

ANNUAL REPORT

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Fairfield Minerals Ltd.

1989



ELK

Exploration Review 1989: Elk Property

Elk Project (Gold)
518 B.C. Claim Units - 50 square miles
 The Elk property, 35 miles west of Kelowna in southern British Columbia is the site of a new high-grade gold vein discovery. Excellent access is provided by a new highway scheduled for completion in 1990.

The 1989 program of backhoe trenching, stripping and preliminary diamond drilling yielded exceptional results with the exposure of the Siwash North gold deposit. The program also included acquisition of more claims, soil sampling, geophysical surveys, road upgrading and trenching in two other target areas. Expenditures totalled \$850,000.



Siwash North

Stripping and sampling along approximately half the known length of the Siwash North structure identified two sections containing high-grade native gold separated by a 160-foot covered interval which remains to be cleared and sampled (see Siwash North Plan opposite). Based on a large number of panel samples taken at 15 to 30 foot intervals and diluted to a 6.6-foot mining width, the two sections averaged 0.315 oz/ton gold over 470 feet and 0.588 oz/ton gold over 380 feet, respectively. Including the covered interval this represents a potential 1,000-foot strike length grading better than 0.4 oz/ton gold with indications of continued gold mineralization along strike. Wide-spaced preliminary drilling, totalling 2,500 feet in 12 holes, returned a very encouraging distribution of mineralized intercepts along a 2,200-foot strike length to a depth of 700 feet. All of the holes intersected the gold-bearing structure. The best result was 0.759 oz/ton gold across 6.6 feet true width. A very significant intercept at the eastern extent of the known structure returned 0.468 oz/ton over 6.6 feet. The zone is open along strike and down dip. A second gold vein exposed on surface was confirmed at depth by drill hole 89-1.

Trenching of targets up to two miles south of Siwash North revealed two gold-bearing structures which yielded values of 0.227 oz/ton across 6.6 feet and 0.321 oz/ton across 6.6 feet.



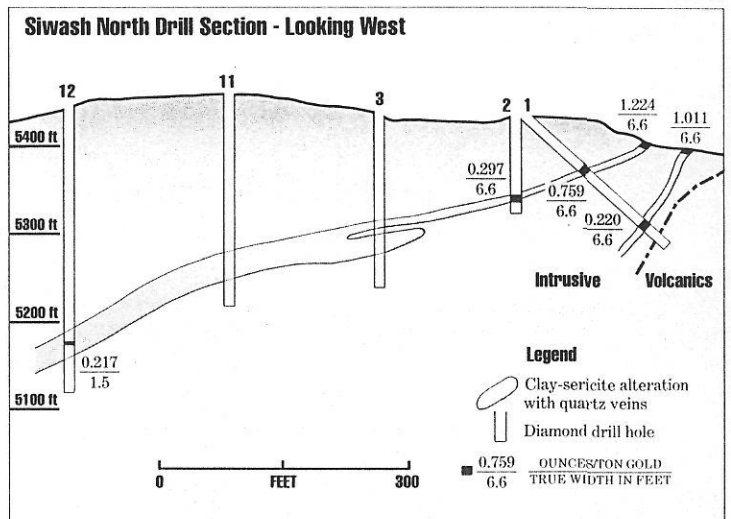
Top left: Stripping the Siwash North zone

Bottom left: Sampling Siwash North zone identified sections containing high-grade native gold.

The \$850,000

program of trenching and diamond drilling identified a significant new, high-grade gold discovery at Elk. Twelve holes along a 2,700-foot strike length returned an encouraging distribution of mineralized intercepts, the best result being 0.759 oz/ton across 6.6 feet true width.

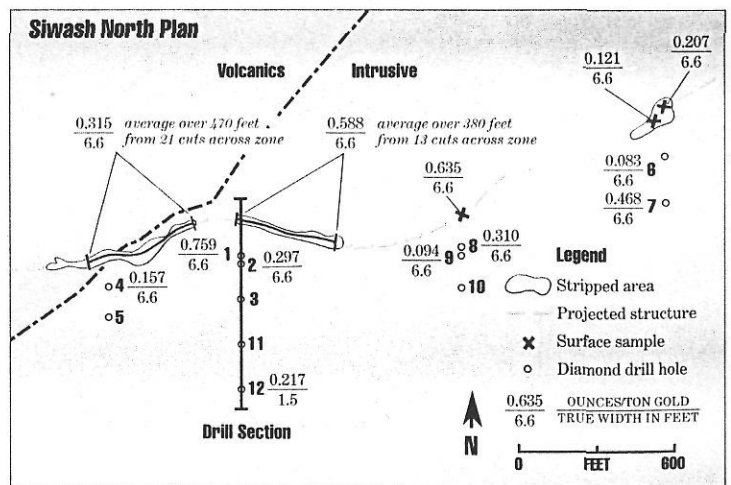
In all three areas gold is hosted within quartz veins and clay alteration material along major structures cutting coarse granitic rocks and extending at Siwash North, into adjacent volcanic rocks. Several percent pyrite with minor chalcopyrite, galena and sulfosalt minerals often accompany higher-grade gold. Native gold commonly fills fractures in pyrite. On surface the sulphide minerals have been leached away leaving local sections of spectacular native gold in porous, vuggy quartz. (See cover photo.)



Top right: Stripped exposure of Siwash North vein.

Above: Diamond drilling at Siwash North totalled 2,500 feet.

Bottom: Core logging and storage facilities at Elk.



Exploration Review 1989: Other Properties

SOUTHERN PROPERTIES

DILL (Gold/Copper)

214 B.C. Claim Units - 20 square miles

At the Dill property south of Elk, high-grade gold veins were uncovered by trenching. Access is provided by several logging roads traversing the claims.

The 1989 program consisted of claim acquisition, backhoe trenching in two areas of anomalous gold and copper soil geochemistry, an induced polarization geophysical survey and grid soil sampling on a portion of the property.

The trenching revealed gold-bearing quartz veins and alteration zones in strongly fractured andesitic volcanic rocks and dioritic intrusive bodies. The best assay result was 7.42 oz/ton gold across 5 feet of clay altered rock cut by a narrow quartz vein. Copper mineralization was found disseminated sporadically in quartz veins and as fracture coatings. Soil sampling identified significant gold anomalies in two other areas on the property.

BANK (Gold)

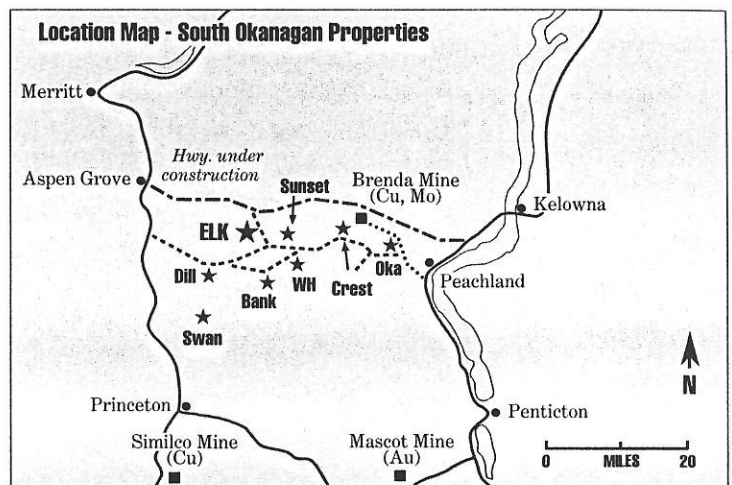
214 B.C. Claim Units - 20 square miles

At the Bank property adjoining the Elk and Dill claims, outcrop is scarce, however, strong gold geochemical anomalies provide excellent exploration targets.

The 1989 program consisted of claim acquisition with grid soil sampling and

geophysical surveys on a portion of the property.

This work revealed several areas of strongly anomalous gold geochemistry with coincident electromagnetic conductors, up to 2,500 feet in length.



WH (Gold)

121 B.C. Claim Units - 12 square miles

The WH property, immediately southeast of Elk is easily accessed by road. Several gold exploration targets were outlined by the 1989 work which included grid soil sampling, VLF-EM and magnetometer surveys, mapping and excavation of one trench.

Extensive areas of anomalous gold geochemistry were indicated on a wide-spaced soil grid near exposures of fractured, rusty, altered granite.