

HIDEFIELD PLC

Company No. 3993112

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH SEPTEMBER 2003

Hidefield Plc

Directors

J.F. Prochnau
K.W. Bone
K.P. Judge
The Hon. F.P.H. Johnstone
R.N. Ashley

Secretary

J.M. Bottomley

Registered Office

30 Farringdon Street
London
EC4A 4HJ

Auditors

Kingston Smith
Chartered Accountants
Devonshire House
60 Goswell Road
London EC1M 7AD

Solicitors

Field Fisher Waterhouse
35 Vine Street
London
EC3N 2AA

Bankers

Barclays Bank Plc
50 Pall Mall
PO Box 15165
London
SW1A 1QF

Nominated Advisers and Brokers

Westhouse Securities LLP
Clements House
14-18 Gresham Street
London
EC2V 7NN

Hidefield plc

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Hidefield plc

Chairman's Statement

The results for the year show a loss on ordinary activities of £256,632. This represents a reduction from £453,798 during 2002 and reflects the continuing efforts of the directors to minimize costs while positioning Hidefield as a financially sound gold exploration and development group.

Following several years of depressed metal prices, and consequent weak capital markets, the resource sector experienced significant turnaround during the past twelve months. This is particularly the case for gold with prices rising to \$400 per ounce in late 2003, maintaining that level through the first quarter of 2004, and forecast to continue strongly in the medium term.

In June 2003, in the improved environment for the gold sector, we announced the conclusion of an agreement with Brazilian Diamonds Limited (formerly Black Swan Resources) to acquire up to an eighty percent interest in the Cata Preta gold project, Minas Gerais, Brazil, through staged worked commitments and issuances of shares. On the back of the transaction, gross proceeds of £1.735 million were raised in two private placements with institutional investors. Hidefield has subsequently exercised its first option under the agreement to acquire an initial 50 percent project interest, implemented a U.S. \$750,000 work programme at Cata Preta and issued 26.5 million shares to Brazilian Diamonds making it the largest shareholder in Hidefield.

In connection with the Cata Preta transaction our management team has been strengthened through the appointment to the Board of Kenneth Judge, Chairman of Brazilian Diamonds, The Hon Francis Johnstone and Robert Ashley. Cedric Middleton and Henry de La Poer Beresford, the Earl of Tyrone, both founding directors of Hidefield and important contributors in the group's formative years, have resigned. Westhouse Securities LLP, formerly the corporate finance business of Brown Shipley & Co Limited has been appointed nominated adviser and broker replacing Grant Thornton and Christows in those roles.

The Cata Preta gold project, located in the productive Quadrilatero Ferrifero mining province, covers an area of extensive historic gold mining activity with at least twenty tonnes of recorded production from shallow surface workings during the 17th-19th centuries. Hidefield's initial programme has been designed to test the open extension of a previously delineated gold deposit, containing a resource of 820,000 tonnes grading 4.96 grammes per tonne gold, and evaluate similar newly identified targets elsewhere in the project area. The first drill holes have demonstrated continuity of the deposit for 125 metres beyond the earlier holes and confirmed a 25 percent increase in its strike extent. In conjunction with its work at Cata Preta the group has an active evaluation programme in the immediate area and is currently negotiating the acquisition of several additional licences with underexplored historic mines similar to Cata Preta.

We have also continued to work toward building value in our non core exploration projects in North America through self funding associate companies and farm-out arrangements with industry partners. The Nevada gold projects have been sold to a private company for a substantial share position, royalties and reserved ownership through reversionary rights. Plans are underway for this company to undertake an IPO on the Venture Exchange of the Toronto Stock Exchange during the second quarter of 2004.

The group has also maintained its 18.3 percent interest in TSXV-listed Alto Ventures Limited acquired in connection with an agreement in respect of the Coldstream gold project in Northwest Ontario. We are now looking at alternatives to demonstrate and increase value from our other Canadian gold projects. The 50 percent owned Loch Erne platinum-palladium project in Northwest Ontario remains under lease to North American Palladium which continues to actively explore the leases. Our coal and coal bed methane interests in British Columbia have been retained and are maintained at low cost.

Management is pleased to have established Hidefield, during the past year, as a clearly focused gold exploration and development company in Brazil through the joint venture arrangement with Brazilian Diamonds. With a sound asset and resource base at Cata Preta, an active and aggressive acquisition programme and strengthened management, the group looks forward to growth and increased shareholder value in 2004 and beyond. We thank our old and new shareholders for their support.

John Prochnau
Chairman

29th March 2004

Hidefield plc

Report of the Directors

The directors have pleasure in presenting their report and financial statements for the year ended 30th September 2003.

Principal Activities and Business Review

The group carried on activities of identification, acquisition and exploration of gold and other mineral resources during the year.

During the year under review, the Board continued to pursue opportunities to acquire a major gold project and this culminated in the acquisition of an interest in the Cata Preta gold project in Minas Gerais, Brazil, with the opportunity to increase the initial minority interest up to 80% in the future. In addition, efforts have continued to increase and realise value from existing non-core projects.

For the foreseeable future, the Board intends to continue with the development of its gold project in Brazil as well as reviewing further opportunities both to increase its Brazilian gold interests and to exploit and develop its other assets.

Results and Dividend

The results of the group for the year are shown on page 6. The directors do not recommend the payment of a dividend.

Share Capital

The issued share capital of the company was increased during the year by £555,000 by way of issue of 55,500,000 ordinary shares of 1p each; this total was split between 32,500,000 at a premium of 4p, 16,000,000 at a premium of 1p and 7,000,000 at a premium of 2.25p.

Payment Policy to Suppliers

As no significant trading activities were carried out during the year a payment policy to trade creditors has yet to be formulated.

Directors and their Interests

The directors who served the company during the year together with their interests (including family interests) in the shares of the company were as follows:

	Ordinary Shares of 1p each	
	At 30th September 2003	At 30th September 2002
J.F. Prochnau	5,000,000	5,000,000
C.N. Middleton (resigned 14/01/04)	-	5,000,000
K.W. Bone	25,000	25,000
H.N. de la Poer Beresford (resigned 31/12/03)	25,000	50,500

The following were appointed as directors after the year end:

K. P. Judge (appointed 09/10/2003)	-	-
The Hon. F.P.H. Johnsonsone (appointed 01/01/2004)	-	-
R.N. Ashley (appointed 01/01/2004)	-	-

Substantial Shareholdings

At 30th September 2003, the following held in excess of 3% of the ordinary share capital of the company:

BSG Investment Inc	25.5%
Pershing Keen Nominees Limited	10.6%
Morstan Nominees Limited	10.4%
Web Sharesop Limited	7.7%
The Bank of New York (Nominees) Limited	5.8%
Capita Trust Company Limited	4.8%
J.F. Prochnau	4.8%

Hidefield plc

Report of the Directors

Auditors

Kingston Smith have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors to the company for the ensuing year.

On Behalf of the Board

.....
J.F. Prochnau
Chairman

30 Farringdon Street
London EC4A 4HJ

29th March 2004

Hidefield plc

Directors' Responsibilities and Report of the Auditors

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; and prepare the financial statements on a going concern basis unless it is inappropriate to assume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report to the Shareholders of Hidefield plc

We have audited the financial statements of Hidefield plc for the year ended 30th September 2003 which comprise the Consolidated Profit and Loss account, the Statement of Total Recognised Gains and Losses, the Balance Sheets, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of mining rights and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Hidefield plc

Report of the Auditors (Continued)

Going Concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the directors' confidence in their ability to raise further capital and instigate further cost saving measures. In view of the significance of the fact that the preparation of the financial statements on the going concern basis assumes a successful outcome to such efforts, we consider that this disclosure should be brought to your attention. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's and group's affairs as at 30th September 2003 and of the group's loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Devonshire House
60 Goswell Road
London EC1M 7AD

30th March 2004

Kingston Smith
Chartered Accountants
and Registered Auditors

Hidefield plc
Consolidated Profit and Loss Account
For the year ended 30th September 2003

	Note	2003 £	2002 £
Administrative expenses - continuing activities		(236,244)	(329,383)
Loss on disposal of fixed assets		-	(72,283)
Other operating income		<u>3,363</u>	<u>1,711</u>
Operating loss	2	(232,881)	(399,955)
Unrealised loss on investments		-	(1,250)
Loss on sale of investments		<u>(23,751)</u>	<u>(52,593)</u>
Loss on ordinary activities before taxation		(256,632)	(453,798)
Taxation	4	<u>-</u>	<u>-</u>
Retained loss for the year		<u><u>(256,632)</u></u>	<u><u>(453,798)</u></u>
(Loss) per share	12	(0.5p)	(1.0p)

Consolidated Statement of Total Recognised Gains and Losses
For the year ended 30th September 2003

	2003 £	2002 £
Loss for the financial year	(256,632)	(453,798)
Unrealised surplus on revaluation of mining rights	<u>-</u>	<u>62,317</u>
	(256,632)	(391,481)
Currency translation differences on foreign currency net investments	<u>(108,658)</u>	<u>(231,177)</u>
Total recognised gains and losses relating to the year	<u><u>(365,290)</u></u>	<u><u>(622,658)</u></u>

Hidefield plc

Consolidated Balance Sheet at 30th September 2003

	Note	2003 £	2003 £	2002 £	2002 £
Fixed Assets					
Intangible assets	6		1,639,092		1,793,100
Tangible assets	7		2,736		5,532
Investments	8		<u>1,453,069</u>		<u>18,143</u>
			3,094,897		1,816,775
Current Assets					
Debtors	9	11,168		25,045	
Cash at bank		<u>786,411</u>		<u>192,251</u>	
		797,579		217,296	
Creditors - amounts falling due within one year	10	<u>(93,449)</u>		<u>(15,042)</u>	
Net Current Assets			<u>704,130</u>		<u>202,254</u>
Net Assets			<u><u>3,799,027</u></u>		<u><u>2,019,029</u></u>
Capital and Reserves					
Called up share capital	11		1,040,000		485,000
Share premium account	13		4,771,538		3,181,250
Revaluation reserve	13		62,317		62,317
Profit and loss account	13		<u>(2,074,828)</u>		<u>(1,709,538)</u>
Shareholders' Funds			<u><u>3,799,027</u></u>		<u><u>2,019,029</u></u>

Approved by the board of directors on 29th March 2004.

.....
J.F. Prochnau
Chairman

Hidefield plc

Company Balance Sheet at 30th September 2003

	Note	2003 £	2003 £	2002 £	2002 £
Fixed Assets					
Tangible assets	7		2,736		5,532
Investments	8		3,423,038		2,028,143
			3,425,774		2,033,675
Current Assets					
Debtors	9	79,334		65,765	
Cash at bank		786,411		191,559	
		865,745		257,324	
Creditors - amounts falling due within one year	10	(94,111)		(15,032)	
Net Current Assets			771,634		242,292
Net Assets			4,197,408		2,275,967
Capital and Reserves					
Called up share capital	11		1,040,000		485,000
Share Premium account	13		4,771,538		3,181,250
Profit and loss account	13		(1,614,130)		(1,390,283)
Shareholders' Funds			4,197,408		2,275,967

Approved by the board of directors on 29th March 2004.

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J.F. Prochnau
 Chairman

Hidefield plc
Consolidated Cash Flow Statement
For the year ended 30th September 2003

	2003	2002
	£	£
Net Cash Outflow from Operating Activities (Note 1)	(156,232)	(359,783)
Capital Expenditure and Financial Investment		
Payments to acquire investments	(69,896)	-
Payments to acquire mining rights	(19,861)	-
Sale of mining rights	19,861	11,799
Sale of investments	-	244,038
	<u>(226,128)</u>	<u>(103,946)</u>
Financing		
Issue of ordinary share capital	<u>820,288</u>	<u>160,000</u>
Increase in Cash (Note 2)	<u><u>594,160</u></u>	<u><u>56,054</u></u>

Notes to the Cash Flow Statement

1	Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities		2003	2002
			£	£
	Operating loss		(232,881)	(399,955)
	(Decrease)/increase in creditors		78,407	(28,945)
	Decrease in debtors		13,877	12,469
	Loss on disposal of fixed assets		-	72,283
	Depreciation and amortisation		<u>(15,635)</u>	<u>(15,635)</u>
	Net Cash Outflow from Operating Activities		<u><u>(156,232)</u></u>	<u><u>(359,783)</u></u>
2	Reconciliation of Net Cash Flow to Movement in Net Funds		2003	2002
			£	£
	Increase in cash during the year		594,160	56,054
	Cash inflow from decrease in liquid resources		-	(244,038)
	Fixed asset investments received in exchange for shares		-	150,000
	Loss on disposal of investments and increase in provision for loss		<u>-</u>	<u>(53,843)</u>
	Movement in net funds in the year		594,160	(91,827)
	Net funds at start of year		<u>192,251</u>	<u>284,078</u>
	Net funds at end of the year		<u><u>786,411</u></u>	<u><u>192,251</u></u>
3	Analysis of Changes in Net Funds			
		At	Cash	Other
		30.09.02	Flows	Changes
		£	£	£
	Cash at bank	<u>192,251</u>	<u>594,160</u>	<u>-</u>
		<u><u>192,251</u></u>	<u><u>594,160</u></u>	<u><u>786,411</u></u>

4 Major Non Cash Transactions

See Note 8e for details of shares issued for non cash consideration.

Hidefield plc

Notes to the Financial Statements

For the year ended 30th September 2003

1 Accounting Policies

The significant accounting policies of the group are shown below:

Basis of Accounting

The financial statements have been prepared under the historical cost convention as modified for the revaluation of mining rights and in accordance with applicable accounting standards.

Basis of Consolidation

The group accounts include the accounts of the company and its subsidiary undertakings. Foreign subsidiaries have been consolidated using the closing rate method in accordance with SSAP20 Foreign Currency Translation.

Basis of Preparing the Financial Statements

The accounts have been prepared on the going concern basis. The validity of the going concern basis is dependent on the success of the Directors' ongoing investigation, evaluation and generation of revenue from mineral projects.

The company meets its day to day operating expenses from its existing liquid resources, in the absence of an ongoing income stream. The directors continue to explore ways of raising further capital and will instigate further cost saving measures as necessary. The directors have complete confidence in their ability to raise further capital on the strength of the company's mining potential and that these efforts will generate sufficient ongoing cash flow to meet the company's outgoings for the foreseeable future and, in any event, until the company is in a position to generate revenues from its mineral projects. On this basis the directors believe it is appropriate to prepare these financial statements on a going concern basis.

Investments and Investment Income

Fixed asset and current asset investments are included at cost less amounts written off. Amounts are written off when in the opinion of the directors there has been an impairment. Income from investments, other than from subsidiary undertakings, is included, net of related tax credits, in the profit and loss account in the accounting period in which it is received.

Deferred Tax

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes in accordance with FRS 19 *Deferred Taxation*.

No provision has been made for deferred tax on gains recognised on revaluing mining rights to their market value as the company does not intend to sell the revalued assets.

Foreign Currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year.

Goodwill

Negative goodwill arising on acquisitions is released to the profit and loss account over 20 years.

Mining Rights

Exploitable mineral rights are stated at valuation as described in note 6. The Directors perform their own valuation of the mining rights each year, if this indicates a variation to book value a professional valuation is carried out and the assets re-valued. Otherwise a professional valuation is undertaken every three years.

Hidefield plc
Notes to the Financial Statements
For the year ended 30th September 2003 (Continued)

1 Accounting Policies (continued)

Depreciation

Depreciation on fixed assets is provided at rates estimated to write off the cost, less estimated residual value of each asset over its expected useful life as follows:

Computer equipment	3 years
Office equipment	5 years

2 Operating Loss

	2003	2002
	£	£
Operating loss is stated after charging:		
Auditors' remuneration	8,500	7,700
Depreciation	2,796	2,796
Amortisation of goodwill	(18,431)	(18,431)
Operating lease rentals - other assets	<u>2,500</u>	<u>24,699</u>

3 Staff and Directors

The average number of employees during the period was 4 (2002 - 5). Due to the size of the company there is no formal classification of duties.

	2003	2002
	£	£
Their total remuneration was:		
Wages and salaries	4,000	70,354
Social security costs	<u>-</u>	<u>5,635</u>
	<u>4,000</u>	<u>75,989</u>
Directors' emoluments:		
Gross salaries	4,000	53,346
Fees	<u>51,911</u>	<u>62,194</u>
	<u>55,911</u>	<u>115,540</u>

4 Taxation

There is no tax charge due to the loss in the year.

5 Loss for the Financial Year

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the company is not presented as part of these financial statements. The group loss for the financial year of £256,632 (2002 - £453,798 loss) includes a loss of £223,847 (2002 - £354,885 loss) attributable to the company.

Hidefield plc
Notes to the Financial Statements
For the year ended 30th September 2003 (Continued)

6 Intangible Assets

Group	Negative Goodwill	Mining Rights	Total
Cost or Valuation	£	£	£
At 1st October 2002	(368,621)	2,129,467	1,760,846
Additions	-	419,505	419,505
Disposals	-	(483,286)	(483,286)
Revaluation	-	-	-
Foreign exchange rate fluctuations	-	(108,658)	(108,658)
	<u>(368,621)</u>	<u>1,957,028</u>	<u>1,588,407</u>
At 30th September 2003	<u>(368,621)</u>	<u>1,957,028</u>	<u>1,588,407</u>
Depreciation			
At 1st October 2002	32,254	-	32,254
Amortisation	18,431	-	18,431
	<u>50,685</u>	<u>-</u>	<u>50,685</u>
At 30th September 2003	<u>50,685</u>	<u>-</u>	<u>50,685</u>
Net Book Value			
At 1st October 2002	<u>(336,367)</u>	<u>2,129,467</u>	<u>1,793,100</u>
At 30th September 2003	<u>(317,936)</u>	<u>1,957,028</u>	<u>1,639,092</u>

The mining rights held at the previous year end were revalued by Robert Weicker (P.Geo) of Kleinebar Resources Limited on 21st October 2002 on an individual property basis and the directors do not consider that there has been any material change since that date. The assets held at the year end were originally brought into the Group accounts at fair value of US\$3,268,000 (£2,310,523).

7 Tangible Assets

Group and Company	Computer Equipment	Office Equipment	Total
Cost	£	£	£
At 1st October 2002	6,530	3,206	9,736
Additions	-	-	-
	<u>6,530</u>	<u>3,206</u>	<u>9,736</u>
At 30th September 2003	<u>6,530</u>	<u>3,206</u>	<u>9,736</u>
Depreciation			
At 1st October 2002	3,244	960	4,204
Charge for the year	2,156	640	2,796
	<u>5,400</u>	<u>1,600</u>	<u>7,000</u>
At 30th September 2003	<u>5,400</u>	<u>1,600</u>	<u>7,000</u>
Net Book Value			
At 1st October 2002	<u>3,286</u>	<u>2,246</u>	<u>5,532</u>
At 30th September 2003	<u>1,130</u>	<u>1,606</u>	<u>2,736</u>

Hidefield plc
Notes to the Financial Statements
For the year ended 30th September 2003 (Continued)

8 Investments	Group		Company	
	2003	2002	2003	2002
a)	£	£	£	£
Shares in group undertakings	-	-	2,010,000	2,010,000
Other Investments - Listed	58,174	-	18,143	-
- Unlisted	1,392,309	-	1,392,309	-
Other loans	2,586	18,143	2,586	18,143
	<u>1,453,069</u>	<u>18,143</u>	<u>3,423,038</u>	<u>2,028,143</u>
b) Movements in group investments	Other Investments		Other	
	Listed	Unlisted	Loans	Total
	£	£	£	£
Cost at 1st October 2002	2,010	55,280	18,143	75,433
Reclassifications	18,143	-	(18,143)	-
Additions	40,031	1,392,309	2,586	1,434,926
Cost at 30th September 2003	<u>60,184</u>	<u>1,447,589</u>	<u>2,586</u>	<u>1,510,359</u>
Amounts written off at 1st October 2002 and at 30th September 2003	<u>2,010</u>	<u>55,280</u>	<u>-</u>	<u>57,290</u>
Net book value at 1st October 2002	<u>-</u>	<u>-</u>	<u>18,143</u>	<u>18,143</u>
Net book value at 30th September 2003	<u>58,174</u>	<u>1,392,309</u>	<u>2,586</u>	<u>1,453,069</u>
Market value of listed investments	<u>83,967</u>			
c) Movements in company investments	Subsidiary Undertakings	Other Investments		Other
	£	Listed	Unlisted	Loans
	£	£	£	£
Cost at 1st October 2002	2,010,000	2,010	55,280	18,143
Reclassifications	-	18,143	-	(18,143)
Additions	-	-	1,392,309	2,586
Cost at 30th September 2003	<u>2,010,000</u>	<u>20,153</u>	<u>1,447,589</u>	<u>2,586</u>
Amounts written off at 1st October 2002 and at 30th September 2003	<u>-</u>	<u>2,010</u>	<u>55,280</u>	<u>-</u>
Net book value at 1st October 2002	<u>2,010,000</u>	<u>-</u>	<u>-</u>	<u>18,143</u>
Net book value at 30th September 2003	<u>2,010,000</u>	<u>18,143</u>	<u>1,392,309</u>	<u>2,586</u>
Market value of listed investments		<u>31,222</u>		

Hidefield plc
Notes to the Financial Statements
For the year ended 30th September 2003 (Continued)

8 Investments (Continued)

d) Details of Group Undertakings

Name	Place of Incorporation	Percentage of Shares Held	Class	Method of Accounting
Rio Gold Limited	England and Wales	100%	Ordinary	Acquisition
The Other Mining Company Inc. (a subsidiary of Rio Gold Ltd.)	USA	100%	Ordinary	Acquisition

e) Other Investments

Included within the unlisted investment total of £1,392,309 is a balance of £1,386,858 relating to shares issued and payments made under an agreement relating to the Cata Preta Tenements which are owned by subsidiaries of Brazilian Diamonds Limited, an AIM listed company. Under the terms of the agreement, Hidefield plc is required to spend at least US\$750,000 in exploration costs by 31st December 2004 in order to obtain a 50% interest in this project; £31,763 had been spent as at 30th September 2003.

At the year end, the company had issued 20,000,000 shares at 5 pence per share to BSG Investments Limited, a subsidiary of Brazilian Diamonds Limited, in order to gain a 10% interest in the Cata Preta Tenements and issued a further 6,500,000 shares towards gaining the 50% interest. No shares had been issued to the company at the year end. Under the terms of the agreement, the company can obtain up to an 80% interest subject to satisfying further expenditure requirements and issuing further shares.

9 Debtors

	Group		Company	
	2003 £	2002 £	2003 £	2002 £
Amounts owed by group undertakings	-	-	68,166	40,720
Prepayments	4,508	4,003	4,508	4,003
Other debtors	6,660	21,042	6,660	21,042
	<u>11,168</u>	<u>25,045</u>	<u>79,334</u>	<u>65,765</u>

10 Creditors: Amounts falling due within one year

	Group		Company	
	2003 £	2002 £	2003 £	2002 £
Trade creditors	81,949	7,976	81,949	7,966
Social security and other taxes	-	66	-	66
Amounts owed to group undertakings	-	-	662	-
Accruals	11,500	7,000	11,500	7,000
	<u>93,449</u>	<u>15,042</u>	<u>94,111</u>	<u>15,032</u>

Hidefield plc
Notes to the Financial Statements
For the year ended 30th September 2003 (Continued)

11 Share Capital		2003	2002
		£	£
Share capital comprises:			
Authorised:			
150,000,000 Ordinary shares of 1p each		1,500,000	1,500,000
Called up, allotted and fully paid:			
104,000,000 Ordinary shares of 1p each (2002 - 48,500,000)		1,040,000	485,000

On 24th June 2003 16,000,000 ordinary shares of 1 pence each were issued at a premium of 1 pence on exercise of warrants. On 21 July 2003 7,000,000 ordinary shares of 1 pence each were issued at a premium of 2.25 pence to provide working capital. An additional 6,000,000 ordinary shares of 1 pence each were issued on 15th September 2003 at a premium of 4 pence to provide further working capital. On 19th September 2003 26,500,000 ordinary shares of 1 pence each were issued at a premium of 4 pence in order to obtain an interest in the Cata Preta Tenements as described in note 8e.

After the year end, on 15th October 2003, a further 18,000,000 ordinary shares of 1 pence were issued at a premium of 4 pence for cash consideration of £900,000.

At the year end share warrants granted but not exercised include:

Shares	Option Price	Exercise Period (between)
2,000,000	6 pence	24th January 2002 and 30th June 2004
250,000	2 pence	16th December 2002 and 11th February 2005
1,000,000	6 pence	20th January 2003 and 19th January 2006
3,000,000	6 pence	15th September 2003 and 30th September 2005

12 Earnings per Share

Loss per share of 0.5p is calculated on the loss attributable to ordinary shares of £256,632 divided by the weighted number of ordinary shares in issue during the period.

Computation of basic earnings per share:

Net loss	£(256,632)
Weighted average number of shares outstanding	55,202,740
Basic loss per share	(0.5p)

Hidefield plc
Notes to the Financial Statements
For the year ended 30th September 2003 (Continued)

13 Shareholders' Funds	Share Premium Account £	Revaluation Reserve £	Profit and Loss Account £
The Group			
At 1st October 2002	3,181,250	62,317	(1,709,538)
Retained loss for the year	-	-	(256,632)
Currency translation differences on foreign currency net investments	-	-	(108,658)
Capital raising costs	(27,212)	-	-
Premium on issue of shares	<u>1,617,500</u>	<u>-</u>	<u>-</u>
At 30th September 2003	<u><u>4,771,538</u></u>	<u><u>62,317</u></u>	<u><u>(2,074,828)</u></u>
The Company			
At 1st October 2002	3,181,250	-	(1,390,283)
Retained loss for the year	-	-	(223,847)
Capital raising costs	(27,212)	-	-
Issue of new share capital	<u>1,617,500</u>	<u>-</u>	<u>-</u>
At 30th September 2003	<u><u>4,771,538</u></u>	<u><u>-</u></u>	<u><u>(1,614,130)</u></u>

14 Reconciliation of Movements in Shareholders' Funds	2003 £	2002 £
The Group		
Loss for the financial year	(256,632)	(453,798)
New share capital subscribed	2,172,500	310,000
Capital raising costs	(27,212)	-
Other recognised gains and losses relating to the year (net)	<u>(108,658)</u>	<u>(168,860)</u>
Net addition to shareholders' funds	1,779,998	(312,658)
Opening shareholders' funds	<u>2,019,029</u>	<u>2,331,687</u>
Closing shareholders' funds	<u><u>3,799,027</u></u>	<u><u>2,019,029</u></u>
The Company		
Loss for the financial year	(223,847)	(354,885)
New share capital subscribed	2,172,500	310,000
Capital raising costs	<u>(27,212)</u>	<u>-</u>
Net addition to shareholders' funds	1,921,441	(44,885)
Opening shareholders' funds	<u>2,275,967</u>	<u>2,320,852</u>
Closing shareholders' funds	<u><u>4,197,408</u></u>	<u><u>2,275,967</u></u>

15 Controlling Party

In the opinion of the directors since there are several shareholders, with interests of similar sizes, there is no ultimate controlling party.

Hidefield plc
Notes to the Financial Statements
For the year ended 30th September 2003 (Continued)

16 Related Party Transactions

Party	Relationship	Nature of Transaction	Amount
Alto Ventures Limited	Director, J. Prochnau	Shares in Alto Ventures Limited	£18,143
		During the year the group converted the outstanding amount due from Alto Ventures Limited of £18,143 into 500,000 shares in the same company	
		Shares in Alto Ventures Limited	£437,492
		During the year approval was received from the Toronto Stock Exchange for the group to obtain 800,000 shares in Alto Ventures Limited in exchange for the group's 100% interest in the Coldstream Mine Property.	
		Loan to Alto Ventures Limited	£2,586
J. Prochnau	Director	Creditor relating to expenses incurred	£4,855

The above transactions were approved by the Board of Directors.

17 Post Balance Sheet Events

a) Cata Preta Tenements

K.P. Judge was appointed as a director of the company after the year end. During the year the group entered into an agreement with Brazilian Diamonds Limited (formerly Black Swan Resources Limited) to acquire up to an 80% interest in the Cata Preta Tenements, which are owned by Brazilian Diamonds Limited. K.P. Judge is also a director of Brazilian Diamonds Limited.

b) Increase in Share Capital

The authorised share capital of 150,000,000 ordinary shares of 1pence each was increased to 200,000,000 ordinary shares of 1pence each by resolution of the company on 9th October 2003. The new shares rank pari passu with the existing ordinary shares.

On 15th October 2003, a further 18,000,000 ordinary shares of 1 pence were issued at a premium of 4 pence for cash consideration of £900,000.

c) Purple Vein Resources Limited

On 10 May 2003, The Other Mining Company Inc ("TOMC") signed an agreement with Purple Vein Resources Limited ("PVR"), a company newly incorporated under Canadian law, to assign the interests of TOMC in certain mining rights with a net book value of £1,087,517 at the year end to PVR, subject to certain conditions. As part of the agreement, PVR will issue 2,500,000 shares to TOMC, which was expected to represent an initial interest of 33% in PVR. The effect of this conditional agreement has not been reflected in these accounts.

Hidefield plc

Management Information

based on the

Financial Statements

for the year ended

30th September 2003

Hidefield plc
Company Detailed Profit and Loss Account
For the year ended 30th September 2003

	2003 £	2002 £
Administrative Expenses		
Mining property expenses	2,925	7,067
Advertising, PR and information	6,097	4,898
Directors' salaries	4,000	53,346
Directors' consultancy	51,911	49,315
Staff salaries, clerical charges and NI	257	29,918
Administration fee	5,669	9,308
Rent and services	18,751	27,427
Repairs and renewals	-	538
Travel and entertainment	44,351	21,111
Postage and carriage	582	840
Telephone	1,469	8,476
Stationery and publications	4,984	3,802
Computer costs	455	2,401
Legal and professional fees	82,273	63,099
Bank charges	758	703
Depreciation	2,796	2,796
General expenses	1,381	2,163
Bad debts	(1,449)	15,543
	<u>227,210</u>	<u>302,751</u>
Other Operating Income		
Interest received	<u>3,363</u>	<u>1,709</u>
Operating Loss	(223,847)	(301,042)
Loss on sale of investments	-	(52,593)
Unrealised loss on investments	<u>-</u>	<u>(1,250)</u>
Loss on Ordinary Activities before Taxation	<u><u>(223,847)</u></u>	<u><u>(354,885)</u></u>

This page is for management information only and does not form part of the statutory financial statements.