Integrated Resources Ltd.

ANNUAL REPORT 1990

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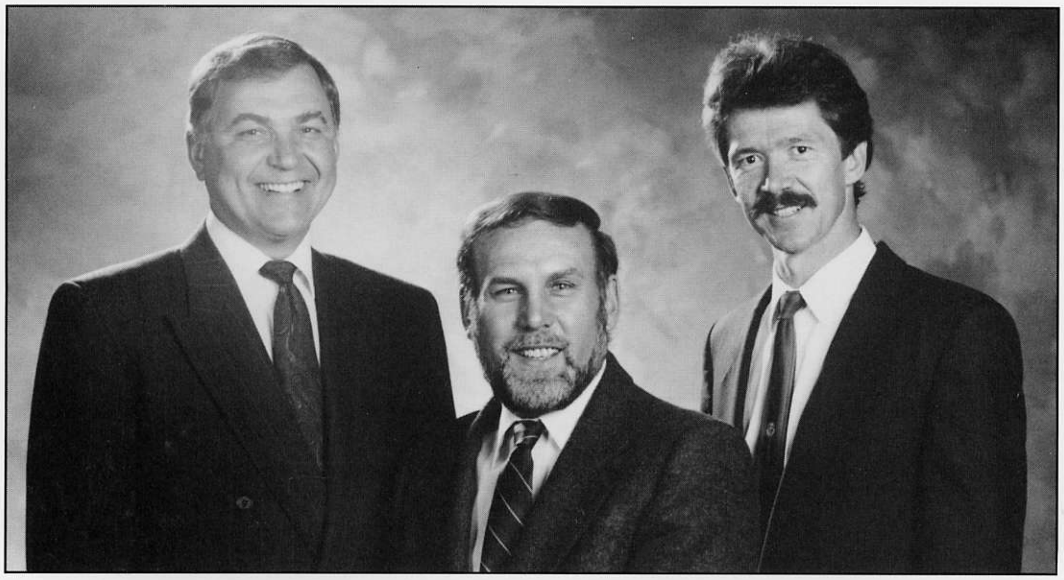
Integrated Resources Ltd.

PRESIDENT'S MESSAGE



Left to right: Robert E. Linttell, Vice President; John R. Hope, President; Alan L. Jenkins, Vice President.

On behalf of the Board of Directors, I am pleased to present our third annual report for the Corporation together with financial statements for the year ending March 31, 1990.

This has been the most productive year so far for the Corporation, as it pursues its objective of locating and aggressively developing economic, commercial quantities of gold and base metals.

We focused on our properties in the Stikine Arch of north-western British Columbia. The Arch now has been found to hold one of the world's largest precious metal deposits - some 6 million ounces of gold. There is also strong evidence to suggest high potential for additional deposits of gold, silver, copper and other base metals.

Working from our established base camp, accessible by road and airstrip, field crews began exploration in April 1989, on our Mt. Barrington claims within the Arch. This property was identified by the Province of British Columbia Geochemical Survey Branch to contain some of the highest values and concentrations of gold within a 700 square mile test area.

The crews confirmed the Government report by identifying six separate surface gold mineralized zones. The zone values ranged from .06 to 1.06 oz. gold per ton in widths from 2.2 to 13 feet and were recorded as potential diamond drill targets. These zones were in addition to a previously identified zone of gold mineralization that yielded gold values to 3.57 oz. per ton.

Another 13 thousand acres of adjacent land was claimed on the basis of these results and our own assessments of the area. Integrated now owns more than 25 thousand contiguous acres, or approximately 40 square miles, on Mt. Barrington. That is the largest singly held land-block in the Telegraph Creek area.

Our Barrington River placer claims were also explored by the crews. They confirmed the presence of two separate twelve foot parallel pay channels. We also recovered 114 ounces of raw gold, again demonstrating our expertise in fine gold recovery. The pay zones were found to average .028 oz. gold per cu. yard, or $12.32 (at $CAN440.00 per oz.) and substantiated exploration data collected from our February 1989 drilling program.

A successful diamond drilling program was launched in September, on the Gnat Pass copper property to determine the potential of increasing reserves and to test for the presence of gold within the claim. The drill-proven deposit currently contains 28 million tons of 0.44%

copper and has an estimated "in ground" value of $450 million. This property is an excellent asset and now provides the Corporation an option to proceed with independent or joint venture development.

On October 4, 1989, we announced a take-over bid to acquire a minimum of 51% of Northern Minerals Ltd. (TSE) of Edmonton, Alberta with a view of acquiring control of the company's assets which included cash and mineral claims of promising potential. While we were successful in acquiring 622,245 common shares or 20.6% of the company, re-evaluation of our position in January 1990 resulted in a decision to divest of the asset by market sale of the shares acquired.

A 30% interest in 36 claims known as the Dorothy Lake Claim group, located 60 miles west of Pickle Lake, Ontario was acquired in early January 1990. The interest was acquired from Argyle Ventures Inc. (VSE-AGB) of Vancouver, B.C. and we have an option to increase our interest to 60% with the expenditure of further funds. A diamond drilling program on the property in February helped us increase our knowledge of the property which is being held for further development.

A transaction of significant benefit to the Corporation was the Federal Government's "grandfather" approval February 20, 1990 of a 30% Canadian Exploration Incentive Program (CEIP) grant which allowed us to proceed with a private placement flow-through offering of $500,000. Approximately $340,000 of the offering had been sold by June 30, 1990 and the balance will be offered as required for exploration and development programs. The approval of the grant and the sale of the offer were timely and were very helpful as we structured a series of related financial transactions. Those transactions formed the basis of our 1990 exploration capital and treasury requirements.

Two joint ventures have been announced since our 1989/90 year end. They will help to ensure the prompt development of the Mt. Barrington project. On June 01, 1990, a 50% interest in 9,000 acres was optioned to Dryden Resources Corp (VSE-DRY) of Vancouver, B.C. A director of the company, Mr. Ron Netolitzky, P. Geologist, was involved in the 6.0 million oz. gold discovery at Eskay Creek in the Stikine Arch and is currently helping direct exploration on the Integrated/Dryden property. On June 04, 1990, a 75% interest in a second 9,000 acre portion was sold to Capra Minerals Ltd. (ASE-KA) of Edmonton, Alberta, an associate company, in consideration for the expenditure of $400,000 on the claims and the receipt of one million shares and one million warrants of Capra. Integrated will be the operator for exploration conducted on the Capra/Integrated property.

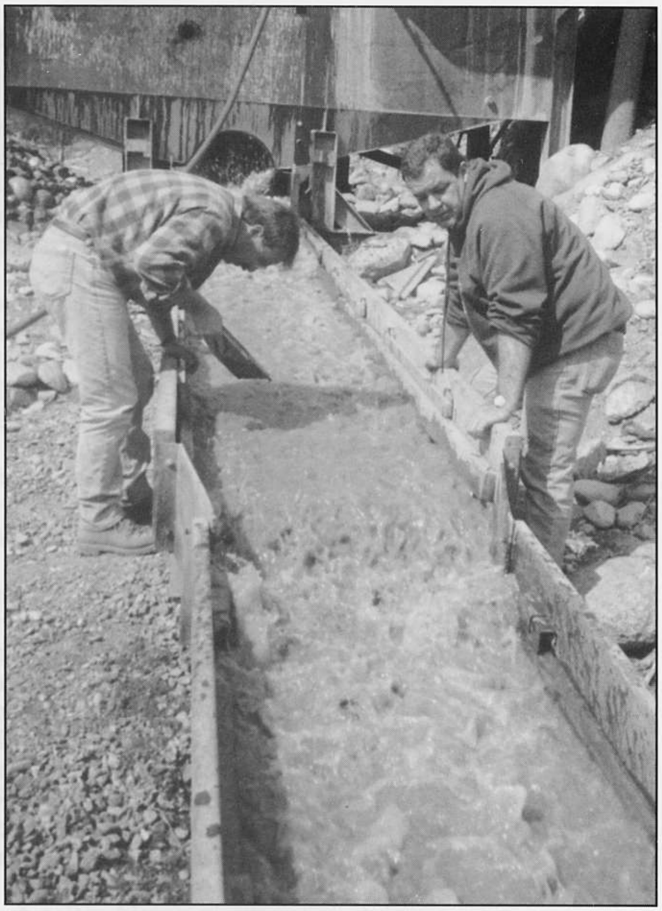
Commercial gold recovery on two of our placer claims began on August 10, 1990. We believe these claims have a minimum contained gold value of $3.0 million. The decision to proceed into production was based on a systematic exploration which included drilling and bulk testing programs. Our 1990 operation is expected to produce in excess of 500 oz. fine gold and will confirm forecasted production costs. In the remaining seven claims there is an estimated 10 million cu. yards of alluvium to be further evaluated.

In reviewing these significant achievements, I must acknowledge the dedication consistent efforts and cooperation of many people. Mineral exploration and development is a demanding, challenging and exciting industry that requires expertise, persistence, cooperation, flexibility and financial support to succeed. In partnership with committed investors, I believe we can continue to increase asset and share value and together benefit from the results. On behalf of our staff, management and Board of Directors, I thank you for your support.

Yours truly,
Integrated Resources Ltd.

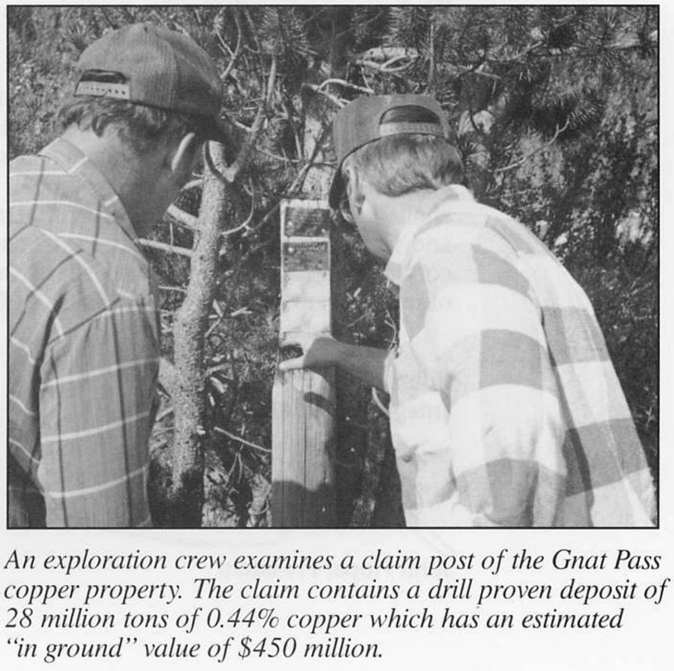
John Hope, President

THE COMPANY



Commercial gold recovery on two of nine claims on the Barrington River is expected to generate $3.0 million in fine gold value. The remaining seven claims contain an estimated $10.0 million cu. yards of alluvium to be evaluated.

A Helicopter transports geologists & prospecting crews to gold showings on Mt. Barrington.

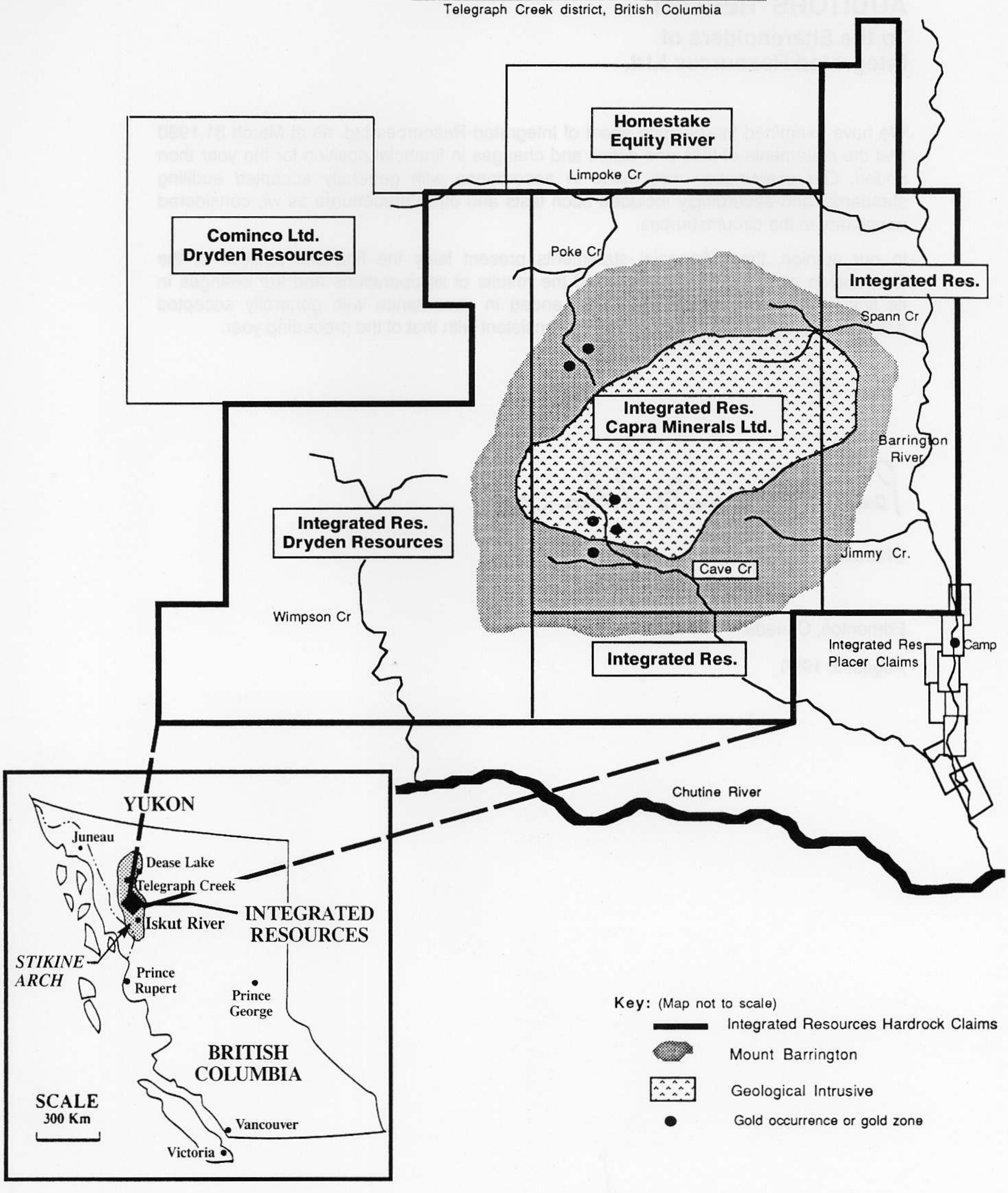


An exploration crew examines a claim post of the Gnat Pass copper property. The claim contains a drill proven deposit of 28 million tons of 0.44% copper which has an estimated "in ground" value of $450 million.

Integrated Resources Ltd.

Mount Barrington Hardrock Claims

Telegraph Creek district, British Columbia



FINANCIAL STATEMENT

AUDITORS' REPORT

To the Shareholders of
Integrated Resources Ltd.

We have examined the balande sheet of Integrated Resources Ltd. as at March 31,1990 and the statements of loss and deficit and changes in financial position for the year then ended. 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 financial statements present fairly the financial position of the Corporation as at March 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat Marwick Thorne

Chartered Accountants

Edmonton, Canada

August 3, 1990

Balance Sheet

March 31, 1990, with comparative figures for 1989

		1990	1989
Assets			
Current assets:			
Cash and term deposits	$	41,653	13,020
Marketable securities		25,162	—
Accounts receivable		10,019	31,098
Notes receivable (note 3)		205,315	—
Prepaid expenses		450	98,825
		282,599	142,943
Mineral properties and deferred costs (note 4)		2,273,870	1,505,876
Fixed assets (note 5)		348,434	312,786
	$	2,904,903	1,961,605
Liabilities and Shareholders' Equity			
Current liabilities:			
Bank loan	$	—	10,000
Accounts payable and accrued liabilities		478,252	473,703
Deferred revenue		12,150	17,100
Current portion of obligations (note 6)		38,672	157,500
Due to shareholders (note 11)		139,500	34,500
		668,574	692,803
Debt obligation (note 7)		88,000	108,000
Obligations under capital leases (note 6)		1,656	19,591
Shareholders' equity:			
Deposits on share subscriptions (note 8)		61,080	8,000
Share capital (note 8)		3,288,325	1,683,105
Deficit		(1,202,732)	(549,894)
		2,146,673	1,141,211
Commitments and contingencies (note 9)			
	$	2,904,903	1,961,605

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:

Robert E. Linttell, Director

Allan L. Jenkins, Director

Statement of Loss and Deficit

Year ended March 31, 1990, with comparative figures for 1989

		1990	1989
Expenses:			
Office salaries and benefits	$	81,863	44,924
Financial consulting		73,358	41,642
Marketing and promotion		56,906	—
Interest and bank charges		54,578	22,149
Professional fees		47,748	79,011
Loss on sale of marketable securities		45,191	—
Office		41,262	27,963
Write-down of marketable securities to market value		17,910	—
Travel		17,671	14,426
Telephone		15,864	5,847
Rent		12,225	6,060
Advertising		10,332	2,953
Business taxes and licenses		725	784
		475,633	245,759
Less interest and other income		3,460	3,972
Net loss		472,173	241,787
Deficit, beginning of year		549,894	209,959
Share issue expenses		180,665	98,148
Deficit, end of year	$	1,202,732	549,894
Loss per share	$	(0.07)	(0.06)

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Financial Position

Year ended March 31, 1990, with comparative figures for 1989

		1990	1989
Operating activities:			
Net loss	$	(472,173)	(241,787)
Loss on sale and write-down of marketable securities		63,101	—
Add (deduct) changes in non-cash working capital balances relating to operations:			
Accounts receivable		21,079	(31,098)
Prepaid expenses		—	102
Accounts payable and accrued liabilities		(10,662)	71,995
Cash applied to operations		(398,655)	(200,788)
Investing activities:			
Expenditures on mineral properties and deferred costs, net of depreciation and amortization of $84,633 (1989 - $33,398)		(683,361)	(724,273)
Purchase of fixed assets		(136,281)	(258,119)
Proceeds on disposal of fixed assets		16,000	119,081
Purchase of marketable securities		(292,084)	—
Proceeds on sale of marketable securties		203,821	—
Decrease (increase) in notes receivable		(205,315)	55,000
Decrease (increase) in prepaid expenses relating to investing activities		98,375	(97,307)
Increase (decrease) in accounts payable and accrued liabilities relating to investing activities		(113,363)	288,413
Cash applied to investing activities		(1,112,208)	(617,205)
Financing activities:			
Proceeds on issuance of shares		1,605,220	868,450
Share issue expenses		(180,665)	(98,148)
Increase in deposits on share subscriptions		53,080	8,000
Proceeds of obligations under capital leases		—	166,439
Repayments of obligations under capital leases		(136,763)	(133,146)
Repayment of debt obligation		(20,000)	(20,000)
Decrease in deferred revenue		(4,950)	(900)
Net advances from shareholders (note 11)		105,000	20,100
Increase in accounts payable and accrued liabilities relating to financing activities		128,574	23,823
Cash provided by financing activities		1,549,496	834,618
Increase in cash		38,633	16,625
Cash (deficiency), beginning of year		3,020	(13,605)
Cash, end of year	$	41,653	3,020
Represented by:			
Cash (overdraft)	$	29,153	(1,980)
Term deposits required tor mineral claim and equipment lease security purposes		12,500	15,000
Less bank loan		—	(10,000)
	$	41,653	3,020

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

March 31, 1990

1. Nature of operations:

The Corporation is in the process of exploring its mineral properties located primarily in northern British Columbia. The Corporation has extracted small quantities of gold, however, it has not yet determined whether these properties contain ore reserves that are economically recoverable.

The recoverability of amounts shown for mineral properties and deferred costs is dependent upon the discovery of sufficient economically recoverable reserves, the ability of the Corporation to obtain necessary financing to complete the development and future profitable production or proceeds from the disposition thereof.

Future operations:

These financial statements have been prepared on the basis of accounting principles applicable to a going concern. However, the Corporation has incurred significant operating losses and has a significant working capital deficiency as at March 31, 1990. The ability of the Corporation to continue as a going concern is dependant upon its ability to obtain additional financing and maintain the ongoing support of its creditors, and its ability to recover costs included in mineral properties and deferred costs as noted above. See note 12.

2. Significant accounting policies:

(a) Mineral properties and deferred costs:

Exploration and development costs on mining properties under examination are capitalized at cost and will be depleted on a unit-of-production basis at such time as commercial production commences or expensed if the mining property is abandoned. General and administratlve expenditures not directly related to exploration or development are expensed in the year incerred.

(b) Fixed assets:

Fixed assets are recorded at their acquisition cost. Depreciation and amortization are provided for at rates and methods designed to amortize the costs of the assets over their estimated useful lives as follows:

	Method	Rate Per Annum
Equipment under capital leases	Straight-line over 5 to 7 years	—
Equipment	Declining balance	20%
Automotive	Declining balance	30%
Furniture and fixtures	Declining balance	20%

(c) Earnings per share:

Earnings per share are calculated on the weighted average number of shares outstanding during the year.

(d) Marketable securities:

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

(e) Comparative figures:

Certain of the 1989 figures have been reclassified to conform with the presentation adopted in the current year.

3. Notes receivable:

Notes receivable are due on demand and non-interest bearing except for notes receivable totalling $61,734 due from employees which bear interest at 13% per annum. The notes receivable are secured by 812,890 of the Corporation's shares held by the debtors.

4. Mineral properties and deferred costs:

	1990	1989
Gnat Pass claims	$ 250,000	—
Dorothy Lake claims	184,500	—
Eberg placer leases	200,000	200,000
Additional placer leases	200	200
Goat hardrock claims	1,080	1,080
Additional hardrock claims	1,185	390
General exploration	310,418	195,361
Equipment rental and repair	438,266	427,115
Wages and salaries	304,297	263,666
Depreciation and amortization	161,648	77,016
Consulting geologist	111,023	87,571
Camp	104,632	91,918
Fuel	99,497	95,207
Allocation of office overhead	78,968	39,697
Other consulting	49,140	26,904
Trucking	44,076	43,525
Interest on capital leases	41,436	30,417
Travel	30,438	18,590
Interest on other	19,745	18,323
Insurance	18,343	10,838
Telephone	17,720	15,207
	2,466,612	1,643,025
Less - revenue from the sale of gold	(175,382)	(137,149)
- revenue from equipment and camp rental	(17,360)	—
	$ 2,273,870	1,505,876

(a) Eberg placer leases:

Pursuant to an agreement dated April 24,1986, the Corporation acquired from a major shareholder five placer leases in the Liard Mining Division in British Columbia. In consideration for these leases, the Corporation agreed to fulfil the major shareholder's obligations under an earlier purchase agreement with Wayne Eberg, a minority shareholder, and to indemnify the major shareholder for any loss he may incur by virtue of the Corporation's failure to so perform (note 7).

In addition, the major shareholder has retained a two percent (2%) net smelter royalty interest in mineral production, such royalty to commence only after all funds have been paid under the earlier purchase agreement.

Notes to Financial Statements, continued

March 31, 1990

4. Mineral properties and deferred costs, continued:

(b) Gnat Pass claims:

The Corporation acquired additional mineral claims in northern British Columbia from a major shareholder in September, 1989. The cost of the mineral claims was $250,000 with consideration consisting of 1,000,000 of the Corporation's shares issued for $0.25 per share. The vendor will also be entitled to additional consideration equal to 25% of the net proceeds from the sale of minerals from the mineral claims, to a maximum of $513,626.

(c) Dorothy Lake claims:

Pursuant to an agreement dated March 26, 1990, the Corporation acquired a 30% interest in the Dorothy Lake claims from Argyle Ventures Inc. consisting of 36 contiguous claims located in north western Ontario. The cost of the claims was $184,500 with cash consideration of $12,500 plus 521,250 of the Corporation's shares issued for $172,000 and one Series "A" warrant. The Series "A" warrant allows the purchaser to buy 60,000 of the Corporation's common shares at $0.50 per share before December 1, 1990.

The agreement also requires the Corporation to pay the vendor $25,000 annually commencing March 31, 1991 until commercial production from the claims is achieved at which time the Corporation will then pay a three percent (3%) net smelter royalty interest in mineral production.

The Corporation also has the option to acquire an additional 30% interest in the claims and become the operator with an expenditure of $200,000 on the property on or before March 1, 1991 .

5. Fixed assets:

	1990			1989
	Cost	Accumulated Depreciation and Amortization	Net Book Value	Net Book Value
Equipment under capital leases	$ 116,502	30,779	85,723	234,632
Equipment	376,890	117,634	259,256	71,730
Automotive	8,800	5,789	3,011	5,869
Furniture and fixtures	690	246	444	555
	$ 502,882	154,448	348,434	312,786

6. Obligations under capital leases:

Capital leases for mining equipment are secured by the related equipment as well as a $100,000 floating charge debenture, assignment of book debts, hypothecation of a $5,000 term deposit and guarantees by two of the Corporation's shareholders. Payments (including principal and interest) are as follows:

1991	$ 19,650
1992	1,723
	21,373
Less interest portion at 12%	1,045
Present value of minimum lease payments	20,328
Less current portion	18,672
Obligations under capital leases	$ 1,656

Current portion of obligations under capital leases (above)	$ 18,672
Amount due in fiscal 1991 regarding debt obligation (note 7)	20,000
Current portion of obligations	$ 38,672

7. Debt obligation:

	1990	1989
Non-interest bearing debt obligation, secured by the Eberg placer leases acquisition agreement (note 4(a)) with $20,000 repayable in fiscal 1991 and $88,000 on April 1, 1991.	$ 108,000	128,000
Less current portion	20,000	20,000
	$ 88,000	108,000

Should the Corporation receive annual mineral production proceeds in excess of $200,000 from the Eberg placer leases prior to repayment of the $108,000 outstanding as at March 31, 1990, the lender would be entitled to an accelerated repayment equal to 10% of the production proceeds in excess of the annual $200,000 proceeds.

8. Share capital:

Authorized:
Unlimited number of common shares.

Issued:	Number of Shares	Amount
Balance at March 31, 1989	5,838,479	$ 1,683,105
Shares issued:		
As consideration for mineral claims:		
Gnat Pass	1,000,000	250,000
Dorothy Lake	521,250	172,000
In exchange for settlement of liabilities with creditors	573,045	286,523
In exchange for marketable securities	202,870	101,435
For cash proceeds:		
Through sale to employees	1,450,000	428,000
Through private placements	548,114	329,000
On exercise of stock options	153,048	38,262
Balance at March 31, 1990	10,286,806	$ 3,288,325

Notes to Financial Statements, continued
March 31, 1990

8. Share capital, continued:

(a) Deposits on share subscriptions:

At March 31, 1990 the Corporation had received cash proceeds of $61,080 representing subscriptions for 197,000 common shares (1989 - $8,000 for 32,000 common shares).

(b) Flow-through shares:

Under flow-through agreements, the Corporation incurs expenses relating to Canadian mining exploration and development which are renounced for income tax purposes to the holders of these shares. To March 31, 1990, the Corporation has issued 3,043,436 common shares for proceeds of $1,159,262 under flow-through agreements (to March 31, 1989, 2,504,880 common shares for proceeds of $856,128). Expenditures of $1,159,262 for mineral properties and deferred costs relating to these agreements are included in these financial statements, but are not deductible by the Corporation for income tax purposes.

(c) Stock options:

The Corporation has granted stock options to directors and employees which have various expiry dates but in all cases expire within 30 days of termination as a director or employee.

The Corporation has granted a stock option to a director for 50,000 common shares at a price of $0.50 per share, such option to expire July 1,1991.

The Corporation has granted stock options to two directors for 178,096 common shares at a price of $0.25 per share, such options to expire October 1, 1993. Options for 153,048 common shares at $0.25 per share were exercised during the year.

The Corporation has also granted stock options to five directors for 784,235 common shares at a price of $0.22 per share, such options to expire March 1, 1995.

See also notes 4(c) and 8(d).

(d) Employee share purchases:

In October, 1989 the Corporation issued 150,000 common shares at $0.60 per share to its employees. In March, 1990 the Corporation issued 1,300,000 common shares at $0.26 per share to its employees. The issue also included 625,000 Series "B" warrants and 625,000 Series "C" warrants entitling the purchaser to acquire one common share at $0.35 and $0.50 per share respectively, such warrants to expire March 26, 1991 and September 26, 1991 respectively.

9. Commitments and contingencies:

(a) Annual work commitments:

The Corporation is required to expend a minimum of $71,350 on exploration and development work annually in order to maintain its mineral leases and claims in good standing for title purposes.

(b) Other:

See also notes 1, 4(a) and 4(c).

10. Income tax losses:

The Corporation has accumulated losses carried forward for income tax purposes of approximately $930,000 which can be applied against taxable income in future years. These losses have a seven year limitation period and will expire as follows:

1994	$ 20,000
1995	200,000
1996	260,000
1997	450,000

Expenditures capitalized as mineral properties and deferred costs, except those totalling $1,159,262 under flow-through agreements as described in note 8(b), are classified for the Corporation's income tax purposes primarily as Canadian Exploration Expense ("CEE") and Canadian Development Expense ("CDE"). Such expenditures may be carried forward to be applied against future taxable income.

The Corporation also has available for income tax purposes approximately $210,000 of share issue expenses which may be carried forward to be applied against future taxable income.

The income tax benefits relating to the losses carried forward, unutilized CEE and CDE balances and the unutilized share issue expenses have been recognized in these financial statements to offset the income tax impact of the non-deductible expenditures related to the flow-through agreements.

11. Related party transactions:

(a) During the year nine shareholders advanced the Corporation $135,000 in the form of interest bearing advances due on demand. Interest and bank charges include $14,829 of interest expense related to these advances. Accounts payable and accrued liabilities at March 31, 1990 include $12,380 of interest payable to these shareholders.

(b) During the year a major shareholder incurred $48,421 of expenses on behalf of the Corporation. At March 31, 1990, $56,355 is due to this shareholder, such amount being included in accounts payable and accrued liabilities.

(c) A company in which a director is a majority shareholder provided various services totalling approximately $47,200 to the Corporation during the year of which $4,837 was included in accounts payable and accrued liabilities at March 31, 1990.

Notes to Financial Statements, continued

March 31, 1990

12 Subsequent events:

(a) Sale to Capra Minerals Ltd.:

Pursuant to an agreement dated June 4, 1990 the Corporation has agreed to sell a 75% interest in its Goat hardrock mineral claims to Capra Minerals Ltd. The cost of the claims and the related development thereon is $150,000. Consideration received consisted of 1,000,000 common shares representing 50% of the purchaser's outstanding shares. As the purchaser is a company effectively controlled by the directors of the Corporation, no gain or loss on disposition will be recorded in the Corporation's accounts.

Should the purchaser not meet certain conditions contained in the purchase agreement, the Corporation will return the share consideration in exchange for the 75% interest in the Goat hardrock claims.

(b) Offering Memorandum:

Pursuant to an Offering Memorandum dated March 30, 1990, the Corporation offered to issue common shares, flow-through common shares and Series "D" and Series "E" warrants at a minimum price of $0.22 per share for maximum proceeds of $500,000. To August 3, 1990, deposits on subscriptions for 934,000 shares have been received for proceeds of $319,160.

(c) Sale of interest in claims:

Effective June 1, 1990 the Corporation agreed to sell a 50% interest in certain of its mineral claims with a cost of $1,185 to Dryden Resources Corporation. The 50% interest will be transferred provided the purchaser spends a minimum of $300,000 during the subsequent two year period on the claims.

(d) Amounts due to shareholders:

Subsequent to March 31, 1990, $112,000 of amounts due to shareholders were repaid.

BOARD OF DIRECTORS

CORPORATE INFORMATION

CURRENT OFFICERS AND DIRECTORS	John R. Hope President Ross Walker* Director - Chairman of the Board Robert E. Linttell Vice President - Chief Executive Officer Allan L. Jenkins* Vice President - Secretary/Treasurer Bruce Horner* Director *Audit Committee
CORPORATE OFFICES	Edmonton Office 700 10205 - 101 St. Edmonton, Alberta T5J 2Z1
CORPORATE SOLICITOR	Carr & Company 700 10205 - 101 St. Edmonton, Alberta T5J 2Z1
TRANSFER AGENT	Central Guaranty Trust Company 401 9th Avenue, S.W. Calgary, Alberta T2P 3C5
BANKERS	Royal Bank of Canada Edmonton, Alberta
AUDITORS	Peat Marwick Thorne 2100 10303 - Jasper Avenue Edmonton, Alberta T5J 3N6
STOCK EXCHANGE	Alberta Stock Exchange Symbol: "IR" United States Securities & Exchange Commission 12g3-2(b) Exemption, Registration #82-2576

Integrated Resources Ltd.

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