

**SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE**
(Development Company)

STATEMENT OF MATERIAL FACTS #14/89
EFFECTIVE DATE: April 4, 1989

FAIRCHILD GOLD CORPORATION

Suite 100, 455 Granville St., Vancouver, B.C. V6C 1T1 Telephone: 682-3701

NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

#100 - 200 Granville Street, Vancouver, B.C., V6C 1S4

ADDRESS OF REGISTERED AND RECORDS OFFICES OF ISSUER

Montreal Trust Company, 510 Burrard Street, Vancouver, B.C. V6E 4A4

NAME AND ADDRESS OF REGISTRAR & TRANSFER AGENT FOR ISSUER'S SECURITIES IN BRITISH COLUMBIA

The securities offered hereunder are speculative in nature. Information concerning the risks involved may be obtained by reference to this document; further clarification, if required, may be sought from a broker.

OFFERING: 1,400,000 UNITS

Each Unit consists of One Common Share, One Series "A" Warrant and One Series "B" Warrant, **TWO SUCH SERIES "A" WARRANTS and SERIES "B" WARRANTS** entitling the holder thereof to purchase one additional common share of the issuer at any time up to the close of business within **ONE HUNDRED AND EIGHTY DAYS and ONE YEAR**, respectively, following the Offering Day at prices to be determined in accordance with the rules of the Vancouver Stock Exchange.

	Offering Price (estimated)*	Commission	Estimated Net Proceeds to be Received by the Issuer
Per Unit	\$0.80	\$0.06	\$0.74
Total	\$1,120,000	\$84,000	\$1,036,000

* To be calculated in accordance with the Rules of the Vancouver Stock Exchange

ADDITIONAL OFFERING

The Agents have agreed to purchase (the "Guarantee") any of the Units offered hereby which have not been sold at the conclusion of the Offering (see "Consideration to Agents"). Any Units acquired by the Agents under the Guarantee will be distributed under this Statement of Material Facts through the facilities of the Vancouver Stock Exchange at the market price at the time of sale.

AGENTS

PACIFIC INTERNATIONAL SECURITIES INC.
Suite 1500, 700 West Georgia Street,
Vancouver, B.C.
V7Y 1G1

Neither the Superintendent of Brokers nor the Vancouver Stock Exchange has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

REPORT

on the

BRIDGE RIVER PLACER PROPERTY
at the confluence of the Hurley and Bridge Rivers, B.C.

Placer Mineral Lease P.M.L. 246

Latitude 50^o 51'N
Longitude 122^o 50'45"W
N.T.S. 92J/15W

for

FAIRCHILD RESOURCES INC.,
Suite 100 - 455 Granville Street,
Vancouver, B.C. V6C 1T1

by

ALEX BURTON, P. ENG.,
BURTON CONSULTING INC.,
901 - 626 West Pender Street,
Vancouver, B.C. V6B 1V9

DATED DECEMBER 22, 1988

WITH AMENDMENTS MARCH 13, 1989

BURTON CONSULTING INC.

TABLE OF CONTENTS

	PAGE
INTRODUCTION	1
LOCATION AND ACCESS	1
HISTORY	3
CLAIMS	5
GEOLOGY AND GEOMORPHOLOGY	7
Lower Sand	8
Clay Bed	8
Boulder Gravel	8
Upper Gravel	9
River Reworked Upper Gravel	9
Volcanic Ash	10
River Channels	10
Glacial Sediments	10
Bridge River Gravels	11
Surficial History	11
Schematic Cross Section	13
TESTS BY FAIRCHILD RESOURCES INC.	15
INITIAL PITS	16
PIT DESCRIPTIONS - Pit #4	16
Pit #5	16
Pit #2	16
Pit #3	17
Pit #1	17
Pit #6	17
FINE GOLD	18
MAIN PRODUCTION TESTS	19
EXTENT OF GRAVEL TYPES	22
LOCATION OF AREAS 1 - 8	24
CONCLUSIONS	25
RECOMMENDATIONS	26
BUDGET	27
CERTIFICATE	28
 MAPS: LOCATION MAP	 2
CLAIM MAP	6
PLAN MAP P.M.L. 246	14
GRAVEL MINING AREAS	23

OUR FILE:R2-FAR-1.DOC

BURTON CONSULTING INC.

INTRODUCTION

The placer gold in P.M.L. 246 originated from the Bridge River Gold Camp with such mines as the Bralorne, Pioneer and other lode gold properties. Gold released from the weathering of these deposits travelled downstream in the Cadwallader and Hurley River system through steep canyons. Where the Hurley River enters the Bridge River Valley, the canyon ends and the river dumped its sediment load at this point. These gravels contain gold which has been placer mined since the late-1800's. About one-sixth of P.M.L. 246 was verbally reported by the previous operator to have been profitably worked in recent years. Production costs, amounts of gold, and recovery were not divulged, but heresay amounts are given on page 21. Fairchild Resources Inc. has completed extensive tests on the unmined portion of P.M.L. 246 and is preparing for full-scale placer mining operations.

This report presents the results of the tests, recommends a plan of production and presents a budget.

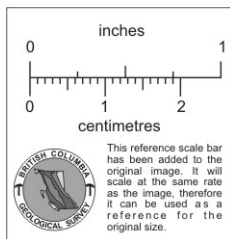
LOCATION AND ACCESS

P.M.L. 246 is on the Hurley River at its confluence with the Bridge River, B.C. The property is 170 kms. due north of Vancouver, B.C. It is at latitude $50^{\circ} 51'N$, longitude $122^{\circ} 50'45''W$ and N.T.S. 92 J 15W.

BURTON CONSULTING INC.



SCALE
Kilometres 0 40 80 120



FAIRCHILD RESOURCES INC.

BRIDGE RIVER PLACER

LOCATION MAP

M.D. Lillooet

SCALE: 1:8,000,000

DATE: December, 1988

BURTON CONSULTING INC.

FIGURE No.

901-626 West Pender Street,
Vancouver, B.C. V6B 1V9

BURTON CONSULTING INC.

This report may not be reproduced in whole or in part without the written permission of Burton Consulting Inc.

Year round road access is from Vancouver to Lytton on Highway 1 through the Fraser Canyon, then Highway 12 to Lillooet and by secondary road to Gold Bridge. The Placer Property is literally around the corner from the town of Gold Bridge, B.C.

Summer access from Vancouver can be through Squamish and Whistler Resort on Highway 99 to Pemberton and then west up the Lillooet River Road and over the Hurley Pass to Gold Bridge. Depending on conditions the property is 4 to 6 hrs. by car from Vancouver.

There is a network of gravel roads giving access to most of the property. A B.C. Hydro Power Line crosses the property and a subsidiary feeder line provides power to the site of the old plant.

HISTORY

The area between the Hurley River Canyon and the junction of the Hurley River with the Bridge River is known as Haylmore, where Mr. Haylmore had the Mining Recording Office.

BURTON CONSULTING INC.

Gold was known here in the late-1800's. One of the earliest discoverers, an Indian known as Hunter Jack, filled a 5 lb. baking powder can with gold nuggets from a bedrock area 30 feet long by 6 feet wide. Over 1,000 ozs. of coarse gold including one nugget of 13 ozs. and several ranging from 1 to 5 ozs. were taken from shallow bedrock and high-rim areas.

These shallow types of operations were followed by several attempts to mine the gravels in the two main channels of the Hurley. The first was in the 1880's by a Lillooet group, a second in 1897 by a California Company and a third in the 1920's by the Golden Dream Mining Company. These three attempts failed due to the lack of a proper drainage channel which caused silting and backing up of water and loss of the dam.

With the advent of modern earth moving equipment there have been two successful operations on these Hurley River gravels.

P.M.L. 246 was operated by Brier Investments Ltd. from 1980 to 1984 when they worked the east side of the lease in the main river gravels.

P.M.L. 1018 was worked by John Tancowny, Anvil Resources Ltd. from 1980 to 1981. This operation was on the east bank of the Hurley and took in all the rim-edge material and westerly to P.M.L. 246 in the main creek-bed gravels.

There are no public records of production, but it is understood that these two operations were profitable. Their apparent profitability is confirmed by the length of time they were in operation.

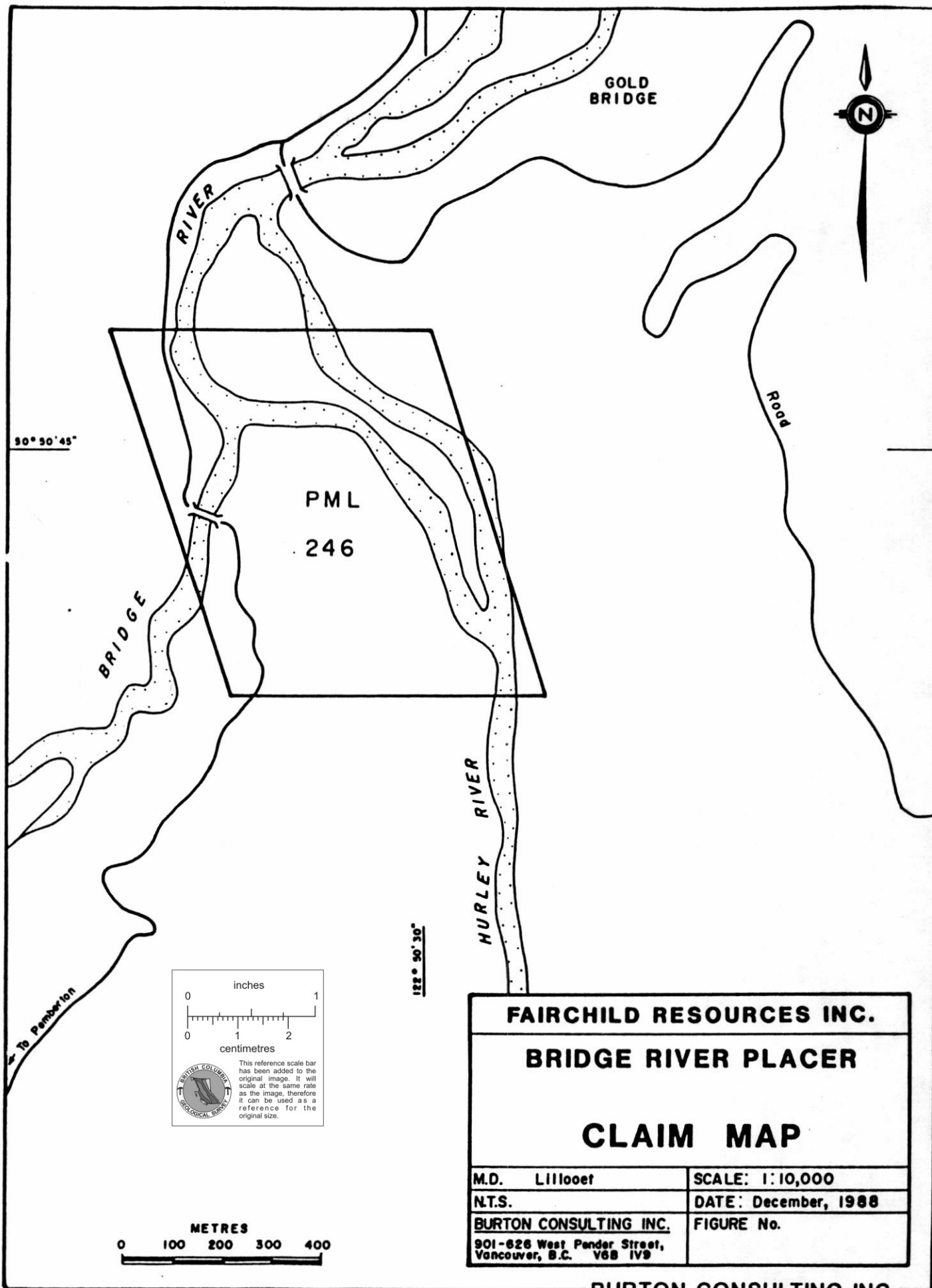
In 1988 Fairchild Resources Inc. purchased P.M.L. 246 and did extensive testing described in this report of the various gravel types, so that a valid production decision could be made.

CLAIMS

The property consists solely of P.M.L. 246. This is a Placer Mineral Lease and it has priority of location over adjacent Placer Mineral Leases.

The Company has made applications to all the regulatory authorities for permission to work the lease. All requirements are being met and no hinderance to production is expected.

BURTON CONSULTING INC.



90° 50' 45"

PML
246

BRIDGE

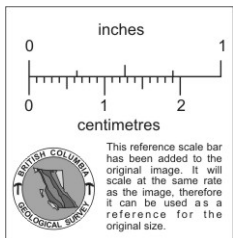
GOLD
BRIDGE

Road

HURLEY RIVER

122° 50' 30"

To Pemberton



FAIRCHILD RESOURCES INC.	
BRIDGE RIVER PLACER	
CLAIM MAP	
M.D. Lillooet	SCALE: 1:10,000
N.T.S.	DATE: December, 1988
BURTON CONSULTING INC. 901-626 West Pender Street, Vancouver, B.C. V6B 1V9	FIGURE No.

BURTON CONSULTING INC.

This report may not be reproduced in whole or in part without the written permission of Burton Consulting Inc.

GEOLOGY AND GEOMORPHOLOGY

On the east boundary of P.M.L. 246 along the east bank of the Hurley River Valley bedrock outcrop can be seen. At the south end of P.M.L. 246 the narrow rock canyon of the Hurley starts. There is no room for significant gravel accumulation from this point south. On the majority of the claim there is no outcrop.

Bedrock consists of basic volcanics with associated serpentines. The exposed surfaces are not deeply weathered and present whalesback type rolling ridges with recessed fracture planes. The earlier bench and rim placer operations concentrated on mining "gutters" in the low points between the rock ridges and in the fracture planes, both of which acted as riffles to trap the placer gold. Gold values found in these bedrock traps are, of course, much richer than the gravel which overlies them. The early operations consisted of hand-dug trenches to bedrock where the depth of gravel was shallow. When the depth of gravel became excessive the operators resorted to tunneling through the well-compacted and solid gravel along the bedrock traps. Once these rich areas had been mined out, the main gravel was too low grade to be worked by hand methods.

BURTON CONSULTING INC.

Lower Sand

Within the main Hurley River Valley no one has worked or explored deep enough to expose bedrock. The lowest workings have exposed a sharpstone sand with significant silt content. This sand is an aquifer and in the floor of a pit waterboils are quickly formed. One operator dug about 15 feet into this sand with no apparent change or bottom before caving and water problems forced abandonment of the attempt to get below the sand. This sand is not gold bearing.

Clay Bed

The sand is discontinuously overlain by a clay layer. The clay is blue-grey in colour, contains no gold, and is seldom more than 3 feet thick.

Boulder Gravel

The clay and/or sand is overlain by a large boulder gravel which is the main gold-bearing gravel. This gravel is 10 - 20 feet thick. It contains boulders that can reach 6 - 8 feet in the long dimension set in a matrix of smaller rocks and clay. The clay is interstitial to the smaller rocks and sand sized particles, and occasionally in blebs adjacent to the undersides of the larger boulders. This gravel is high velocity with well-rounded boulders and rocks in a tightly packed matrix of finer grained material, so that the larger

boulders are generally not touching each other. There is no apparent tendency toward banding or graded bedding within this gravel bed. The upper surface layer of 6 inches to 1 foot is somewhat finer grained and generally recognizable as the top of the gravel bed.

Upper Gravel

The main boulder gravel bed is overlain by another distinct gravel horizon. This upper gravel horizon contains smaller boulders usually up to 3 feet in long dimension set in a matrix of smaller rocks and silt. This upper gravel contains gold, but considerably less than the main gravel.

River Reworked Upper Gravel

Portions of this upper gravel have been reworked by the modern Hurley River. This reworked upper gravel is recognizable by the fact that much of the silt has been washed out of it, and the gravel has been repacked into a more compacted state than the unworked upper gravel, but is not as compact as the boulder gravel. Gold content in this reworked upper gravel is greater than in the upper gravel and less than in the lower gravel. This may be due to the fact that the reworking removed the silt, but not the gold, thus effecting a concentrating procedure and thereby raising the grade.

BURTON CONSULTING INC.

Volcanic Ash

Both the upper and reworked upper gravels are overlain by the Bridge River volcanic ash fall, forming a layer up to 1 foot thick. This ash fall covers a large area in the Bridge River country. The ash layer is composed of white volcanic particles, and of course does not contain any gold. A thin soil horizon has developed on top of the ash, and this supports a growth of evergreen trees. Where the ash is present this is proof that the ground has not been worked. Where the ash is missing the ground may have been worked by man or reworked by the Hurley River when it changed channels.

River Channels

The main channel of the Hurley River runs northerly close to the east bank of the river valley. The river presently occupies this channel. There is a second channel which starts just downstream from the mouth of the canyon. It flows north, but more westerly to join the Bridge River about 1,000 feet further upstream from where the main channel joins the Bridge River. This western channel is primarily a flood relief channel for the river.

Glacial Sediments

On the west side of the Hurley River Valley a ridge of fluvial glacial sediments extends northward from the mouth

of the canyon on the southern portion of P.M.L. 246. These fluvial glacial gravels are mainly steeply dipping, well-bedded foreset deltaic beds. The glacial material terminates abruptly with a steep bank and was probably deposited into the waters of a glacial Lake Carpenter. The top of the glacial material coincides with the elevation of other benches nearby in the Bridge River, Lake Carpenter area. The fluvial glacial material overlies the Hurley River gravels.

Bridge River Gravels

The northern edge of P.M.L. 246 is close to, but not in the area where the modern Bridge River has had a chance to rework and mix its sediment load with the Hurley sediments.

The northwestern edge of P.M.L. 246 is occupied by the modern Bridge River which does not contain appreciable gold.

Surficial History

The most likely sequence of events in the history of this area is presented here. During the Tertiary Period there was slow and even weathering of the land surface. Sediments travelling slowly down the Hurley and Bridge River systems met at a precursor Lake Carpenter. They deposited an unknown sequence of sediments on the bedrock. This was followed by the sands and the overlying clay bed. At the end of the

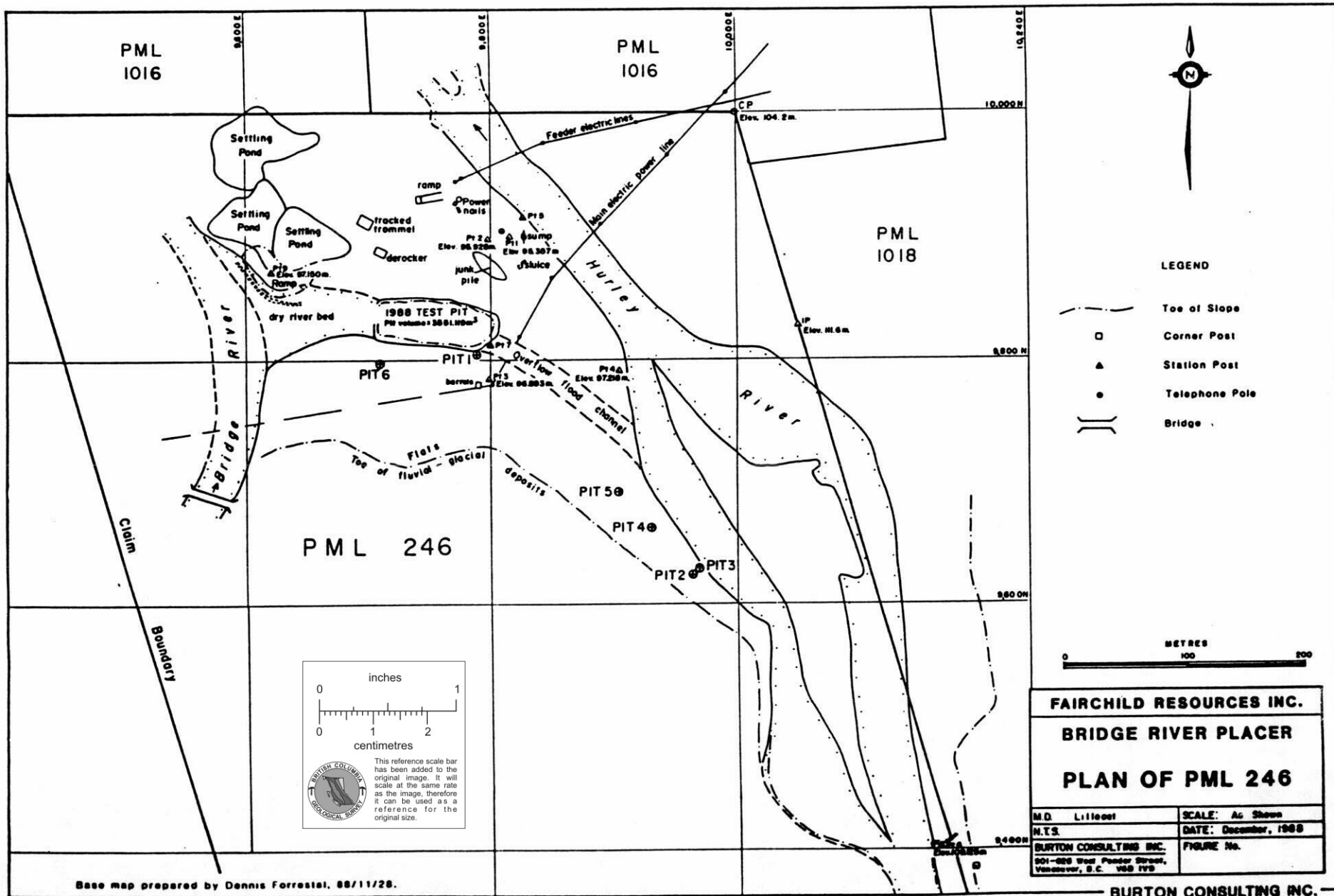
BURTON CONSULTING INC.

Tertiary a sharp climatological change took place from slow desert type weathering to really heavy precipitation with consequent sheet washing of the hills and high velocity run offs. There was enough kinetic energy to move both the gold and the large boulders from the elluvial weathering surface down into the Hurley canyon. The canyon acted like a high speed trough which suddenly opened out into a much wider valley below the canyon. At this point the water lost velocity and the ability to carry the gold, the boulders, and the gravels. The character of the lack of sorting, the solid packing, and the presence of gold is consistent with this hypothesis. After the main boulder gravel was laid down, further weathering and erosion in this new rainy climate brought more gravels down with their contained gold to form the upper gravel layer. The gold content is considerably greater in the lower boulder gravel as it contains the elluvial gold accumulated on the Tertiary weathering surface. During glaciation the Hurley gravels were covered by fluvial glacial outwash delta sediments only at the far southwest and far southeast corners. Minor river channel adjustments reworked some of the upper gravel bed to actually increase the gold content. The Bridge River volcanic ash layer is dated and is the last major event other than minor river channel changes and man made workings.

SCHEMATIC CROSS-SECTION (Looking NORTH)

<u>WEST</u>						<u>EAST</u>
	Surface					
15 cm		1		1	1	1
		1	River	1	1	1
3 m	Upper Gravel	1	Reworked Upper Gravel	1	U River G	1 U G
		1		1	1	1
5 m	Boulder Gravel					
				1		
	Sand			1	clay	

BURTON CONSULTING INC.



This report may not be reproduced in whole or in part without the written permission of Burton Consulting Inc.

TESTS BY FAIRCHILD RESOURCES INC.

Fairchild initially dug a series of 6 small pits with a total volume of 222 cubic yds. using a rented excavator type back hoe and ran the gravel through a small test plant. These tests were limited to the upper gravel.

Fairchild then decided on the basis of favourable results to extend the tests to include the lower or boulder gravel bed and to run larger volumes of gravel through a full size test plant type of operation.

Tests were done in the 1988 test pit. The 3,551 cubic metres shown on the maps is an area and volume calculated by the surveyor, and is not related to the volumes of individual test runs. The M, B, T, November 24, and November 25 Tests are reported in the Main Production Tests Section. Tests were done to obtain production tests of equipment, operating costs, and information on recoverable grades of gold in each gravel layer.

An engineering study to satisfy environmental requirements regarding the diversion of the west river channel into the east channel is underway by Klohn Leonoff Consulting Engineers.

BURTON CONSULTING INC.

INITIAL PITS

From south to north (downstream) the pits are:

- Pit 3 is on river bar
- Pit 2 is 10 m west of Pit 3
- Pit 4 is 50 m northerly from Pit 2
- Pit 5 is 40 m northerly from Pit 4
- Pit 1 is 160 m northerly from Pit 5
- Pit 6 is 80 m northwest from Pit 1

PIT DESCRIPTIONS

The different gravel types encountered in the pits are described in the geology section.

Pit #4

Mainly in 3m deep upper gravel with minor dilution from fluvial glacial material. Twenty-five cubic yards of material processed and 0.007 ounces of gold per cubic yard recovered. At \$500 Canadian per ounce this is \$3.50/ Cu Yd.

Pit #5

Pit excavated to 5 m depth and 80 Cu. Yds. processed. 0.003 ounces of gold per cubic yard recovered. At \$500 CDN this is \$1.50/Cu Yd.

Pit #2

Twenty-five yards of gravel of mixed fluvial glacial bank material 4 m above the valley floor and 3 m deep of upper gravel. 0.0028 ounces of gold per cubic yard recovered. At \$500 CDN this is \$1.40/Cu. Yd.

Pit #3

Twenty yards of mixed material consisting of previously washed gravel and unwashed upper gravel to 4 m depth. 0.0015 ounces of gold per cubic yard were recovered. At \$500 CDN this is \$0.75/Cu. Yd. The actual value of unworked material could be considered as high as \$1.50/ Cu. Yd.

Pit #1

Twenty-two yards of upper gravel dug down 4 m to the top of the boulder gravel. 7.23 g or 0.01 ounces of Au/cu. yd. were recovered. At \$500 CDN this is \$5.00/Cu. Yd.

Pit #6

Fifty yards of unreworked upper gravel with few boulders was tested to 6 m depth. 0.002 ounces of gold /Cu. Yd. were recovered. At \$500 CDN this is \$1.00/ Cu. Yd.

Arithmetic average of the six pits is \$1.60(CDN) /Cu. Yd. From local heresay, visual inspection, and comparison with the later tests done on the upper gravel these values seem reasonable for the upper gravel.

The gold in this camp is reported to be 812 fine in gold and 167 in silver. In my calculations the gold has been considered as pure gold. The extra recovery of fine gold during production should offset the losses during testing and balance out the differences in actual purity.

BURTON CONSULTING INC.

FINE GOLD

Sieving the gold from tests M, T, B, and November 24th shows identical curves for proportions of coarse from fine gold. The samples were sieved at 10, 30, 80, 100 and 200 mesh. There is an identical increase in gold content from coarse to 80 mesh size and then a sharp drop off in the -80 to -200 mesh size gold content.

Combined percentages of size fractions for the four samples are as follows:

Nugget	0.89%
+10 mesh	12.57%
-10 +30 mesh	44.31%
-30 +80 mesh	31.18%
-80 +100 mesh	4.51%
-100 +200 mesh	5.49%
-200 mesh	<u>0.45%</u>
	99.40%

Test by Knelson International Sales Inc. done in the field on the sluice box tailings show that the system used loses much of the fine gold. They state in part, "a large percentage of the gold present in this particular deposit is of a very fine nature." They also state, "recovery could be improved as much as 20%" It seems likely that the fine gold recovery could be improved significantly.

BURTON CONSULTING INC.

MAIN PRODUCTION TESTS

Fairchild purchased and used the following equipment for the main production tests.

- One Poclain 300 Excavator with 5 yd. bucket.
1974 model rebuilt September, 1988 to new condition
- One RMS Ross Derocker with sluice box. New July, '88
- One Model 980 B Caterpillar rubber-tired loader with 5 yd. bucket. Used, but in excellent condition, July, 1988.
- One (1) Ford Pick-up, new 1988.
- One (1) Flygt 3300-12 inch submersible pump, used
- One (1) Flygt 3152- 6 inch submersible pump, used
- Two (2) Flygt B2151-6 inch submersible pumps, used
- One (1) Diesel electric generator, new.
- One (1) set miscellaneous tools.

The 1988 Test Pit was in River Reworked Upper Gravel and Upper Gravel underlain by Boulder Gravels lying on Lower Sand.

Tests M and B were in Upper Gravels. Test M ran .0008 oz. Au/cu.yd. for a value of \$0.40, with gold priced at \$500 Cdn./oz. Test B ran 0.0035 oz. Au/cu. yd. for a value of \$1.75.

Test T was in the River Reworked Upper Gravels and ran 0.0066 oz. Au/cu. yd. for a value of \$3.30.

BURTON CONSULTING INC.

Tests November 24th and November 25th were in the Boulder Gravels. November 24th ran 0.0075 oz. Au/cu. yd. for a value of \$3.75. November 25th test ran 0.010 oz. Au/cu. yd. and the value was \$5.00. My survey for the November 25th test shows roughly 700 cu. yds. mined. The volume calculated from 5 yard loads in the Caterpillar 980 B rubber tired front-end loader is shown as 405 cu. yds. The difference is accounted for by the fact that with the "in the pit separation" all the large boulders were pushed to the side of the pit floor and thus only the finer 60% of the boulder gravel mined was run through the derocker.

Pre October 24th tests in the main pit were not well recorded and represent a minimum of 2,224 cubic yards from various gravel types. If 2,224 is accepted as the minimum yardage tested, then the maximum oz. Au/cu. yd. is 0.011, which represents a maximum value of \$5.50.

BURTON CONSULTING INC.

At this stage minimum grades using \$500 Cdn./oz. Au can be considered to be:

Upper Gravel	\$1.50/cu. yd.
River Reworked Upper Gravel	\$3.50/cu. yd.
Boulder Gravel	\$5.00/cu. yd.
Clay Bed	Nil
Lower Sand	Nil

Unconfirmed reports on the previous production on P.M.L. 246 have stated that 1,230 oz. of gold were produced from 40,000 yards of gravel run through the plant. This calculates to a grade of 0.03 oz. Au/cu. yd. and at \$500 Cdn. for gold is equal to \$15.00/cu. yd. This figure is considerably higher than the Fairchild Test Results and lends credence to the belief that actual production figures will be higher than the test results. Average values for the combination of Boulder Gravel overlain by Upper Gravel is \$3.62/cu. yd. Average values for the combination of Boulder Gravel and River Reworked Upper Gravel is \$4.40 /cu. yd. Estimated operating costs are \$4.00 /cu.yd. so if minimum estimated values are recovered the operation will be in a break even position. If grades obtained by previous operators are obtained then the operation will be in an excellent profit position.

BURTON CONSULTING INC.

EXTENT OF GRAVEL TYPES

1. 1988 Working were 3,600 cubic yards.

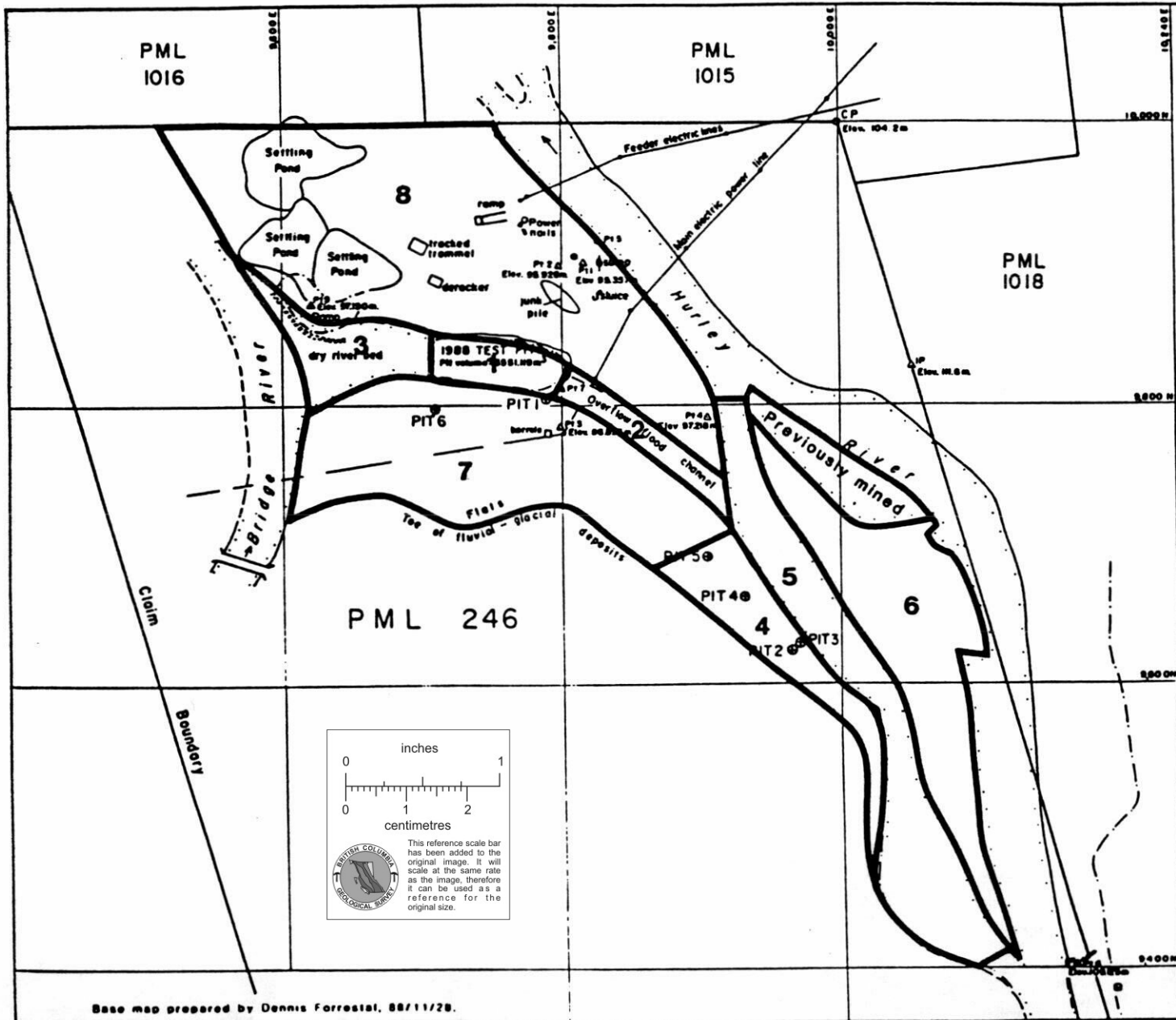
1989 Start Up

Areas	Volume(yds)	Upper Gravel	River Reworked Upper Gravel	Boulder Gravel
2.	150 X 30 X 3 yds	13,500		
	150 X 30 X 5		22,500	
3.	100 X 30 X 3	9,000		
	100 X 30 X 5			15,000
4.	150 X 20 X 3	9,000		
	150 X 20 X 5			15,000
5.	400 X 30 X 3		36,000	
	400 X 30 X 5			60,000
6.	300 X 40 X 3		36,000	
	300 X 40 X 5			60,000
7.	300 X 80 X 3	72,000		
	300 X 80 X 5 X 50%			60,000
8.	250 X 150 X 3	112,500		
	250 X 150 X 5 X 50%			93,750
		216,000	94,500	303,750
		@ \$1.50	@ \$3.50	@ \$5.00

The \$ 1.50/cu.yd is Upper Gravel, the \$3.50/cu.yd is for River Reworked Upper Gravel, and the \$5.00/cu.yd is for Boulder Gravel. Note that in each area the Boulder Gravel is beneath either the Upper Gravel or the River Reworked Upper Gravel

Note also that these volumes of gravel types are the extent and not the proven reserves.

BURTON CONSULTING INC.



N

LEGEND

- Toe of Slope
- Corner Post
- Station Post
- Telephone Pole
- Bridge

0 100 200
METRES

FAIRCHILD RESOURCES INC.

**BRIDGE RIVER PLACER
GRAVEL MINING AREAS
PLAN OF PML 246**

M D Lillooet	SCALE: As Shown
N.T.S.	DATE: December, 1988
BURTON CONSULTING INC.	
901-626 West Pender Street, Vancouver, B.C. V6B 1V9	
FIGURE No.	

BURTON CONSULTING INC.

Base map prepared by Dennis Forrestal, 88/11/28.

This report may not be reproduced in whole or in part without the written permission of Burton Consulting Inc.

LOCATION OF AREAS 1 - 8

Areas 1 - 8 are shown on map entitled Gravel Mining Areas on page 23.

Areas 1, 2 and 3 are the river flood channel.

Area 1 is the site of the 1988 Test Pit, Area 3 the downstream channel from the Test Pit and Area 2 the upstream portion of the channel from the Test Pit.

Area 5 is the upper portion of the river flood channel which presently carries some river flow.

Area 4 is essentially unworked ground between Area 5 and the glacial sediments to the west. Area 6 is the unworked portion of the island. Area 7 is unworked ground bounded to the west by the Bridge River, to the south by the glacial sediments, and the north by the river flood channel. Area 8 is north of the river flood channel to the north claim boundary, between the Hurley and the Bridge River. Area 8 is partially covered at present with settling ponds and operating plant. Areas 1 - 8 cover the northeastern third of P.M.L. 246.

CONCLUSIONS

Previous operations on P.M.L. 246 were reported to be profitable. A large part of P.M.L. 246 has not been worked and is physically suited for a low cost placer operation. The fluvial glacial deposits on the southwestern half of P.M.L. 246 were not considered in the testing. There is every likelihood that the Fairchild operation will be profitable.

BURTON CONSULTING INC.

RECOMMENDATIONS

A gold placer operation should be set up on the property. With a modified bucket the Poclain Hydraulic Powershovel in combination with two Caterpillar 980 rubber-tired front-end-loaders should be able to feed the existing Derocker. It is recommended that electricity be reinstalled on the property and used for the water and sump pumps. A second sump pump should be purchased.

Further innovations to reduce the number of small boulders going through the sluice-box are required. A grizzly or shaker-plate screen might be tried. With reduction in size of material going through the sluice box then the water flow can be reduced to increase the recovery of fine gold. Proprietary systems are available as add-ons to treat the fines of the sluice-box tailings, and these may prove to be effective.

With these modifications daily production could be increased from 500 cu. yds./day to 1,000 cu. yds./day. A manager will supervise a four man day shift crew. The crew will be four men/shift. After the first month when a night shift is added it may be necessary to hire a helper for the day shift. With two shifts through-put could approach 2,000 yds./day.

BURTON CONSULTING INC.

BUDGET (NOTE: Present equipment is paid for and not included in this budget)

CAPITAL COSTS

Engineering	\$ 15,000
Second Loader	100,000
Pump	5,000
Grizzly	10,000
Derocker Modifications	10,000
General Equipment	10,000
B.C. Hydro Electricity	8,000
Contingency (5%)	<u>7,000</u>

CAPITAL COSTS \$165,000

OPERATING COSTS

	DAY SHIFT	NIGHT SHIFT
Wages	\$15,000	\$13,000
Board	1,500	1,500
Rentals	2,500	
Repair	1,500	1,500
Fuel	2,500	2,000
Eqpt. Supplies	500	500
Vehicle	500	500
Cartage	2,000	
Administration	2,000	
Insurance	<u>500</u>	
	\$28,500	\$19,000
Say	\$30,000	\$20,000

Month One Operating costs

Day shift only \$ 30,000

Month Two Operating Costs

Day Shift 30,000

Night Shift 20,000

Month Three Operating Costs

Day Shift 30,000

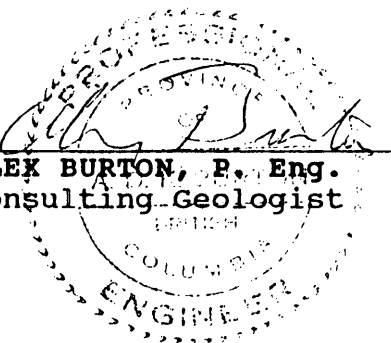
Night Shift 20,000

Total Operating Costs \$130,000

Capital Costs 165,000

TOTAL BUDGET \$295,000

Alek Burton
ALEK BURTON, P. Eng.
 Consulting Geologist



BURTON CONSULTING INC.

C E R T I F I C A T E

I, ALEX BURTON do hereby certify that I am an independent Consulting Geologist with offices at 901 - 626 West Pender Street, Vancouver, B.C. V6B 1V9.

I FURTHER CERTIFY THAT:

1. I am a geology graduate of the University of British Columbia and am a registered Professional Engineer in B.C. with Certificate No. 6262 and a Fellow of the Geological Association of Canada.

2. I have practised my profession for over 30 years both as an independent consultant and in senior managerial capacity for major mining companies in Canada and other countries. In the past five years I have served over 15 placer clients, some of them several times.

3. I visited P.M.L. 246 three times during the course of the Fairchild tests.

4. I have no personal interest, directly or indirectly in the property or securities of FAIRCHILD RESOURCES INC., nor do I expect to receive directly or indirectly any interest in such property or securities.

5. I give permission to FAIRCHILD RESOURCES INC. to use this Report for underwriting purposes.

Dated this 22nd day of December, 1988 in Vancouver, B.C.
Amended March 13, 1989.



BURTON CONSULTING INC.