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

February, 1987

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CONSULTING GEOLOGIST

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Chappelle Gold Property

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SUMMARY

Multinational's 1986 exploration program on the Chappelle property included 6,669 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 40,000 - 50,000 tons. Diluted, uncut average grades range between 0.520 and 0.660 oz. gold and 4.2 and 6.1 oz. silver per ton.

Potential for extending the zone along strike and to depth is considered excellent and additional diamond drilling is recommended 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 available on request.

## LOCATION AND ACCESS

The Chappelle property is situated in the Toodoggone 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 day mill which went on stream in May of 1981. Operations over a 31 month period included the milling of 82,000 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 was carried out between July 14 and September 21. Phases II and III were successful in locating a significant gold-silver-bearing quartz vein structure.

Locations of these holes are shown on the appended drill hole plan.

#### 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 and contain low gold and silver values.

Typical late Triassic augite andesites exhibit intense quartz-sericite (clay minerals)-pyrite alteration characterized by closely spaced quartz veinlets.

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 silver (see drill plan, longitudinal section and drill sections for location).

Phases II and III drilling further defined a well mineralized quartz vein structure which apparently has no surface expression other than the previously described alteration zone.

The structure, which strikes northeasterly and is vertical to steeply north-dipping, has an apparent true width of between 8 and 25 feet. Better gold and silver grades occur over a 7 ft. average true width and occupy a gently northeast raking shoot over a 200 ft. vertical interval within the plane of the vein (see drill sections and 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, and shown on the drill sections, 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

Some 40,000 to 50,000 tons are indicated within the area drilled to date on B Zone. Diluted, uncut weighted average grades range between 0.520 and 0.660 oz. gold and 4.2 and 6.1 oz. silver per ton.

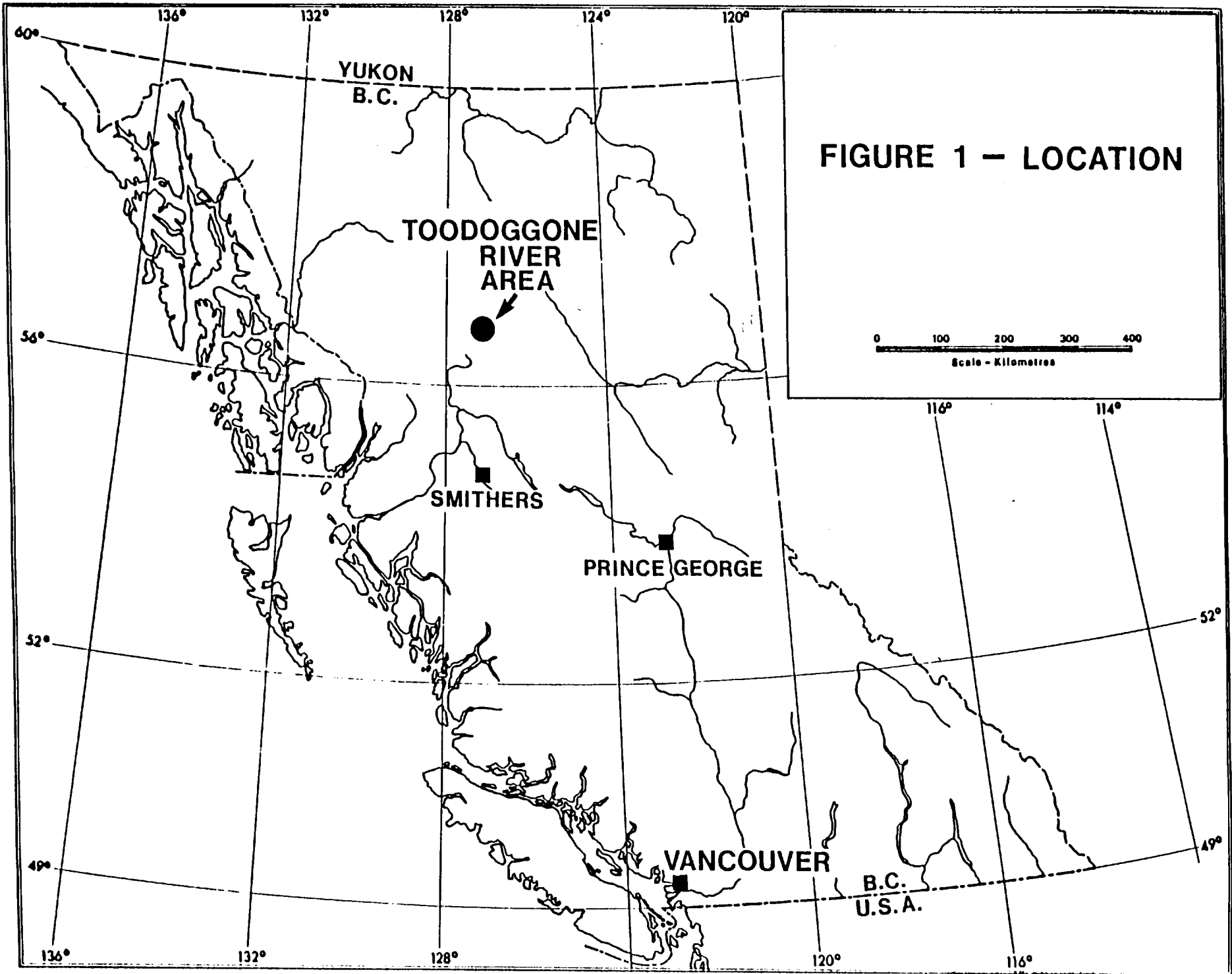
The zone is open to depth and along strike, particularly to the northeast. Prospects for defining additional tonnage of good grade material are considered excellent.

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. Better grades in both occur over a similar vertical interval and are associated with fine-grained electrum, argentite and native gold.

B Zone and A Vein appear to be part of a 1.5 mile long NE structure which includes gold and silver bearing quartz veins at its known limits. Additional well-mineralized precious metals shoots may occur elsewhere along this trend and a thorough re-evaluation of all known mineralized structures on the property is warranted.

A 1987 program of exploration and development will include an initial 5,000 ft. of drilling to further define B Zone prior to proposed underground drifting to access continuity of grades and ground conditions.

Existing infrastructure on the property, particularly the 100 tpd mill, is a major factor in assessing the viability of the Chappelle property.



**FIGURE 1 - LOCATION**

0 100 200 300 400  
Scale - Kilometres

YUKON  
B.C.

TOODOGGONE  
RIVER  
AREA

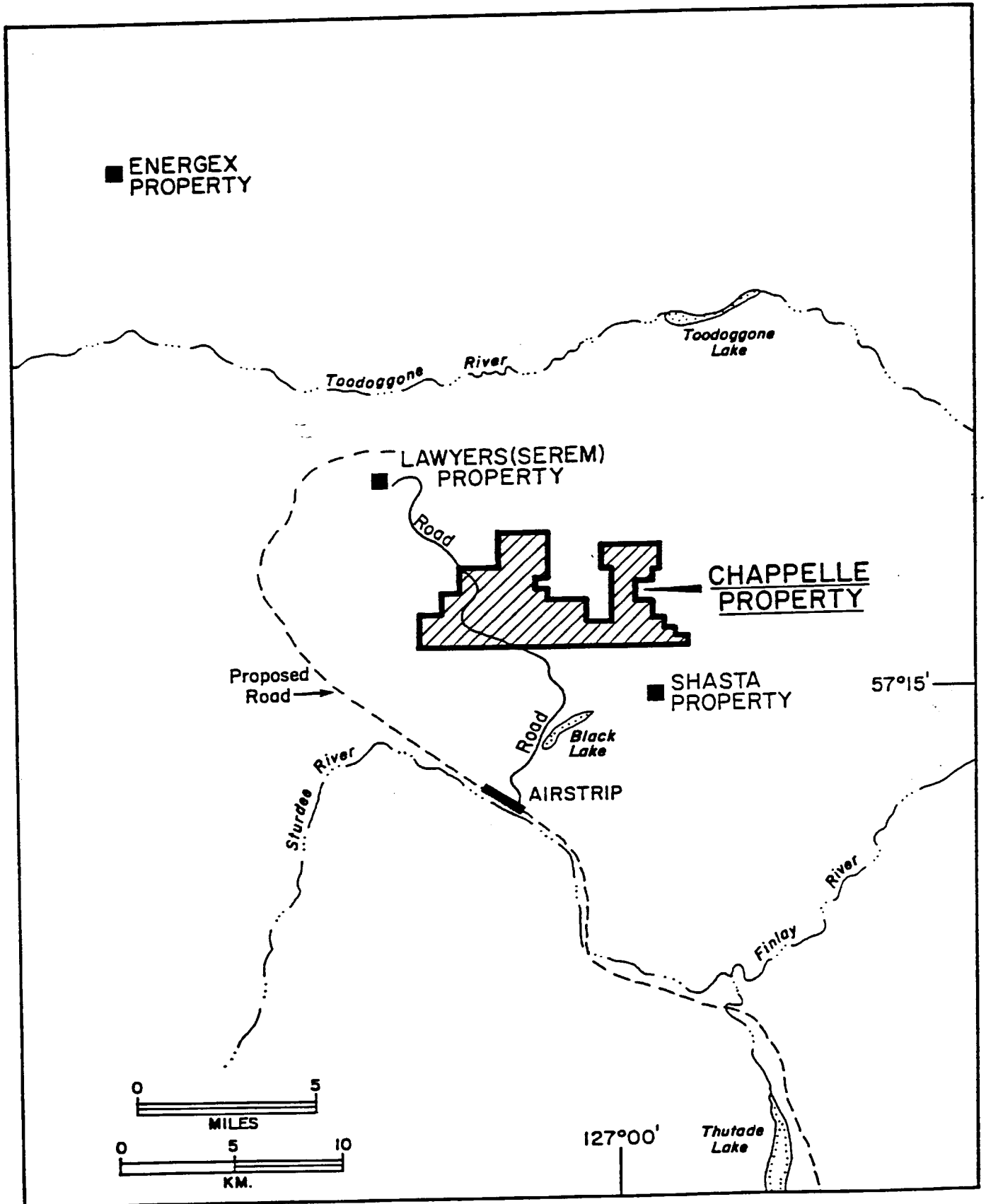
SMITHERS

PRINCE GEORGE

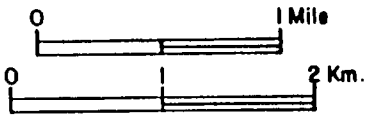
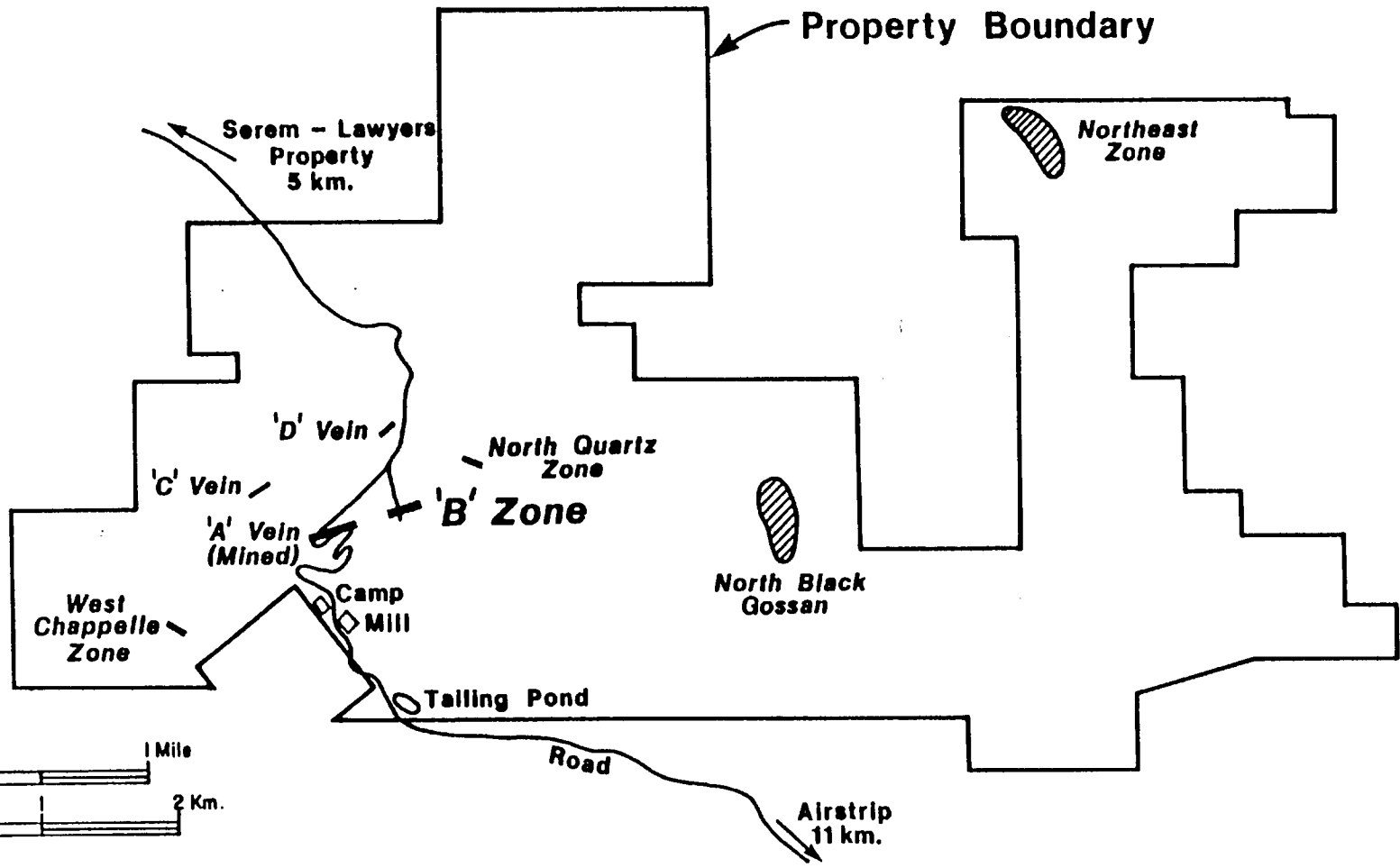
VANCOUVER

B.C.  
U.S.A.

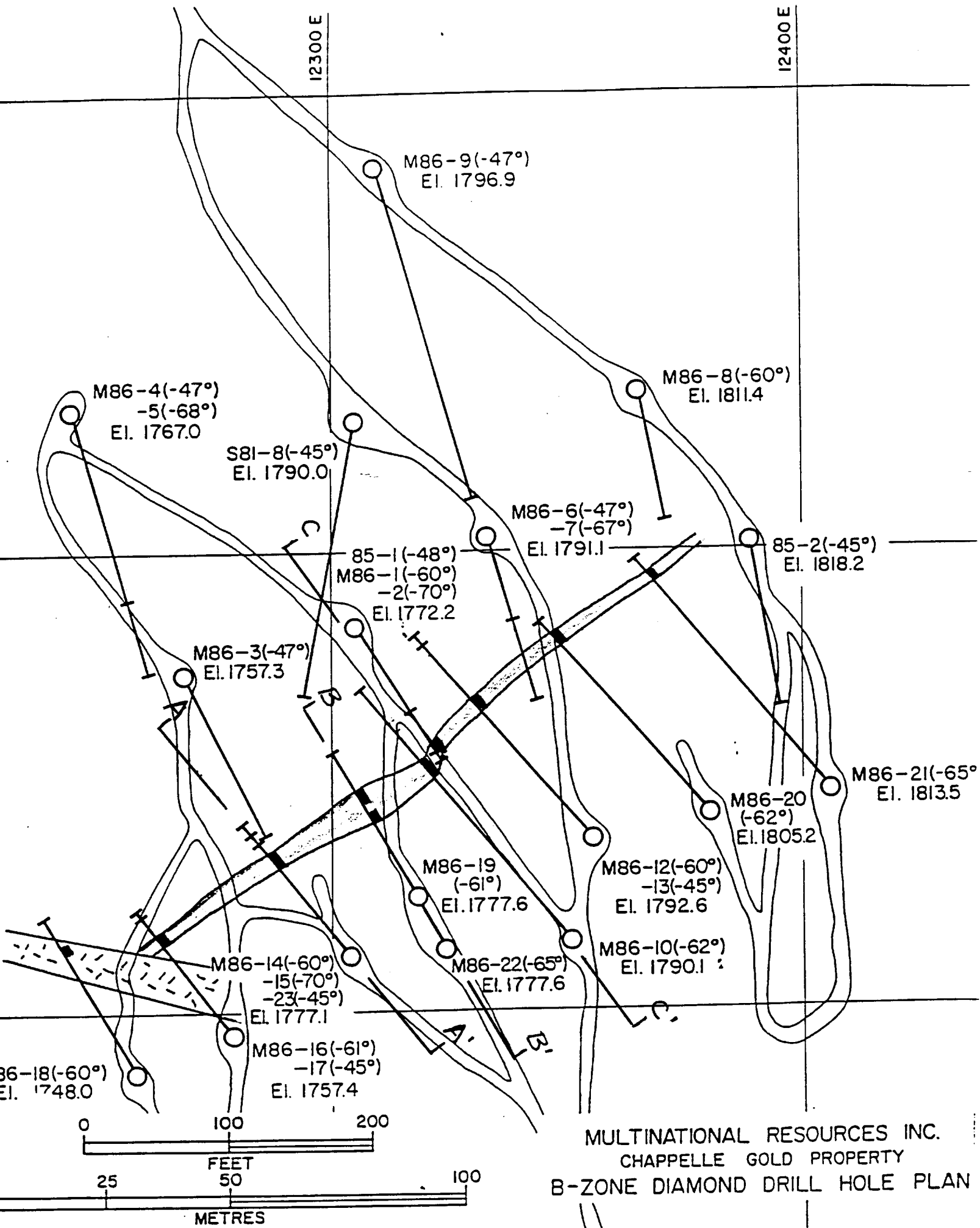




**FIGURE 2 – LOCATION – CHAPPELLE PROPERTY**



**MULTINATIONAL RESOURCES INC.**  
**CHAPPELLE GOLD PROPERTY**  
**TOODOGGONE AREA, B.C.**



2250 N

1775  
A'

A

(11m. NE of Section)

1.702, 21.26 / 5.12m (16.8ft.)

0.029, 0.24 / 0.41  
 0.036, 0.22 / 0.98  
 0.095, 0.22 / 0.61  
 0.042, 0.09 / 0.61  
 3.885, 23.77 / 0.61  
 4.317, 46.38 / 0.61  
 1.175, 3.49 / 0.61  
 1.228, 11.96 / 0.61  
 3.138, 76.71 / 0.61  
 0.298, 11.40 / 0.85  
 0.041, 1.32 / 0.91

1750

0.013, 0.13 / 1.1

M86-23  
44 m.

0.486, 8.27  
3.94m (12.9ft.)

0.010, 0.18 / 0.98  
 0.018, 0.08 / 0.55  
 0.009, 0.05 / 0.55  
 0.236, 1.84 / 0.55  
 0.155, 3.65 / 0.55  
 0.315, 5.78 / 0.55  
 0.158, 7.67 / 0.55  
 0.945, 12.40 / 0.55  
 0.136, 0.66 / 0.64  
 0.018, 0.09 / 0.61  
 0.013, 0.06 / 0.70  
 0.036, 0.22 / 1.52  
 0.010, 0.12 / 1.52

1725

M86-14  
69.2 m.

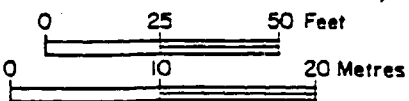
M86-3  
56.4 m.

FIG. 9

MULTINATIONAL RESOURCES INC.  
 CHAPPELLE GOLD PROPERTY  
 SECTION THROUGH DRILL HOLES  
 M86-3, -14, -15, -23  
 Looking Northeast

- 6 Overburden, broken bedrock
- 5 Quartz (Carbonate) Vein
- 4 Quartz-Sericite-(Clay Minerals)-Pyrite Alteration
- 3 Quartz-Feldspar-Porphry
- 2 Dacite
- 1 Augite Andesite

0.315, 5.78 / 0.55 — Au(oz/ton), Ag(oz/ton) / metres

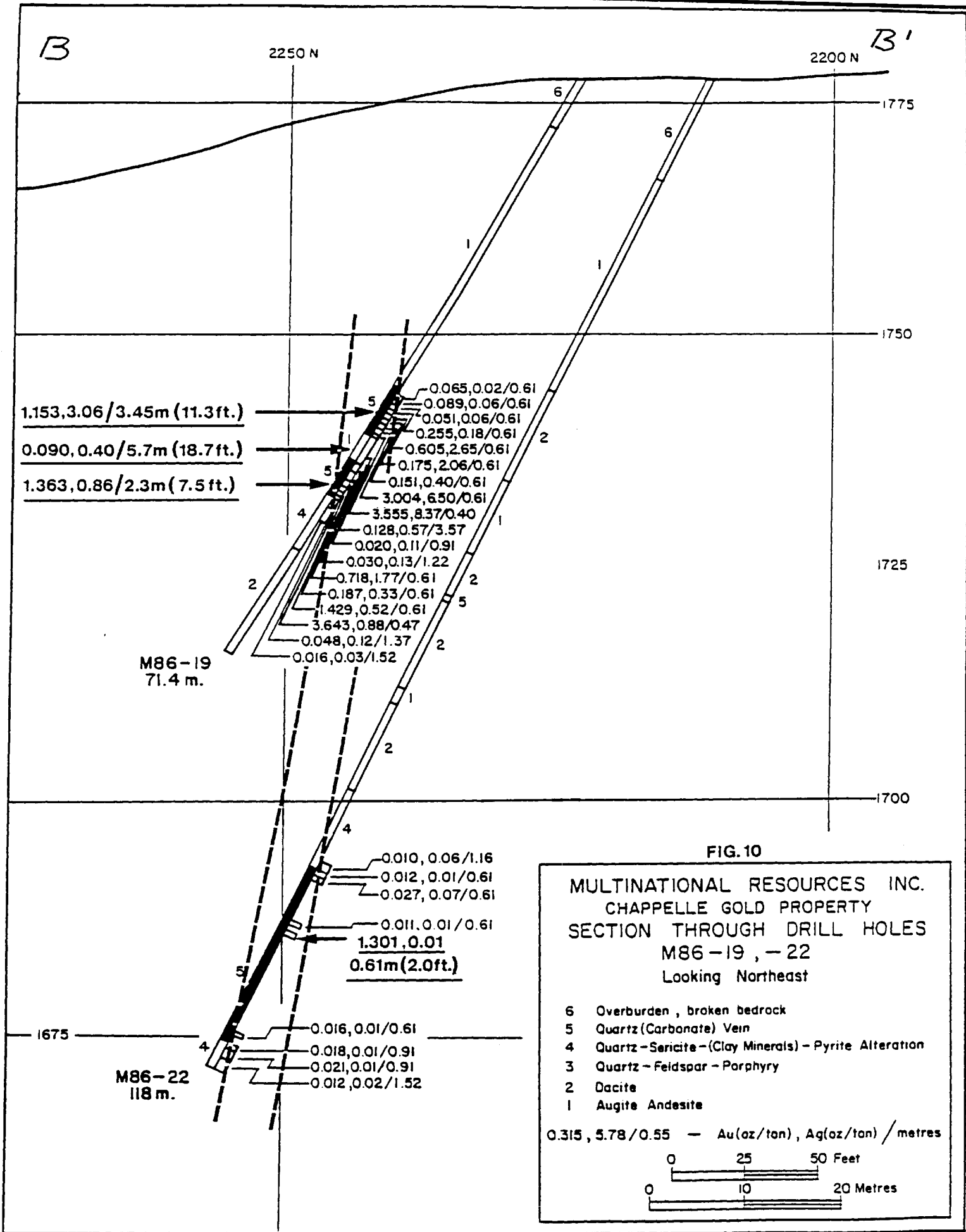


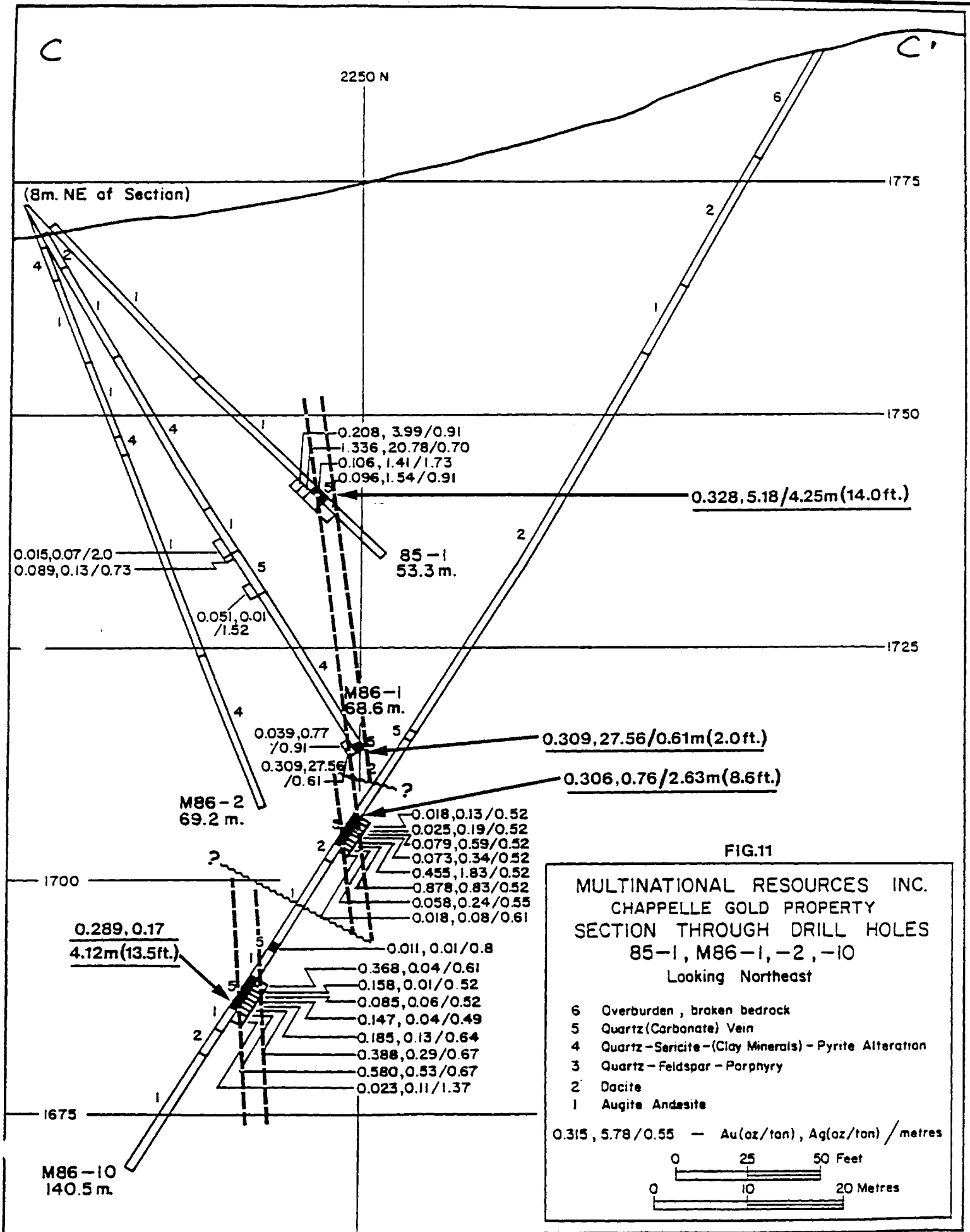
1700

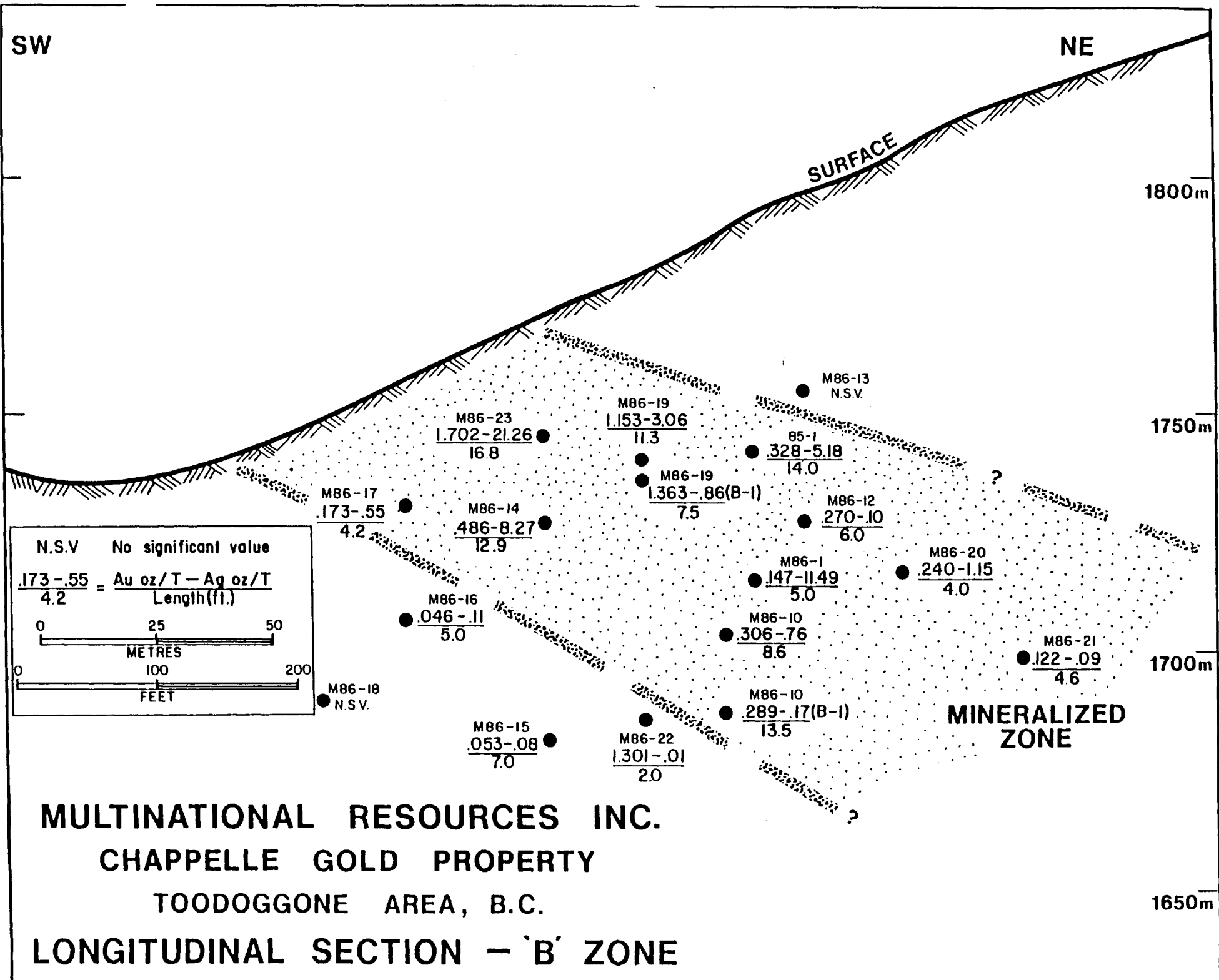
M86-15  
93 m.

0.016, 0.05 / 0.61  
 0.012, 0.05 / 0.61  
 0.014, 0.07 / 0.61  
 0.016, 0.01 / 0.61  
 0.035, 0.05 / 0.61  
 0.095, 0.11 / 0.76  
 0.025, 0.06 / 0.76  
 0.014, 0.13 / 0.91

1675







## APPENDIX 1

SIGNIFICANT DIAMOND DRILL HOLE INTERCEPTS

<u>Drill Hole</u>	<u>Interval (ft.)</u>	<u>Length (ft.)</u>	<u>Gold(oz/ton)</u>	<u>Silver (oz/ton)</u>
85-1	136.0-150.0	14.0	0.327	5.16
		including-		
	136.0-141.3	5.3	0.698	10.51
M86-1	220.0-225.0	5.0	0.147	11.49
		including-		
	223.0-225.0	2.0	0.309	27.56
	(hole stopped-burned bit)			
M86-10	320.2-328.8	8.6	0.306	0.76 ✓
		including-		
	323.5-327.0	3.4	0.667	1.33
"	382.0-395.5	13.5	0.289	0.17
		including-		
	391.1-395.5	4.4	0.484	0.41
M86-12	255.5-261.5	6.0	0.270	0.10
		including-		
	255.5-257.5	2.0	0.608	0.02
M86-13		No Values		
M86-14	159.8-172.7	12.9	0.486	8.27
		including-		
	163.4-170.6	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
M86-18		No Values		
M86-19	135.0-146.0	11.3	1.151	3.05
		including-		
	143.0-146.3	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
		including-		
	169.0-172.5	3.5	2.378	0.67



APPENDIX 1

<u>Drill Hole</u>	<u>Interval (ft.)</u>	<u>Length (ft.)</u>	<u>Gold(oz/ton)</u>	<u>Silver (oz/ton)</u>
M86-20	336.3-340.3	4.0	0.240	1.15
M86-21	426.4-431.0	4.6	0.122	0.09
M86-22	334.8-336.8	2.0	1.301	0.01
M86-23	115.2-132.0	16.8	1.702	21.26
	119.2-129.2	including- 10.0	2.749	32.46

APPENDIX II

MULTINATIONAL RESOURCES INC.

BOARD OF DIRECTORS

WILLIAM E.S. CLANCEY

Prominent Western Canadian entrepreneur, W.E.S. (Bill) Clancey has a strong background in the resources and financial communities.

President of his own public relations firm, he has functioned at an executive level for banking, heavy construction, mining and energy companies as well as maintaining upper echelon liaison with government agencies.

Mr. Clancey also served on the Board of Directors and Management Committee of Piper Petroleums. As head of William Clancey & Associates Ltd., he is the dean of Western Canadian public relations figures, and has a strong voice in prominent corporate boardrooms.

ROBERT E. HALLBAUER, P. ENG.

Robert Hallbauer, Senior Vice-President of Teck Corporation, is an internationally respected mining man. He is widely known for his long-term negotiating abilities, especially with the Japanese corporate groups involved in B.C.'s massive coal development picture.

Other positions presently held by Mr. Hallbauer include:

Cominco Ltd.	-	President & Chief Executive Officer
Afton Operating Corporation	-	President
Bullmoose Operating Corporation	-	President
Highmont Operating Corporation	-	President
Lamaque Mining Co. Ltd.	-	Vice-President & General Manager
Newfoundland Mining Co.	-	President
Niobec, Inc.	-	Vice-President
Lornex Mining Corporation Ltd.	-	Director
Coal Association of Canada	-	Director

Positions previously held:

Mining Association of B.C. (1979-1981)	-	President
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CLARENCE A.R. ANDERSON

Clarence Anderson has been associated with the natural resources industry in B.C. for more than two decades as a public relations consultant on behalf of many public companies.

A veteran financial and natural resources editor and publisher, he draws on extensive experience from the daily newspaper field and other journals across Canada. He has served on the boards of mining and energy-related companies.

IWAO OKAMOTO, B.A.

President and Chief Executive Officer, Nissho Iwai Canada Ltd. (est. 1958), an import-export firm, a 100% subsidiary of Nissho Iwai Corporation, Japan.

Director, Nissho Iwai Corporation, one of Japan's six leading integrated trading companies, or "sogo shosha", for whom trade remains the basic function; however, "sogo shosha" go beyond trade by creating trade flows and providing international project management and finance, direct investment, resource development, development and transfer of advanced technologies, and offshore trade.

Educated: Kobe University, B.A., 1951

Assistant Manager, Nissho & Co., Australia Ltd., Melbourne, Australia, 1959-65; Manager, Coal Department, Nissho & Company, Tokyo, Japan, 1965-70; General Manager, Coal Department, Nissho-Iwai Co. Ltd., Tokyo, Japan, 1970-77; General Manager, Nissho-Iwai Co., (Australia) Pty. Ltd., Sydney, Australia, 1977-81; General Manager, Coal Project Office, Nissho Iwai Corporation, Tokyo, Japan, 1981-83; President and Chief Executive Officer, Nissho Iwai Canada Ltd., Vancouver, B.C. 1983 to present.

Member, The Vancouver Board of Trade. Director, Canada-Japan Society of Vancouver.

Clubs: Canadian Club, Vancouver; Terminal City; Point Grey Golf & Country.

WILLIAM S. IRWIN

"Bill" Irwin is one of the best known securities officials in all Canada. His thirty years of experience include terms with the Ontario and Saskatchewan Securities Commissions, plus two decades with the British Columbia Securities Commission. He served eighteen years in capacity of Superintendent of Brokers before accepting a Vice-Presidential post with the Vancouver Stock Exchange as head of the important membership and regulation divisions.

Mr. Irwin is currently Secretary of Harwin Exploration & Development Inc. and also serves as a director. He is also a director of Great American Gold Corp., Norsemont Mining Corp. and Mono Gold Mines Inc. and former President of Tri-Basin Resources Ltd.

No man on the national scene has witnessed and personally examined the makeup and continuing progress of junior resource companies operating in the public sector than "Bill" Irwin and his willingness to accept a directorship with Multinational Resources is seen as a vigorous personal endorsement of Multinational's aim for future development.

WILLIAM MEYER, P. ENG.

Prior to joining Teck Explorations as Exploration Manager several years ago, "Bill" Meyer enjoyed a reputation as one of B.C.'s outstanding independent engineering consultants. Meyer has a special background in junior resource company development.

Meyer's wide and varied mineral prospect examinations have carried him to all parts of North America and thus provide the Multinational Group with a director rich in experience from every aspect of project planning, particularly in the all-important initial phases.

PATRICK CLARIDGE

Patrick Claridge is currently Financial Consultant and Vice-President of United Resource Management Ltd.

Prior thereto, Mr. Claridge was Director, Nortec Energy Corp.; Vice-President, Sparrow Realty; Institutional Sales, Macaulay Nicolls Maitland & Co. Ltd.

## ADVISORY COMMITTEE

### DR. NORMAN KEEVIL, JR.

Norman Keevil Jr. was born in Boston, Massachusetts in 1938. He holds a BAsC degree from the University of Toronto and a PhD in Mineral Technology from the University of California at Berkeley. He is a member of the Association of Professional Engineers of Ontario

Dr. Keevil is the newly appointed Chairman of the Board of Cominco Ltd.

President and Chief Executive Officer of Teck Corporation, a diversified Canadian resources company with producing operations in seven provinces from Newfoundland to British Columbia. Teck produces oil, natural gas, zinc, silver molybdenum, gold, niobium and copper. Teck is particularly active in new mine development, having brought four new mines into production in recent years, and is currently developing a new coal mine.

Dr. Keevil joined the Teck organization on a full-time basis in 1962 as Vice President of Exploration. In 1963, he became a Director of the Company, in 1970 was appointed Executive Vice President and in 1981 became President and Chief Executive Officer.

President of Teck Corporation, Dr. Keevil's company has been responsible for the birth of mining operations from coast-to-coast in Canada as well as at an international level. His affiliation with Multinational speaks for itself.

Dr. Keevil is First Vice President of the Mining Association of Canada, and on the Board of Directors of Lornex Mining Corporation Ltd. and Southam Inc.

### JOHN L. MAY, P. ENG.

John May has been with the Teck organization since 1964. He moved to the company's head office in Vancouver in 1979 to assume responsibilities for Teck's exploration programs, both domestically and internationally. Current activities include operations in eastern and western Canada and in the United States and Australia.

Mr. May is a Director of the Prospectors & Developers Association of Canada, and a member of the Executive Committee of the British Columbia & Yukon Chambers of Mines. He is President of Teck Explorations Ltd.

His affiliation with Multinational comes because of his exploration excellence and his "hard-nosed" yet practical application of experience in a demanding field.

A.E. "TED" TURTON

Mr. Turton is a storied figure in natural resources exploration and development in Western Canada. Widely-recognized for his financial talents as Chairman of Canarim Investment Corporation, one of the most powerful underwriting and venture capital organizations in the nation, "Ted" Turton has played far-reaching roles in mineral development ever since the halcyon days of Pyramid Mining in the Northwest Territories as well as in many successful projects of a major nature in British Columbia.

Mr. Turton is also active in oil and natural gas projects in Manitoba and Saskatchewan, where new pools have been discovered and an exciting future forecast. His association with Multinational provides excellent long-term support and direction towards corporate targets not only in minerals, but also in energy-related situations in the newly-discovered producing oil and gas situations on the Prairies.

Mr. Turton is also a Director of Advocate General Insurance Corp.

As a member of the Special Advisory Committee, Mr. Turton will play an active role on behalf of Multinational Resources Inc. and we are proud of his association with the Group.

JOHN S. BROCK

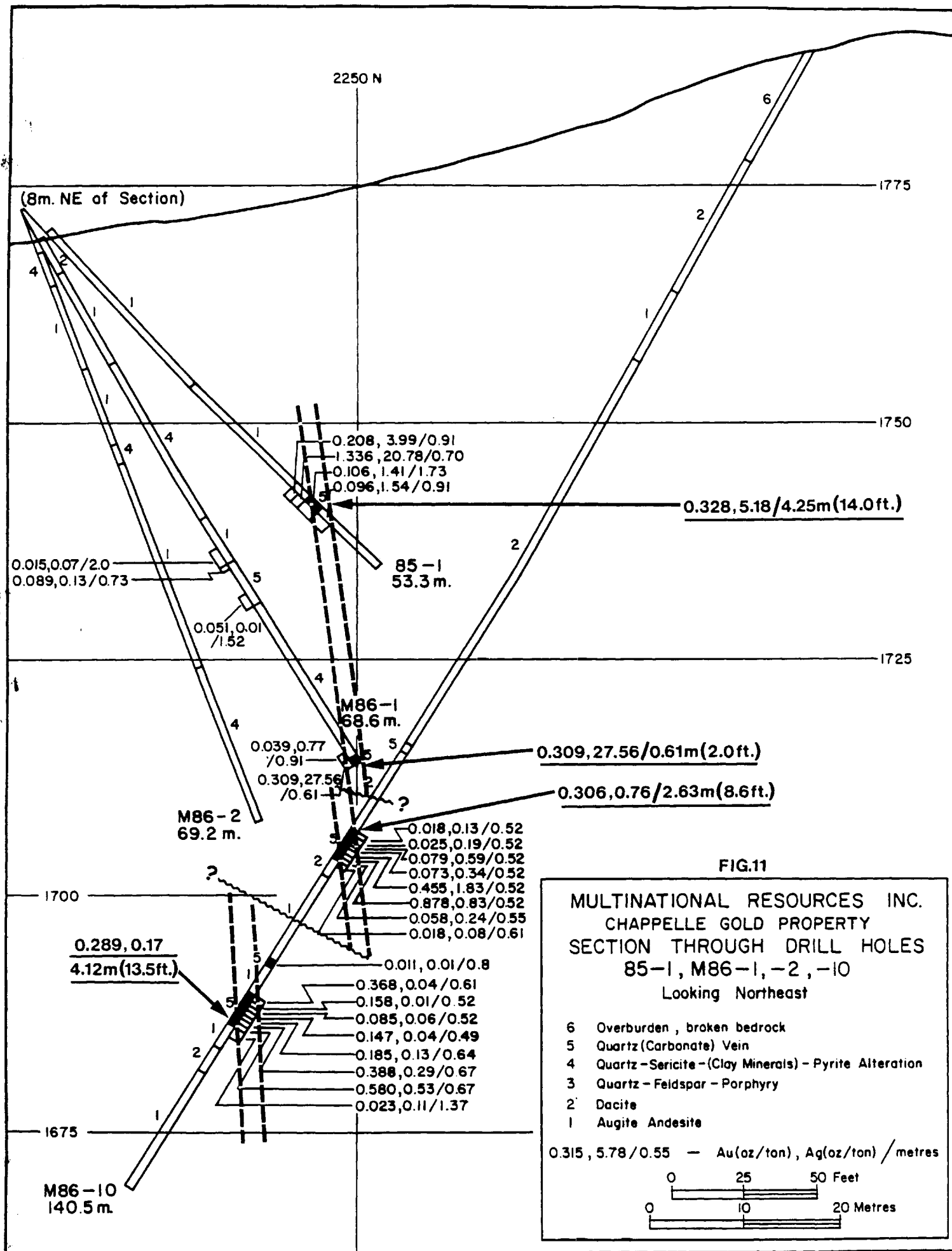
Mr. Brock graduated from the University of British Columbia with a degree in geology and geophysics in 1974. Since that time, he has worked extensively in the field of publicly financed mineral exploration.

He was formerly Vice-President, Exploration, of Dynasty Explorations, which later became Cyprus Anvil Mining Corporation. For the past ten years, he has headed up Welcome North Mines and has been active with a number of associated companies, including Esperanza Explorations.

His exploration career has spanned B.C. and the Yukon, with some time in the southwest U.S., Ontario, Ireland and Chile. Participation in significant discoveries includes the Faro lead-zinc deposit, Tea Barite, Sierra Gorda Copper and Tillicum Gold.

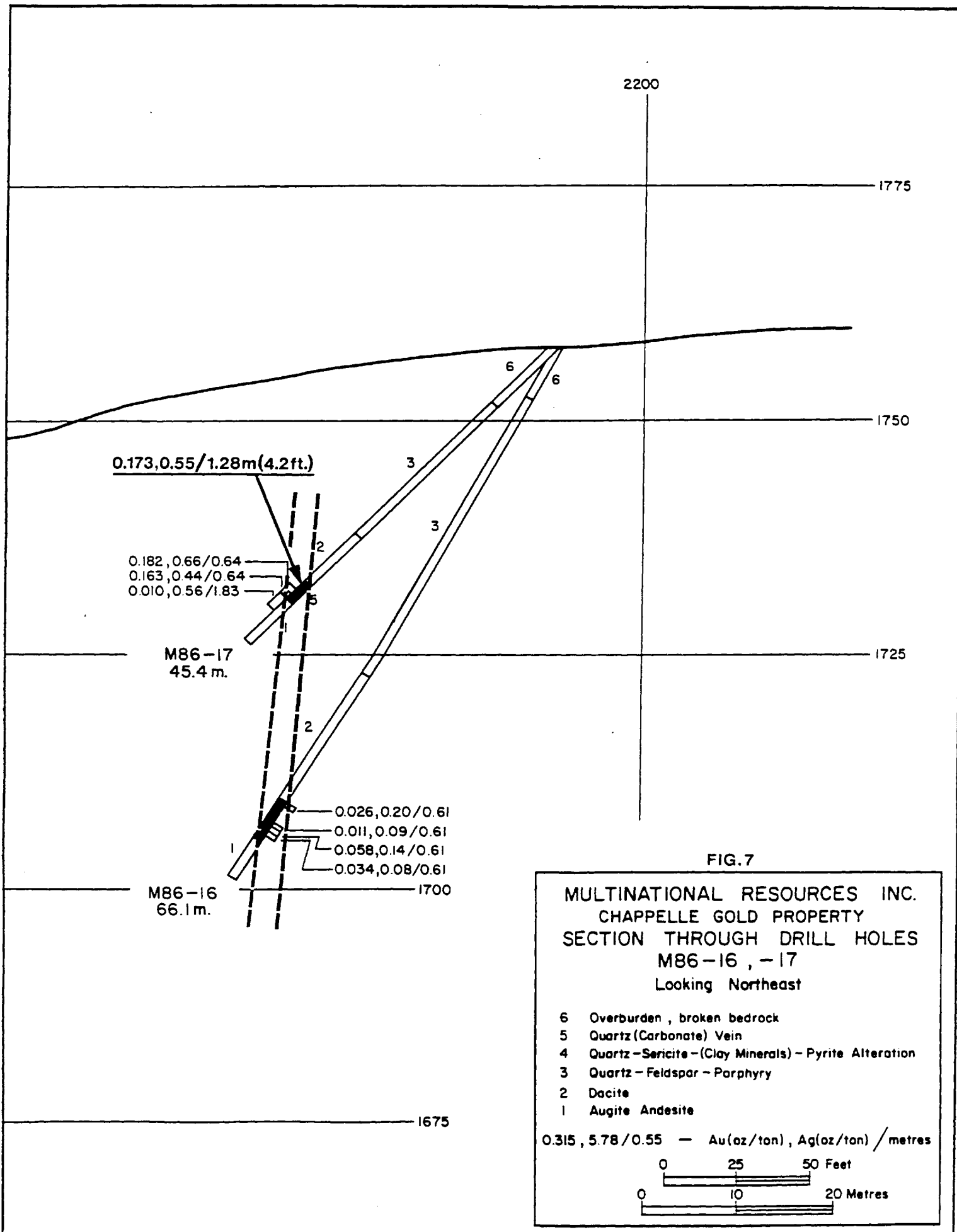
John Brock serves on the Executive of the B.C. and Yukon Chamber of Mines and is a member of the Canadian Institute of Mining and Metallurgy, and is a Fellow of the Geological Association of Canada.

Mr. Brock is known as one of the most astute natural resources executives in the field and his contribution to the Multinational Group will add depth and dimension.



**FIG.11**

**MULTINATIONAL RESOURCES INC.**  
**CHAPPELLE GOLD PROPERTY**  
**SECTION THROUGH DRILL HOLES**  
**85-1, M86-1, -2, -10**  
**Looking Northeast**





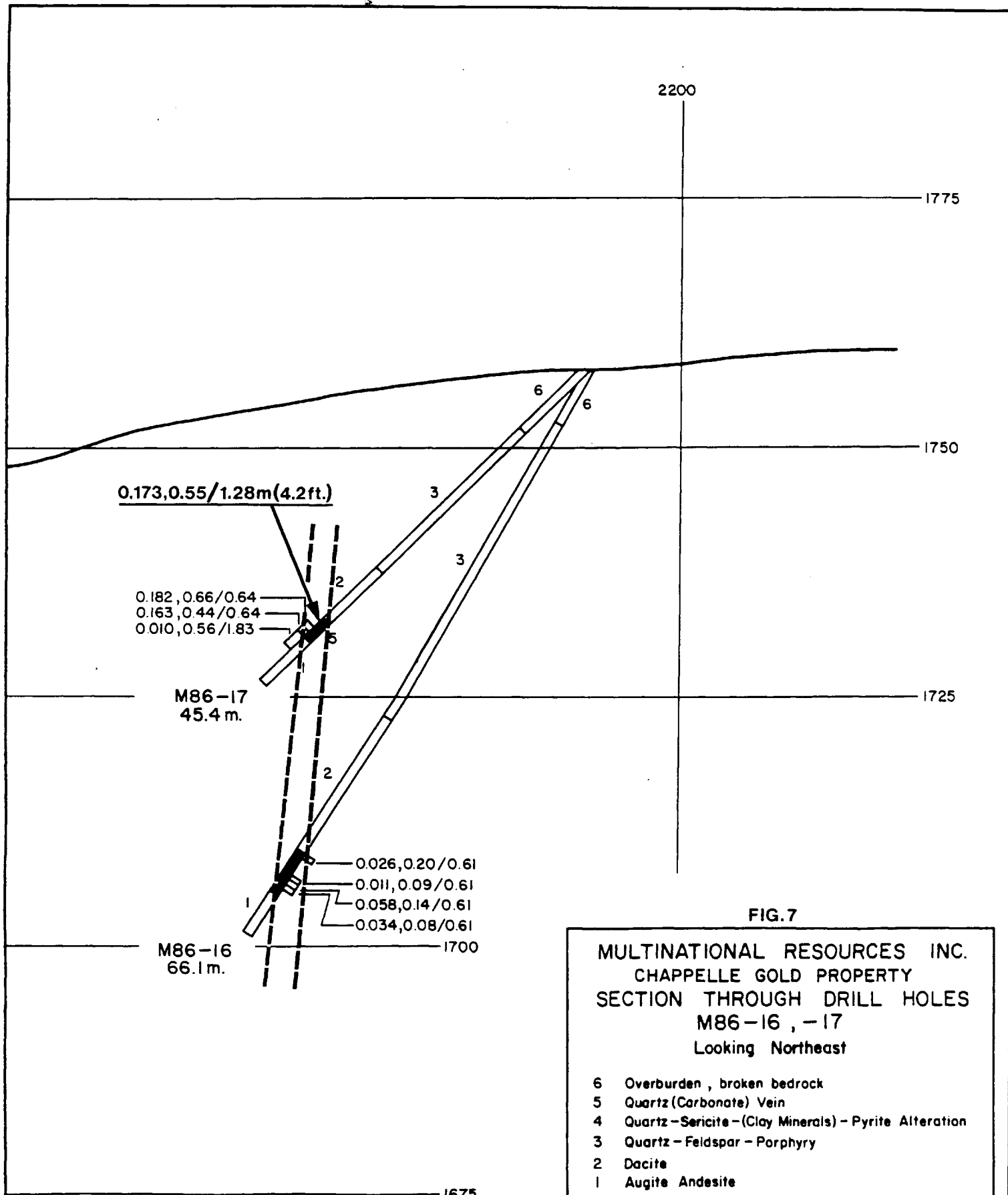


FIG. 7

MULTINATIONAL RESOURCES INC.  
CHAPPELLE GOLD PROPERTY  
SECTION THROUGH DRILL HOLES  
M86-16, -17  
Looking Northeast

6 Overburden, broken bedrock  
5 Quartz (Carbonate) Vein  
4 Quartz-Sericite-(Clay Minerals)-Pyrite Alteration  
3 Quartz-Feldspar-Porphry  
2 Dacite  
1 Augite Andesite

0.315, 5.78 / 0.55 - Au(oz/ton), Ag(oz/ton) / metres

0 25 50 Feet  
0 10 20 Metres

2250 N

1800

1775

1750

1725

1700

M86-13  
81.0 m.

0.270, 0.10 / 1.83m (6.0ft.)

M86-12  
102.4 m.

0.039, 0.13 / 1.1  
 0.023, 0.03 / 0.61  
 0.018, 0.01 / 0.61  
 0.608, 0.02 / 0.61  
 0.077, 0.24 / 0.61  
 0.124, 0.17 / 0.61  
 0.050, 0.18 / 0.61

0.011, 0.08 / 1.1

0.012, 0.13 / 0.64

FIG. 12

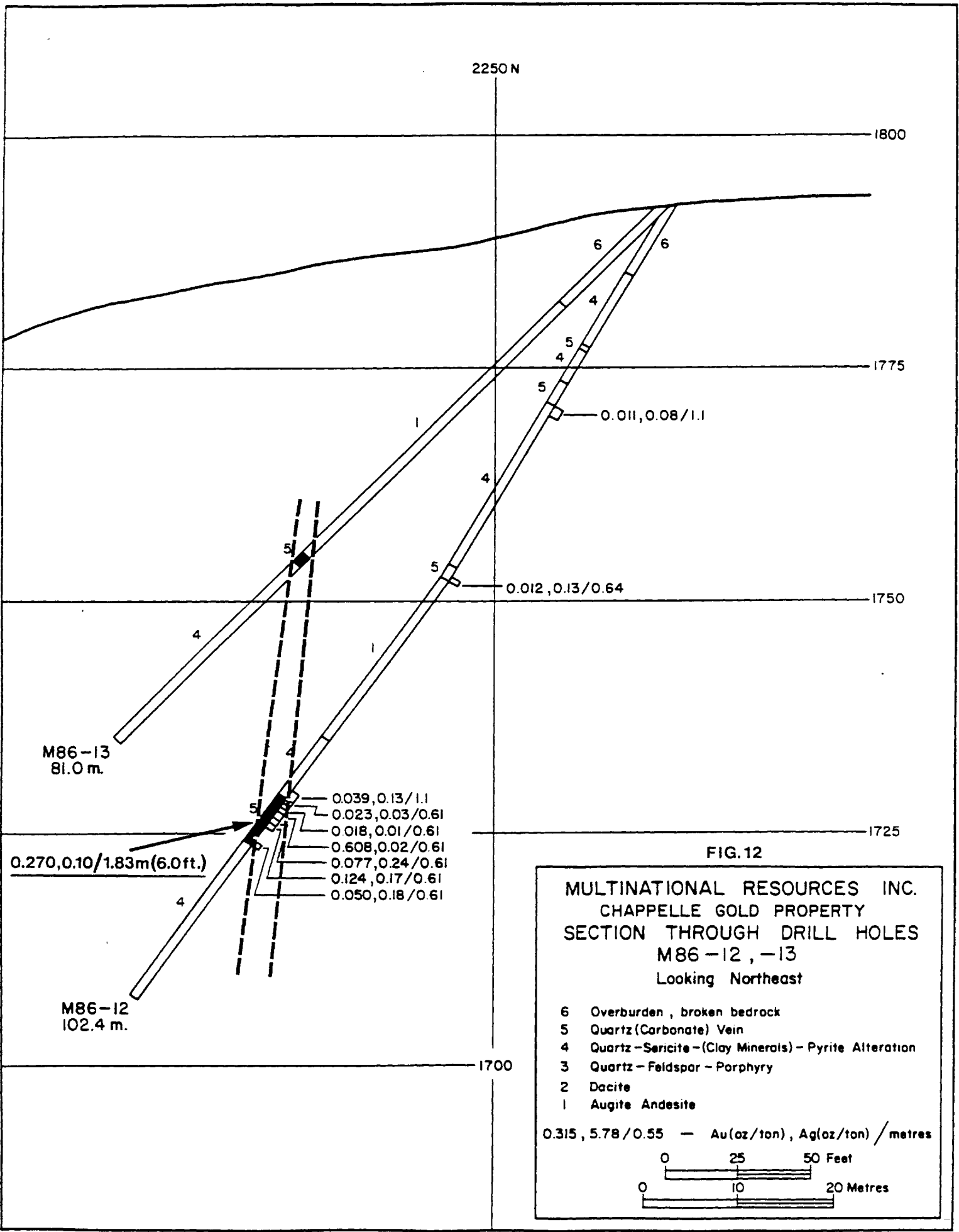
MULTINATIONAL RESOURCES INC.  
 CHAPPELLE GOLD PROPERTY  
 SECTION THROUGH DRILL HOLES  
 M86-12, -13  
 Looking Northeast

- 6 Overburden, broken bedrock
- 5 Quartz (Carbonate) Vein
- 4 Quartz - Sericite - (Clay Minerals) - Pyrite Alteration
- 3 Quartz - Feldspar - Porphyry
- 2 Dacite
- 1 Augite Andesite

0.315, 5.78 / 0.55 — Au(oz/ton), Ag(oz/ton) / metres

0 25 50 Feet

0 10 20 Metres



Analysis of 1986 exploration results on the B Zone, Chappelle gold property, is continuing and a major program is planned for 1987.

On the basis of 1986 drilling, two reserve estimates have been calculated, both of which assume a minimum 6 feet mining width and 20% dilution. Using a 0.10 oz/ton gold cut-off grade, drill-indicated reserves are 51,300 tons grading 0.520 oz/ton gold and 4.19 oz/ton silver. At a 0.20 oz/ton gold cut-off grade, 38,200 tons of 0.667 oz. gold and 6.10 oz. silver per ton are indicated.