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ARANLEE RESOURCES LTD.

1990 Annual Report



ARANLEE RESOURCES LTD.

Presidents Report

This is the first Annual Report of Aranlee Resources Ltd. since the company was listed on the Vancouver Stock Exchange on March 17th, 1989. In the intervening period the company has experienced considerable exploration success.

The parent company of Aranlee is Burmin Exploration and Development plc., an Irish based exploration company which is listed on the Third Market in both Dublin and London. Due to Burmin's ability to raise funds internationally it has been able to finance Aranlee through its early development stages, and put it in a strong position relative to other start-up companies.

Aranlee was formed in 1987 with the specific aim of examining a wide range of exploration properties based on their previous work histories and the application of known geological models. From this process a number of properties were selected for systematic exploration.

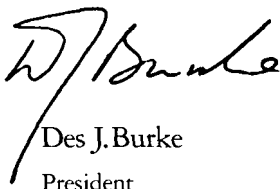
Since 1987 Aranlee has developed its first major exploration target on the Quet property, northwest of Harrison Lake. The mineralization in this area is a totally new discovery by the company, and after developing the project to an appropriate stage the property has now been optioned to Noranda Exploration Company Limited. The agreement allows for Noranda to earn a 60% interest in the project for a total consideration of C\$ 4.05m, consisting of exploration expenditure of C\$ 3.55m and direct payments to Aranlee of C\$ 0.5m (for new shares) over four years.

Aranlee's second area of interest is in the Omineca region north of Fort St. James, where the Misty Claims cover a previously defined copper-gold porphyry deposit. To date exploration by the company has found indications of several additional styles of mineralization external to the main porphyry deposit, with values in outcrop of up to 0.754 oz/ton gold, and a new float discovery returning assays of 0.19 oz/ton gold and 22.5% copper from different boulders.

In addition the company is planning the acquisition of several new projects during the year, both in our current areas of interest and in Australia, in association with other Burmin Group companies. Our aim is to build Aranlee into a strong exploration company with a variety of quality interests.

I would like to take this opportunity to thank all of the staff and directors for their considerable efforts on behalf of the company and to thank our shareholders for their much appreciated support. Based on our current position, we look forward to an exciting year ahead for both exploration and acquisition.

On behalf of the Board of Directors



Des J. Burke
President

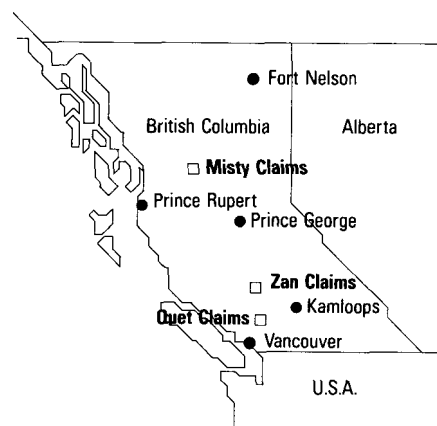
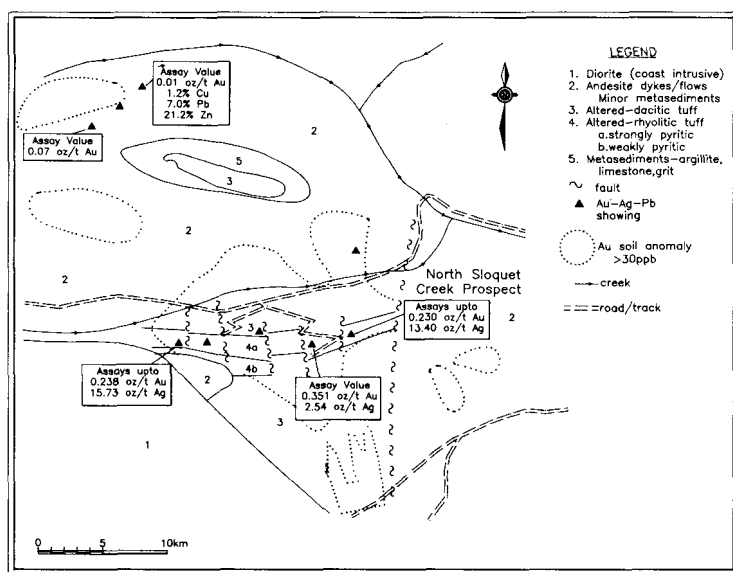


Technical Report Quet Claims

The Quet Project, located 90 kilometres northeast of Vancouver, has been the company's principal endeavour to date. The project was acquired in 1987 on the basis that previous exploration had returned interesting values, 0.16 oz/ton gold in outcrop and 0.94 oz/ton gold in boulders, but had not fully explored the property. In addition the area is underlain by Fire Lake Group altered felsic volcanics and sediments, which have been correlated with the Gambier Group rocks hosting the massive Britannia copper-lead-zinc-silver-gold orebody (1888-1975), 100 kilometres to the west. The location of the project area has also meant lower exploration costs and a longer field season relative to most areas in British Columbia.

Three seasons of field work by Aranlee, consisting of road building, prospecting, geological mapping, soil geochemistry, ground geophysics, and trenching, has lead to the discovery of a major zone of mineralisation, the North Sloquet Creek Prospect. A mineralized and altered felsic tuff 1,500 metres long and up to 100m wide has been outlined, with extensive gold grades over 0.06 oz/ton and values up to 0.35 oz/ton. The zone carries extensive silver and sporadic lead and zinc values including one showing with 18.5% lead, 16.3% zinc and 14.2 oz/ton silver returned from a grab sample. Surface trenching and channel sampling gave best gold sections of 3 metres at 0.12 oz/ton, 4 metres at 0.069 oz /ton and 3 metres of 0.061 oz/ton. A showing elsewhere on the property has returned values of 1.2% copper, 7.02% lead, 21.2% zinc and 0.01 oz/ton gold, and remains to be followed up.

In April an option agreement on the property was signed with Noranda, whereby they may earn an interest of 60% for expenditure of C\$ 3.55m and payments of C\$ 0.5m over four years. The first year exploration programme, consisting of extensive mapping, detail soil geochemistry, airborne and ground geophysics and initial diamond drilling, commenced in May and should be completed by end October.



Aranlee Resources Ltd.
Quet Claims
Geology & Mineral Showings



ARANLEE RESOURCES LTD.

Property Review Misty Claims

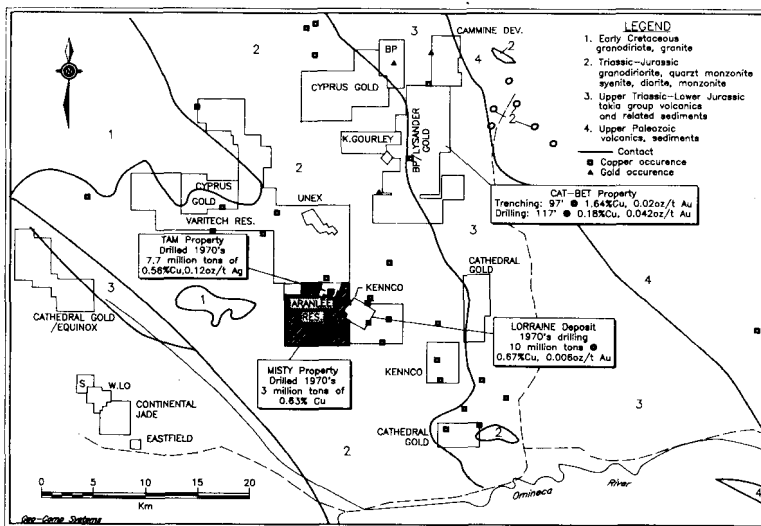
This project is located 55 kilometres west-northwest of Germansen Landing, in north-central British Columbia, and was acquired by the company in April 1989. The project is located in the Omineca porphyry copper-gold belt which hosts the Mt Milligan deposit discovered by Continental Gold and BP Resources and which contains over 6.35 million ounces of gold and 900,000 tons of copper.

Aranlee's claims contain the Misty deposit, containing in the Main Showing Zone approximately 3 million tons grading an average of 0.63% copper. To the north the claims adjoin the Tam property which contains the Boundary deposit (7.7 million tons of 0.55% copper) and to the east the Lorraine deposit (10 million tons at 0.67% copper and 0.006 oz/ton gold).

Exploration by Aranlee to date has discovered a new area of gold and base metal mineralization and exceptional values in float elsewhere on the property. The 1989 program discovered shear zone hosted mineralization which returned values in outcrop up to 0.75 oz/ton gold, 45.7 oz/ton silver, 6.7% lead and 1.22% zinc. Exploration on the property during the 1990 field season led to the discovery of sulphide bearing boulders which returned assay values of up to 0.19 oz/ton gold, 22.5% copper and 8.41 oz/ton silver in separate samples from one area. Detailed mapping and follow up will be necessary to evaluate the significance of these discoveries.

Zan Claims

Due to the concentration of exploration on the wholly owned Quet and Misty properties and their progression, the company has decided to terminate its option agreement on the Zan property.



Aranlee Resources Ltd.
Misty Claims
Regional Geology Setting
Omineca Porphyry Copper - Gold Area



ARANLEE RESOURCES LTD.

Auditors Report

To the Shareholders of Aranlee Resources Ltd.:

We have examined the balance sheets of Aranlee Resources Ltd. as at March 31, 1990 and December 31, 1989 and the statements of loss and deficit and of changes in financial position for the three months ended March 31, 1990 and the year ended December 31, 1989. Our examinations were 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 company as at March 31, 1990 and December 31, 1989 and the results of its operations and the changes in its financial position for the three months ended March 31, 1990 and the year ended December 31, 1989 in accordance with generally accepted accounting principles applied on a consistent basis.

Deloitte & Touche

Chartered Accountants

May 8, 1990



ARANLEE RESOURCES LTD.

Statements of Loss and Deficit

	March 31 1990 <i>(3 months)</i>	December 31 1989 <i>(12 months)</i>	December 31 1988 <i>(12 months)</i>
Expenses			
Accounting and legal	\$ 7,824	\$ 13,580	\$ 16,948
Advertising and promotion	35,373	53,248	-
Bank charges	12	128	111
Consulting fees	-	3,516	5,500
Insurance	206	586	885
Management fees	-	-	15,500
Miscellaneous	37	3,079	100
Office	3,457	15,870	6,825
Rent	3,129	11,037	7,044
Telephone and utilities	1,493	21,780	2,656
Transfer, exchange and filing fees	2,410	5,005	7,489
Travel	11,974	21,291	-
Wages and benefits	3,222	11,984	-
Write-off of mineral property and expenditures	133,087	-	-
	202,224	161,104	63,058
INTEREST INCOME	120	4,736	3,424
NET LOSS FOR THE PERIOD	202,104	156,368	59,634
DEFICIT, BEGINNING OF PERIOD	269,573	113,205	53,571
DEFICIT, END OF PERIOD	\$ 471,677	\$ 269,573	\$ 113,205
NET LOSS PER SHARE	\$ 0.06	\$ 0.06	\$ 0.07



ARANLEE RESOURCES LTD.

Balance Sheets

	March 31 1990	December 31 1989	December 31 1988
Assets			
CURRENT ASSETS			
Cash and term deposit	\$ 127,372	\$ 12,174	\$ 6,658
Accounts receivable	13,104	12,674	-
Exploration incentives receivable	24,406	62,046	-
Due from affiliated company	20,000	-	-
Prepaid expenses and other	1,413	2,119	4,436
	186,295	89,013	11,094
MINERAL PROPERTIES AND CLAIMS (Note 3)	84,670	113,670	53,600
DEFERRED EXPLORATION EXPENDITURES (Note 3)	367,746	442,530	162,680
	\$ 638,711	\$ 645,213	\$ 227,374
Liabilities			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$ 85,969	\$ 129,267	\$ 19,237
Shareholders' Equity			
SHARE CAPITAL (Note 4)	1,024,419	785,519	321,342
DEFICIT	(471,677)	(269,573)	(113,205)
	552,742	515,946	208,137
	\$ 638,711	\$ 645,213	\$ 227,374

Approved by the Board:

KG Hardiman

Director

Mandy Handiman

Director



ARANLEE RESOURCES LTD.

Statements of Changes in Financial Position

	March 31 1990 <i>(3 months)</i>	December 31 1989 <i>(12 months)</i>	December 31 1988 <i>(12 months)</i>
Operating Activities			
Net loss for the period	\$ (202,104)	\$ (156,368)	\$ (59,634)
Add write-off of mineral property	133,087	-	-
Changes in working capital	(31,117)	9,036	(9,629)
Cash used in operating activities	(100,134)	(147,332)	(69,263)
Investing Activities			
Purchase of mineral properties and claims	-	(60,070)	(42,600)
Deferred exploration expenditures	(61,208)	(189,213)	(102,398)
Exploration incentives receivable	37,640	(62,046)	-
Cash provided by (used in) investing activities	(23,568)	(311,329)	(144,998)
Financing Activities			
Issue of shares	238,900	464,177	211,486
INCREASE (DECREASE) IN CASH	115,198	5,516	(2,775)
CASH AND TERM DEPOSIT, BEGINNING OF PERIOD	12,174	6,658	9,433
CASH AND TERM DEPOSIT, END OF PERIOD	\$ 127,372	\$ 12,174	\$ 6,658



ARANLEE RESOURCES LTD.

Notes to the Financial Statements

March 31, 1990 and December 31, 1989

1. NATURE OF OPERATIONS

The company was incorporated on October 7, 1986 under the Company Act of British Columbia for the purpose of exploring various mineral claims. The company is in the development stage and has not yet commenced production in commercial quantities. Substantially all of the company's assets consist of mineral properties and claims and deferred exploration expenditures, described further in Note 3.

The recoverability of these costs is dependent on the confirmation of economically recoverable reserves, the ability of the company to obtain financing to complete its development plans, and the success of future operations.

The company has changed its year-end from December 31 to March 31 to conform to the year-end of its parent company.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with accounting principles generally accepted in Canada. The following are the company's significant accounting policies:

Mineral properties and deferred exploration expenditures

The company follows the method of accounting for its mineral properties whereby all costs related to acquisition, exploration and development are capitalized by property.

Gains or losses are recognized on the sale of mineral properties. Government incentives are credited against the cost of the related properties.

On the commencement of commercial production, net costs will be charged to operations on the unit-of-production method by property based upon estimated recoverable reserves.

Mineral properties are written down when a permanent and significant decline in their value has occurred and are written off when abandoned.

Net loss per common share

Net loss per common share is calculated using the weighted average common shares outstanding during the period (March 31, 1990 - 3,084,041; December 31, 1989 - 2,587,604; December 31, 1988 - 816,090). Options and other commitments to issue shares are not included in this calculation as they would be antidilutive.



Notes to the Financial Statements

March 31, 1990 and December 31, 1989

3. MINERAL PROPERTIES AND CLAIMS AND DEFERRED EXPLORATION EXPENDITURES

	Mineral Properties and Claims			Deferred Exploration Expenditures		
	March 31 1990	December 31 1989	December 31 1988	March 31 1990	December 31 1989	December 31 1988
Zan	\$ -	\$ 29,000	\$ 21,000	\$ -	\$ 98,625	\$ 77,733
Quet	47,500	47,500	32,600	304,785	279,508	81,660
Misty	35,150	35,150	-	32,910	28,885	-
Duo Via	2,020	2,020	-	8,165	8,164	-
Other	-	-	-	21,886	27,348	3,287
	<u>\$ 84,670</u>	<u>\$ 113,670</u>	<u>\$ 53,600</u>	<u>\$ 367,746</u>	<u>\$ 442,530</u>	<u>\$ 162,680</u>

(a) Quet Mineral Claims, New Westminster Mining Division, British Columbia

- (i) The Quet Mineral Claims consist of fifteen mining claims representing 208 units located in the New Westminster mining district of British Columbia.
- (ii) Pursuant to the term of an Option Agreement which was renegotiated on November 15, 1988, the company acquired the right to explore, develop and mine the Quet claims and an option to purchase the property. Consideration is as follows:
 - (1) paid \$5,000 upon the execution of the agreement;
 - (2) paid \$2,500 upon the execution of the revised agreement;
 - (3) 10,000 shares upon the issuance of a receipt for the company's prospectus by the superintendent of brokers (issued);
 - (4) \$10,000 (paid) and 20,000 shares by October 14, 1988 (issued);
 - (5) \$7,500 and 30,000 shares by October 14, 1989 (completed);
 - (6) \$7,000 and 40,000 shares by October 14, 1990;
 - (7) \$7,000 cash due by October 14, 1991; and
 - (8) \$12,000 cash due by October 14, 1992.

Subsequent to year-end, the company paid the remaining \$26,000 and issued the 40,000 shares necessary to purchase the property (Note 8).

- (iii) Upon delivery of the above common shares and payments, the company may place the property into production and shall have the option to purchase the right, title and interest in and to the net smelter returns. Until the company exercises this option, subsequent to placing the property into production, the current claimholder is entitled to a 1.5% royalty from the net smelter return resulting from such production. This royalty interest can be purchased at any time by the company, on ten days' notice for the sum of \$500,000.

(b) Misty Mineral Claims, Omenica Mining Division, British Columbia

- (i) The Misty Mineral Claims consist of four mining claims located in the Omenica Mining Division District of British Columbia.
- (ii) Pursuant to the terms of an agreement dated April 12, 1989, the company acquired the property from an affiliated company for consideration of 100,000 shares of the company and \$10,150.



Notes to the Financial Statements

March 31, 1990 and December 31, 1989

3. MINERAL PROPERTIES AND CLAIMS AND DEFERRED EXPLORATION EXPENDITURES (Continued)

(c) Duo Via One Mineral Claim, Vernon Mining Division, British Columbia

(i) The Duo Via One Mineral Claim is located in the Vernon Mining Division of British Columbia.

(ii) Pursuant to an agreement dated June 5, 1989, the company acquired the property for \$2,020 from an affiliated company.

4. SHARE CAPITAL

(a) Authorized

20,000,000 common shares without nominal or par value

(b) Issued and outstanding

	Number of Shares		Amount
	Issued and Outstanding	To Be Issued	
Balance, December 31, 1988	1,984,001	-	\$ 321,342
Issued for cash at \$0.50	930,000	-	465,000
Issued in accordance with Zan option agreement, deemed value of \$0.40 per share	7,500	-	3,000
Issued to purchase Misty property deemed value of \$0.25 per share	100,000	-	25,000
Issued in accordance with Quet option agreement, deemed value of \$0.25	30,000	-	7,500
Cash received in advance at \$0.40 per share	-	62,500	25,000
Share issue costs	-	-	(61,323)
Balance, December 31, 1989	3,051,501	62,500	785,519
Issued for cash at \$0.40 (see above)	101,250	(62,500)	15,500
Issued for cash at \$0.46	291,304	-	134,000
Issued upon exercise of warrants at \$0.60	150,000	-	90,000
Share issue cost	-	-	(600)
Balance, March 31, 1990	3,594,055	-	\$ 1,024,419

Of the above, 750,000 shares are held in escrow pursuant to the requirements of the Superintendent of Brokers of British Columbia. The regulatory approval for the release of these shares from escrow is based on cash flow achieved (as defined).

(c) The company has granted options to directors and employees as follows:

175,000 shares at \$0.50 per share expiring May 31, 1993
 35,000 shares at \$0.65 per share expiring April 27, 1994
 20,000 shares at \$0.45 per share expiring August 25, 1994



ARANLEE RESOURCES LTD.

Notes to the Financial Statements

March 31, 1990 and December 31, 1989

5. RELATED PARTY TRANSACTIONS

- (a) The company incurred expenditures of \$30,744 as of March 31, 1990 and \$150,396 as of December 31, 1989 (1988 - \$9,000) to Burmin Exploration and Development plc of Ireland, a major shareholder of the company. These amounts are included in deferred exploration expenditures and various expense categories.
- (b) The company incurred costs of \$6,300 as of March 31, 1990 and \$22,800 as of December 31, 1989 to Homegold Resources Ltd. and \$9,000 as of March 31, 1990 and \$36,000 as of December 31, 1989 to K.G.H. Consultants Ltd. These companies are controlled by directors of the company. The fees were incurred for deferred exploration expenditures and promotional services rendered during the period.
- (c) The company incurred costs of \$18,214 as of March 31, 1990 and \$141,443 as of December 31, 1989 (1988 - \$106,668) for geological consulting fees and reimbursement of expenses to New Global Resources Ltd., a company which has a common director with the company. These amounts have been capitalized to deferred exploration expenditures.
- (d) In 1989, the company paid \$1,250 (1988 - \$15,500) to MDS Management Ltd., a company controlled by a director of the company for management services rendered during the period.
- (e) As at March 31, 1990, \$64,772 and as at December 31, 1989, \$73,379 was owing to the various related parties as noted above.

6. INCOME TAXES

The carrying value of deferred exploration expenditures included approximately \$213,500 of net costs incurred in connection with issues of flow-through shares which are not deductible by the company for income tax purposes. The company has tax loss carry-forwards as at March 31, 1990 of approximately \$100,000 which expire primarily between 1994 and 1995. In addition, the company had charged operations with an aggregate of approximately \$370,000 which has been deferred for income tax purposes. No recognition has been given in the financial statements of the potential income tax benefits associated with these items.

7. COMPARATIVE FIGURES

The 1988 figures were audited by another public accounting firm.

8. SUBSEQUENT EVENT

On April 2, 1990 the company entered into an option and joint venture agreement on its Quet property. Under the terms of the agreement, Noranda Exploration Company Limited will receive a 60% interest in the project by expending \$0.5 million for 206,250 common shares of the company at graduated prices between \$1 and \$4 per share, and by incurring exploration expenditures of \$3.55 million on the property over a four year period.

Pursuant to this agreement the company paid all amounts owing relating to its option to acquire the property (Note 3(a)).



ARANLEE RESOURCES LTD.

Corporate Information

DIRECTORS

Desmond J. Burke
Michael F. Murphy
Kieran G. Hardiman
Mindy J. Hardiman

OFFICERS

Michael F. Murphy, Chairman
Desmond J. Burke, President and C.E.O.
Kieran G. Hardiman, Vice-President
Rupert A. Legge, Secretary

HEAD OFFICE

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AUDITORS

Deloitte & Touche,
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PRINCIPAL BANKER

Toronto Dominion Bank,
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TRANSFER AGENT

National Trust Company,
900-666 Burrard Street,
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STOCK EXCHANGE

Vancouver Stock Exchange
Symbol: ARB