Fairchild
Gold Corporation

1989 Annual Report

CORPORATE SUMMARY

Fairchild Gold Corporation has assembled a diversified portfolio of precious metals properties, including its Bridge River placer project now in test production at Gold Bridge in southern British Columbia. The company's large Tenabo placer mine, located on the Battle Mountain gold belt in Northern Nevada, is slated for start-up in September of 1989. Exploration is underway on the 5300-acre Keystone property, also located on the Battle Mountain gold belt. Fairchild's shares trade on the Vancouver Stock Exchange.

HIGHLIGHTS

- Returns from test runs at Bridge River improved significantly.
- Construction of the Tenabo placer mine was completed, with startup expected during September of 1989.
- The Keystone claims were increased by some 3,280 acres.
- Two financings during the period raised more than C$1.4 million.

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The fiscal year 1989 brought us closer to our primary goal of achieving commercial gold production. Although gold prices dropped during the period, the projected returns on the company's gold projects remained attractive and two successful financings during the period raised more than C$1.4 million. Fairchild remained in a strong financial position with sufficient resources for continued development of its Canadian and U.S. gold projects.

TENABO PROJECT

Development of the Tenabo placer mine began in April after the successful unit financing. Plant construction was completed in August, subsequent to the fiscal year end, and the test phase was scheduled for immediate startup. The plant was originally designed to share water with the adjoining Robertson heap leach gold mine. However, with the fortunate discovery of a large well on Fairchild's ground, an adequate and independent water supply was assured.

KEYSTONE PROPERTY

The Keystone property was expanded by about 3,280 acres to a total of some 5300 acres with the staking of 50 additional claims and an option to acquire a 100% interest in the adjoining McClusky Peak property. During the period Fairchild conducted air reconnaissance studies and reverse circulation drilling on the property. Based on the favorable results of these activities, consulting geologists developed plans and a budget for the next exploration phase. Subsequent to the year end, the second phase of drilling had commenced on the property.

BRIDGE RIVER

Persistent mechanical problems caused a number of delays in the test program on the Bridge River placer ground. As a result, returns were sporadic and did not provide consistent data. However, the available returns improved steadily throughout the period. The thickness of pay gravels has increased well beyond initial projections and may substantially increase early reserve estimates. Only recently has the operation run on a somewhat consistent basis. More uniform results should follow.

GREENBACK MINE

Work at the Greenback project was suspended when management discovered that a considerable portion of mining claims thought to be part of the agreement with Josephine County Partners had been omitted from agreement documents. The excluded ground was considered by engineers to contain much of the ore reserve expansion potential. As a result, we have launched a claim for rescission of the agreement with Josephine County Partners.

LOOKING AHEAD

The development of commercial scale gold production remains our primary objective. Our strategy has been to acquire mineral properties capable of sustaining profitable gold production in the near term while searching for longer term gold prospects. This course will essentially stay the same.

Gold sales from both the Bridge River and Tenabo placer mines should contribute to our working capital in the coming year. Both properties offer the potential of large-scale expansion and the generation of significant profits, and they will be explored and developed with the intent of realizing this potential.

The Keystone property is an excellent prospect. Previous operators, working without the benefit of recent technology for extraction of lower grade gold ore, underestimated the property's potential as an open pit, heap leach gold producer. Most ignored the significance of the "Keystone Window," an opening on the Roberts Mountain thrust plate characteristic of producing mines on the Battle Mountain gold trend. We will explore the property with the principal intent of revealing its potential as a large scale, open-pit gold mine and also investigating the possibility of a large sulphide orebody at depth.

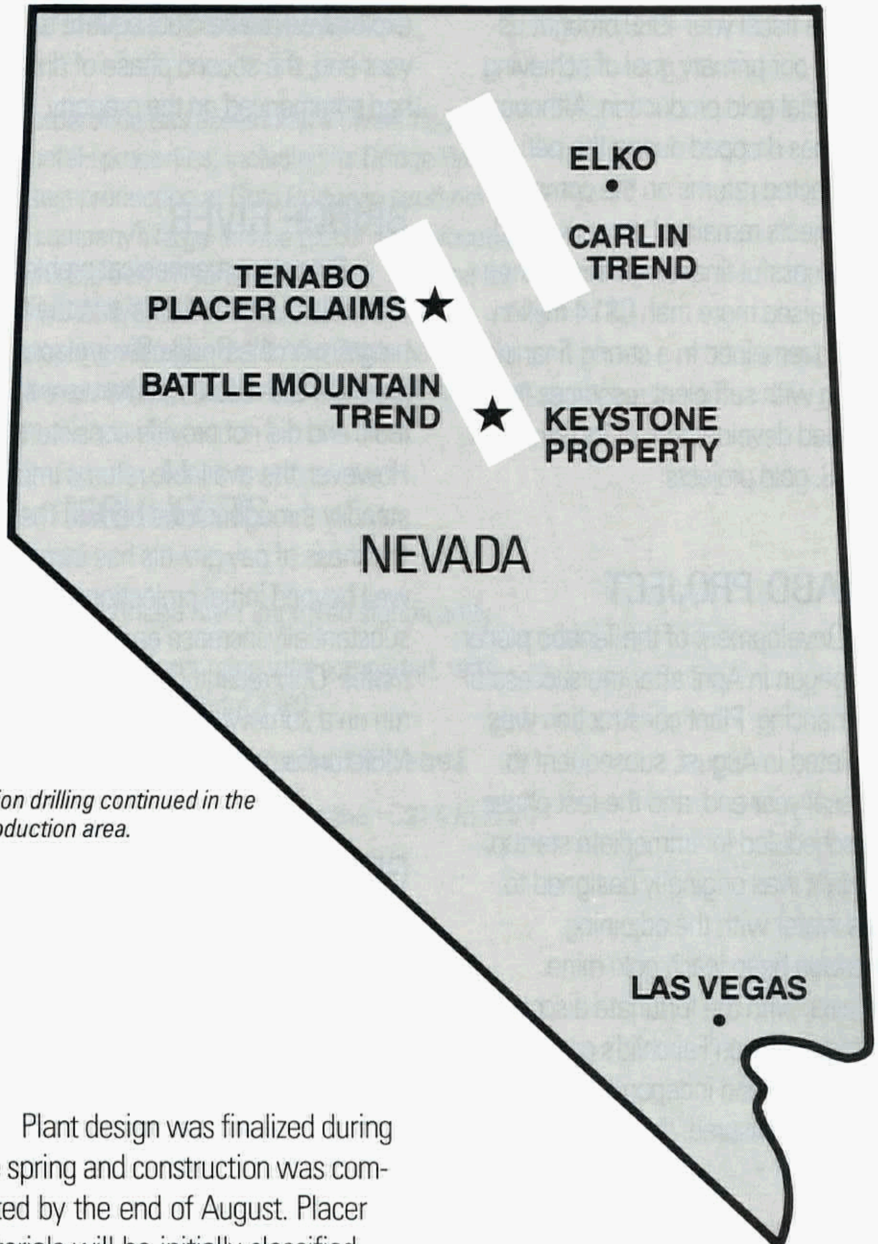
ON BEHALF OF THE BOARD OF DIRECTORS

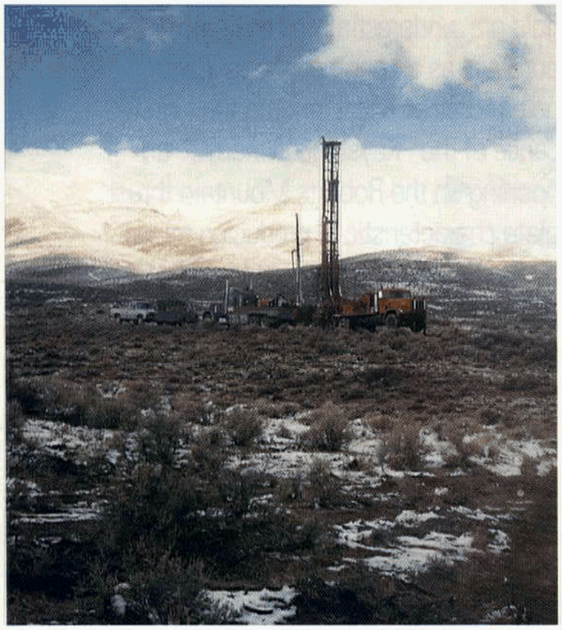
Louis Wolfin,
President & CEO

BATTLE MOUNTAIN GOLD BELT

Fairchild's holdings on the Battle Mountain gold belt include the Tenabo placer claims, slated for test production in the second half of 1989, and the large Keystone claim group, considered an excellent prospect for open-pit, heap leach gold production.

The Battle Mountain gold belt hosts at least seven large open-pit mines and one of North America's largest placer gold mines. With the rich Carlin belt nearby, this area now constitutes the world's largest gold province outside South Africa.





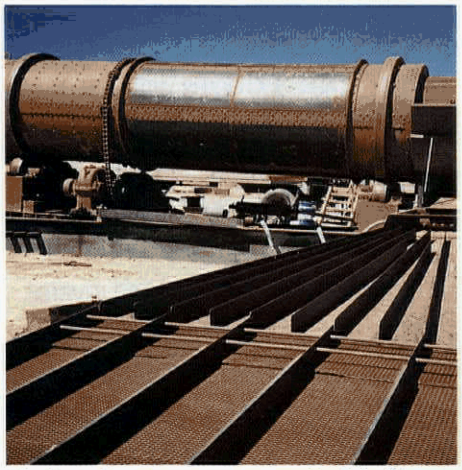
Exploration drilling continued in the initial production area.

TENABO PLACER PROJECT

Development of the Tenabo project progressed rapidly during the spring and summer. The initial plant test runs were scheduled for September of 1989.

Plant design was finalized during late spring and construction was completed by the end of August. Placer materials will be initially classified through a 6″ grizzly, then fed by conveyor to a 20′ by 6′ trommel. Final processing of minus - ½″ feed from the trommel will occur on a large sluice. The test phase will employ an initial feed rate of 100 cubic yards per hour, expected to increase as the production process is refined.

Drilling conducted in the initial production area during June and July encountered material as high as $27.04



The first plant test runs were scheduled for September of 1989.

per cubic yard, with considerable material averaging around $18.00 per cubic yard. Previous engineering on this material had calculated an average grade of at least $7.74 per yard. Costs were estimated at $3.83 per yard.

The remaining placer ground is extensive, extending for well over a mile into the valley below Coral Gold's Robertson gold deposit adjoining the claims to the west. The placer gold of the Tenabo claims is probably a result of gold eroding from the primary Robertson deposit for millions of years.

The Tenabo placer claims are located about 25 miles southeast of

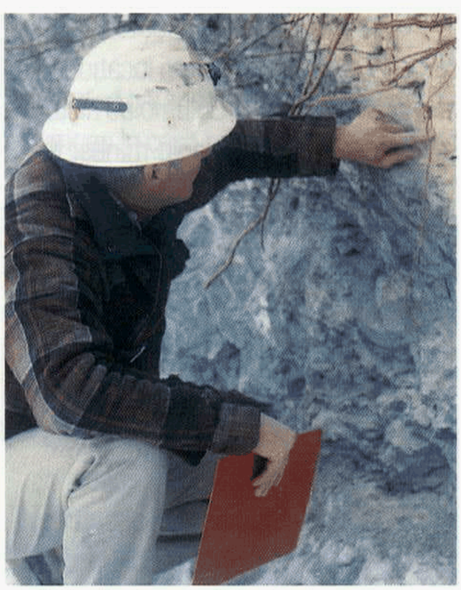
Battle Mountain, Nevada on the Battle Mountain gold belt and host a "desert placer," or eluvial, gold deposit. Tenabo, named for a nearby historic mining town, contained one of Nevada's largest placer gold mines in 1938. The extensive dredging operation proved too costly for the then prevailing gold of $35 per ounce. All mining in the area ceased in 1942 under U.S. wartime order L208.

Mining records and work by consulting engineers indicate that much of the ground was never mined. With today's improved mining technology and higher gold prices, the property's entire area has become an attractive target for profitable placer mining.

KEYSTONE PROPERTY

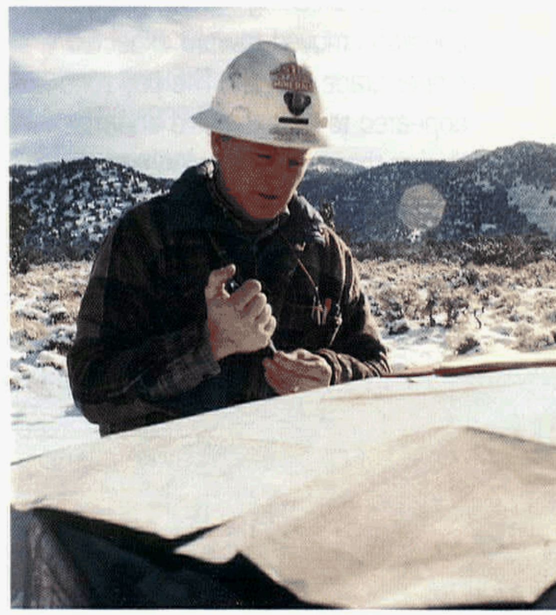
Work conducted during the period continued to support the view that the Keystone property may host a gold deposit capable of supporting an open-pit, heap leach gold operation. The property has also shown potential for hosting a deeper-lying sulphide gold deposit.

The 5300-acre Keystone claim group is located on the Battle Mountain gold belt about 20 miles southeast of Fairchild's Tenabo project. The claims lie on a geological setting similar to that found within commercial mines operating nearby – Tonkin Springs (7 miles east), Cortez/Horse Canyon (16 miles north) and Gold Bar (12 miles southeast). The Keystone's geology is perhaps most similar to that of the Gold Bar mine, where a high grade deposit was located where northwest/southeast faults along the Roberts Mountains



thrust plate intersected with crossing northeast faults.

The primary focus of Fairchild's current exploration effort is concentrated on two factors. First, exploration on the Keystone claims by Newmont, Chevron and U.S. Minerals Exploration outlined ore grade mineralization. However, recent work on the property indicates that this reserve may be an erosional remnant of a much larger



reserve. Secondly, the potential for ore under the Upper Plate rocks has never been tested, a feature slated for exploration through deeper drilling. Exploration in 1989-90 will be directed toward the testing of shallow ore targets to accelerate early production potential.

Upper left: *The Keystone claim group is located on the Battle Mountain gold belt.*

Left: *The potential for ore under the upper plate rocks has never been tested.*

Upper right: *Exploration in 1989-90 will be directed toward acceleration of early production potential.*

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The Bridge River placer operated sporadically on a test basis during the fall of 1988 and spring of 1989. The operation suffered a number of mechanical delays which prevented engineers from accurately determining grades or reserve estimates. By late July operators were finally able to run on a somewhat consistent basis, and recoveries were increasing significantly as the operation moved toward expected higher grade gravels. The pay zone appeared to be extensive and much thicker than earlier approximations.

Should the higher values persist, production will accelerate to a full-scale phase and probably include a second shift. Engineering is underway for possible diversion of the Hurley river – considered the source of most of the gold – to allow mining of the unmined west channel where engineers predict the highest grade gravels will be found.

The Bridge River placer claims are located at Gold Bridge, British Columbia at the confluence of the Hurley and Bridge rivers. The claims cover 109 acres on a site which has seen sporadic placer gold production since the late 1800s.

The most attractive feature of the property is its downstream location relative to two of British Columbia's historically most productive gold mines, the Bralorne and Pioneer. Together these high grade operations, where gold values exceeded .50 ounces of gold per ton, produced over four million ounces of gold between 1897 and 1971. The Bralorne and Pioneer sites are located approximately four and seven miles upstream respectively from Fairchild's placer ground. Studies by consulting geologists indicate that much of the gold eroded from these deposits by water or glacial activity has been deposited directly onto the river gravels of Fairchild's placer claims.

Left: *The Bridge River placer operated on a test basis during 1988 and '89.*

Below: *Recoveries increased significantly as the operation moved toward higher grade gravels.*

The Shareholders,
Fairchild Gold Corporation
(formerly Fairchild Resources Inc.)

We have examined the consolidated balance sheets of Fairchild Gold Corporation (Formerly Fairchild Resources Inc.) as at April 30, 1989 and 1988 and the consolidated statements of operations and deficit, resource properties and deferred expenditures and changes in financial position for each of the years in the two year period ended April 30, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at April 30, 1989 and 1988 and the results of its operations and changes in its financial position for each of the years in the two year period ended April 30, 1989 in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The comparative figures for the year ended April 30, 1987 were reported on by another chartered accountant.

Vancouver, B.C.
August 16, 1989.

Chambers, Phillips & Co.
Chartered Accountants

REPORT OF FORMER AUDITOR

To the Directors,
Fairchild Resources Inc.
Vancouver, B.C.

I have examined the re-stated balance sheet of your company as at April 30, 1987 and the re-stated statements of changes in cash resources, loss and deficit and deferred expenditures for each of the two years ended April 30, 1987 and 1986. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion these re-stated financial statements present fairly the financial position of the company as at April 30, 1987 and 1986, the results of its activities, and the changes in its cash resources for each of the two years ended April 30, 1987 and 1986 in accordance with generally accepted accounting principles applied on a consistent basis.

Vancouver, B.C.
July 10, 1987. *Except as to note 1 which is as of August 23, 1988*

Bruce T. Hamilton
Chartered Accountant

FAIRCHILD GOLD CORPORATION

(Formerly Fairchild Resources Inc.)

CONSOLIDATED BALANCE SHEET
April 30, 1989

Exhibit A

ASSETS

	1989	1988
Current:		
Cash	$ 96,522	$ 303,746
Term deposits	1,199,942	1,653,783
Accrued interest receivable	16,928	7,905
Due from related companies	-	1,609
	1,313,392	1,967,043
Note Receivable (Note 3)	50,000	75,000
Investment (Note 4)	70,000	275,000
Resource Properties and Deferred Expenditures – Exhibit C	988,509	204,317
Fixed Assets (Note 6)	539,416	7,068
	$2,961,317	$2,528,428

LIABILITIES

	1989	1988
Current:		
Bank indebtedness	$ -	$ 950,000
Accounts payable	195,022	17,842
Due to related companies	106,271	-
	$ 301,293	$ 967,842

SHAREHOLDERS' EQUITY

	1989	1988
Share Capital (Note 7):	3,678,821	2,201,698
Deficit - Exhibit B	(1,018,797)	(641,112)
	2,660,024	1,560,586
	$2,961,317	$2,528,428

"Commitments" (Note 8)
"Subsequent Event" (Note 10)

Approved by the Directors:

_________________ Director

Terry E _________________ Director

See accompanying notes.

FAIRCHILD GOLD CORPORATION

(Formerly Fairchild Resources Inc.)

CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT

Exhibit B

Year Ended April 30, 1989

	1989	1988	1987
Revenue:			
Interest	$ 71,145	$ 76,087	$ 39,467
Expenses:			
Accounting and audit	18,080	5,457	4,611
Interest and bank charges	26,468	2,683	-
Consulting	3,965	9,527	-
Depreciation	2,070	3,028	6,106
Legal	8,731	28,305	15,002
Management fees	17,114	8,000	-
Office and miscellaneous	15,179	11,179	7,109
Rent	14,579	36,320	36,400
Salaries and benefits	7,658	400	-
Shareholder information and promotion	65,749	44,983	7,663
Statutory compliance	5,225	4,411	7,950
Transfer agent fees	2,932	2,286	5,839
Travel	17,953	12,675	10,152
Write-off of deferred expenditures	-	-	6,496
	205,703	169,254	107,328
Loss Before Other Item	(134,558)	(93,167)	(67,861)
Write-down of Investment (Note 4)	205,000	-	-
Loss for the Year	(339,558)	(93,167)	(67,861)
Deficit, Beginning	(641,112)	(547,945)	(459,195)
Share Issue Costs (Note 7(c))	(38,127)	-	(20,889)
Deficit, Ending - Exhibit A	$(1,018,797)	$(641,112)	$(547,945)
Loss per Share Before Other Item	$ .028	$ .022	$ .021
Loss per Share for the Year	$ .064	$ .022	$ .021

See accompanying notes.

FAIRCHILD GOLD CORPORATION

(Formerly Fairchild Resources Inc.)

CONSOLIDATED STATEMENT OF RESOURCE PROPERTIES AND DEFERRED EXPENDITURES

Exhibit C

Year Ended April 30, 1989

	1989	1988	1987	Cumulative From Inception to April 30, 1989
Acquisition Costs of Claims				
Canada				
Benboe	$ -	$ -	$ -	$ 250
BRX	-	-	-	-
Bridge River	100,000	-	-	100,000
	100,000	-	-	100,250
United States				
Greenback	78,747	28,365	-	107,112
Tenabo	-	45,693	-	45,693
Keystone	8,803	19,444	-	28,247
McClusky	7,129	-	-	7,129
	94,679	93,502	-	188,181
Total Acquisition Costs (Note 5)	$ 194,679	$ 93,502	$ -	$ 288,431
Exploration and Development Expenditures				
Canada				
Benboe	$ 2	$ 215	$ 38,245	$ 40,938
BRX	-	-	-	340,061
Bridge River	283,966	-	-	283,966
	283,968	215	38,245	664,965
Less: Proceeds on BRX option (Note 5(b))	-	(135,000)	(140,000)	(275,000)
	283,968	(134,785)	(101,755)	389,965
United States				
Greenback	147,309	4,567	-	151,876
Tenabo	102,431	-	-	102,431
Keystone	44,133	-	-	44,133
McClusky	2,400	-	-	2,400
Other	9,272	-	6,496	9,273
	305,545	4,567	6,496	310,113
Total Deferred Expenditures	$ 589,513	$(130,218)	$(95,259)	$ 700,078
Total Resource Properties and Deferred Expenditures - Exhibit A				$ 988,509

See accompanying notes.

(Formerly Fairchild Resources Inc.)

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Exhibit D

Year Ended April 30, 1989

	1989	1988	1987
Operating Activities			
Loss for the year - Exhibit B	$(339,558)	$(93,167)	$(67,861)
Items not involving cash			
Write-off of deferred expenditures	-	-	6,496
Write-down of investment	205,000	-	-
Depreciation	2,070	3,028	6,106
	(132,488)	(90,139)	(55,259)
Changes in non-cash working capital items	168,156	12,574	(29,140)
Cash provided by (used in) operating activities	35,668	(77,565)	(84,399)
Financing Activities			
Shares issued, net of issue costs	1,438,996	220,950	1,166,043
Advances from related companies	107,881	-	-
Cash provided by financing activities	1,546,877	220,950	1,166,043
Investing Activities			
Proceeds on BRX option	-	135,000	140,000
Less: Applied to investment	-	(135,000)	(140,000)
Deferred expenditures - Exhibit C	(589,513)	(4,782)	(44,741)
Less: Depreciation	88,426	-	-
Purchase of fixed assets	(622,844)	(9,117)	-
Note receivable	25,000	(75,000)	-
Purchase of mineral properties - Exhibit C	(194,679)	(93,502)	-
Cash used in investing activities	(1,293,610)	(182,401)	(44,741)
Net Increase (Decrease) in Cash	288,935	(39,016)	1,036,903
Cash, Beginning	1,007,529	1,046,545	9,642
Cash, Ending	$ 1,296,464	$ 1,007,529	$ 1,046,545
Cash Represented By:			
Cash	$ 96,522	$ 303,746	$ 68,148
Term deposits	1,199,942	1,653,783	978,397
Bank indebtedness	-	(950,000)	-
	$ 1,296,464	$ 1,007,529	$ 1,046,545

See accompanying notes.

(Formerly Fairchild Resources Inc.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended April 30, 1989

Exhibit E

1. Nature of Operations

The company is in the process of exploring its resource properties and developing properties which contain mineral reserves that are economically recoverable.

The recoverability of amounts shown for resource properties and related deferred expenditures is dependent upon the further discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and future profitable production or proceeds from the disposition thereof.

2. Significant Accounting Policies

a) Principles of Consolidation

These financial statements include the account of Fairchild Gold Corporation (formerly Fairchild Resources Inc.) and its wholly owned subsidiary Golden Reef Mining Co., a Nevada, U.S.A. company. Golden Reef Mining Co. was incorporated during the year ended April 30, 1988 in order to acquire various U.S. interests.

b) Resource Properties and Related Deferred Exploration and Development Expenditures

The company capitalizes the cost of resource properties and related exploration and development expenditures. These costs will be written off against subsequent proceeds of production or sale, or to operations at such time that the properties are determined to have no commercial value.

Recorded costs of resource properties and related deferred exploration and development expenditures are not intended to reflect present or future values of mineral properties.

c) Fixed Assets and Depreciation

Fixed assets are recorded at cost and depreciated on a declining-balance basis at the following rates:

Office equipment	30%
Automotive	30%
Leasehold improvements	30%
Building	5%
Mining equipment	30%

One-half of the normal rate is provided for in the year of acquisition.

d) Foreign Currency Translation

Foreign currency accounts are translated into Canadian dollars as follows:

Current assets and liabilities at year-end exchange rates;

Other assets and liabilities at exchange rates prevailing at the dates of the transactions;

Revenues and expenses at the average annual rate of exchange.

Exchange gains and losses on translation of foreign currencies are included in the consolidated statement of operations and deficit.

e) Share Issue Costs

Commissions paid on public offerings of the company's share are charged directly against share capital. Other costs incurred in connection with the issue of share capital are charged to deficit.

f) Loss Per Share

Loss per share is calculated on the weighted average number of shares outstanding during the year.

g) Comparative Figures

Comparative figures have been reclassified to conform with the presentation adopted in the current year. These reclassifications have no effect on prior years' operations.

3. Note Receivable

The company made a refundable advance, secured by a promissory note on an option to purchase certain assets. The company decided not to exercise the option. The note is a demand note and bears interest at prime plus 2% and is secured by the shares of three private companies. During the year ended April 30, 1989, $25,000 of the loan was repaid in exchange for the acquisition of a fixed asset.

4. Investment

Pursuant to an option agreement (Note 5(b)), the company has received an aggregate of 150,000 shares of a public company. The shares have been recorded at their market value at the date of receipt. 50,000 shares were sold during the year ended April 30, 1986. As at April 30, 1989 the remaining 100,000 shares have been written-down to their current market value.

5. Mineral Properties

a) Benboe Claims

The company has a 100% interest in seven reverted crown grants located in the Lillooet Mining District of British Columbia.

b) BRX Claims

The company has a 100% interest in 63 claims located in the Lillooet Mining District of British Columbia. The company has optioned its entire interest to another public company, which has directors in common, for 200,000 shares payable in instalments of 50,000 shares. Before the issue of each instalment, the optionee must expend $115,000 on exploration and development work on the property. To date the company has received 150,000 shares as disclosed in Note 4, and the final instalment of 50,000 shares is due on or before May 30, 1990.

c) Greenback Property

During the year ended April 30, 1988, the company's wholly-owned subsidiary entered into an option to acquire an 80% joint venture interest in the ownership and operation of a mining and milling operation located near Grants Pass, Oregon, U.S.A. Consideration for the interest was U.S. $230,000 comprising U.S. $20,000 paid on entering into the agreement, property expenditures of U.S. $180,000 (including lease payments and property and mine development) and U.S. $30,000 due on or before March 19, 1989 (paid). The property is subject to

a lease-option agreement which requires monthly payments as follows:

i) from April, 1988 to February, 1989 U.S. $2500 per month (paid);

ii) from March, 1989 to February, 1990, greater of 2% net smelter royalty or U.S. $5,000 per month (paid to April 30, 1989);

iii) from March, 1990 to February, 1991, equal monthly instalments aggregating U.S. $100,000 less any amount in excess of U.S. $100,000 paid pursuant to (ii) above;

5. Mineral Properties

c) Greenback Property (Cont'd)

iv) commencing July 31, 1991, an annual payment of U.S. $150,000 until such time as the total of all payments, including all amounts paid prior by the optionor, equal U.S. $1,000,000, at which time title shall pass to the joint venturers.

Subsequent to April 30, 1989, the company discovered that the documentation was inconsistent with the agreement and has commenced legal action as disclosed in Note 10.

d) Tenabo Placer Claims

The company's subsidiary has, subject to a 3% gross royalty on all gold production, a 100% interest in several mineral claims located in Lander County, Nevada, U.S.A.

e) Keystone Properties

During the year ended April 30, 1988, the company's subsidiary purchased a 100% interest, subject to a minimum royalty of 2% in mineral claims located in Nevada, U.S.A. Consideration for the acquisition was U.S. $15,000 (paid), an advance royalty of U.S. $1,000 per month commencing January 1990 and assumption of various underlying lease obligations. The lease obligations may be bought out at any time for consideration totalling U.S. $2,200,000. The future minimum underlying lease obligations for the years ended April 30 are as follows:

1988 U.S. $ 1,200 (paid)
1989 U.S. $ 6,800 (paid $5,800)
1990 U.S. $ 14,690
1991 U.S. $ 25,700
1992 U.S. $ 32,200
1993 U.S. $ 32,200

In addition, the company must spend a minimum on development of the properties as follows:

i) U.S. $30,000 for the year ended Dec. 31, 1988
ii) U.S. $40,000 for the year ended Dec. 31, 1989
iii) U.S. $50,000 for the year ended Dec. 31, 1990 and each year thereafter.

The vendor's 2% royalty will increase to a 5% royalty on those properties bought out. In addition to the royalty, the vendor has the option to buy back a 20% interest in any of the properties for reimbursement of 20% of all costs incurred on that property by the company.

f) Bridge River Placer Property

During the year ended April 30, 1989, the company purchased a 100% interest in a Placer Lease located in the Lillooet Mining District of British Columbia for $100,000.

g) McClusky Properties

During the year ended April 30, 1989, the company's wholly-owned subsidiary acquired on option for a 100% leasehold interest, subject to a minimum royalty of 2%, in 114 claims located in Nevada, U.S.A., adjacent to the company's Keystone Properties. Consideration for the option is an initial payment of U.S. $2,500 (paid); an advance royalty of U.S. $300 per month commencing September 30, 1988 (paid to April 30, 1989) escalating to U.S. $1,000 per month August 30, 1992 and thereafter; and payment of various underlying royalties payable as follows:

U.S. $ 1,000 on or before April 8, 1989 (paid)
U.S. $ 2,000 on or before April 8, 1990
U.S. $ 3,000 on or before April 8, 1991
U.S. $ 4,000 on or before April 8, 1992
U.S. $ 5,000 on or before April 8, 1993
U.S. $ 10,000 on or before April 8, 1994 and annually thereafter.

In addition, the company must spend a minimum on development of the properties as follows:

1988 U.S. $ 11,400
1989 U.S. $ 15,000
1990 U.S. $ 25,000
1991 U.S. $ 30,000 and every year thereafter.

The vendor's 2% royalty will increase to a 5% royalty should the company acquire title or payout the underlying agreement. The company's interest will decrease to 80% should the vendor exercise his option to reimburse the company for 20% of the exploration and development costs incurred prior to production. In such an event, the royalty will be decreased to a maximum of 3%.

6. Fixed Assets

	1989			1988
	Cost	Accumulated Depreciation	Net Value	Net Value
Office equipment	$ 9,904	$ 5,367	$ 4,537	$6,481
Automotive	49,767	10,018	39,749	335
Leasehold improvements	500	324	176	252
Building	40,000	1,000	39,000	-
Mining equipment	536,416	80,462	455,954	-
Total - Exhibit A	$636,587	$97,171	$539,416	$7,068

7. Share Capital

Authorized 10,000,000 common shares with no par value

	1989		1988	
	Shares	Amount	Shares	Amount
Issued				
For cash	6,280,052	$3,519,071	4,365,152	$2,041,948
For property	300,000	165,000	300,000	165,000
	6,580,052	3,684,071	4,665,152	2,206,948
Less: Share subscription receivable	-	5,250	-	5,250
Total - Exhibit A	6,580,052	$3,678,821	4,665,152	$2,201,698

a) During the year, the company issued 13,900 shares at $0.57 per share and 10,000 shares at $0.64 per share on the exercise of stock options. Options to acquire 50,000 shares at $1.34 each and 2,500 shares at $0.64 each were cancelled.

b) During the year, the company issued 491,000 shares at $0.50 per share on the exercise of outstanding warrants. As at April 30, 1989, no additional warrants are outstanding.

c) During the year, the company completed a public offering of 1,400,000 units at $0.94 each for net proceeds of $1,217,300. Each unit consisted of one common share, one Series A warrant and one Series B warrant. Two Series A warrants entitle the holder to purchase an additional common share for $0.98 per share up to October 3, 1989 and two Series B warrants entitle the holder to purchase an additional common share for $1.11 per share up to April 6, 1990. The underwriters also received 300,000 non-transferable warrants entitling them to purchase up to 300,000 shares at $0.98 per share until April 6, 1990.

d) As at April 30, 1988, the following stock options were outstanding:

250,706 shares at $0.64 each up to July 30, 1991
120,000 shares at $0.77 each up to January 27, 1994
63,100 shares at $0.57 each up to February 19, 1993.

e) Included in share issue costs are the following:

Legal fees	$ 32,697
Printing	5,430
Total - Exhibit B	$ 38,127

8. Commitments

On January 1, 1988 the company entered into an agreement with a non-related management company whereby the company will provide Fairchild with management and administrative services. From time to time, the management company may engage individuals who are directors of Fairchild or engage private corporations which are controlled by directors of Fairchild to provide various consulting services on behalf of several public companies including Fairchild. Under the agreement, the company must pay the management company the greater of $2,000 per month or 15% of expenditures incurred on behalf of the company less a volume discount, being in proportion to the management company's net income in excess of $60,000. The effective rate after allowing for the volume discount is 12.1%.

The agreement is for an initial term of one year and continues annually thereafter subject to termination on one month's notice by the company.

9. Related Party Transactions

a) During the year ended April 30, 1989, $7,959 for shareholder information and promotion services was incurred with a private company controlled by a director of the company.

b) The company's investment (Note 4) is with another public company having directors in common.

10. Subsequent Event

Subsequent to April 30, 1989, the company and its wholly-owned subsidiary have launched a claim for rescission of their agreement on the acquision of the Greenback Property disclosed in Note 5(c) and reimbursement of expenditures made by the company to date on the property. The claims allege that either by mistake or misrepresentation a major portion of the mineralized property was omitted from the agreement documents. As a result, all work on the property has been suspended. The outcome of the action is not determinable at this time.

11. Additional Information for United States Shareholders

In the United States, generally accepted accounting principles require that the capitalization of acquisition and related exploration costs of unproven resource properties be limited to the lower of cost and net realizable value of such properties. In accordance with Canadian generally accepted accounting principles used in these financial statements, the acquisition and related exploration costs of resource properties are capitalized until such time as the property they relate to is brought into production, is abandoned, or is disproven.

Since the net realizable value of the resource properties is not readily available, the effects, if any, of the above departure from generally accepted accounting principles in the United States cannot be determined.

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Vancouver Stock Exchange,
Symbol FLD
CUSIP NO. 303725-10-5

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David C. Arnold
G. Martin Greer */**
Terry Dove **
Thomas Gelfand *
H. Brodie Hicks *

** Member, Audit Committee*
*** Member, Executive Committee*

OFFICERS
President & CEO,
Louis Wolfin
Executive Director,
G. Martin Greer
Secretary & Treasurer,
Grant E. Barnwell
Assistant Secretary,
Laura Meloche
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Jim Baylis, Investor Relations
Terry Dove, Director
(604) 682-3701

ANNUAL GENERAL MEETING

The Annual General Meeting of Fairchild Gold Corporation will be held on Friday, October 27, 1989, at the hour of 10:30 a.m. (Vancouver time), at the Company's board room, 400 - 455 Granville Street, Vancouver, B.C.

Fairchild
Gold Corporation

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Fairchild
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NEWS RELEASE

FOR RELEASE
September 21, 1989

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FAIRCHILD GOLD OPENS NEVADA PROJECT; BRITISH COLUMBIA OPERATION EXPANDS

VANCOUVER, BRITISH COLUMBIA - Fairchild Gold Corporation (FLD.V) reported today that test production has begun at the company's Tenabo placer mine in northern Nevada, while permits were awarded to expand the Bridge River placer mine at Gold Bridge, British Columbia.

The start-up phase at the Nevada operation should run for several weeks. When in full operation the mine will process up to 1600 yards per day. Mine superintendent Jon Van Tamelen reported a smooth start-up with only minor problems requiring adjustments to the processing plant. The Tenabo placer mine is located near Crescent Valley, Nevada on the Battle Mountain gold trend.

At the company's Bridge River project, permits for diversion of the west channel of the Hurley river were awarded on September 13. Work was completed shortly thereafter and mining of the west channel began on September 20. The west channel, measuring some 1200 feet in length and 300 feet in width, has until now never been accessible. The Bridge River placer mine is located at the town of Gold Bridge in southern British Columbia.

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