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September 21, 1987

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

Dear Mr. Clancey:

Re: 1987 Exploration Program - Chappelle Property

Second phase drilling, which began August 4 and was completed September 10, comprised 6,829 ft. in 12 inclined holes.

Ten of these holes were drilled to test B Zone to depth and along strike to the northeast. Two holes (712 ft. total) were drilled to further assess the potential of the North Quartz Zone, 1,500 ft. northeast of B Zone.

Direct drilling costs of the first 5,000 ft. of Phase 2 were \$32.70 per foot. I understand that J.T. Thomas Drilling plans to charge an additional \$2.75/ft. on the balance of 1,829 ft. to cover higher than anticipated mud and fuel costs bringing overall direct drilling costs to \$33.45/ft.

Results of 1987 Drilling

1987 drilling, totalling 11,865 feet in 28 holes, has defined the limits of the zone of better grade gold-silver mineralization identified in 1986.

Phase I drilling included the drilling of several confirmatory holes within B Zone, three of which yielded the following results:

<u>Drill Hole</u>	<u>Core length (ft)</u>	<u>Au (oz/ton)</u>	<u>Ag (oz/ton)</u>
M87-8	13.5	0.215	0.47
M87-9	14.5	1.342	2.26
M87-12	12.0	0.362	0.30

One hole, M87-16, designed to test the northeast part of the zone, intersected a 14 ft. core length grading 0.341 oz/ton gold and 3.39 oz/ton silver.

Results of Phase I and II drilling show that better gold-silver grades are within a steeply northeast plunging shoot which is estimated to contain 47,000 tons grading 0.587 oz gold per ton and 5.16 oz silver per ton.

This reserve estimate utilizes a 0.20 oz/ton gold cutoff grade and assumes a mining dilution of 20%. In the writer's opinion, this is a much more credible assessment of grade and tonnage than employed elsewhere in the Toodoggone area in 1987.

Drilling to date has extended B Zone over a strike length of 900 feet and to a vertical depth of 600 feet. While low gold grades were intersected in most of Phase II drilling (weighted average of 0.056 oz/ton gold over an average core length of 5.14 ft.) it may be significant that the overall grade is much higher than those encountered marginal to A Vein shoot by DuPont.

One sample from M87-24, the deepest hole drilled, assayed 0.154 oz/ton gold and 1.47 oz/ton silver over 3 ft. An additional 5 samples below this were recently split for assay.

Holes M87-26 and -27 did not intersect typical B Zone vein material and it is possible that these holes mark the northeast limits of the zone. M87-27 intersected significant sections of an apparent intrusive breccia, related to late porphyry dykes.

Holes M87-20 and -21, drilled to test the North Quartz Zone, intersected a number of quartz veins with uniformly low gold and silver values. Best results were from a vein at the bottom of hole M87-21 which yielded 0.008 oz/ton gold, 1.58 oz/ton silver 19000 ppm lead (1.9%) and 25000 ppm zinc (2.5%) over a 5 ft. core length.

Additional Drilling

The drill contractor advises that it may be possible to drill an additional 3 holes toward the end of the month.

As shown on the longitudinal projection, the northeast part of the zone could be tested at more shallow levels by 2 holes of about 500 ft. each. It may also be worthwhile to try another deep hole (800 ft.) northeast of M87-24.

An additional 2,000 ft. of drilling would incur costs of about \$85,000.

Other Work

Additional work undertaken during the field season included trial resistivity surveys over B Zone, North Quartz and West Chappelle using a Geonics VLF-EM 16R instrument. Results were disappointing, probably due to poor electrode contacts in loose talus in all areas tested.

Two additional claims were staked on behalf of the Joint Venture September 5. These adjoin the central part of the Chappelle claim block on the north (see sketch) and are called the MUT 1 and 2 claims, comprising a total of 16 units. The claims were located by the writer and G. Auger and require recording followed by a bill of sale to Multinational.

Prospecting and sampling was carried out in the North Black Gossan area during staking of the MUT claims and in an area northeast of the North Quartz Zone. The latter area was found to host a good looking quartz vein containing disseminated lead, zinc and copper mineralization. Subsequent bulldozer trenching did not succeed in disclosing the structure of the vein and it is hoped that some backhoe work may succeed in doing this. No assays from this new zone are available at present. (For location see sketch map).

Part of one day was spent further assessing the zone of good grade lead-zinc mineralization on the Peregrine-Falcon claims. Several samples were collected from talus and subcrop from a 250 by 30 metre northwest-trending area extending south from the high grade samples collected in 1986. Additional work was scheduled for this area last week.

Additional Work

Work remaining to be done on the Chappelle property in 1987 includes surveying of drill collars which hopefully will be done by De Bruyne Surveyors of Smithers who are currently in the area carrying out work for both Canasil and St. Joe. This work should be completed by next week.

A decision regarding additional drilling should be made as soon as possible. Gerry Auger is still on the property (not at Multinational's expense except for a few days prospecting at Peregrine-Falcon and assisting the surveyors) and could spot additional holes if required.

Assessment work is required for the Golden Warrior claim prior to October 14. I recommend we use the North Quartz drilling grouping the appropriate claim(s) with the PEL and Golden Warrior

claims to cover at least a few years.

It may be worth considering applying assessment work by way of 1987 drilling to the Mining Lease and claims grouped in 1986 although this will require a late filing fee inasmuch as the anniversary date for the lease is September 10. The Mining Lease and grouped claims are in good standing well into the 1990's.

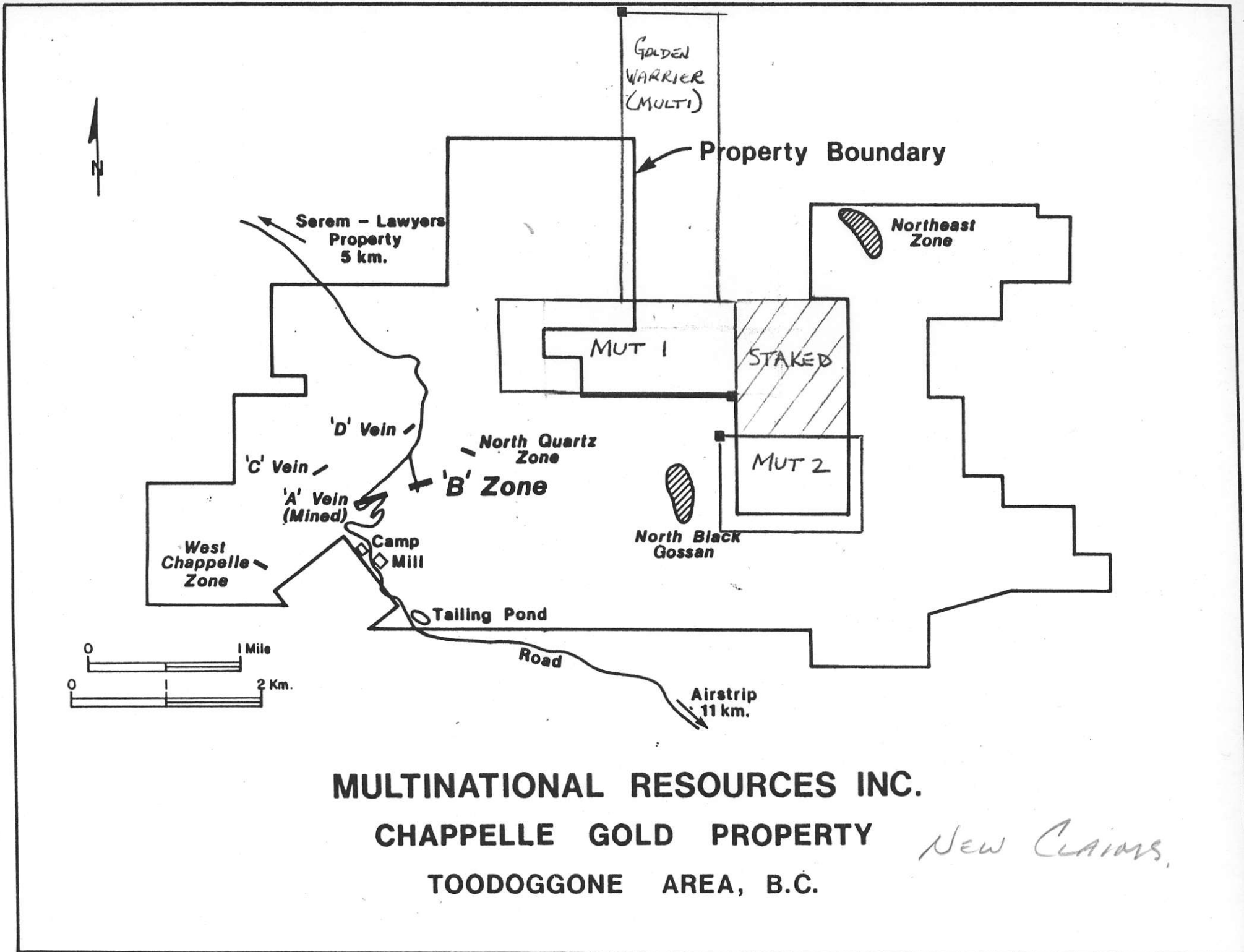
An additional year could be applied to the Peregrine and Falcon A claims which are in good standing until September 17, 1989. Topographic map preparation (\$2950) coupled with sampling, presumably done last week, would provide the necessary credits but would involve a late recording fee of \$10 per \$100 filed, or about \$760.

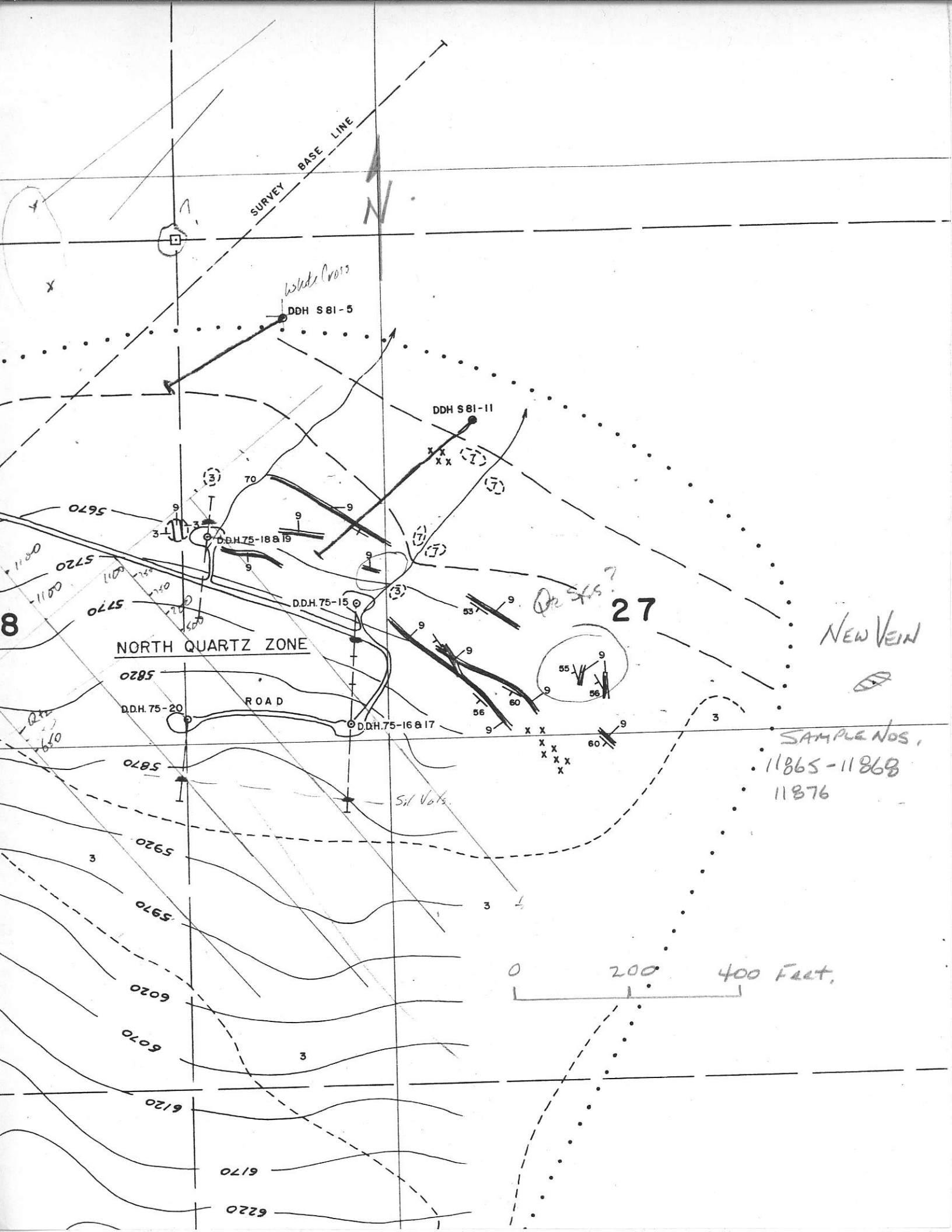
General

Recent visitors to the property included Brian Good, District Mines Inspector, Smithers, who made a tour of recent drilling areas September 1. Good seemed satisfied with conditions on site and advised some additional bulldozer work to ensure that existing drill roads would not wash out.

Jim Clark, graduate student at McGill University, visited the property to familiarize himself with 1986 B Zone results and to collect some core specimens for mineralogical study. Results of this work will be made available to Multinational.

Tom Schroeter, Senior Regional Geologist, Vancouver, and Dave Lefebure, District Geologist, Smithers, both with the Provincial Ministry of Mines, visited the property September 12 and 13. Part of the purpose of the visit was regarding the FAME grant.





SURVEY BASE LINE

Islets Cross

DDH S81-5

DDH S81-11

DDH 75-18 & 19

DDH 75-15

NORTH QUARTZ ZONE

ROAD

DDH 75-20

DDH 75-16 & 17

NEW VEIN

SAMPLE NOS.
11865-11868
11876

0 200 400 Feet

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5870

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