

PLUTONIC CAPITAL INC.
(Formerly Plutonic Capital Corp.)

Financial Statements
Year Ended June 30, 2003
and Auditors' Report

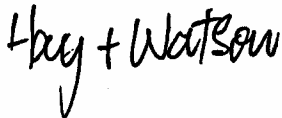
AUDITORS' REPORT

**To the Shareholders of
Plutonic Capital Inc.**

We have audited the balance sheets of Plutonic Capital Inc. (formerly Plutonic Capital Corp.) as at June 30, 2003 and 2002 and the statements of loss and deficit and of cash flows for each of the years in the two year period ended June 30, 2003. 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 disclosure 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 statements.

In our opinion, these financial statements present fairly, in all material respects, the financial positions of the company as at June 30, 2003 and 2002 and the results of its operations and its cash flows for each of the years in the two year period ended June 30, 2003 in accordance with Canadian generally accepted accounting principles. As required by the *Company Act, British Columbia*, we report that, in our opinion, these principles have been applied on a consistent basis.



Chartered Accountants

Vancouver, B.C.
August 12, 2003

PLUTONIC CAPITAL INC.

Statements of Loss and Deficit
Year Ended June 30, 2003

	2003	2002
REVENUE		
Interest	\$ -	\$ 1
EXPENSES		
Accounting and legal	2,657	2,188
Due diligence costs (Note 5 and 8)	27,816	16,704
Rent	6,000	6,000
Transfer agent and listing fees	3,565	2,483
	40,038	27,375
NET LOSS	(40,038)	(27,374)
DEFICIT, Beginning of Year	(285,952)	(258,578)
DEFICIT, End of Year	(325,990)	(285,952)
Loss Per Share	\$ (0.02)	\$ (0.01)

PLUTONIC CAPITAL INC.

Balance Sheets
June 30, 2003

	2003	2002
ASSETS		
Current		
Cash and term deposits	\$ 89,983	\$ 18,501
Accounts receivable	3,434	367
	93,417	18,868
Mineral Property (Note 6)	11,947	-
	\$ 105,364	\$ 18,868
LIABILITIES		
Current		
Accounts payable	\$ 33,022	\$ 4,361
SHAREHOLDERS' EQUITY		
Share Capital (Note 3)	300,459	300,459
Share Subscriptions (Note 6)	97,873	-
Deficit	(325,990)	(285,952)
	72,342	14,507
	\$ 105,364	\$ 18,868

APPROVED BY THE BOARD:

“Donald A. McInnes” Director

“Michael Volker” Director

PLUTONIC CAPITAL INC.

Statements of Cash Flows
Year Ended June 30, 2003

	2003	2002
Cash Flows Used For Operating Activities		
Interest received	\$ -	\$ 1
Cash paid to suppliers	(14,444)	(44,428)
	(14,444)	(44,427)
Cash Flows From Financing Activities		
Share subscriptions received (Note 6)	117,000	-
Share issue costs paid	(19,127)	-
Cash flows from financing activities	97,873	-
Cash Flows Used For Investing Activities		
Property acquisition and exploration costs	(11,947)	-
Increase (Decrease) in Cash	71,482	(44,427)
CASH, Beginning of Year	18,501	62,928
CASH, End of Year	\$ 89,983	\$ 18,501

PLUTONIC CAPITAL INC.

Notes to Financial Statements
June 30, 2003

1. OPERATIONS

The company was incorporated on May 18, 1999, under the name 585571 B.C. Ltd., pursuant to the provisions of the Company Act, British Columbia. The company changed its name to Plutonic Capital Corp. on July 8, 1999 and to Plutonic Capital Inc. on August 12, 2003.

The company is a venture capital pool company pursuant to the policies of the TSX Venture Exchange (the "Exchange"). The principle business of the company will be to identify and evaluate opportunities for the acquisition of interests in assets or businesses.

The company completed its qualifying transaction, the acquisition of an interest in an asset or a business subject to shareholder and regulatory approval, on August 12, 2003 (Note 6).

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared on the basis of Canadian generally accepted accounting principles, which include the following significant policies:

Mineral Property Interests

The company's mineral property interests are composed of mineral properties owned by the company and rights to ownership of mineral properties which the company can earn through payments, incurring exploration expenditures and combinations thereof. The company's property ownership and rights to property ownership are described in Note 3.

The company accounts for its mineral property interests whereby costs relative to the acquisition of, exploration for and development of these interests are capitalized by property. All sales and option proceeds received are first credited against the costs of the related interest, with any excess credited to earnings. No gains or losses are recognized on the partial sale or disposition of interests except in circumstances which result in significant dispositions of reserves. Once commercial production has commenced, these net costs are charged to future operations using the unit-of-production method based on estimated recoverable reserves by property. The net costs related to abandoned properties and interests are charged to earnings.

The recoverability of the amounts shown for mineral property interests and related costs are dependent upon the confirmation of economically recoverable reserves, the ability of the company to obtain the necessary financing to successfully complete their development and to meet the requirements, from time to time, of lenders who are providing this financing and upon future profitable production.

PLUTONIC CAPITAL INC.

Notes to Financial Statements
June 30, 2003

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based Compensation

The company issues options to purchase shares under the terms described in Note 4. No compensation expense is recognized when options to purchase shares are issued to employees or directors. Where options to purchase shares are issued to non-employees in return for goods or services, the fair value of the options issued are recognized as an expense in the period in which the goods or services are received or are expected to be received. The consideration received on the exercise of share options is credited to share capital.

Loss Per Share

Loss per share is calculated based on the weighted average number of common shares of the company that were outstanding in each reporting period.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions about future events that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

PLUTONIC CAPITAL INC.

Notes to Financial Statements
June 30, 2003

3. SHARE CAPITAL

Authorized (Note 6)

100,000,000 common shares without par value

10,000,000 preferred shares without par value, issuable in series

Issued and outstanding (Note 6)

	Number of Shares	Amount
Common shares		
Issued for cash on incorporation	1	\$ 1
Issued for cash	999,999	99,999
Issued for cash, net of share issue costs of \$59,541	1,300,000	200,459
<hr/>		
Balance, June 30, 2003	2,300,000	\$300,459

999,999 of the issued common shares are subject to the escrow restrictions stipulated by the Exchange.

On June 30, 2002 the following options and warrants to purchase common shares were outstanding:

	Number of Shares	Exercise Price	Expiry Date
Directors' options	207,500	\$ 0.20	March 2, 2005
Officer's options	15,000	0.20	March 2, 2005
Employees' options	5,000	0.20	March 2, 2005

4. RELATED PARTY TRANSACTIONS

During the year the company paid \$29,720 (2002 - \$19,756) to another company owned by the president of the company for office services and reimbursement of disbursements.

5. INCOME TAXES

The Company has incurred losses for income tax purposes of approximately \$ 325,990 which can be carried forward to reduce taxable income in future years. If unused, these losses will expire in various years commencing in 2007.

The potential benefits arising from these losses have not been recorded in these financial statements.

PLUTONIC CAPITAL INC.

Notes to Financial Statements
June 30, 2003

6. QUALIFYING TRANSACTION

The Company has entered into an agreement with Rimfire Mineral Corporation (Rimfire) to acquire a 51% undivided legal and beneficial interest in the Tide Property, located in the Skeena Mining Division, British Columbia. The consideration payable for the acquisition will be the:

- payment of \$2,000 cash to Rimfire by July 24, 2002 (paid);
- payment of an additional \$13,000 to Rimfire upon closing the acquisition (paid);
- payment of an additional \$15,000 to Rimfire (paid), issuance of 50,000 common shares (or payment of \$20,000 in lieu thereof) to Rimfire by August 15, 2003 (50,000 shares issued) and further expenditure of a minimum \$185,000 on exploration and development work on the tide Property by no later than September 30, 2003;
- payment of an additional \$25,000 to Rimfire, issuance of 50,000 common shares (or payment of \$35,000 in lieu thereof) to Rimfire and further expenditure of a minimum \$250,000 on exploration and development work on the tide Property by no later than July 24, 2004;
- payment of an additional \$35,000 to Rimfire, issuance of 50,000 common shares (or payment of \$60,000 in lieu thereof) to Rimfire and further expenditure of a minimum \$400,000 on exploration and development work on the tide Property by no later than July 24, 2005;
- payment of an additional \$40,000 to Rimfire, issuance of 50,000 common shares (or payment of \$85,000 in lieu thereof) to Rimfire and further expenditure of a minimum \$600,000 on exploration and development work on the tide Property by no later than July 24, 2006;

The company obtained regulatory approval of the acquisition of the Tide Property as the company's qualifying transaction on August 12, 2003 and changed its name to Plutonic Capital Inc.

It was a condition precedent to the acquisition that the company completed a private placement financing for gross proceeds of a minimum of \$410,000 to maximum of \$500,000. The company completed a private placement of 2,500,000 units at \$0.20 per unit for gross proceeds of \$500,000 on August 8, 2003. Each unit consists of one common share and one warrant. Warrant holders will be entitled to purchase one common share for two warrants and \$0.25 until November 30, 2003.

The company will consolidate its common shares on the basis of one post-consolidated common share for every two pre-consolidated common shares. The number of common shares issuable upon exercise of outstanding options and warrants and the option or warrant price therefore will be adjusted proportionately to reflect the consolidation. The company will immediately also increase its post-consolidation common shares from 50,000,000 to 100,000,000.

7. FINANCIAL INSTRUMENTS

The fair values of the company's financial instruments, which are cash, accounts receivable and accounts payable, approximate their carrying values in these financial statements.

PLUTONIC CAPITAL CORP.

Quarterly Report to Shareholders
Year Ended June 30, 2003

3-a **No securities were issued during the year ended June 30, 2003**

3-b **No options or warrants were granted during the year ended June 30, 2003**

4. **Summary of securities as at June 30, 2003**

4-a Authorized 100,000,000 common shares without par value and 10,000,000 preferred shares without par value, issuable in series

4-b 2,300,000 common shares were issued and outstanding for a total value of \$ 300,459

4-c 227,500 outstanding stock options at \$0.20 per share, expiring on March 2, 2005.

4-d 999,999 common shares held in escrow and subject to a pooling agreement

5. **Directors**

Donald A. McInnes, President and Director

R. Stuart Angus, Director

Michael Volker, Director

Walter T. Segsworth

William F. Lindqvist

Schedule C
Form 51 – 901F

PLUTONIC CAPITAL CORPORATION

Quarterly Report to Shareholders
Year Ended June 30, 2003

Management Discussion and Analysis of Financial Condition and Results Of Operations

The following discussion and analysis should be read in conjunction with the financial statements and notes thereto.

OVERVIEW

The Company is a capital pool company pursuant to the policies of the Canadian Venture Exchange.

The Company has been actively evaluating business opportunities in its search for a qualifying transaction. On October 10, 2000 trading in the shares of the company were halted, the company having found a suitable qualifying transaction.

The company has entered into a property acquisition agreement which, if completed, will constitute its qualifying transaction (see below).

OPERATING RESULTS

The Company had net losses of \$40,038 and \$27,374 respectively, during the year ending June 30, 2003 and 2002. The expenses incurred during the period related to costs incurred in completing the qualifying transaction.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2003, the Company had net working capital, described as current assets in excess of current liabilities, of \$ 60,394 compared to \$14,507 as at June 30, 002. The increase in working capital resulted from \$117,000 in share subscriptions being received during the period. No treasury shares were issued during year ending June 30, 2003.

PLUTONIC CAPITAL CORPORATION

Quarterly Report to Shareholders
Year Ended June 30, 2003

Management Discussion and Analysis of Financial Condition and Results Of Operations (Continued)

SUBSEQUENT EVENTS

QUALIFYING TRANSACTION

The company has entered into an agreement with Rimfire Minerals Corporation (Rimfire) to acquire a 51% undivided legal and beneficial interest in the Tide Property, located in the Skeena Mining Division, British Columbia. The consideration payable for the acquisition will be the:

- payment of \$2,000 cash to Rimfire by July 24, 2002 (paid);
- payment of an additional \$13,000 to Rimfire upon closing the acquisition (paid);
- payment of an additional \$15,000 to Rimfire, (paid), issuance of 50,000 common shares (or payment of \$20,000 in lieu thereof) to Rimfire August 15, 2003 (50,000 shares issued) and further expenditure of a minimum \$185,000 on exploration and development work on the Tide Property by no later than September 30, 2003;
- payment of an additional \$25,000 to Rimfire, issuance of 50,000 common shares (or payment of \$35,000 in lieu thereof) to Rimfire and further expenditure of a minimum \$250,000 on exploration and development work on the Tide Property by no later than July 24, 2004;
- payment of an additional \$35,000 to Rimfire, issuance of 50,000 common shares (or payment of \$60,000 in lieu thereof) to Rimfire and further expenditure of a minimum \$400,000 on exploration and development work on the Tide Property by no later than July 24, 2005;
- payment of an additional \$45,000 to Rimfire, issuance of 50,000 common shares (or payment of \$85,000 in lieu thereof) to Rimfire and further expenditure of a minimum \$600,000 on exploration and development work on the Tide Property by no later than July 24, 2006.

The company obtained regulatory approval of the acquisition of the Tide Property as the company's qualifying transaction on August 12, 2003 and changed its name to Plutonic Capital Inc.

It was a condition precedent to the acquisition that the company completed a private placement financing for gross proceeds of a minimum of \$410,000 to maximum of \$500,000. The company completed a private placement of 2,500,000 units at \$0.20 per unit for gross proceeds of \$500,000 on August 8, 2003. Each unit consists of one common share and one warrant. Warrant holders will be entitled to purchase one common share for two warrants and \$ 0.25 until November 30, 2003.

The company will consolidate its common shares on a basis of one post-consolidated common share for every two pre-consolidated common shares. The number of common shares issuable upon exercise of outstanding options and warrants and the option or warrant price therefore will be adjusted proportionately to reflect the consolidation. The company will immediately also increase its post-consolidation common shares from 50,000,000 to 100,000,000.

PLUTONIC CAPITAL CORPORATION

Quarterly Report to Shareholders
Year Ended June 30, 2003

**Management Discussion and Analysis of Financial Condition and Results
Of Operations (Continued)**

SUBSEQUENT EVENTS (continued)

QUALIFYING TRANSACTION (con't)

It is a condition precedent to the acquisition that the company completes a private placement of a least 4,100,000 and up to 5,000,000 units at a price of \$0.10 per unit (for minimum gross proceeds of \$410,000 and maximum of \$500,000). Each unit will consist of one common share and one warrant. Each warrant will entitle the holder to purchase one common share for a period of two years, at a price equal to the lower of \$0.40 per share and the average market price fro the 30 days following the resumption of trading.

At the same time, the company will consolidate its common shares on the basis of one post-consolidated common share for every two pre-consolidated common shares. The number of common shares issuable upon exercise of outstanding options and warrants and the option or warrant price therefore will be adjusted proportionately to reflect the consolidation. The company will immediately also increase its post-consolidation common shares from 50,000,000 to 100,000,000.

Concurrently with the completion of the acquisition, the company's name will be changed to "Plutonic Capital Inc."

Schedule C
Form 51 – 901F

PLUTONIC CAPITAL CORPORATION
Year End Report to Shareholders
For the 4th Quarter Ended June 30, 2003

Letter to Shareholders:

The following report presents the audited financial statements for Plutonic Capital Corp. for the year ended June 30, 2003.

Activities during the year were solely focused on completing the qualifying transaction, a significant milestone achieved just after year-end on August 12, 2003. Although it took over three frustrating years to complete the qualifying transaction I feel the future for Plutonic is very bright. Not only are the mineral markets improving dramatically, your Board of Directors has also identified an exceptional opportunity in the power industry, specifically run of river hydro electric power generation. I hope to be able to provide you with more detailed information on the run of river opportunity once a full submission has been made to the TSX Venture Exchange.

On behalf of the Board of Directors I am very excited about our future prospects and am anxiously looking forward to re-launching Plutonic as a power company.

On behalf of the Board of Directors:

“signed”

Donald McInnes,
President

November 14, 2003