

Riddarhyttan Resources AB

QUARTERLY REPORT JAN – MAR 2003 APRIL 23RD, 2003

Drill holes in the Suurikuusikko area (Finland), report high gold grades over considerable widths, further adding to the resource potential of the known gold deposits:

- *Main Zone: 11.1 grams per tonne gold over 12.0 metres (core section)*
- *Main Zone: 7.9 grams per tonne gold over 11.0 metres (core section)***
- *Ketola Zone: 5.9 grams per tonne gold over 6.6 metres (core section)***
- *Ketola Zone: 5.4 grams per tonne gold over 6.1 metres (core section)*

New cost estimated regarding the planned mill and processing plant highlights:

- *Potential for lower plant CAPEX*
- *Potential for lower operating costs in the processing plant*

For the first quarter, 2003, the result after financial investments for the group of companies was -4,0 MSEK(-2,5).

Result and financial position

For the group of companies, the result as per March 31st was -3 960 Tkr (-2 478). The result from financial investments amounted to 241 Tkr (630). The group's cash and cash equivalents including short-term investments at the end of the period was 28 574 Tkr (35 512). Total cash flow during the period was -12 449 Tkr (-8 593). During the period the group incurred activated exploration expenditures of 8 623 Tkr (3 975) covering exploration in the Suurikuusikko area.

The Riddarhyttan Share Capital

The number of shares outstanding as of March 31st was 90 000 000. At the end of the period, the total number of share holders in the company amounted to 5 591. Approximately 25 % of the shares are foreign owned and slightly less than 35 % of all the share holders own less than 1 000 shares.

Riddarhyttan: Mining Permiy and Concession Awared

In the end of January 2003, the Ministry of Trade and Industry in Helsinki awarded Riddarhyttan mining concession and permit for (open pit / underground) mining in the Suurikuusikko area. Note that Riddarhyttan had already been granted the more essential environmental permit to mine (Nov. 2002) and to extract the gold on site, in accordance with the process technology proposed by the company. As a result, the company now holds all permits necessary to commence mine development on the project.

**** Previously not reported**

Results from exploration during January-March 2003

During the first three months of the year exploration in the Suurikuusikko area has primarily been concentrated on:

- The deeper sections of the Main Zone
- The Ketola Zone
- The Etelä Zone
- The N. Rouravaara Zone
- The area between Southern and Northern Rouravaara (Central Rouravaara)

Ketola Zone

The southernmost of the known zones in the Suurikuusikko Trend, the Ketola Zone, was further explored through the completion of three drill holes initiated during the first three months of the year (one new hole and two old holes which were re-entered and extended). As a result of the assays obtained, the mineralised zone has been extended northward by approximately 80 metres.

At a depth of 150 meters, the first hole which was extended (02103), intersected two parallel mineralized zones:

- 2.6 metre section of the core with 7.9 grams gold per tonne.
- 6.1 metre section of the core with 5.4 grams gold per tonne.

A new hole (03005)** was drilled north of 02103 and intersected a zone of moderate grade gold at a depth of 170 meters. The 6.6 metre long mineralised section of core from this hole reported an average grade of 5.9 grams gold per tonne. The drill hole, to date the deepest drilled on the Ketola occurrence, shows that the mineralised zone continues further northward in the down plunge direction.

The extension of a second previously drilled hole (02110)** intersected the gold bearing zone at approximately 240 metres depth in a position below the high grade part of the mineralisation. The mineralized section reported an average grade of 1.4 grams per tonne of gold over a 3.4 metre core length.

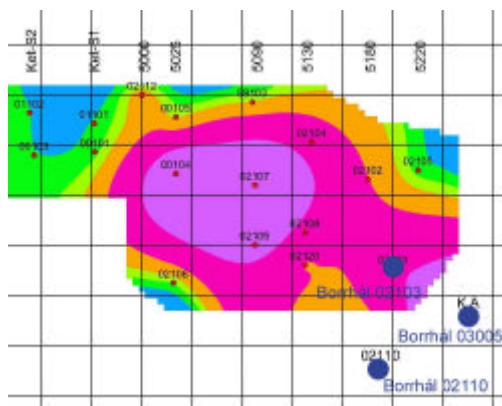


Figure 1.

Longitudinal profile through the Ketola occurrence showing the three holes drilled during 2003. Contours of grade x width in the longitudinal profile are not corrected for all results from the drilling.

**** Previously not reported**

Etelä Zone

Two holes were drilled on the Etelä Zone during the first months of the year. Drill hole 03003 intersected the mineralised zone at a depth of 150 metres (below the northerly plunging high-grade mineralisation). The 2.1 metre long section of core reported an average grade of 2.9 grams gold per tonne. In addition, drill hole 02057 intersected the same mineralised horizon at a depth of 170 metres grading 4.3 grams gold per tonne over 1.9 metres. It is currently uncertain whether the wider and higher-grade mineralisation is located above or below the position of this intercept.

Main Zone

The Main Zone, which is the most important zone found to date in the Suurikuusikko Trend, was recently tested with three drill holes completed over the past months.

Backed by an increased understanding of the zone's geometry, a previously drilled hole (98015) was re-entered and extended to investigate the possible northern extension of the Western Zone B. The drill hole which, before being extended, had only intercepted a portion of the Central Zone, successfully reached its planned target at a depth of 260 metres. The hole reported a high-grade mineralised zone assaying 11.1 grams per tonne over 12.0 metres. In addition to this positive news, a further key intercept was made of the Western zone C (9.0 grams gold per tonne over 2.5 metres).

A new hole** (02002) was drilled 70 metres to the north of the previous intercept to investigate if the Western zone B extends even further to the north than previously thought. This new drill hole successfully intersected the zone at a depth of 370 metres and showed that the zone, within the given area, is highly mineralised. The 11.0 metre section obtained from the intercept graded an average of 7.9 grams gold per tonne. The drill hole also intersected a deeper zone at 310 metres depth which was yet another positive surprise since the higher grade portion of this zone, in the current profile, had been expected to be located below the drill hole. The mineralised section of this intercept (3.9 metres) reported an average grade of 7.6 grams gold per tonne.

One hole (02063) was also drilled to investigate the northernmost part of the Main Zone. At a depth of 180 metres the hole intersected a narrow but high-grade section of mineralisation (12.3 grams gold per tonne over 2.1 metres of the core). Including adjacent lower grade sections, the intercept averages 4.6 grams gold per tonne over 7.3 metres. It is interesting to note that this mineralisation is located above the Kukkelli zone, which in the same profile is estimated to occur at a depth of just over 400 metres.

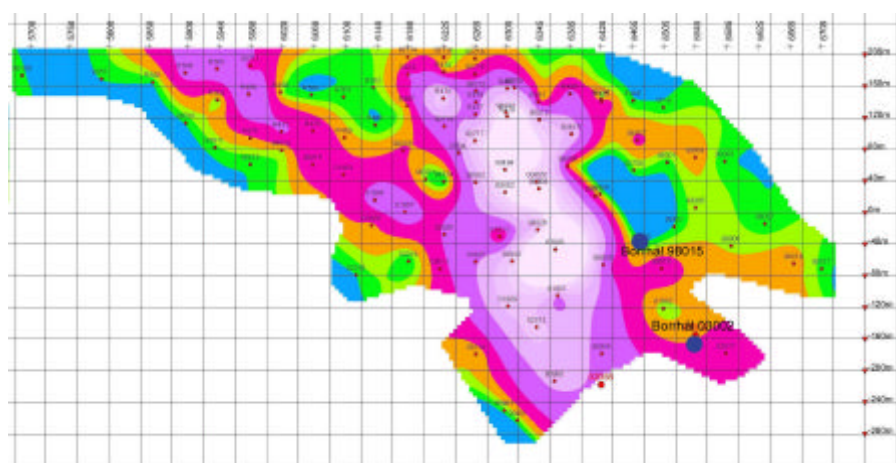


Figure 2.

Longitudinal profile through the SW and W zone B of the Main occurrence showing the two holes drilled during 2003. Contours of grade x width in the longitudinal profile are not corrected for all results from the drilling.

**** Previously not reported**

Central Rouravaara

The mineralised zone between the Southern and Northern Rouravaara (Central Rouravaara) was tested in three drill holes completed during the period January – March, 2003. A number of zones were intersected in the drilling, the two highest of which were obtained at a depth of 30 metres depth (hole 02061: 3.0 and 2.1 metres along the core with 5.4 and 4.4 grams gold per tonne respectively).

Drill hole 02062 also intersected a number of mineralised horizons, of which the best are:

- 3.4 grams gold per tonne over 2.0 metres (at approximately 20 metre depth).
- 4.0 grams gold per tonne over 2.9 metres (at approximately 35 metre depth).

At a depth of 70 metres drill hole 02052 intersected a mineralised zone situated on the boundary between Central and Northern Rouravaara. The mineralised section of the core averaged 3.4 grams per tonne over 4.6 metres.

N. Rouravaara

Three holes were drilled to investigate the N. Rouravaara Zone, at depth. Drill hole 02053, which intersected the mineralisation below the known shallow high-grade portion in the south, reported a narrow, high-grade intercept assaying 2.6 grams gold per tonne over 2.0 meters

The remaining two holes were drilled on the deeper extensions of the northern part of the zone. Drill hole 02065 intersected the mineralised zone at 140 metres depth. Assays revealed an 8.5 metre long section of the core that averaged 3.5 grams gold per tonne. At a depth of approximately 150 metres, drill hole 03001 intersected the mineralised zone reporting a 3.2 metre-wide zone assaying 3.7 grams gold per tonne).

Lower CAPEX and operating costs in the planned processing plant

Metallurgical Design and Management Ltd. (MDM), commissioned by Riddarhyttan Resources AB, recently carried out a new estimate of investment costs and operating expenses relating to the proposed processing plant. The new estimates have taken into account the results from technical processing tests undertaken during 2001 and 2002, in addition to the inclusion of milling/processing equipment sourced from countries where material/labour rates tend to be lower.

The study found that operating expenses (excluding detox related expenses) were reduced from \$65.03 USD/ounce (May 2001) to \$61.81 USD/ounce (March 2003). The main savings were derived from a reduction in the grinding of flotation concentrate and from carrying out the crushing using in-house management. In the earlier estimates the detox cost components were estimated to be \$7.03 USD/ounce. Results from extensive test-work have lead to the development, by Riddarhyttan, of a process used for the destruction of cyanide (the ROLB-process), highlighting that the detox costs can be reduced even further.

Comparable plant CAPEX costs have been reduced from \$45.4 MUSD (May 2001) to \$38.9 MUSD (March 2003 – escalated by an inflation rate of 4,2 %). However, carrying out the crushing in-house will add approximately \$1.0 M USD to the CAPEX. Approximately \$1.0 M USD further will be added to the investment for the improved degradation process applied to the cyanides. The total investment for the processing plant is estimated to be approximately \$41.0 M USD.

In order to further decrease CAPEX costs with respect to mining, Riddarhyttan intends to use contractors to a much greater extent. This factor, in addition to the decreasing exchange rate USD/EUR, will result in higher mining cost compared to previous estimates and counteract the above mentioned positive effects from the study.

Accounting principles

This interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR 20 on interim reporting.

The accounting principles applied are the same as in the latest annual report.

Signing

Gothenburg, 23rd of April 2003.

Riddarhyttan Resources AB
The Board

Information

Interim report April – June 2003	2003-08-20
Interim report July – Sept 2003	2003-11-05

The technical basic data in this report has been compiled by Lars-Göran Ohlsson and Thomas Lindholm (Riddarhyttan Resources) who by the Swedish Mining Association are registered as "Qualified persons". All analyses have been carried out by GTK's laboratory (accreditation code T025).

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Riddarhyttan Resources AB is an exploration company owning titles on precious metal assets situated in the Nordic region of Europe. The primary business idea is, by means of exploration and acquisition, to acquire new zone of mineralisation, which through detailed exploration can be advanced to economic resources. At the Suurikuusikko occurrence (Finland), which is Riddarhyttan's most advanced project, gold resources (57 % indicated and 43 % inferred resources, cut-off 2g/t Au) amount to 11.5 million tonnes grading 5.4 grams gold per tonne (approximately 2 million ounces of gold).

Income statement in summary (Tkr)

	3 MOS JAN - MAR 2003	3 MOS JAN - MAR 2002	12 MOS FULL YEAR 2002
Net revenue		695	771
Other income	907		
Total revenues	907	695	771
Personell costs	-900	-956	-3 764
Other external costs	-4 178	-2 814	-9 843
Depreciation of tangible and intangible investments	-30	-33	-143
Operating result	-4 201	-3 108	-12 979
Result from financial investments	241	630	-359
Result after financial investments	-3 960	-2 478	-13 338
Taxes	-	-	-
Net result	-3 960	-2 478	-13 338
Profit/loss per share before dilution	-0,04	-0,03	-0,16
Average number of shares before dilution	90 000 000	80 000 000	83 342 466

Balance sheet in summary (Tkr)

	2003-03-31	2002-12-31
Intangible assets	104 485	95 865
Tangible assets	239	266
Other current assets	2 235	2 727
Bank balances and short term investments	28 574	41 023
Total assets	135 533	139 881
Equity (Note 1)	131 046	135 011
Interest bearing liabilities	184	184
Other liabilities	4 303	4 686
Total equity and liabilities	135 533	139 881

Cash flow analysis (Tkr)

	2003-01-01	2002-01-01
	2003-03-31	2002-03-31
Cash flow from continuing operations	-3 826	-4 608
Cash flow from investing activities	-8 623	-3 985
Cash flow from financing activities		
Total cash flow	-12 449	-8 593
Cash and cash equivalents, beginning of year	41 023	40 750
Cash and cash equivalents, end of year	28 574	32 157

Notes**Note 1 - Equity (Tkr)**

	2003-01-01	2002-01-01
	2003-03-31	2002-12-31
Opening balance	135 011	114 190
New issue		34 127
Conversion differences	-5	32
Profit/loss for the year	-3 960	-13 338
Closing balance	131 046	135 011

Key ratios for the group

	3 MOS JAN - MAR 2003	3 MOS JAN - MAR 2002	12 MOS FULL YEAR 2002
Total revenues, Tkr	907	695	771
Result after financial investments, Tkr	-3 960	-2 478	-13 338
Profit margin, %	Neg	Neg	Neg
Return on capital employed, %	-3	-2	-11
Return on equity, %	-3	-2	-11
Debt/assets ratio, %	0	0	0
Equity/assets ratio, %	97	94	97
Total assets, Tkr	135 533	118 236	139 881
Equity, Tkr	131 046	111 625	135 011
Number of share, end of period	90 000 000	80 000 000	90 000 000
Equity per share before dilution, kr	1,46	1,40	1,50
Profit/loss per share before dilution, kr	-0,04	-0,03	-0,16
Cash flow per share before dilution, kr	-0,14	-0,11	-0,04
Investing activities, Tkr	8 623	3 985	22 471
Share price as of end of period, kr	4,40	3,10	4,54
Number of employees	3	3	3



APPENDIX

Analyses of mineralised sections of core (Suurikuusikko)

For the position of the drill holes, please refer to the appendix of Riddarhyttans annual report 2001

Drill hole	Co-ordinates (m)	Dip (degrees) Direction (degrees)	Mineralised section from .. to (m)	Mineralised section (m)	Grade of gold (g/t)
02103 Ketola (extension of previous hole)	7535200 2558550	42 270	140.0-140.7 212.9-215.5 217.9-224.0 (212.9-224.0) 228.9-229.3	0.7 2.6 6.1 (11.1) 0.4	1.0 7.9 5.4 (4.9) 1.1
03005 Ketola	7535260 2558530	55 270	198.4-205.0	6.6	5.9
02110 Ketola (extension of previous hole)	7535180 2558650	42 270	334.5-335.4 350.2-351.2 366.6-370.0 375.9-376.3	0.9 1.0 3.4 0.4	2.1 1.1 1.4 1.8
03003 Etelä	7535535 2558596	55 270	193.1-195.2	2.1	2.9
02057 Etelä	7535660 2558650	51 270	229.8-231.7	1.9	4.3
98015 Huvudförekomsten (extension of previous hole)	7536475 2558789	55 270	314.9-323.6 (314.9-326.9) 328.8-330.7 (314.9-330.7) 341.4-346.0 352.1-352.9 357.9-360.4 407.6-408.2	8.7 (12.0) 1.9 (15.8) 4.6 0.8 2.5 0.6	14.5 (11.1) 2.7 (8.7) 1.6 1.2 9.0 1.4
03002 Main occurrence	7536545 2558817	64 270	57.5-59.5 285.2-288.2 306.1-308.2 315.1-316.9 333.6-334.6 336.6-340.5 418.7-429.7 (418.7-434.1) 437.9-441.8	2.0 3.0 2.1 1.8 1.0 3.9 11.0 (15.4) 3.9	1.3 3.4 2.9 1.0 2.5 7.6 7.9 (6.2) 3.2
02063 Main occurrence	7537075 2558820	57 270	214.9-217.0 (214.5-221.8)	2.1 (7.3)	12.3 (4.6)
02061 C. Rouravaara	7537205 2558650	44 90	42.4-43.1 50.5-53.5 58.6-60.7 97.4-98.2	0.7 3.0 2.1 0.8	2.8 5.4 4.4 2.5
02062 C. Rouravaara	7537245 2558740	45 270	30.7-33.0 39.0-41.0 42.8-43.8 61.8-64.7 110.7-111.8	2.3 2.0 1.0 2.9 1.1	2.3 3.4 2.2 4.0 4.3
02052 C. Rouravaara	7537950 2558755	45 270	101.4-106.0	4.6	3.4
02053 N.Rouravaara	7538150 2558790	50 270	134.5-136.5	2.0	2.6
02065 N.Rouravaara	7538250 2558820	48 270	176.7-177.7 189.0-197.5	1.0 8.5	1.5 3.5
03001 N.Rouravaara	7538300 2558870	55 270	212.5-214.1 228.3-231.5	1.6 3.2	1.3 3.7

All analyses have been carried out by GTK's laboratory (accreditation code T025).