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B *Better Resources Limited*

ANNUAL REPORT 1991



"Basic Exploration"



LETTER TO SHAREHOLDERS

On behalf of the Board of Directors, we are pleased to present the Annual Report for the fiscal year ended April 30, 1991.

During 1990, your company carried out drill programs on both the Merritt and the Mt. Washington properties, which added to the geologic data base on both properties. We were successful in joint venturing the Murex claims at Mt. Washington, formerly joint ventured with Noranda with a Vancouver-based reactivating junior company, North Slope Minerals Inc., who will conduct a \$100,000 drilling program on the claims in 1991.

Under a normal course issuer bid, Better Resources Limited purchased 240,000 of its own shares through the facilities of the Vancouver Stock Exchange at \$.09 per share for investment purposes. Also for investment we purchased 160,000 common shares of Polestar Resources Inc. at an average price of \$.92 per share through the VSE facilities. Polestar is completing a feasibility study on a large high grade garnet deposit on Mt. Riordan near Penticton, B.C. This property will produce a very profitable product for the abrasive blasting industry which is under pressure to find substitutes for silica sand and smelter slags as abrasive blasting agents. Polestar has recently announced an amalgamation with Hawkeye Developments Ltd.

The exploration agreement on the Mt. Washington base metal rights which are owned by Fording Coal Limited was extended until

March 1992 by the payment of 100,000 Better Resources Limited shares to Fording Coal from the shares repurchased.

In April your company staked 320 units in a block 5 km E-W by 16 km N-S in the Taseko Lake area to acquire mineral rights in what is expected to be an active exploration area when Taseko Mines Ltd. begin a substantial enhancement drill program on the Fish Lake copper-gold deposit. We will try to attract a joint venture partner to fund the next stage of exploration aimed at establishing drill targets for copper-gold porphyry deposits. In August we will fly an airborne magnetic and HEM survey to define areas for detailed exploration.

In view of the above properties and interests, your directors expect this to be an active year for your company.

We again thank our supportive shareholders, our staff and our contractors.

On behalf of the Board of Directors,

Clifford C. Rennie, P.Eng.
Chairman of the Board

James F. Bristow, P.Eng.
President



COMPANY PROPERTIES

Your company holds three groups of claims in British Columbia: (1) the **Mt. Washington** property on Vancouver Island, (2) the **Key Group** at Merritt and (3) the **BRZ claims** north of Taseko Lake in the south Chilcotin area.

Mt. Washington: Your company owns 100% of the gold-silver rights on 240 mineral claims and units, a lease on 1,636 acres of base metal rights over the same claims and an exploration agreement on base metal rights over the remaining claims with the right to select areas for lease. All claims are in good standing for four to seven years.

Key Group: All mineral rights are owned 100% on 30 claims and units adjoining the Craigmont Mine property on the west side of Promontory Hill at Merritt. All claims are in good standing until the Year 2000.

BRZ Claims: All mineral rights were claimed by staking 16 modified-grid twenty unit claims in the Taseko Lake area of the Clinton Mining Division. These claims are in good standing until April 1992.





PROPERTY REVIEW

Mt. Washington Gold Project Vancouver Island, B.C.

Better Resources Limited owns 100% of the gold-silver rights on approximately 12,000 acres and hold base metal rights to the same area by lease and exploration agreement. The property covers the top and slopes of Mt. Washington, and is approximately 18 miles by paved and gravel road from the city of Courtenay. The property is ideally situated for access to labour and services, as well as electric power and water.

During the very active drill programs of late 1986, 1987 and 1988 and the underground program of 1987, a geologic reserve of 606,600 tons of .197 oz/T Au, .94 oz/T Ag and .57% Cu was established in the Lakeview-Domineer zone. This zone is contained in a gently west-dipping shear structure that cuts through the north ridge of Mt. Washington. Host rocks are brecciated and silicified Cretaceous Comox formation and diapiric and collapse breccias cut by sills and dykes of Tertiary feldspar porphyry and quartz diorite.

Mineralization in the zone is pyrite, arsenopyrite and chalcopyrite with microscopic gold. Metallurgical testing on typical ore showed that an overall 92% of the gold could be recovered by flotation of a copper concentrate and bioleaching and cyaniding the remainder. Preliminary capital and operating cost estimates for a 200 ton per day mine indicated that the operation would not be economic at present gold prices. However, there is potential for additional reserves in untested areas that could change the economics, particularly if gold prices rise, and the reserve remains a valuable asset.

During 1990, six holes totalling 933 feet were drilled to test for extensions of steeply dipping mineralization south of the portal at Mt. Washington. These holes showed the zone to be

limited in extent and no reserves can be calculated.

The Murex zone previously under option to Noranda was not drilled in 1990 but was joint ventured to a reactivating Vancouver venture company, Hilton Resources Ltd., which will be renamed North Slope Minerals Inc. Terms of the agreement require the issuance of 100,000 consolidated North Slope shares to Better on regulatory approval, and the expenditure on exploration of \$1,000,000 over four years including a commitment to a \$100,000 program in 1991, followed by \$200,000 in 1992, \$300,000 in 1993 and \$400,000 in 1994 or sooner to earn a 50% interest in the Murex claims. A work program should begin in August.

We will continue to try to find joint venture partners to continue the exploration of the Lakeview-Domineer zone and other targets on the Mt. Washington property.

Key Group Copper Prospect Merritt, B.C.

This 30 unit claim block is attractively located immediately west of the Craigmont Mine property and is the target for Craigmont-type skarn-hosted high grade copper or copper-iron mineralization.

At Craigmont the orebodies are in northeast-trending, steeply-dipping limestone and limy sediments truncated on the east and north by the Guichon batholith which is probably the source of the mineralization. On the Key Group the southwest-trending limy rocks are cut off to the west and north by the same Guichon batholith providing a mirror image of the ore controlling contact.

During 1990, two vertical holes totalling 2,066 ft. were drilled 80 metres apart on a north-south section toward the western side of the property.



PROPERTY REVIEW Continued

The crystallized limy sediments were intersected in both holes but no ore nor truncating intrusive were found. A geologic review of all core and surface geology was undertaken and a report prepared recommending additional drilling.

Joint venture funding is being sought for this project as drill holes are expected to range from 1,000 to 2,000 ft. deep. The possibility of high grade copper ore in skarn at the contact of these limy sediments with the Guichon batholith is a very attractive target, and warrants a continuing drill program.

BRZ Claims Copper-Gold Prospect Taseko Lake Area, B.C.

This 320 unit block was staked so that your company would have a land position in an area that is expected to be very active this year for porphyry copper-gold exploration.

There appears to be a general north-south trend of porphyry intrusives in the Taseko area and coupled with the topographic north-south Taseko Lake and Taseko River suggests a possible structural lineament that could control mineralizing porphyry intrusives. Following this rationale the BRZ claims were staked to cover an area 5 km wide by 16 km long on line between the Fish Lake porphyry where 200 million tons of .24% copper and .014 oz/T gold were previously drilled off, and the Skum Lake porphyry 37 km to the north of Fish Lake, where some copper and gold mineralization has been drilled, but no reserves proven.

At least part of the claims is covered by flat lying plateau basalt of unknown thickness. Much of the remainder is covered by glacial

overburden. Exploration will search for mineralized areas in windows through the basalt or where the basalt is thin. There is some known supergene enrichment at Skum Lake where copper dissolved by surface oxidation has redeposited with higher copper grades at depth. Mineralized areas on the BRZ claim protected from glaciation by a thin basalt cover could have similar supergene enrichment. This supergene enrichment is a very important economic factor in many copper deposits in the U.S.A., Mexico and South America.

While this property is in a geologically attractive area the exploration is at a very preliminary stage so we will try to attract joint venture partners to fund the initial exploration. This is expected to include detailed aeromagnetics and electromagnetics to locate basalt boundaries and possible magnetic lows associated with sulphides. This would be followed by ground geological and geophysical surveys in selected areas leading to preliminary drilling. A program will be underway this year.

Future Plans

At present with depressed share prices it is difficult to raise substantial funding for independent exploration without considerable equity dilution. Your company believes that maintaining a strong treasury position will permit modest programs on existing properties while providing the opportunity to become involved in other exploration plays. Joint venture participation in Better's existing properties will be sought and new high quality exploration plays will be acquired.



AUDITORS' REPORT

To the Shareholders of
Better Resources Limited

We have audited the balance sheet of Better Resources Limited as at April 30, 1991 and the statements of earnings and deficit and changes in financial position for the year 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 audit.

We conducted our audit 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 April 30, 1991 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. As required by the Company Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Deloitte, Touche

Chartered Accountants
Vancouver, British Columbia
July 26, 1991



BETTER RESOURCES LIMITED
STATEMENT OF INCOME AND DEFICIT
Year Ended April 30, 1991

	1991	1990
REVENUE		
Interest	\$ 93,787	\$ 120,442
General and administrative expenses	71,358	51,534
NET EARNINGS (Note 5)	22,429	68,908
DEFICIT, BEGINNING OF YEAR	(78,667)	(147,575)
DEFICIT, END OF YEAR	\$ (56,238)	\$ (78,667)
EARNINGS PER SHARE	\$ 0.00	\$ 0.01



BETTER RESOURCES LIMITED
BALANCE SHEET
April 30, 1991

	1991	1990
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 8,673	\$ 17,941
Short-term interest bearing investments	688,033	928,486
Prepaid expenses, accrued interest and GST receivable	8,104	17,852
	704,810	964,279
LONG-TERM INVESTMENT (Note 2)	148,291	—
MINERAL INTERESTS (Note 3)	290,341	279,741
DEFERRED EXPLORATION AND DEVELOPMENT COSTS — Schedule	3,152,378	2,993,950
	\$4,295,820	\$4,237,970
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued charges	\$ 56,607	\$ 8,259
<u>SHAREHOLDERS' EQUITY</u>		
SHARE CAPITAL (Note 4)	4,308,378	4,308,378
DEFICIT	(56,238)	(78,667)
	4,252,140	4,229,711
TREASURY SHARES HELD, AT COST (Note 4)	(12,927)	—
	4,239,213	4,229,711
	\$4,295,820	\$4,237,970

Approved by the Board:

Director

Director



BETTER RESOURCES LIMITED
STATEMENT OF CHANGES IN FINANCIAL POSITION
Year Ended April 30, 1991

	1991	1990
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NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net earnings	\$ 22,429	\$ 68,908
Changes in working capital components		
Accounts payable and accrued charges	48,348	(1,675)
Prepaid expenses and accrued interest	9,748	350
	<hr/>	<hr/>
	80,525	67,583
FINANCING		
Shares issued for mineral interests	—	65,000
Purchase of treasury shares	(21,927)	—
Treasury shares issued for mineral interest	9,000	—
	<hr/>	<hr/>
	(12,927)	65,000
INVESTING		
Exploration and development costs	(158,428)	(126,622)
Investment in marketable securities	(148,291)	—
Mineral interests	(10,600)	(89,999)
	<hr/>	<hr/>
	(317,319)	(216,621)
NET CASH OUTFLOW	(249,721)	(84,038)
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	946,427	1,030,465
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	<hr/>	<hr/>
	\$ 696,706	\$ 946,427



BETTER RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
April 30, 1991

1. ACCOUNTING POLICY

The financial statements have been prepared in accordance with generally accepted accounting principles and reflect the following policy:

Mineral interests and related deferred exploration and development costs

The company operated solely in Canada and is in the process of exploring and developing its mineral interests. Accordingly, property acquisition, exploration and development costs (net of option proceeds received) are deferred until the interest is placed into production, sold or abandoned. The deferred costs will be amortized on a unit-of-production basis following commencement of commercial production, or charged to operations when the interest is sold or abandoned.

The carrying valued of mineral interests and related deferred exploration and development costs represent cost incurred to date and are not intended to reflect present or future values.

The ultimate realization of these costs is dependent upon the successful development of the mineral interests and future profitable operations.

2. LONG-TERM INVESTMENTS

Long-term investments represent 160,000 common shares in Polestar Explorations Inc. at an average cost of \$0.93 per share (market value as at April 30, 1991 - \$0.70 per share). The purchases of these investments during the year was from a company related by way of a director in common.



BETTER RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
April 30, 1991

3. MINERAL INTERESTS

	<u>1991</u>	<u>1990</u>
(a) Mineral claims in the Nicola Mining division, British Columbia, acquired for 750,000 shares at an attributable value of \$.01 per share from directors and shareholders of the company.	\$ 7,500	\$ 7,500
(b) Mineral claim in the Nicola Mining Division, British Columbia, acquired at nominal value of \$3 from a shareholder of the company.	3	3
(c) Mineral claims staked in the Nanaimo Mining Division, British Columbia.	10,830	10,830
(d) Mineral claims on Mount Washington in the Nanaimo Mining Division, British Columbia, acquired for cash of \$11,300 and 398,216 shares at an attributed value of \$0.50 per share (net of \$50,000 option proceeds received in 1989).	160,408	160,408
(e) Mineral lease rights for base metals on Mount Washington in the Nanaimo Mining Division, British Columbia, acquired for cash of \$5,000, 70,000 and 100,000 shares at an attributed value of \$0.30 and \$0.09 per share, respectively. The Company has granted an option to another company to acquire an undivided 50% interest in the lease rights, subject to certain conditions being met.	35,000	26,000
(f) Mineral lease rights for base metals on Mount Washington in the Nanaimo Mining Division, British Columbia, acquired for cash of \$25,000 and 250,000 shares at an attributed value of \$0.20 per share.	75,000	75,000
(g) Mineral claims staked on Taseko in the Clinton Mining Division, British Columbia.	1,600	—
	<u>\$ 290,341</u>	<u>\$ 279,741</u>



BETTER RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
April 30, 1991

4. SHARE CAPITAL

(a) Authorized — 10,000,000 shares without par value

	1991		1990	
	Shares	Amount	Shares	Amount
Balance, beginning of year	5,968,964	\$4,308,378	5,668,964	\$4,243,378
Issue of shares for mineral interests	—	—	300,000	65,000
Balance, end of year	<u>5,968,964</u>	<u>\$4,308,378</u>	<u>5,968,964</u>	<u>\$4,308,378</u>

(c) Treasury shares

At April 30, 1991, the company owned 140,000 issued common shares.

During the year, the company granted under its directors and employees stock option plan, options to purchase 210,000 shares at \$0.20 per share. Options to purchase 210,000 shares expired during the year. The balance of options outstanding at April 30, 1991 (390,000 shares; 1990 - 390,000 shares) is as follows:

Number of Shares	Exercisable Price	Expiry Date
50,000	\$0.30	August 8, 1991
130,000	\$0.20	March 5, 1992
210,000	\$0.20	March 8, 1993
<u>390,000</u>		

5. INCOME TAXES

There is no provision for income taxes in 1991 as there were sufficient deductions available to offset any taxable income.

As at April 30, 1991, deferred exploration and development costs include expenditures totalling approximately \$2,000,000 (1990 - \$2,000,000), the tax deductibility of which has been assigned to flow through share subscribers.

6. RELATED PARTY TRANSACTIONS

In addition to related party transactions disclosed elsewhere in the financial statements, deferred exploration and development costs include \$43,500 (1990 - \$44,190) charged directly or indirectly by directors for professional services in the ordinary course of business.



BETTER RESOURCES LIMITED
SCHEDULE OF DEFERRED EXPLORATION
AND DEVELOPMENT COSTS
Year Ended April 30, 1991

	1991	1990
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COSTS		
Data analysis	\$ 25,328	\$ 40,542
Field data collection	10,317	17,506
Laboratory analysis	4,228	6,358
Project site	12,007	9,750
Surface penetration	74,973	52,466
Professional engineering	25,498	—
Sundry	6,077	—
	<hr/>	<hr/>
	158,428	126,622
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DEFERRED EXPLORATION AND DEVELOPMENT COSTS, BEGINNING OF YEAR	2,993,950	2,867,328
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DEFERRED EXPLORATION AND DEVELOPMENT COSTS, END OF YEAR	\$3,152,378	\$2,993,950
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BETTER RESOURCES LIMITED CORPORATE DIRECTORY

CORPORATE OFFICE

309 - 535 HOWE STREET
VANCOUVER, BRITISH COLUMBIA, CANADA
(604) 684-4320

DIRECTORS

Dennis C. Baxter
James F. Bristow, P.Eng.
Dennis W. Milburn, C.A.
Clifford C. Rennie, P.Eng.
Joseph H. Montgomery, P.Eng.

OFFICERS

Clifford C. Rennie, P.Eng. - Chairman of the Board
James F. Bristow, P.Eng. - President
Dennis W. Milburn, C.A. - Secretary Treasurer

TRANSFER AGENT

Pacific Corporate Trust Company
830 - 625 Howe Street
Vancouver, British Columbia, Canada

SOLICITOR

James E. McInnes
1258 - 409 Granville Street
Vancouver, British Columbia, Canada

BANKERS

Bank of Montreal
First Bank Tower
595 Burrard Street
Vancouver, British Columbia, Canada

AUDITORS

Deloitte & Touche
2000 - 1055 Dunsmuir Street
Four Bentall Centre
Vancouver, British Columbia, Canada

SHARE LISTING

Vancouver Stock Exchange
Trading Symbol: BRZ

CAPITALIZATION

Common Shares
Authorized: 10,000,000
Issued: 5,968,964



Better Resources Limited

*Suite 309 - 535 Howe Street
Vancouver, British Columbia V6C 2Z4*