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Mr. John W. Stollery, P.Eng.  
President, Fairfield Minerals Ltd.  
1980 - 1055 West Hastings Street  
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Re: Elk Property  
Siwash North Gold Property  
Southern British Columbia

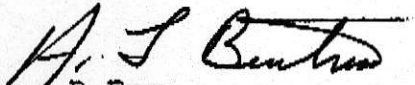
Dear John,

Thanks for the opportunity of visiting your Elk Property. I was very impressed by the work currently and historically carried out by your project team. I have included some observations and recommendations which may improve or generate additional thinking for the project.

The site visit has given me a much better feel for the overall conditions and project than just working on paper data. Phase I probably will be more expensive than I calculated due to more waste rock above the vein and also due to the additional care and attention required for sampling and assaying.

I look forward to working with you as this project unfolds and expands.

Sincerely yours,



A.J. Beaton, P.Eng.  
President, A.J. Beaton Mining Ltd.

### OBSERVATIONS AND RECOMMENDATIONS FROM SITE VISIT

I agree that sampling and assaying are the most critical factors in this Phase I project in determining the actual grades mined and amount of gold shipped and paid for from a mill or smelter. Almost equally critical for the long term success of the project, including underground mining, is the detailed mapping and correlation of the physical dimensions of the vein to grade and drill holes.

The Phase I pit will expose the vein below current surface disturbance, oxidation and possible surface enrichment of gold values. Sufficient vein in place should be exposed, sampled and mapped to give an accurate assessment of the consistency of the gold values over the vein areas. The actual percentage of economic vein available for mining is the most critical economic factor as the mining costs for open pit and underground will essentially be the same for a given "vein" area.

Phase I should also be able to accurately assess the physical recovery and dilution on the initial vein. This factor is not as essential as the former because recovery and technique will improve with experience and familiarity on mining the vein. Recovery will also vary between open pit and underground methods.

My impression on site was that this vein will have to be handled very carefully. Overblasting or rough handling of heavy equipment on or adjacent to the vein will easily destroy or dilute the quartz.

I don't think you can directly blast in the vein with surface holes. The drillers will have to experiment with smaller diameter holes (i.e. smaller bit size), closer spacing and small diameter stick powder next to the vein.

The two meters or six feet of ground left unblasted above the hanging wall of the vein may have to be blasted by parallel holes to the vein. The driller should consider experimenting with "exactax" powder 1/2 inch in diameter to just crack the waste rock next to the vein. If necessary these holes may have to be drilled by jackleg but the most cost effective method would be the airtrack.

The vein itself may naturally break clean from the waste rock without any or minimal dilution. In this case Fairfield will have to consider the option of direct shipping to the smelter. It is possible that a mill handling relatively large tonnages of low grade gold ore would have recovery problems with super high grade ore.

If direct shipping was considered by Fairfield I have access to 50 five ton steel concentrate pots which can be

individually sampled and weighed on site and shipped at the rate of 43 tons per truck and trailer.

If this vein peels or breaks cleanly away from the waste rock in the open pit operation then there is a possibility of mining it cleanly underground by double handling "resuing". The vein would be mined first and removed and then the waste would be blasted.

#### OVERALL COMMENTS

I was very impressed with the overall physical advantages of the Elk Property. First of all John Stoilery and I were on site "within four hours driving time from Vancouver,» Currently the property is accessed by pavement except for 11 kilometers of flat dirt road which will be reduced by late summer to three kilometers. The property is located less than 43 minutes from the logging and mining town of Merritt,

Kerritt in particular is an excellent supply and service town for mining and there are\* in general including Kamloops, Kelowna and Vernon are only hours away for manpower and services.

The mine site is located in very favourable environmental conditions. There are no immediate close by communities or delicate watershed\* **01** toxic contaminants in the ore. In short, this property has the best of two worlds with no local neighbours, yet also close to service communities.

Management to date has an excellent rapport with the local communities and governmental agencies. Their local camp, roads and field area are neat and tidy. They show a considerable pride, confidence and professionalism in this project.

I was very impressed, with local mining conditions - the country waste rock, granite, looks very competent and should not cause **any** ground problems for underground mining. The current proposed portal site is excellent and will make for a clean, tidy collar - There is a lot of room for services, **01** and ore storage.

In short the success of this mining project will be determined by strictly "in the ground" mining factors. There are no external mitigating factors here - the management, ownership of property, location and physical layout of this **mining project** are all first class.