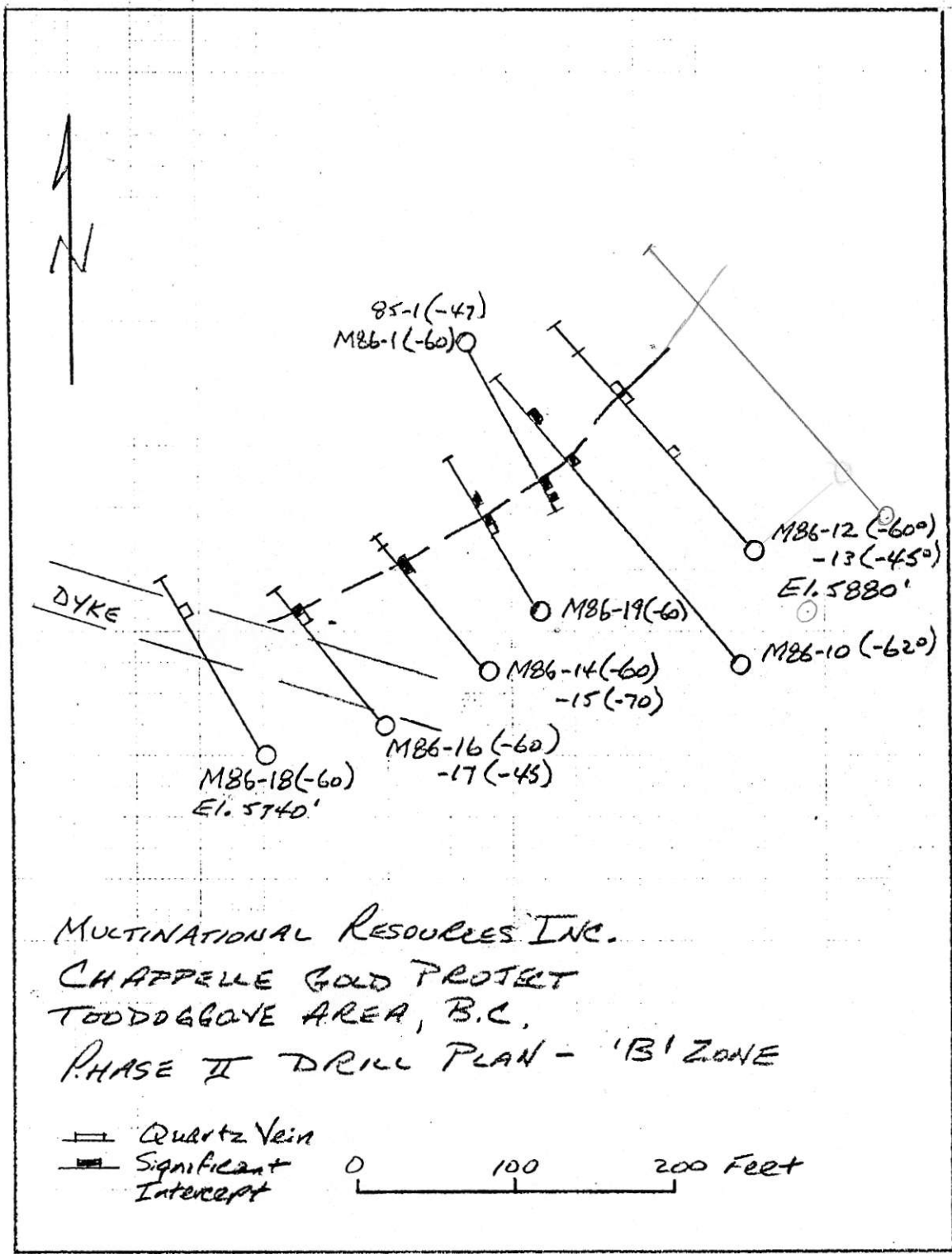
Hand trenching at some future time will be required to assess this zone.

Respectfully submitted,

N.C. Carter



MULTINATIONAL RESOURCES INC.
 CHAPPELLE GOLD PROJECT
 TODDOGGONE AREA, B.C.
 'B' ZONE - LONGITUDINAL SECTION.



N.C. CARTER, Ph.D., P.Eng.

Consulting Geologist

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October 5, 1986

Mr. William Clancey
President
Multinational Resources Inc.
795 - 885 Dunsmuir Street
Vancouver, B.C.
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Dear Mr. Clancey:

Re: Phase III Drilling - Chappelle Gold Project

1,366 feet of NQ diamond drilling in four holes was completed between September 16 and 22, 1986. Hole locations and results are shown on the attached diagrams.

Best results were obtained from hole M86-23, drilled at -45° from the same set-up as M86-14 and -15. This hole intersected 16.8 feet grading 1.702 oz/ton gold and 21.26 oz/ton silver and included a 10 ft. core length which assayed 2.749 oz/ton gold and 32.46 oz/ton silver. Gold grades ranged as high as 4.317 oz/ton and silver as high as 76.71 oz/ton.

This intercept, 50 feet southwest of that obtained in M86-19 and 60 feet vertically above M86-14 (see longitudinal section) confirms the presence of a higher grade section within the B Zone. Rough calculations of intersections obtained in holes 85-1, M86-10, -12, -14, -19 and -23 indicate some 25,000 tons with an average grade of 0.781 oz/ton gold and 6.47 oz/ton silver over an average core length of 11.32 feet (true width of approximately 8 feet).

Step-out holes to the Northeast (M86-20 and -21), while demonstrating the persistence of the structure along strike, intersected lower gold grades over narrower core lengths.

Hole M86-22, designed to test the area below M86-19, perhaps intersected the structure at too great a depth due to an apparent 80° northwest dip in this area (see cross section). While some 70 feet of quartz vein was encountered, only a 2 ft. section yielded appreciable grades (1.301 oz/ton gold).

Drilling to date has traced the vertical to steeply dipping zone over a strike length of more than 400 feet and to depths of more than 300 feet below surface. True widths are in the order of 8 to 20 feet. The zone is open along strike, particularly to the northeast, and to depth.

Additional definition drilling is required prior to planning an underground program. Note that drill centres to date are at 50 to 75 ft. spacings, and it is estimated that 5,000 to 10,000 feet of additional drilling will be required. It is felt that this additional drilling could feasibly be carried out in late March or early April.

General Comments

Costs of the Phase III program are estimated to be in the order of \$60,000 or slightly higher than the original estimates. A survey crew was brought in to establish a new survey monument and to accurately tie in 1986 drill holes at an estimated cost of \$1500.

Work remaining to be done includes preparation of an assessment report and a final report which can be used in support of the \$50,000 FAME grant application.

Drill roads and sites on the B Zone were graded as per the request of the Mines Inspector but I doubt if the \$2500 reclamation bond will be returned in view of anticipated further work in 1987.

Respectfully submitted,

N.C. Carter

N.C. CARTER, Ph.D., P.Eng.

Consulting Geologist

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December 1, 1986

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

Dear Mr. Clancey:

Re: B Zone - Chappelle Gold Property

B Zone was tested by 5,913 feet of NQ diamond drilling in 1986. First phase drilling tested only what is now interpreted to be the hangingwall alteration zone of the main structure. This alteration zone is the only surface expression of B Zone and includes a number of 2 ft. quartz veins and numerous quartz veinlets which contain low gold values in the 35-145 ppb range.

Phases II and III drilling partially defined a gold-silver bearing quartz vein structure over a strike length of 425 feet. This structure, which apparently apexes 50 to 100 feet below surface, strikes N55°E and has a vertical to steep northwest dip. True widths range from 4 to 16 feet.

Host rocks are variably altered late Triassic augite andesites which are commonly sheared at vein contacts particularly in the central part of the structure as defined to date. A quartz-feldspar porphyry apparently offsets the vein at the southwest limits of drilling.

Better gold-silver grades occupy a northeast raking shoot within the plane of the vein between elevations of 5,545 and 5740 feet. Grades of more than 1 oz/ton gold and up to 20 oz/ton silver over true widths of 8 to 16 feet occur between holes M86-23 and M86-12. Values drop sharply in wallrocks to 0.01 - 0.04 oz/ton gold marginal to vein contacts.

Three estimates of mineral inventory have been calculated using two different cut-off grades as follows:

- | | | |
|----------------|------------------------------|--------------------------|
| 1. 49,780 tons | 0.520oz/ton gold
(uncut) | 4.61 oz/ton silver (NCC) |
| 2. 51,000 tons | 0.518 oz/ton gold
(uncut) | 3.77 oz/ton silver (WGM) |

Estimates 1 and 2 assume: 0.10 oz/ton gold cut-off grade
Minimum 6 ft. mining width
20% dilution

3. 38,000 tons 0.660 oz/ton gold 5.16 oz/ton silver (WGM)
(uncut)
- 0.20 oz/ton gold cut-off, and other
parameters as previous

Recommendations for Further Work

Drilling to date has been at 65-80 ft. spacings and the longitudinal section for B Zone shows a number of obvious gaps. Additional drilling is recommended to test the presently defined limits of the zone at 30-50 ft. intervals not only for better grade definition but also to gain a better understanding of the structure.

A Vein, mined by DuPont, was segmented by cross faults and dip-slip faults, the cause of up to 65% dilution. While B Zone does not appear to have the same structural complexity, evidence of faulting is present in drill hole M86-10 and between this hole and 85-1 and M86-1.

It is anticipated that 12,000 feet of additional drilling will be required to adequately assess grade and structure of the presently known limits of B Zone and to test for extensions. This would be the core of a first phase program which should get underway as early as possible in the spring of 1987. Phase I should also include mineralogical studies to establish that metallurgy is the same as A Vein, and preparation of a detailed topographic map in the area of B Zone. No geological mapping has been undertaken since the early 1970's and detailed mapping should be considered for the western (mine) part of the property.

Assuming Phase I confirms and expands upon the good results obtained to date, a Phase II program consisting of 1,200 feet of underground exploration and development should seriously be considered.

A Phase III program could include mill and camp rehabilitation and construction of a larger tailing disposal area.

Preliminary Cost Estimate

Phase I

Diamond drilling- 12,000 ft @ \$34.20/ft.	\$410,400
Assaying	\$20,000
Supplies - includes 10 core racks	\$10,000
Mineralogical studies	\$5,000
Survey control - topographic map	\$7,500
Geological mapping	\$12,500
Core sampling, prospecting	\$10,000
Supervision, engineering, reports	\$17,500
Travel	\$7,500
	<u>\$500,400</u>

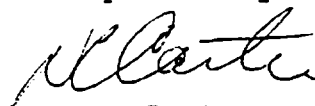
Phase II

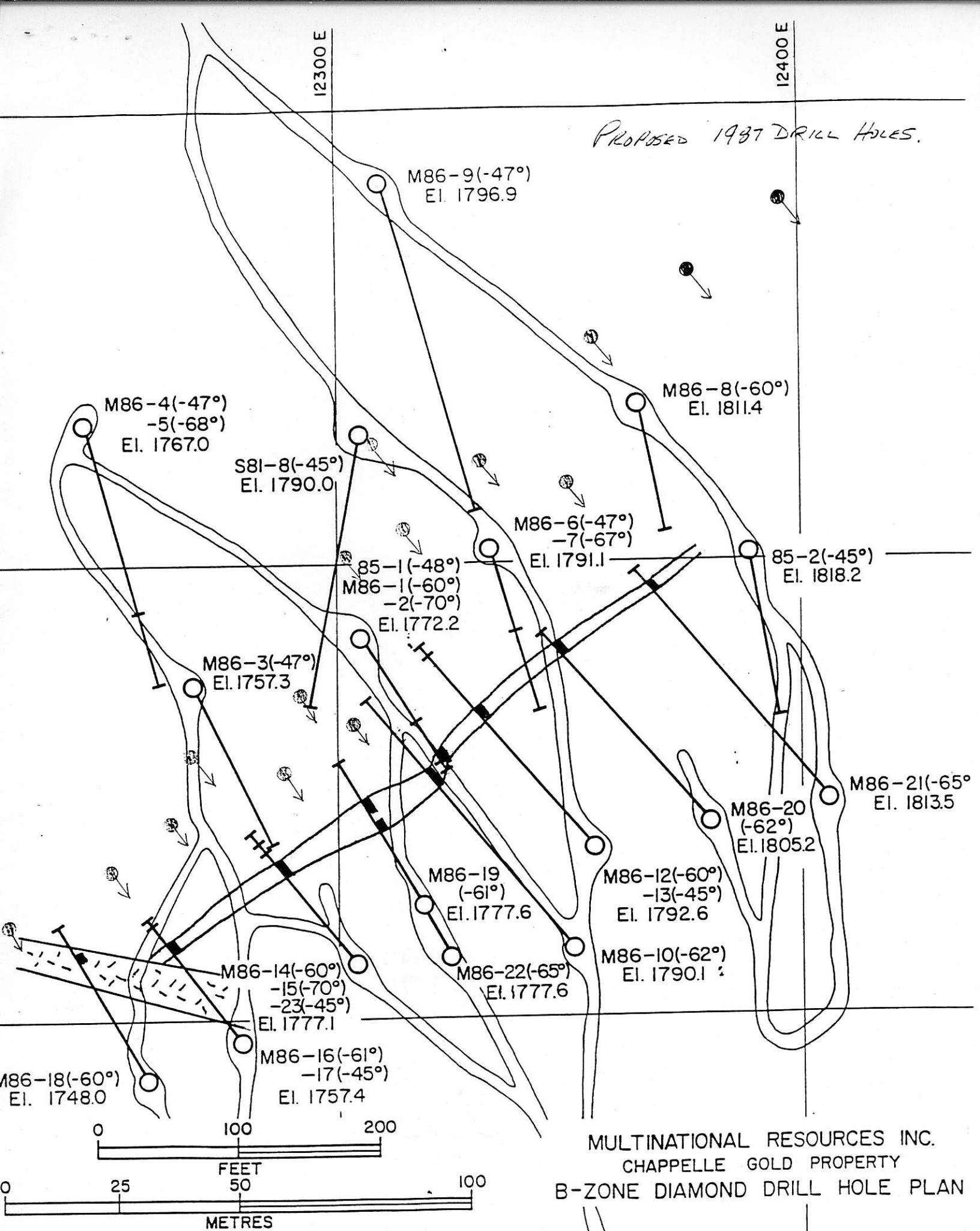
Underground exploration and development- 1,200 ft. @ \$500/ft.	\$600,000
Assaying	\$20,000
Mapping, sampling	\$25,000
Supervision, engineering, reports	\$15,000
Metallurgical testing	\$10,000
Travel	\$10,000
	<u>\$680,000</u>

Phase III

Mill and camp rehabilitation-	
Mill (at present 100tpd capacity)	\$150,000
Camp	\$100,000
Tailing disposal area construction	\$500,000
	<u>\$750,000</u>

Respectfully submitted,


N.C. Carter



N.C. CARTER, Ph.D., P.Eng.

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December 18, 1986

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

Dear Mr. Clancey:

Re: Proposed Phase I Drilling Program - 1987
Chappelle Gold Property

The attached diagram shows proposed hole locations for a Phase I drilling program on the B Zone.

The purpose of this program is two-fold: first, to better define known limits of mineralization, and secondly to gain a better knowledge of the structure prior to an underground exploratory/development program. Several exploratory holes are planned to test for extensions to the northeast and southwest.

Proposed holes are as follows:

	<u>Dip</u>	<u>Azimuth</u>	<u>Depth</u>
Section 16,17	-45°	140°	125'
	-60°	140°	175'
Between 16,17 and 14.15 and 23	-45°	140°	150'
	-58°	"	175'
	-65°	"	225'
	-70°	"	260'
Section 14,15,23	-45°	140°	125'
	-60°	"	225'
Section 19,22	-45°	330°	150'
	-60°	150°	260'
	-70°	"	300'
Section 10,85-1	-45°	320°	150'
	-52°	"	300'
Section 12	-45°	140°	180'
	-60°	"	230'
	-65°	"	265'
	-70°	"	300'

Section 20	-45°	140°	230'
	-55°	"	300'
	-75°	"	360'
NE of 21	-65°	140°	400'
	-75°	"	525'
SW of 18	-45°	140°	200'
	-60°	"	225'
			<hr/>
	Total		5835'

The proposed program involves the drilling of 24 holes from 14 set-ups, many of which are on or adjacent to existing set-ups.

It should be pointed out that not all holes will necessarily be drilled and modifications prior to and during the program will undoubtedly be made.

Yours very truly,

N.C. Carter

