

CANLEY DEVELOPMENTS INC.

NEWS RELEASE

“CANLEY ANNOUNCES SIGNING OF FORMAL OPTION AGREEMENT AND SHARE PURCHASE”

June 4, 2003

CDD: TSX-V

Canley Developments Inc. ("Canley") announces, further to its news release of March 26, 2003, the execution of a formal Option Agreement with Gold Mines of Sardinia plc ("GMS").

Under the terms of the Option Agreement, Canley has the right to earn 50% of GMS's working interest in the Furtei Gold Mine project (equivalent to a 45% direct interest) in Sardinia, Italy by spending €15 million over an 8 year period. In conjunction with signing the formal Option Agreement, Canley purchased 11,111,111 units of GMS at £ 0.09 per unit for an aggregate of \$2,265,135 Canadian. Each unit consists of 1 common share of GMS and 1 common share purchase warrant ("Warrant"). Each Warrant entitles the holder to acquire 1 common share of GMS at £0.11 for a period of 2 years. In order to facilitate the transaction, Canley has obtained loans totalling \$575,000 to be repaid from the financing previously announced. A bonus within TSX Venture Exchange guidelines will be paid subject to regulatory approval.

The Furtei Gold Mine project is located 40 kilometers north of Cagliari, the capital of Sardinia and is accessible by highway. The open pit operation consists of a full production facility capable of processing 1,000,000 tonnes of ore annually, freehold land and buildings and over 10 square kilometers of exploration property.

ON BEHALF OF THE BOARD OF DIRECTORS,

/s/ "Richard Warke"

President

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this News Release.