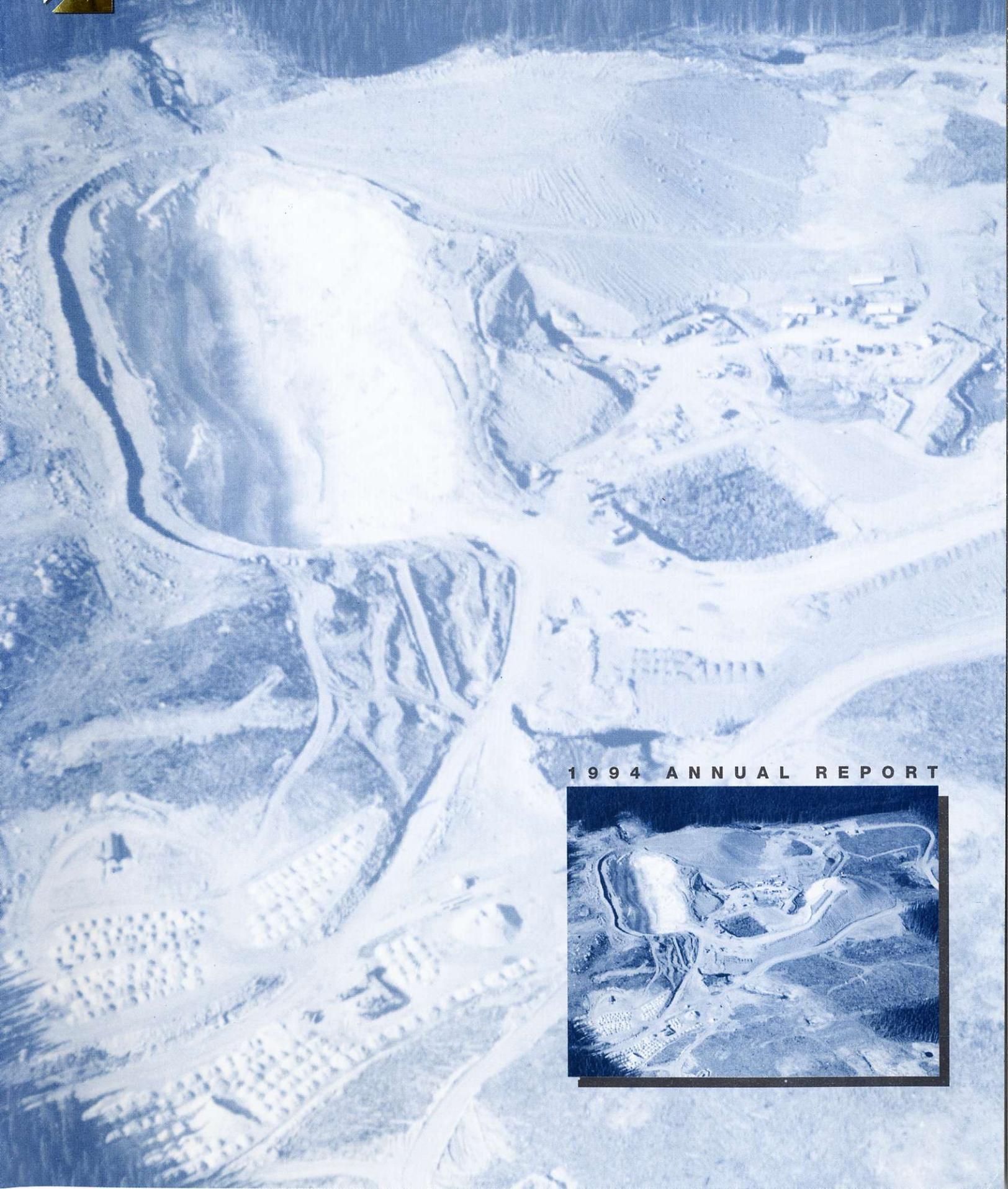


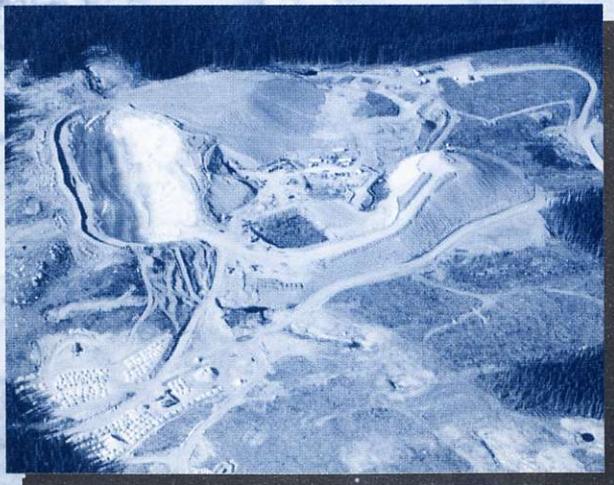
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FAIRFIELD MINERALS LTD.



1994 ANNUAL REPORT

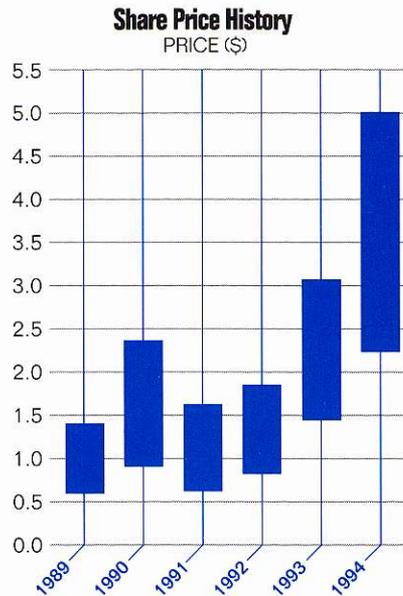


PROFILE

Fairfield Minerals Ltd. is a Vancouver-based mining and exploration company whose principal focus is the development of the Siwash Gold Mine near Merritt in southern British Columbia. Since 1992, 51,300 ounces gold have been produced, mostly from a high grade open pit mining

operation. The Company's efforts are now directed toward establishing the project's underground production capacity.

Fairfield will also continue to explore 200 square miles of mineral claims surrounding the mine site which host a number of favourable gold targets.



ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Thursday May 25, 1995 at 10 a.m. in the Conference Room, Lower Main Level, Guinness Tower, 1055 West Hastings Street, Vancouver, B.C.

Front Cover: Siwash mine open pit and ore stockpiles.

HIGHLIGHTS

- Net after tax income of C\$3.0 million or \$0.42 per share
- C\$6.2 million in working capital and no debt
- 30,000 ounces gold produced from Siwash mine in 1994
- Grade of mined ore averaged 2.61 ounces gold per ton
- 23,900 ounces gold sold to smelter at average price of US\$380 per ounce
- Total production cost of US\$160 per ounce
- 12,000 ounces gold in stockpiles available for sale
- Underground access in place to 450 vertical feet
- Gold stockwork near Brenda copper mine returns 0.15 ounce gold per ton over 13 feet from trench sample and 8.50 ounces from grab sample

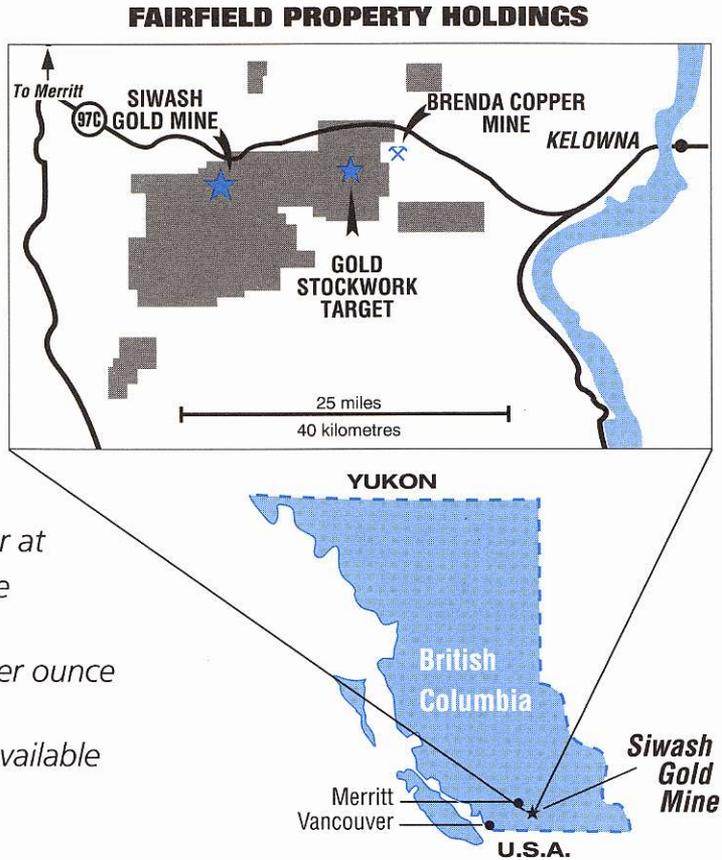


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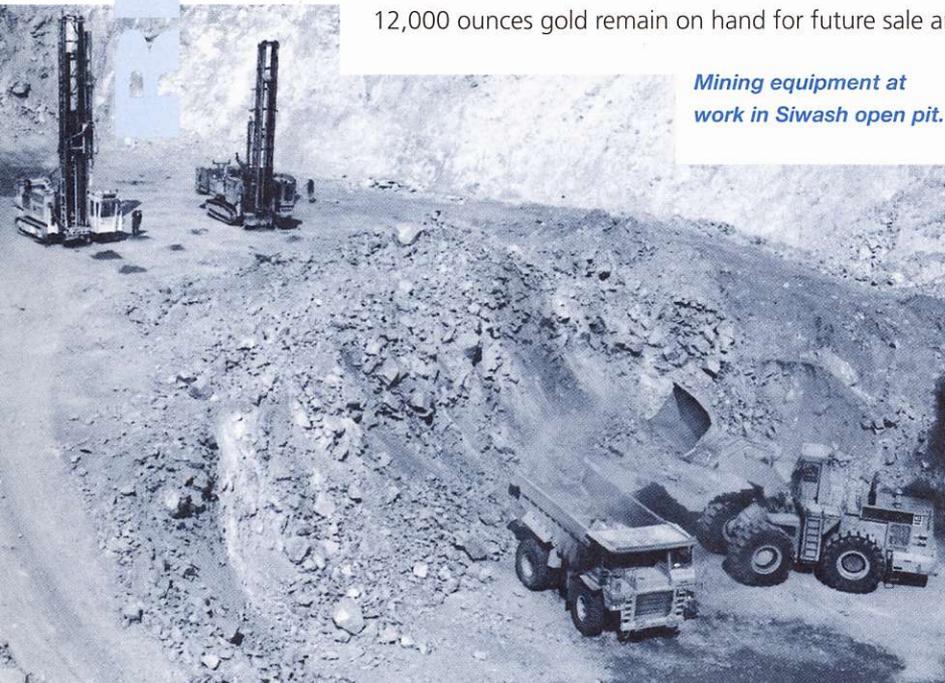
SHAREHOLDERS

Mining at the Company's Siwash Gold Project yielded 30,000 ounces gold during 1994, bringing total output since 1992 to 51,300 ounces from 18,000 tons of ore averaging 2.86 ounces gold per ton. This grade of production is among the highest ever reported from a Canadian gold mining operation.

Revenue of C\$8.7 million was received from the sale of open pit ore containing 20,150 ounces gold at an average price of US\$380 per ounce. Cost of production and exploration work in 1994 totalled C\$5.6 million and was funded entirely by cash flow generated from these sales. This left after tax income of C\$3.0 million or C\$0.42 per share compared to C\$0.24 for the previous year. In addition, receipts from the sale of 3,750 ounces gold from the 1993-94 underground programs were applied to exploration expenses.

AMONG THE
HIGHEST EVER
REPORTED

At year end the Company had cash equivalents and accounts receivable of \$7.3 million and current liabilities of \$2.3 million leaving a net position of \$5.0 million. Furthermore, stockpiles containing an estimated 12,000 ounces gold remain on hand for future sale and are not included in the net position.



Mining equipment at work in Siwash open pit.

Open pit production of 27,000 ounces gold in 1994 exceeded projections. Larger equipment, coupled with experience acquired in previous years' operations, allowed for a smooth transition to an increased mining rate, while maintaining a strong emphasis on selective mining techniques to produce high grade ore.

FUNDED
ENTIRELY BY
CASH FLOW

Once again, total production costs remained low and averaged US\$160 per ounce for 1994, compared to US\$170 per ounce for the previous year. Included in this

aggregate cost are overhead, contract mining, transportation to the ASARCO Smelter in Helena, Montana and related processing charges. Smelter returns were enhanced by the weaker Canadian dollar and a rise in the gold price which averaged US\$384 per ounce in 1994, compared to US\$360 per ounce in 1993.

Underground test mining in 1994 produced 3,000 ounces gold from 1,300 tons of ore averaging 2.29 ounces per ton. This program also included the extension of mine declines and close-spaced diamond drilling.

Production objectives were achieved by employing high operating and environmental standards. This served to reinforce the Company's reputation with regulatory authorities as a competent mine operator, a track record that will be of great benefit as the project proceeds through the permitting process.

In general, drill results have under-represented the actual gold content in the Siwash open pit area. Initial wide-spaced drilling within the existing pit limits indicated a gold reserve of 25,000 ounces, while actual production has, in fact, been double that amount. This has favourable implications for an increase in the current drill indicated reserve of 180,000 ounces gold which remains open to expansion.

**RESERVES
REMAIN OPEN TO
EXPANSION**

With the completion of the 1994 open pit program, focus will now shift to underground exploration and development. Further close-spaced underground diamond drilling will be carried out in 1995 to confirm ore indicated by exploration holes drilled from surface. This will be followed by a program of drifting and raising on the vein to define mineable reserves. Some surface drilling will also be undertaken to test the feasibility of further open pit mining. Sales of high grade ore to the smelter will remain a feature of the operation in 1995, with most of this ore coming from stockpiles.

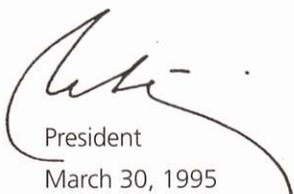
A detailed prospectus has been filed with the Provincial Government outlining a conceptual development plan for the Siwash project. This plan includes an underground production rate of up to 35,000 ounces gold per annum, employing a modest-sized gravity-flotation mill on site. The Company is also investigating an alternate possibility of constructing a mill at an existing mine site nearby.

**REGIONAL
EXPLORATION
POTENTIAL**

Encouraging exploration results on other properties owned by the Company adjacent to the Siwash mine leads us to believe that only a small portion of the regional exploration potential has been recognized. Evaluation of priority targets will continue with the objective of defining additional gold reserves.

The Board of Directors would like to express its appreciation to all those who were responsible for making 1994 our most successful year on record.

On behalf of the Board,
John W. Stollery



President
March 30, 1995

ACTIVITIES

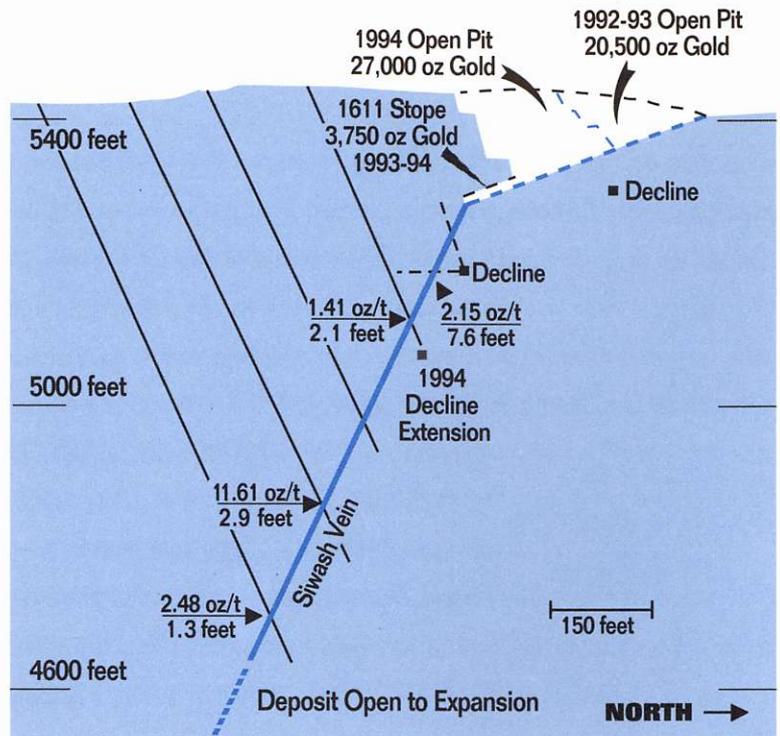
Siwash Mine

The 1994 open pit program at the Siwash mine produced 10,200 tons of ore containing 27,000 ounces gold. Underground exploration contributed another 3,000 ounces from 1,300 tons of ore, boosting aggregate gold output for the year to 30,000 ounces.

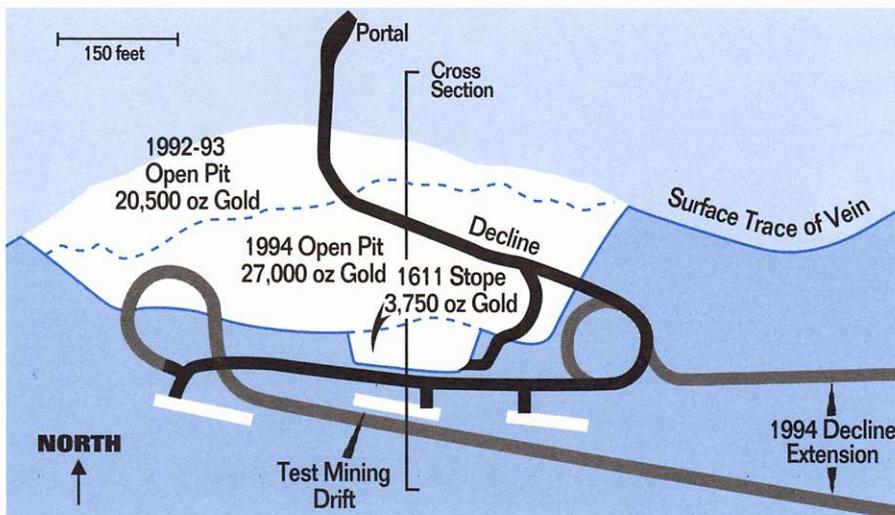
Gold sales amounted to 23,900 ounces at an average price of US\$380 per ounce. Surface stockpiles containing an estimated 12,000 ounces of gold remain available for sale at the Company's discretion.

The expansion of the Siwash open pit was undertaken during a four month period in 1994. It now has a depth of 150 feet and a length of 740 feet. This mining confirmed the excellent continuity of the vein structure and produced ore averaging 2.65 ounces gold per ton. High grade ore remains exposed on the western pit wall which may justify a future open pit expansion.

CROSS SECTION LOOKING WEST



SIWASH MINE PLAN



A two-month program of underground test mining was undertaken in the 1611 stope adjacent to a previously mined ore block. Using a selective method of vein extraction 1,300 tons of ore was recovered averaging 2.29 ounces gold per ton. Close-spaced drilling down-dip from this area confirmed previously indicated reserves, with some of the holes returning very high values, up to 6.92 ounces gold per ton over 1.6 feet.

Approximately 1,900 feet of decline extension was completed over a four-month period beginning in October. A branch driven to the east from the main decline has opened up new areas for detailed evaluation drilling. These headings provide access along a 1,000 foot length of the Siwash vein to a vertical depth of 450 feet.

As presently known, the Siwash gold-bearing vein system has a surface length of 3,000 feet and has been intersected by wide-spaced diamond drilling to a vertical depth of 750 feet. There are strong indications that the mineralized structure extends beyond this current area of drill exploration.

Underground mining tests generated valuable information on different methods which could minimize ore dilution. The most promising of these resulted in a stope width of 3 to 4 feet which, in a production scenario, is expected to yield ore averaging over 1.00 ounce gold per ton.

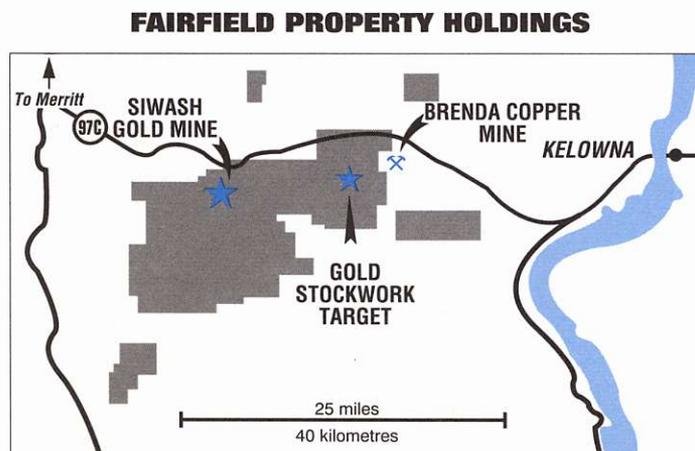
Exploration

During 1994, exploration efforts outside of the Siwash mine were primarily focused on Company properties in the vicinity of the former Brenda open pit copper mine, 14 miles east of Siwash. This target comprises 10 square miles of highly favourable geology with widespread gold soil geochemistry and over 40 mineral occurrences. Exploration included soil

sampling, prospecting and limited excavator trenching. The style of mineral showings and extent of geochemical anomalies indicate good potential for the discovery of a large tonnage, gold-bearing stockwork-type deposit.

Trenching was undertaken at two locations within the target area. Excavation in the first location revealed strong alteration zones containing local stockworks of quartz veinlets with associated gold values. In one trench, continuous chip samples averaged 0.15 ounce gold per ton over a 13 foot length, with selected samples of vein material assaying up to 8.50 ounces gold per ton. Several nearby gold geochemical anomalies remain to be evaluated.

In the second location, two miles to the north of the stockwork, a new discovery was found by trenching near an occurrence of quartz float containing visible gold. A quartz vein approximately 0.5 feet thick assaying 1.40 ounces gold per ton was exposed. Additional quartz float in the area suggests continuity of this mineralized system.



Exploration

Diamond drilling will be undertaken in 1995 on at least three high priority targets within two miles of the Siwash Mine. Previous trenching at these sites revealed a number of vein structures that are geologically similar to the Siwash vein.

Another priority area identified by recent exploration is located adjacent to the former Brenda copper mine. Trenches containing gold-bearing vein stockworks, as well as nearby geochemical targets, will be evaluated by further trenching and possibly diamond drilling in 1995.

The Company has budgeted \$0.5 million for 1995 exploration projects.

FINANCIAL STATEMENTS



Fairfield Minerals Ltd.

1994 Financial

Statements

FINANCIAL STATEMENTS

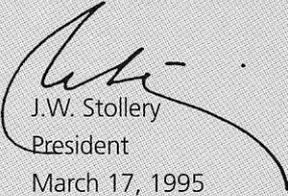
January 31, 1995 and 1994

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 17, 1995

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the balance sheets of Fairfield Minerals Ltd. as at January 31, 1995 and 1994 and the statements of operations and retained earnings (deficit) 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, 1995 and 1994 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

KPMG Peat Marwick Thorne
Chartered Accountants
Vancouver, Canada
March 17, 1995

BALANCE SHEETS

January 31, 1995 and 1994

	1995	1994
Assets		
Current assets:		
Cash and term deposits	\$ 6,571,391	\$ 2,793,253
Accounts receivable	760,123	1,005,016
Inventory of stockpiled ore, at cost	1,174,070	594,764
Marketable securities	9,500	9,500
Prepaid expenses	13,747	9,627
	8,528,831	4,412,160
Resource properties (note 3)	5,433,549	5,051,850
Fixed assets (note 4)	28,756	5,081
	\$ 13,991,136	\$ 9,469,091

Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable and accrued liabilities (note 3(a))	\$ 520,941	\$ 1,021,727
Income and resource taxes payable	1,798,518	174,071
	2,319,459	1,195,798
Deferred income and resource taxes	1,842,182	1,417,182
Shareholders' equity:		
Capital stock (note 6)	7,189,621	7,189,621
Retained earnings (deficit)	2,639,874	(333,510)
	9,829,495	6,856,111
Operations (note 1)		
Commitments (notes 3 and 7)		
	\$ 13,991,136	\$ 9,469,091

See accompanying notes to financial statements.

On behalf of the Board:


 Director


 Director

FAIRFIELD MINERALS LTD.

STATEMENTS OF OPERATIONS AND RETAINED EARNINGS (DEFICIT)

Years ended January 31, 1995 and 1994

	1995	1994
Revenue:		
Gold sales from open pit mine, net of transportation and smelter charges	\$ 8,754,508	\$ 4,863,480
Interest and other income	266,949	142,502
	9,021,457	5,005,982
Expenses:		
Open pit mining costs	2,125,192	683,455
Depletion	515,945	790,770
General exploration	10,067	18,059
General and administrative	404,567	311,363
Write-down of resource properties	215,302	23,431
	3,271,073	1,827,078
Income before taxes	5,750,384	3,178,904
Income and resource taxes:		
Current	2,352,000	174,071
Deferred	425,000	1,417,182
	2,777,000	1,591,253
Net income for the year	2,973,384	1,587,651
Deficit, beginning of year	(333,510)	(1,921,161)
Retained earnings (deficit), end of year	\$ 2,639,874	\$ (333,510)
Income per share:		
Basic	\$ 0.42	\$ 0.24
Fully-diluted	\$ 0.39	\$ 0.23

See accompanying notes to financial statements.

FAIRFIELD MINERALS LTD.

STATEMENTS OF CHANGES IN FINANCIAL POSITION

Years ended January 31, 1995 and 1994

	1995	1994
Cash provided by (used for):		
Operations:		
Net income for the year	\$ 2,973,384	\$ 1,587,651
Items not involving cash:		
Write-down of resource properties	215,302	23,431
Deferred income and resource taxes	425,000	1,417,182
Depletion	515,945	790,770
Depreciation	2,070	2,235
Change in non-cash working capital items	785,128	(452,975)
	4,916,829	3,368,294
Financing:		
Issue of common shares	-	305,300
Investing:		
Additions to resource properties	(2,787,185)	(2,743,702)
Mineral recoveries from underground operations	1,674,239	-
Additions to fixed assets	(25,745)	-
	(1,138,691)	(2,743,702)
Increase in cash position	3,778,138	929,892
Cash and term deposits, beginning of year	2,793,253	1,863,361
Cash and term deposits, end of year	\$ 6,571,391	\$ 2,793,253

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Years ended January 31, 1995 and 1994

1. Operations:

The Company was incorporated under the Company Act of British Columbia on October 23, 1984. Its principal business activities include the exploration for and development of resource properties.

The sale of gold from the ore shipped from the Siwash open pit mining program on the Elk property has been reflected in the statement of operations since February 1, 1993. In 1995, \$1,674,239, being the net proceeds realized from the sale of gold contained in ore from test mining in the underground portion of the Siwash gold deposit, was credited to the capitalized exploration and development expenditures. The underground portion continues to be under exploration and a 20m x 20m drilling program is planned to establish ore grade and continuity. Various mining techniques will be investigated in order to proceed to a production decision.

The recoverability of the amounts shown for interests in mining properties and deferred costs is dependent primarily upon the quantity of economically recoverable reserves.

2. Significant accounting policies:

(a) Marketable securities:

Marketable securities are recorded at the lower of cost and quoted market value.

(b) Inventory:

The stockpiled ore is valued at the lower of the average cost of mining and net realizable value.

(c) Resource properties:

Property acquisition costs and exploration and development expenditures are deferred until the mine to which they relate is placed into production, sold, or abandoned. These costs will be charged to future operations on a unit-of-production basis following commencement of commercial production using estimated recoverable reserves of the mine as a base or written down if the property is sold, abandoned or where there is an impairment in value.

The Company follows the cost reduction method in accounting for option payments and mineral recoveries prior to commercial production whereby proceeds received are credited against expenditures on the related resource property.

(d) Fixed assets:

Fixed assets are recorded at cost and are depreciated over their estimated useful lives on a straight-line basis.

(e) Income per share:

The net income per share is computed on the basis of the weighted average number of shares outstanding during the year.

NOTES TO FINANCIAL STATEMENTS

Years ended January 31, 1995 and 1994

3. Resource properties:

	Balance January 31, 1994	1995 Expenditures	Depletion and write-downs	Mineral recoveries	Balance January 31, 1995
Elk (Siwash gold deposit)	\$ 3,808,352	\$ 2,524,242	\$ (515,945)	\$ (1,674,239)	\$ 4,142,410
Oka	511,933	52,299	-	-	564,232
Crest	138,330	58,223	-	-	196,553
Dill/Bank	93,758	54,190	-	-	147,948
Au (note 3(b))	32,002	29,962	(61,964)	-	-
Sunset	101,152	-	(101,152)	-	-
Other (notes 3(c) and (d))	366,323	68,269	(52,186)	-	382,406
	\$ 5,051,850	\$ 2,787,185	\$ (731,247)	\$ (1,674,239)	\$ 5,433,549

	Balance January 31, 1993	1994 Expenditures	Depletion and write-downs	Mineral recoveries	Balance January 31, 1994
Elk (Siwash gold deposit)	\$ 1,966,144	\$ 2,632,978	\$ (790,770)	-	\$ 3,808,352
Oka	511,933	-	-	-	511,933
Crest	136,648	1,682	-	-	138,330
Dill/Bank	67,465	26,293	-	-	93,758
Au (note 3(b))	-	32,002	-	-	-
Sunset	101,152	-	-	-	101,152
Other (notes 3(c) and (d))	339,007	50,747	(23,431)	-	366,323
	\$ 3,122,349	\$ 2,743,702	\$ (814,201)	\$ -	\$ 5,051,850

The resource properties are all located in the Province of British Columbia and the Yukon Territory.

(a) Elk (Siwash gold deposit):

Pursuant to an agreement dated March 26, 1991, the Company acquired a 50% interest in the Elk property from Placer Dome Inc. ("Placer"), thereby increasing the Company's total interest to 100%. The Company agreed to pay Placer 10% of the cumulative net proceeds, after recovery of all costs, to a maximum of \$2.5 million from future production. On December 29, 1993 the Company acquired Placer's 10% net proceeds interest for \$1.0 million. Payment of the \$1.0 million included in accounts payable as at January 31, 1994 was made on February 14, 1994.

NOTES TO FINANCIAL STATEMENTS

Years ended January 31, 1995 and 1994

3. Resource properties (continued):

(b) Au Property:

Pursuant to an agreement dated March 31, 1993, the Company obtained an option to earn a 70% interest in the Au Property by incurring total expenditures on the property of \$150,000 and paying \$85,000 in option payments prior to December 15, 1997. After some trenching on the property, the option was terminated.

(c) Logan:

Included in other resource properties is a 40% interest in the Logan property, Yukon Territory. The owner of the 60% interest is required to fund 100% of exploration expenditures until a production decision is made, at which time the Company may elect to pay its proportionate share of future expenditures after the production decision or convert its property interest into a 15% net profit interest.

(d) Goz Creek:

Included in other resource properties is a 100% interest in the Goz Creek property, Yukon Territory, which is subject to a 5% net profits interest.

4. Fixed assets:

			1995	1994
	Cost	Accumulated depreciation	Net book value	Net book value
Office furniture and equipment	\$ 30,907	\$ 7,151	\$ 23,756	\$ 5,081
Computer equipment	5,000	—	5,000	—
	\$ 35,907	\$ 7,151	\$ 28,756	\$ 5,081

5. Deposits held for reclamation:

At January 31, 1995 the Company had on deposit \$44,000 held for site restoration and reclamation.

FINANCIAL STATEMENTS

January 31, 1995 and 1994

6. Capital stock:

The Company is authorized to issue 10,000,000 common shares, without par value.

	Number of shares	Amount
Balance, January 31, 1993	6,633,181	\$ 6,884,321
Issued for cash:		
Exercise of options	430,000	305,300
Balance, January 31, 1994 and 1995	7,063,181	\$ 7,189,621

Stock options:

Outstanding options at January 31, 1995 are as follows:

Expiry date	Price	Outstanding January 31, 1994	Granted	Exercised	Outstanding January 31, 1995
May 12, 1997	\$ 0.93	70,000	—	—	70,000
July 29, 1997	\$ 1.40	60,000	—	—	60,000
December 29, 2003	\$ 2.73	260,000	—	—	260,000
February 1, 2004	\$ 2.55	—	210,000	—	210,000
November 1, 2004	\$ 4.90	—	15,000	—	15,000
		390,000	225,000	—	615,000

Options to purchase 50,000 shares at \$4.10 per share were granted subsequent to January 31, 1995, subject to regulatory approval.

The Company has reserved 665,000 shares for issue under options granted.

7. Lease commitments:

The following is a schedule of the future minimum lease payments for premises including operating costs under the terms of operating lease agreements:

Year ending January 31

1996	\$ 76,565
1997	39,631
	\$ 116,196

FINANCIAL STATEMENTS

January 31, 1995 and 1994

8. Income and resource taxes:

The major factors that cause variations from the Company's combined federal and provincial statutory Canadian income tax rates of 45.34% (1993 - 45.09%) are as follows:

	1995	1994
Income tax at statutory tax rates	\$ 2,607,224	\$ 1,433,368
Tax effect:		
Resource allowance	(471,119)	(236,610)
Mining earned depletion allowance	(42,535)	(23,849)
Resource taxes	712,847	394,679
Other	(29,417)	23,665
Income and resource tax expense	\$ 2,777,000	\$ 1,591,253

Resource properties carried on the balance sheet at \$5,433,549 have approximately \$500,000 in deductions remaining for income tax purposes.

9. Related party transactions:

A company controlled by the President of the Company conducts all exploration and development work carried out by the Company and provides management, professional and office services to the Company. The Company was charged \$296,000 (1994 - \$161,000) for management fees, \$560,000 (1994 - \$512,000) for engineering and geological fees, and \$48,000 (1994 - \$48,000) for office services. The Company acquired office and field equipment for \$50,000 from the President's company on January 31, 1995, and its employees became employees of the Company on February 1, 1995.

Legal services are provided by a law firm in which one of the directors of the Company is a partner. The cost of these services was \$30,000 (1994 - \$31,023). Geological consulting services amounting to \$1,000 in 1995 (1994 - \$5,250) were provided by a company controlled by one of the directors of the Company.

INFORMATION**OFFICERS**

John W. Stollery, President
Kenneth G. Hanna, Secretary

DIRECTORS

J. Haig deB. Farris
Owen S. Hairsine
Kenneth G. Hanna
Albert F. Reeve
John W. Stollery

SHARES LISTED (FFD)

Toronto Stock Exchange

CAPITALIZATION

Authorized: 10,000,000
Issued: 7,063,181 common shares

REGISTRAR AND TRANSFER AGENT

Montreal Trust Company of Canada
510 Burrard Street
Vancouver, B.C. V6C 3B9

LEGAL COUNSEL

Hanna, Heppell, Bell & Viskosky

AUDITORS

KPMG Peat Marwick Thorne

CORPORATE ADDRESS

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