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**Fairfield
Minerals Ltd.**



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CORPORATE PROFILE

Fairfield Minerals Ltd. is a Vancouver-based mineral exploration and development company whose principal asset is the Siwash Gold Deposit near Merritt in southern British Columbia. From 1992 to 1994, 51,300 ounces of gold were produced at Siwash, mostly from a high-grade open pit mining operation. During 1995, the Company's efforts were directed toward establishing the project's underground production capacity. Fairfield will continue to focus on the Siwash Gold Deposit and surrounding land holdings, as well as the evaluation and acquisition of new mineral prospects in British Columbia and the Yukon.

1995 HIGHLIGHTS

- 100,300 ounces gold in probable and possible reserve categories
- 27,400 ounces gold accessible for mining from existing underground development
- 5,000 to 8,000 ounces gold amenable to open pit mining
- 3,800 ounces gold sold to smelter at average price of US\$386 per ounce
- 8,500 ounces gold in stockpiles available for sale with current net value of over C\$4 million
- C\$4.2 million in cash and receivables and no debt

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ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Tuesday June 25th, 1996 at 10 a.m. in the Conference Room, Lower Main Level, Guinness Tower, 1055 West Hastings Street, Vancouver, British Columbia

REPORT TO SHAREHOLDERS

During 1995, over 40,000 feet of diamond drilling in 287 holes was undertaken at the Siwash Gold Deposit in southern British Columbia. This drilling identified reserves that can be mined from existing underground workings, as well as near-surface reserves that are amenable to open pit extraction.

The next phase of work will include further drilling from surface to test known extensions of the Siwash vein in an effort to expand reserves to a level that would justify mill construction on site. An optional processing plan has also been examined which would entail the shipping of underground ore to a nearby custom mill that has the necessary beneficiation equipment and operating permits in place. This custom-milling option would not require an initial large capital outlay, allowing the Company to preserve its cash resources. Siwash ore contains appreciable amounts of native gold, a good portion of which would be amenable to simple gravity separation techniques. Ore from open pit production, with high gold and silica content, will continue to be shipped directly for smelter processing, employing the same procedures that were successfully used in the past.

Exploration costs for the year were funded through the sale of stockpiled ore, which was mined by open pit in 1994. During 1995, 2,000 tons of ore containing 3,800 ounces gold and 5,900 ounces silver were sold to the ASARCO smelter in East Helena, Montana, netting the Company C\$1.6 million. Remaining stockpiles total 2,600 tons containing approximately 8,500 ounces gold with a net value of about C\$4.1 million using US\$395/oz gold and an exchange rate of US\$0.73 per Canadian dollar.

The Company remains in a strong financial position with no debt. Careful management of our finances has preserved the treasury while avoiding shareholder dilution. At this time there are just over 7 million shares issued, virtually unchanged over the past several years.

Fairfield holds a healthy mix of mineral assets which include a number of gold prospects in southern British Columbia near the Siwash Deposit, as well as zinc properties in the Yukon which are retained as long-term investments at minimal cost.

Near-term objectives include continued evaluation of the production potential for the Siwash Deposit which could be considerably enhanced by further work. The scale of future production activity will be based on the quantity of reserves determined to be mineable by underground methods. Underground test work has provided valuable information which will aid in determining the most cost-effective extraction techniques for this classic, high grade narrow vein deposit. In addition, further open pit mining is expected to augment production from the underground operation.

Another corporate objective is the advancement of gold prospects on other Company holdings near Siwash. Several established targets exhibit potential to host high grade veins or bulk tonnage, low grade gold deposits. As well, aggressive prospecting programs will be initiated in Western Canada with an emphasis on gold and massive sulphide deposits. Without exception, the Company's prospecting programs in the past have generated significant mineral discoveries.

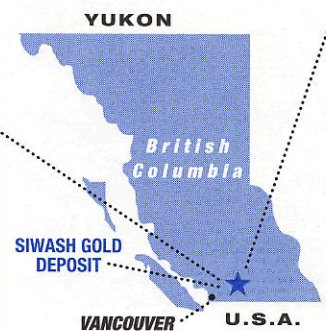
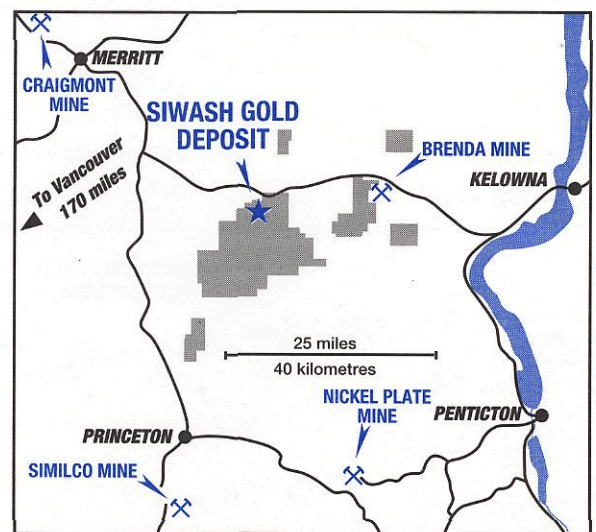
In view of recent health problems, I have chosen not to stand for re-election at the Annual General Meeting. I am very proud of Fairfield's achievements since it was formed 12 years ago and, in particular, the discovery and development of the Siwash Gold Deposit. The Company is in excellent condition with cash and gold stockpiles totalling in excess of C\$8 million, a strong portfolio of exploration properties and exceptional technical personnel.

On Behalf of the Board



John W. Stollery
President
April 2, 1996

Fairfield Property Holdings In British Columbia



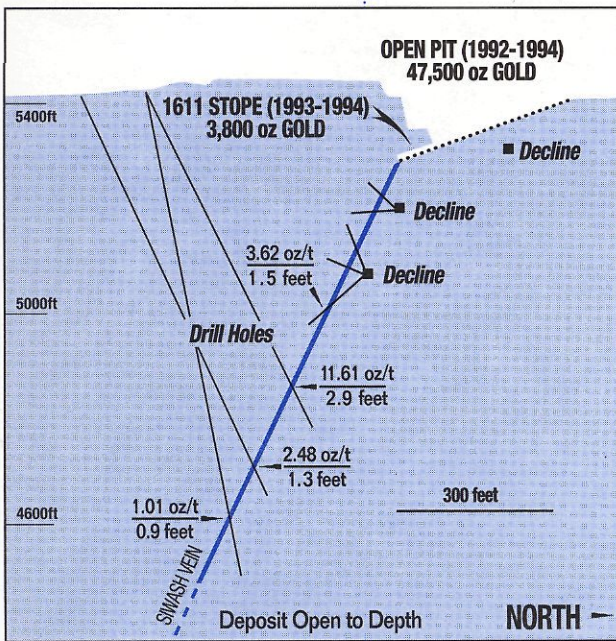
REVIEW OF ACTIVITIES

SIWASH GOLD DEPOSIT

The high-grade Siwash vein system occurs on the 50 square mile Elk mineral property, which is 100 percent-owned by Fairfield. The deposit is located 28 miles southeast of Merritt in southern British Columbia and is just one mile off a major paved highway. The excellent infrastructure and nearby labour pool have contributed to very cost-effective exploration and development. This area has a history of mineral production, with four major copper and gold mines located within a radius of 40 miles.

Open pit mining at Siwash from 1992 to 1994 produced 47,500 ounces gold at an average grade of 2.93 ounces per ton, among the highest of any gold mining operation in Canada. Underground test mining programs in 1993 and 1994 included

Cross Section Looking West



3,260 feet of decline ramp to a vertical depth of 450 feet and 530 feet of ore drifts on three levels. These programs extracted 2,000 tons of ore, most of which was sold to a smelter. The underground tests demonstrated that the narrow gold-rich vein can be mined effectively, producing high grade ore.

In 1995 a major program of diamond drilling was undertaken at Siwash to block out mineable gold reserves. Upon compilation and evaluation of the drill

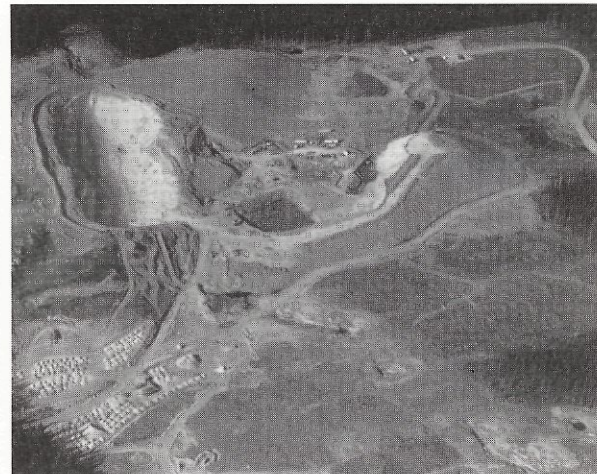
results, total reserves in the probable and possible categories were calculated at 100,300 ounces, with an average grade of 0.74 ounce gold per ton. This reserve incorporates a conservative dilution factor of 15% and assumes an average mining width of 4 feet for the underground portion of the reserves.

The 1995 drill program totalled 40,270 feet in 287 holes from both surface and underground stations. Two underground rigs drilled fans of holes on 33 foot sections along the decline ramp which runs parallel to, and about 50 feet north

of, the vein system. This detailed drilling tested a vein area of about 300,000 square feet to a vertical depth of 500 feet and returned numerous multi-ounce gold intercepts. From these intercepts a mineable reserve figure has been calculated based on a cutoff parameter of 0.42 ounce gold per ton over a minimum 4 foot mining width. Current underground probable mineable reserves are 27,400 ounces gold in 32,900 tons averaging 0.83 ounce per ton. Reserves in the possible category total 67,900 ounces and are based on wider-spaced drilling over a larger portion of the Siwash vein system. Further detailed drilling will be required to upgrade these possible reserves to the probable mineable category.

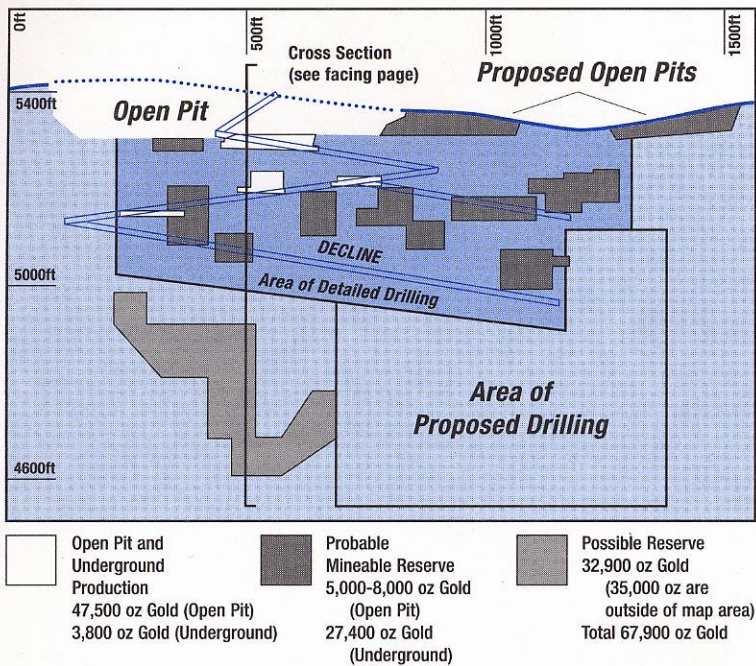
In addition, surface drilling has identified open-pittable reserves adjacent to the existing pit. Although further drilling is required to totally define the ultimate pit limits, the indicated mineable reserve in this area is 5,000 to 8,000 ounces gold at a stripping ratio that is similar to that of the 1994 open pit.

As presently known, the Siwash vein system has a surface length of 3,000 feet and a vertical depth of 800 feet. In addition, there are strong indications that this mineralized structure extends beyond the current area of exploration. Immediately to the east of the drill grid, soil samples returned anomalous gold values, and quartz float near the anomalies assayed 1.38 ounces gold per ton. This area has yet to be drill tested.



Siwash Mine Site Looking West

Vertical Section Along a Portion of the Siwash Vein Looking North



Five other vein systems located 0.5 to 1.5 miles south of Siwash were subjected to preliminary exploration drilling, totalling 5,570 feet in 28 holes. Most of the holes intersected narrow, steeply-dipping quartz veins or breccia zones, with gold values ranging from 1.61 ounces per ton over 1.6 feet to 0.186 ounce per ton over 5.6 feet. These results are sufficiently encouraging to warrant further drill testing in four of the vein systems.

EXPLORATION

Limited exploration programs were undertaken on six other properties in the vicinity of Siwash during 1995. The work consisted of soil sampling, excavator trenching and a few short reconnaissance diamond drill holes. Narrow quartz veins were identified in two areas, returning moderately anomalous gold values with sporadic high assays from selected grab samples. Further work is warranted for some of the targets which could host high grade veins or bulk tonnage low grade gold deposits.

No work was undertaken on the Company's Yukon properties which have had considerable exploration in the past. In southern Yukon, Fairfield holds a 40 percent interest in the Logan property, which has a drill-indicated geological

resource of 13.5 million tons grading 6.2% zinc and 0.8 ounce silver per ton, most of which is amenable to open pit mining. Energold Minerals Inc. holds the remaining 60 percent interest and is responsible for funding the project to a production decision.

FUTURE OUTLOOK

The presently outlined mineable reserves at Siwash could be extracted utilizing the services of a mining contractor and processing at a custom mill or smelter. Economic studies show, however, that a larger mineable reserve could justify the purchase of

mining equipment and milling facilities, thereby eliminating contractor charges, shipping costs and custom milling fees.

Therefore, the next step at Siwash will be to drill untested portions of the vein system in an attempt to expand reserves, followed by fill-in drilling in promising areas to allow confident prediction of mineable ore. Initially, 20,000 feet of diamond drilling from surface is planned, mostly below the existing underground workings. Wide-spaced drilling immediately west of this area has returned several encouraging vein intercepts grading 3.62 to 14.62 ounces gold per ton over 1 to 1.5 feet. As well, several reconnaissance holes will test for near-surface mineralization in an area of anomalous geochemistry east of the existing drill grid.

Follow-up exploration is planned during 1996 for gold targets identified on other Company holdings in southern British Columbia. Fairfield's geological team also intends to actively pursue the acquisition of promising mineral prospects in Western Canada which are at an early stage of exploration. The objective will be to thoroughly evaluate their potential and then choose to fund additional work in-house or seek joint venture partners.



Surface and underground drilling totalled over 40,000 feet

**FINANCIAL
STATEMENTS**

JANUARY 31, 1996 AND 1995


MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements and the information contained in the annual report have been prepared by the management of the Company. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and, where appropriate, reflect management's best estimates and judgements based on currently available information. A system of internal accounting control is maintained to provide reasonable assurance that financial information is accurate and reliable.

The Company's independent auditors, who are appointed by the shareholders, conduct an audit in accordance with generally accepted auditing standards to allow them to express an opinion on the financial statements.

The Audit Committee of the Board of Directors, with two of the three members not being officers of the Company, meets periodically with management and the independent auditors to review the scope and result of the annual audit, and to review the financial statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

J.W. Stollery
President
March 15, 1996


AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the balance sheets of Fairfield Minerals Ltd. as at January 31, 1996 and 1995 and the statements of operations and retained earnings and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 1996 and 1995 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles. As required by the Company Act (British Columbia), we report that, in our opinion, these principles have been applied on a consistent basis.

KPMG Peat Marwick Thorne

Chartered Accountants
Vancouver, Canada
March 15, 1996