83?313
Baker Mine

September 30,1991

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

Dear Mr. Clancey:

Re: **Site Visit - Sable Resources Mining and Milling Operation - B Zone**

Summary

Millhead grades at the time of the recent site visit were in the 0.60 - 0.70 oz/ton gold range, a distinct improvement over initial 0.20 - 0.30 oz/ton grades. Some 90 tons of concentrates had been produced with recent production averaging 13 oz. gold and 80 oz. silver per ton of concentrates which grade 18% copper, 4% zinc and 4% lead. An estimated 300-400 oz. of free gold, caught up in the ball mill liners, will be recovered.

It is anticipated that the 20,000 tons of higher grade material in the upper part of B Zone will be mined and milled by late November. The major current problem is the lack of a sales contract for the concentrates.

Introduction

An examination of the current mining and milling of Multinational's B Zone on the Chappelle property in the Toodoggone area of northern British Columbia was undertaken September 23 and 24. Mr. Ed Craft, manager for the operators, Sable Resources Ltd., kindly accompanied the writer on a tour of the property and provided information on all aspects of the operations.

Three diagrams are appended to this letter report. One plan map shows the position of the adit relative to the boundaries of the "Deposit Area" and a second plan shows the underground workings relative to surface drilling. The longitudinal section shows the position of the adit and area of mining relative to original surface drilling intercepts.

Photographs of variable quality are also appended.

General Operations

A crew of 17 consists of 6 underground, 6 in the mill, one truck driver, one assayer and Ed Craft, manager, and Dave North, mine superintendent. Two 10 - 12 hour shifts are worked daily and crew rotation consists of two weeks on and two off. Ed Craft's alternate is Dan Gunning.

Fire assay facilities are available on site with assays from the previous day's samples available by noon.

Mining

B Zone is accessed by a 141.5 metres (464 ft.) long, 3 x 3 metre (10 x 10 ft.) adit collared at an elevation of 1731 metres (see diagrams). About half the adit length is a crosscut driven as a decline to the 1725 metre level where the vein was intersected. A cut and fill mining method is used with most of the fill being trucked to the portal from A vein pit waste material.

Ground conditions appear to better than anticipated. The first 33 metres of crosscut is timbered and/or screened. The vein stands up well but there is some sloughing of sheared wallrock - some of this is also used for fill.

The vein averages 2 - 3 metres in width and is vertical to steeply north dipping. It is offset up to 3 metres in two places along the exposed strike length by northwest striking cross faults (right hand movement, similar to A Vein). These faults probably explain the existence of two intersections of good grade material in some of the surface drill holes.

Initial grades were in the 0.20 - 0.30 oz/ton gold range corresponding with the base of of higher grade material at the 1725 metre level. Initial lower grades may also be attributed to some fill material being trucked to the mill by mistake. Grades from the second "lift" at the time of my visit were much better - 0.60 - 0.70 oz/ton plus 2.2 oz/ton silver - and grades can be expected to improve in the area of drill holes M86-19 and M87-9 (see longitudinal section), both of which returned average grades of better than one ounce.

The position of the vein underground corresponds closely with that indicated by surface drilling although it has been noted that some holes are slightly off section - due probably to hole deviation and/or not having been lined up precisely.

The upper part of B Zone, including the areas of holes M86-23 and M87-12, will likely have to be mined from a second adit level above and northeast of the present portal. Excavation in this area has exposed vein material containing good gold grades.

Abundant chalcopyrite was seen in material being mined and milled at the time of the visit. The chalcopyrite content appears higher than that seen in drill core - probably due to the fact that it mainly coats fractures. Typical darker grey material is thought to be argentite, secondary chalcocite and sphalerite.

180 - 200 tons per day are trucked to the mill by a dump truck which backhauls fill material from the A Vein pit.

Milling

Minus 2 inch material is conveyed from the primary and secondary crushers to the ball mill which was found to be in good shape even though it had rested on its bearings since late 1983. Flotation cells were showing a good copper yellow colour at the time of inspection.

Some 90 tons of concentrate had been produced by September 23 of which 40 tons are stored in Mackenzie awaiting a sales contract. Initial gold content per ton of concentrate was 3 ounces but has since improved to 13 ounces. 80 ounces of silver are contained in each ton of concentrate which also contains 18% copper (low?) and 4% lead and 4% zinc. Gold in tailings averages 0.02 oz/ton - recoveries are obviously good but it appears that a significant portion of the gold content of B Zone occurs in the free state and it is estimated that 300 - 400 ounces are caught up in the ball mill liners. Efforts are underway to recover this material.

General Comments

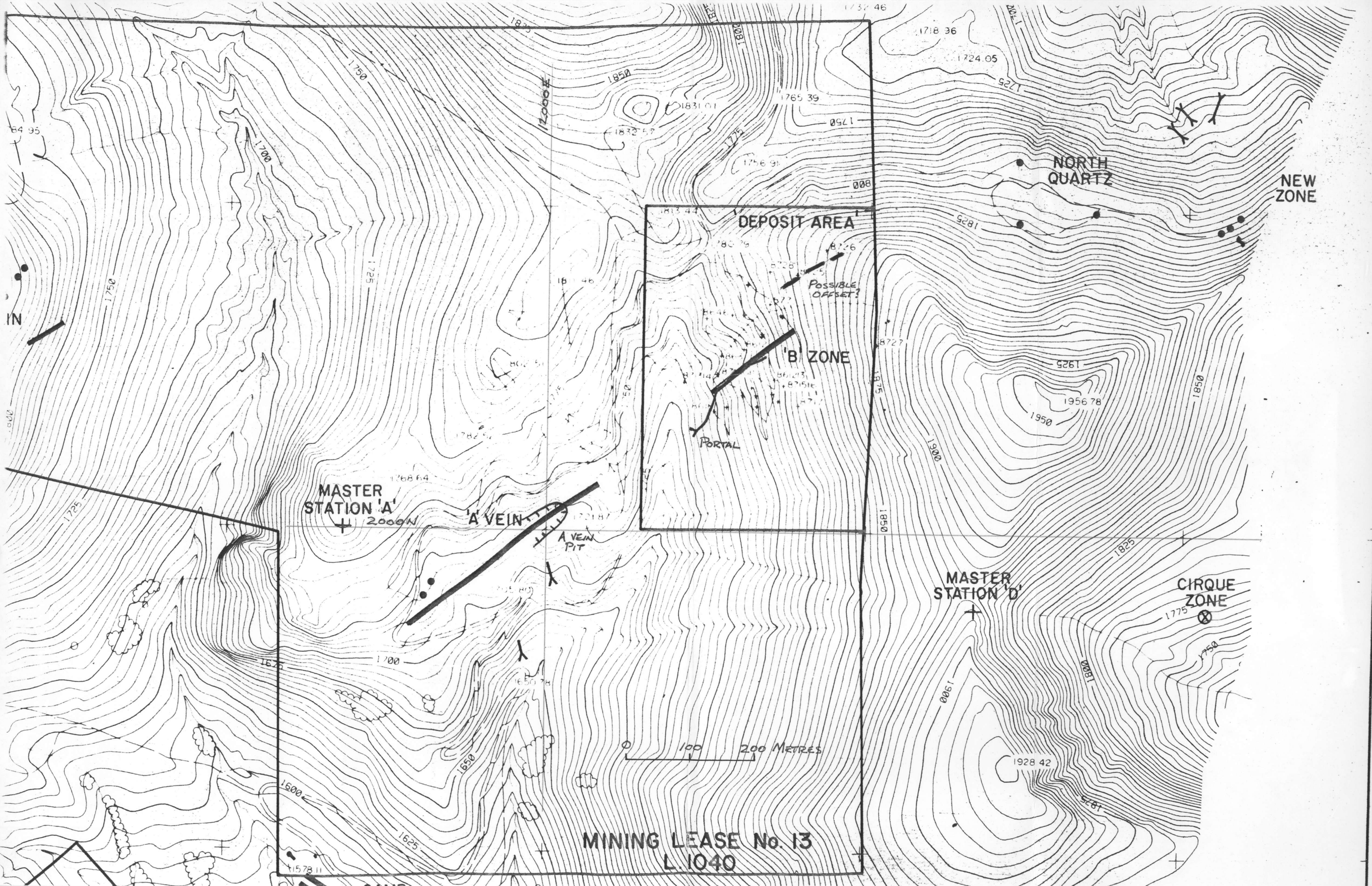
The lack of a sales contract for the concentrates is cause for concern. It was hoped that a contract could be negotiated with Highland Valley Copper who apparently could use some higher grade gold-bearing copper concentrate to blend with theirs to ensure they get paid for their gold. This has apparently fallen through and negotiations are underway with Dowa. Sumitomo is apparently not interested and I wonder if Nissho Iwai might be of some assistance in this regard.

One bit of irony - Sable is defraying 25% of Cheni's road and airstrip maintenance costs pursuant to a contract arrangement which reportedly precludes shipments of concentrates. Sable has received a formal letter of protest from Cheni who should be more concerned with their own problems which include a drastic decline in reserves and serious problems in trucking "ore" from Energex.

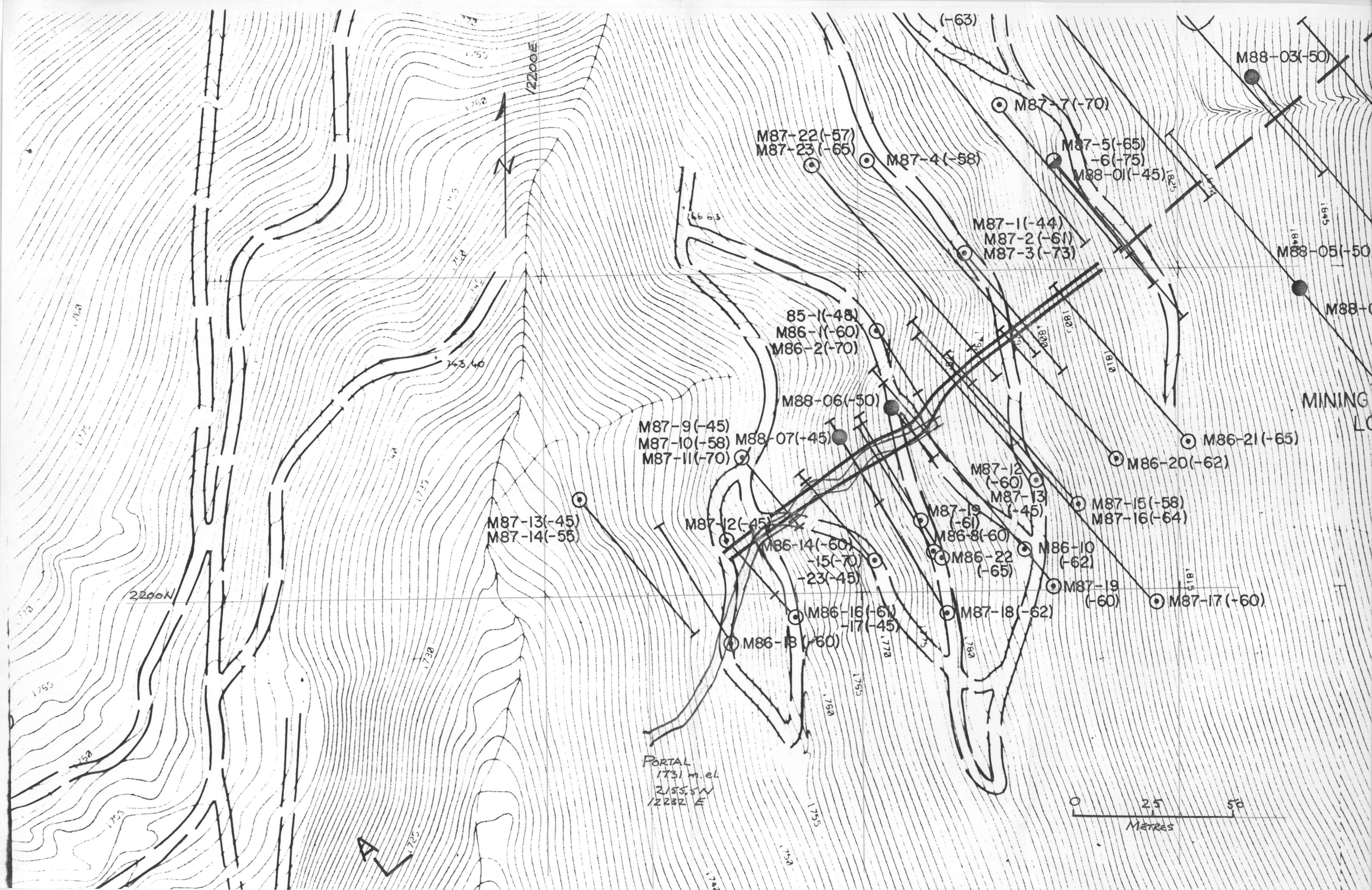
Brian Good, Inspector of Mines in Smithers, informed me that Sable has all necessary permits for mining and milling. A second tailings pond is required for some of the B Zone material - inclement weather has hampered work on this. Good seems to be more concerned with reclamation of the B Zone drill roads - he wants these reclaimed by using a backhoe to pull up material down the bank which would be very expensive.

It should be emphasized that much of the backfill for mining at B Zone is being taken from the A Vein pit waste which is well outside the "Deposit Area" and consequently Multinational could be liable for any environmental damage in this area. Some pre-existing roads have also been re-routed off the "Deposit Area" but I do not see this as a potential problem area.

I made Ed Craft aware of a possible faulted extension or parallel structure 70 metres north of B Zone. Anomalous gold values in soils in this area are coincident with higher resistivities as indicated by a 1988 IP survey. I suggested to Craft that Sable may wish to test this area by two or three drill holes.



NORTH QUARTZ
NEW ZONE
DEPOSIT AREA
POSSIBLE OFFSET?
'B' ZONE
PORTAL
MASTER STATION 'A'
2000N
'A' VEIN
A VEIN PIT
12000E
MASTER STATION 'D'
CIRQUE ZONE
0
100
200 METRES
MINING LEASE No. 13
L. 1040



12200E
N
2200N
(-63)
M88-03(-50)
M87-7(-70)
M87-22(-57)
M87-23(-65)
M87-4(-58)
M87-5(-65)
-6(-75)
M88-01(-45)
M87-1(-44)
M87-2(-61)
M87-3(-73)
M88-05(-50
85-1(-48)
M86-1(-60)
M86-2(-70)
M88-06(-50)
M87-9(-45)
M87-10(-58)
M87-11(-70)
M88-07(-45)
MINING
LO
M86-21(-65)
M86-20(-62)
M87-12
(-60)
M87-13
(-45)
M87-15(-58)
M87-16(-64)
M87-13(-45)
M87-14(-55)
M87-12(-45)
M87-19
(-61)
M86-8(-60)
M86-14(-60)
-15(-70)
-23(-45)
M86-22
(-65)
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M87-19
(-60)
M87-17(-60)
M86-16(-61)
-17(-45)
M87-18(-62)
M86-18(-60)
PORTAL
1731 m.el
2155.5N
12232 E
0
25
50
METRES
A

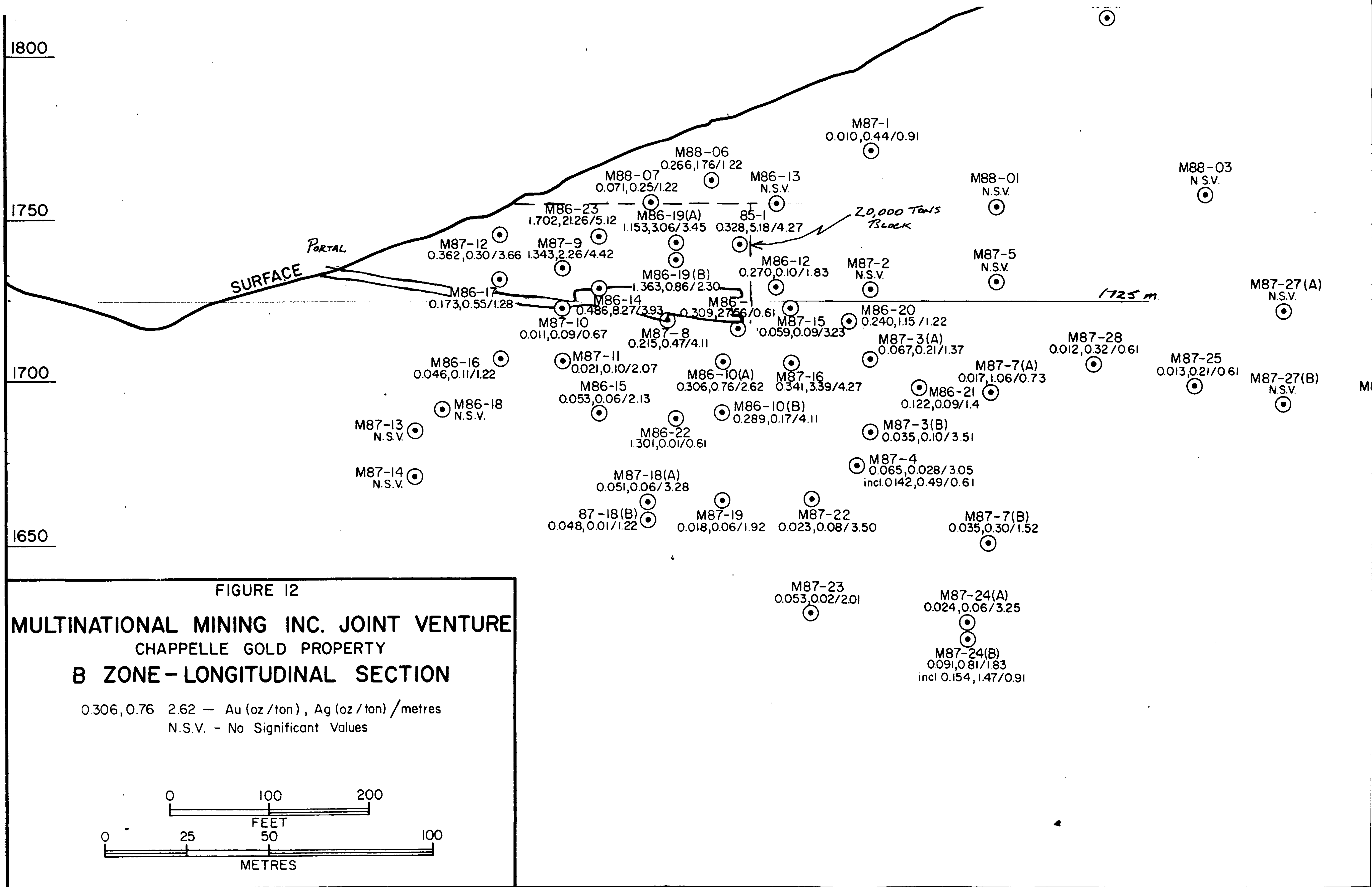

FIGURE 12

MULTINATIONAL MINING INC. JOINT VENTURE

CHAPPELLE GOLD PROPERTY

B ZONE – LONGITUDINAL SECTION

0.306, 0.76 2.62 — Au (oz / ton), Ag (oz / ton) / metres

N.S.V. – No Significant Values