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November 30, 1987

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

Dear Mr. Clancey:

Re: Proposed 1988 Program - Chappelle Property

The following proposals and estimated costs should be considered as preliminary and subject to modification. No time frame is proposed - start-up dates will depend on weather and the availability of the Cheni road for access.

The proposed program consists of four principal phases, including underground exploration and development of the B Zone ore shoot, additional diamond drilling of B Zone and drilling of several other zones in the western part of the property, detailed geological mapping and prospecting and rehabilitation of the mill and camp as required.

Underground Program

Three alternatives, including exploratory adits at the 1725, 1733 and 1740 metre levels, have been proposed by Teck Mining Group Limited.

Of these, a 450 ft. long, 9 by 13 ft. adit at the 1733 metre level appears to be the best alternative inasmuch as a significant portion of higher grade reserves (23,900 tons grading 0.728 oz/ton gold and 5.75 oz/ton silver) would be above the level. This alternative also affords an opportunity to collar the portal in a quartz-feldspar porphyry dyke which is a more competent unit than the prevailing volcanic host rocks, particularly near surface.

Cost estimates presented are those prepared by Teck. No bids for this job have yet been solicited and proposed estimates are subject to revision. There may be a cost saving in the \$100,000 mobilization/demobilization estimate by making use of the new road.

There has been some prior discussion regarding the necessity of a ventilation raise (\$70,000) - I would suggest that it is worth doing since it would provide additional information concerning average grades.

Diamond Drilling

Additional drilling is required to firm up reserves and grades in the northeast part of the B Zone ore shoot. This would consist of 3 or 4 shallow holes above and between intercepts obtained in holes M86-19 and 85-1 for a total of about 700 feet.

1987 drilling northeast of the ore shoot tested an area below the 1750 metre level. Four or five holes totalling 2,000 feet are proposed to test the zone between the 1750 and 1800 metre levels. This work was originally scheduled for late fall of 1987 but had to be abandoned due to inclement weather.

Other known zones in the western property area should be drilled in 1988. These include the New Zone east of North Quartz which requires trenching prior to drilling, the North Quartz Zone and C Vein northwest of the camp where two previous holes intersected 8 to 10 feet grading 0.06-0.08 oz/ton gold. Construction of a 0.7 mile access road will be required for C Vein drilling.

7,000 feet of drilling should be allocated for assessment of these other zones, bringing the total to 10,000 feet. Road access into the Toodoggone area should result in a 10-15% reduction in drilling costs and an all-inclusive price of \$40/ft. (drilling, camp, supervision, assaying, etc.) should be adequate.

Mill and Camp Rehabilitation

A previous estimate for mill rehabilitation did not provide for necessary camp repairs. The total amount to bring both the camp and mill up to serviceable standards requires additional study and the amount proposed may not be sufficient.

Miscellaneous

I would recommend that the western property area be subjected to detailed geological mapping, geochemical and possibly geophysical surveys and prospecting. Anticipated expenditures include a 2 person geological crew for 2 months and provision for equipment rental and analytical work. Topographic mapping at 1:5000 scale should be completed - this will require surveying of several base stations.

Multinational should seriously consider leasing a 4 wheel drive crew cab truck for the 1988 season in view of the poor condition and significant cost of operating the DuPont vehicles.

Estimated Costs for Proposed Program

Underground Program	\$450,000.00
Diamond Drilling	
- 10,000 ft. @ \$40/ft.	\$400,000.00
- Trenching, road building	\$15,000.00
Mill and Camp Rehabilitation	\$500,000.00
Geological mapping, prospecting	\$45,000.00
- Topographic map, surveying	\$5,000.00
Transportation - rental truck	<u>\$7,200.00</u>
Total	\$1,422,200.00

N.C. Carter