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SUMMARY REPORT
1986 EXPLORATION PROGRAM
CHAPPELLE GOLD PROPERTY
Toodoggone River Area
Omineca Mining Division
British Columbia

FOR
MULTINATIONAL RESOURCES INC.

BY
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Diagrams (following text)

Property Location

Chappelle Gold Property

Phases II and III Drill Plan - B Zone

Longitudinal Section - B Zone

Appendix I - Significant Drill Intercepts

SUMMARY

Multinational's 1986 exploration program on the Chappelle property included 6,659 feet of diamond drilling, most of which was completed on the B Zone where a significant gold-silver-bearing quartz vein structure was located.

Drilling to date over a strike length of 450 feet has identified a well mineralized shoot containing a potential 50,000 tons. Weighted average grades (uncut) of drill intercepts within the zone are 0.680 oz/ton gold and 6.80 oz/ton silver over an average intercept of 9 feet.

Potential for extending the zone along strike and to depth is considered excellent and additional diamond drilling is definitely warranted prior to an underground exploration and development program.

Existing infrastructure, including a 100 tons per day mill, greatly enhances the potential viability of the Chappelle property.

INTRODUCTION

This report is intended to serve as a summary of 1986 exploration work on the Chappelle gold property of Multinational Resources Inc. A detailed report, including diamond drill logs, plans and sections, is in preparation.

LOCATION AND ACCESS

The Chappelle property is situated in the Toadoggone River area of north-central British Columbia 170 air miles north of Smithers. Access is by air to the Sturdee River valley airstrip which is linked to the property by a 9 mile all weather road.

Efforts are currently underway to encourage the Provincial Government to extend the Omineca Resource Road into the area from its present terminus 35 miles southeast of the Chappelle property.

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

PREVIOUS WORK

Gold-silver mineralization was discovered on the Chappelle property by Kennco Explorations (Western) Limited in 1968. Acquisition of the property by DuPont of Canada Exploration Limited in 1974 led to underground development on the A Vein and the construction of a 100 tons per mill which went on stream in May of 1981. Operations over a 31 month period included the

milling of 77,000 tons which yielded 37,606 ounces gold and 742,117 ounces silver.

Multinational Resources Inc. acquired the mineral rights to the 170 claim Chappelle (Baker Mine) property in 1985 and a program of geochemistry, trenching and 2,000 feet of diamond drilling was carried out on several mineralized zones in the vicinity of the former mine. Best results were obtained from one of two holes drilled on the B Zone which had previously been tested by one hole drilled by DuPont in 1981.

1986 PROGRAM

The 1986 program was designed to follow up the good results obtained in the 1985 drill hole on the B Zone. A three stage diamond drill program, carried out between July 14 and September 21, was successful in locating a significant gold-silver-bearing quartz vein structure.

The B Zone was tested by 5,903 feet of NQ diamond drilling in 22 inclined holes drilled from 15 sites. One 756 ft. hole was drilled in an unsuccessful attempt to further define precious metals values previously indicated at depth below the A Vein structure.

Several other zones within and outside the mine area were briefly investigated, as was the Company's Peregrine-Falcon property, where prospecting resulted in the discovery of a high grade lead-zinc(gold-silver) showing.

Program costs to date are estimated to be \$290,000 which will be partially defrayed by a \$50,000 Financial Assistance for Mineral Exploration (FAME) grant from the Provincial Government.

B ZONE DRILLING RESULTS

B Zone as originally defined on the Chappelle property is situated 1,200 feet northeast of the A Vein mined by DuPont between 1981 and 1983 (see property diagram). The surface expression of the zone includes several 1 to 2 ft. wide, west-northwest-striking quartz veins which dip 50° to 60° northeast. Typical late Triassic augite andesites exhibit intense quartz-sericite (clay minerals)-pyrite alteration characterised by closely spaced quartz veinlets.

1985 surface sampling of quartz veins and altered wallrocks yielded values ranging from 35-145 ppb gold and 0.2-1.5 ppm silver.

The alteration zone was tested by one hole drilled by DuPont in 1981 which yielded no significant results and by two holes drilled by Multinational in 1985. One of these, 85-1, intersected 14 feet grading 0.327 oz/ton gold and 5.16 oz/ton silver (see drill plan and longitudinal section for location).

1986 Phase I drilling effectively tested only what is now interpreted to be the hangingwall alteration zone of the main structure. Numerous quartz veins and veinlets were intersected, but values obtained were low. Best results included 0.051 oz/ton gold and 1.20 oz/ton silver over 6 feet in hole M86-6 and 2 feet

grading 0.309 oz/ton gold and 27.56 oz/ton silver at the bottom of hole M86-1 which was terminated prematurely due to a burned drill bit.

This latter value, when compared with results from the 1985 drill hole, indicated a possible dip reversal of a mineralized zone at depth and Phase II drilling was planned to test this hypothesis. This program successfully located a well mineralized quartz vein structure which apparently has no surface expression other than the hangingwall alteration zone. The structure, as tested to date by Phases II and III, strikes east-northeast and dips vertically to steeply northwest. True widths are in the range of 8 to 25 feet.

Better gold and silver grades apparently occupy a gently northeast raking shoot over a 200 ft. vertical interval within the plane of the vein (see longitudinal section).

B Zone has been drill tested to date over a strike length of 450 feet and to a depth of 425 feet below surface. Significant intersections, listed in Appendix I, include 11.3 feet and 7.5 feet in hole M86-19 grading 1.151 oz/ton gold, 3.05 oz/ton silver and 1.351 oz/ton gold, 0.87 oz/ton silver respectively. The last hole drilled, M86-23, intersected a 16.8 ft. core length assaying 1.702 oz/ton gold and 21.26 oz/ton silver. This section included 10 ft. grading 2.749 oz/ton gold and 32.46 oz/ton silver.

CONCLUSIONS

The area drilled to date on the B Zone includes a potential 50,000 tons of good grade gold-silver mineralization. Weighted average grades (uncut) of 12 drill intercepts within the area drilled are 0.680 oz/ton gold and 6.01 oz/ton silver over an average intercept length of 9 feet.

The zone is open to depth and along strike, particularly to the northeast. Prospects for defining additional tonnage of good grade material are considered excellent.

The B Zone is interpreted as being an extension of the A Vein structure previously mined by DuPont, although drilling to date suggests that B Zone does not have the same structural complexity.

Numerous other gold-silver bearing zones are known on the large property, most of which have received only cursory attention. In view of the 1986 experience on the B Zone, which has little or no surface expression, additional investigation of these other zones is definitely warranted.

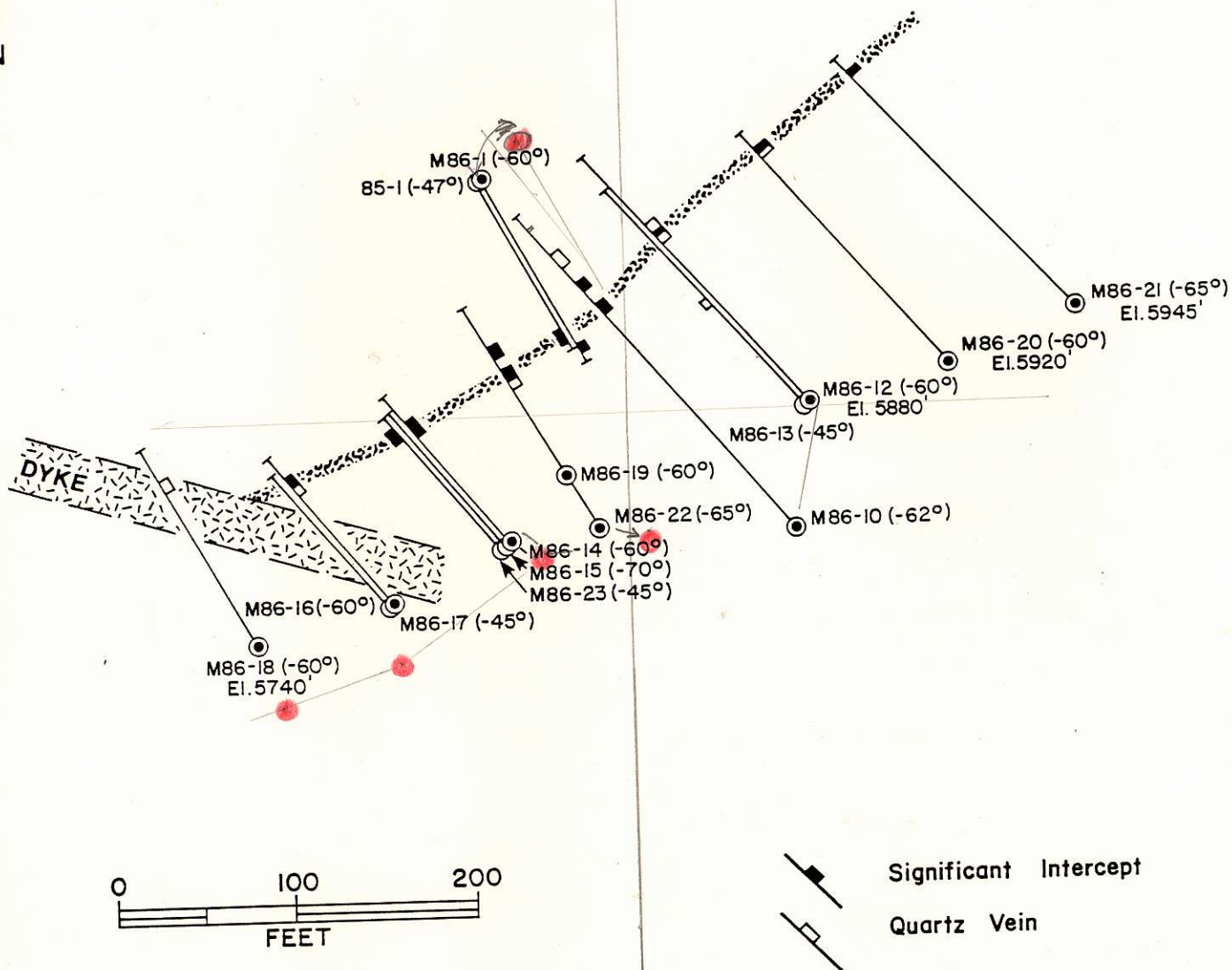
Existing infrastructure on the property, particularly the 100 tpd mill, is a major factor in assessing the viability of the Chappelle property. An independent assessment of the milling facility indicates it to be in good order. Estimated start-up costs at present capacity are \$147,000. The present tailing disposal site requires enlargement or relocation at an additional cost of \$300,000.

RECOMMENDATIONS

Additional diamond drilling is required to further assess the B Zone. Drilling to date has been at 50 to 75 ft. spacings and it is recommended that 5,000 ft. be directed to in-fill holes to better determine grade and structural continuity. Extension of the structure along strike and to depth should be tested by an additional 5,000 - 7,500 feet of drilling.

The proposed drilling program would be in anticipation of an underground exploration and development program, possibly by way of a 9 by 12 ft. decline.

Estimated costs for a program involving 12,500 ft. of diamond drilling, 1,000 ft. of underground exploration and mill rehabilitation, etc. are in the order of \$1.5 million.



MULTINATIONAL RESOURCES INC.

CHAPPELLE GOLD PROPERTY

TOODOGGONE AREA, B.C.

PHASES II & III DRILL PLAN - 'B' ZONE