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

Re: Chappelle Gold-Silver Property
Toodogone River Area, B.C.

Exploration work in 1987 on the Chappelle gold-silver property included 11,865 feet of diamond drilling, limited geophysical surveys, prospecting and sampling and the acquisition by staking of an additional 16 mineral claim units. Details are as follows:

B Zone

Twenty-six inclined holes were drilled to define the limits of excellent gold and silver grades first encountered in 1986.

1987 results have permitted a rigorous, independent assessment of reserves. A steeply northeast plunging ore shoot is estimated to contain 50,000 tons grading 0.587 oz. gold and 5.16 oz. silver per ton. It is important to stress that this reserve estimate includes a 0.20 oz/ton gold cutoff grade and a minimum mining width of 6 feet. Note that the cutoff grade is gold only and not gold equivalent grades which factor in silver content and which have been commonly used in assessing several other British Columbia precious metals projects.

At current metal prices, this reserve has a gross value of approximately \$20,000,000 (Cdn).

An underground program is proposed to further assess this ore shoot. Independent engineering studies recommend two alternatives, both involving a 9 by 13 ft. drift adit plus raises.

Diamond drilling to date shows the ore shoot to be enveloped by extensive areas of lower grade gold mineralization, indicating

potential for discovery of additional high grade shoots within the B Zone structure which has been traced more than 900 feet along strike and to depths exceeding 600 feet. Additional diamond drilling along the untested portion of the Zone is recommended.

Other Zones

The western part of the Chappelle property includes half a dozen other known gold-silver bearing structures which have been only partially tested to date.

Evidence of the exploration potential is the recent discovery of a potentially significant new zone one half mile northeast of B Zone. This new zone is not well exposed but limited sampling to date has yielded significant base metals values and distinctly anomalous concentrations of gold and silver. These are considered important in view of the fact that no economic grades were encountered on surface above B Zone.

The new zone and other known structures warrant additional evaluation in 1988.

Respectfully submitted,

N.C. Carter