

HEDONG ENERGY INC.

**Financial Statements
(Unaudited – Prepared by Management)**

September 30, 2003 and 2002

LEDONG ENERGY INC.

Balance Sheets

	September 30. 2003 (Unaudited)	June 30. 2003 (Audited)
Assets		
Current		
Cash	\$13,865	\$2,329
	\$13,865	\$2,329
Liabilities		
Current		
Accounts payable and accrued liabilities	\$52,746	\$60,089
Due to related parties	179,166	134,140
	231,912	194,229
Shareholders' Equity		
Capital Stock (note 5)	49,681	49,681
Retained Earnings	(267,728)	(241,581)
	(218,047)	(191,900)
	\$13,865	\$2,329

See notes to the financial statements.

Going concern (note 2)

Commitment (note 7)

Subsequent event (note 4)

Approved on behalf of the Board:

"Chris Cooper"
..... Director
Chris Cooper

"Barry Lee"
..... Director
Barry Lee

HEDONG ENERGY INC.
Statements of Operations and Deficit
(Unaudited – Prepared by Management)

Three Month Periods Ended

	September 30. 2003	September 30. 2002
Revenue		
Interest	\$ 14	\$ 56
Expenses		
Rent	15,000	16,913
Management and administrative fees	7,500	-
Professional fees	2,000	3,602
Transfer agent	658	543
Travel	525	54,926
Office	365	11,383
Interest and bank charges	110	171
Foreign exchange loss (gain)	3	(299)
Consulting fees	-	6,970
	26,161	94,209
Loss for the period	(26,147)	(94,153)
Retained earnings (deficit), beginning of period	(241,581)	181,447
Retained earnings (deficit), end of period	\$(267,728)	\$87,294
Loss per share – basic and diluted	\$ (0.00)	\$ (0.01)
Weighted Average Number of Shares Outstanding		
- basic and diluted	10,609,475	10,592,808

See notes to the financial statements.

HEDONG ENERGY INC.
Statements of Cash Flows
(Unaudited – Prepared by Management)

Three Month Periods Ended

	September 30. 2003	September 30. 2002
Loss for the year	\$(26,147)	\$(94,153)
Changes in Operating Assets and Liabilities	(7,343)	29,594
Cash Used in Operating Activities	(33,490)	(64,559)
Financing Activity		
Due to related parties	45,026	-
Increase (decrease) in cash	11,536	(64,559)
Cash, beginning of year	2,329	77,535
Cash, end of year	\$13,865	\$12,976

See notes to the financial statements.

HEDONG ENERGY INC.
Notes to Financial Statements
Three Month Periods Ended September 30, 2003 and 2002

1. ORGANIZATION AND NATURE OF OPERATIONS

Hedong Energy Inc. (the "Company") is listed on the TSX Venture Exchange ("TSX") and has its offices in Vancouver, Canada.

The Company has no operations. The Company is seeking other investment opportunities.

During the period, after previously being designated inactive, the Company had its Exchange listing transferred to the NEX board for inactive users. Listed companies on the NEX board are limited to, amongst other items, management fees of \$2,500 per month, raising a maximum of \$350,000 in aggregate through the issuance of shares in any 12 month period, and issuing maximum stock options equal to 10% of the issued and outstanding shares during any 12 month period.

During the period, the Company announced plans to consolidate its share capital on a three old for one new basis, and change its name to Benchmark Energy Ltd. This consolidation and change of name are subject to shareholder and regulatory approval.

2. GOING CONCERN

These financial statements are prepared on a going-concern basis, which implies that the Company will continue realizing its assets and discharging its liabilities in the normal course of business and will be able to establish new business opportunities and be able to raise sufficient funds to develop the new business. The Company has incurred losses and has a deficit of \$267,728 at September 30, 2003, and has a working capital deficiency of \$218,047 at September 30, 2003. Accordingly, these financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern, establish a new business and obtain sufficient financing to fund development of the new business.

3. SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information and they follow the same accounting policies and methods of application as the audited consolidated financial statements of Hedong Energy Inc. (the "Company") for the year ended June 30, 2003 except as noted below. These unaudited interim consolidated financial statements do not include all the information and note disclosures required by generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the most recent annual audited consolidated financial statements and the notes below.

(a) Foreign currency translation

During the year ended June 30, 2003, as a result of the Company relocating its administration and operations offices to Canada, the Company changed its reporting currency from Australian to Canadian dollars. As a result, prior year's figures have been translated into the reporting currency. Income statement and cash flow statement items have been translated to the reporting currency using the rates in effect at the date of the transactions, and assets and liabilities are translated using the exchange rate at the end of the year. All resulting exchange differences have been included in the statement of operations and deficit.

HEDONG ENERGY INC.
Notes to Financial Statements
Three Month Periods Ended September 30, 2003 and 2002

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Foreign currency translation (continued)

Amounts recorded in foreign currency are translated into Canadian dollars as follows

- (i) Monetary assets and liabilities are translated at the rate of exchange in effect at the balance sheet date;
- (ii) Non-monetary assets and liabilities are translated at the rate of exchange in effect at the date of the transaction; and,
- (iii) Revenues and expenses, at the average rate of exchange for the year.

Gains and losses arising from the translation of foreign currencies are included in the statement of operations for the period.

(b) Stock-based compensation

Effective July 1, 2002, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants with respect to the accounting for stock-based compensation and other stock-based payments. The new recommendations are applied prospectively.

The Company accounts for all stock-based payments to non-employees and employee awards that are direct awards of stock, granted on or after July 1, 2002, using the fair value method. Under the fair value based method, stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable. The fair value of stock-based payments to non-employees is periodically re-measured until counterpart performance is complete and any change therein recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The cost of stock-based payments to non-employees that are fully vested and non-forfeitable at the grant date is measured and recognized at that date.

In respect of stock options granted to directors and employees, the standard requires pro forma disclosure of the net loss or income figures as if these grants were accounted for using the fair value method for options granted after January 1, 2002. The Company accounts for options granted to employees under the settlement method whereby no compensation cost is recorded for options granted to employees. Consideration paid by employees on the exercise of stock options is recorded as share capital.

Since there were no stock options granted during the period and the Company has omitted the effect of employee stock options granted before July 1, 2002 in determining pro forma disclosures, no pro forma disclosures have been provided.

(c) Comparative figures

Certain comparative figures have been reclassified to conform to the current period's presentation. In addition, prior period figures have been translated from Australian to Canadian dollars as the Company has adopted the Canadian dollar as its reporting currency.

HEDONG ENERGY INC.
Notes to Financial Statements
Three Month Periods Ended September 30, 2003 and 2002

4. MINERAL PROPERTY

During the year ended June 30, 2003, the Company signed a Memorandum of Understanding (“Memorandum”) with Consolidated JABA Inc. (“JABA”) to secure an option to earn up to an 80% interest in the Providence Claims of the Providence Gold Project in Clarke County, Nevada.

Under the terms of the Memorandum, the Company must complete a work program on the property over the next four years., expending US\$150,000 in year one, US\$200,000 in year two, US\$250,000 in year three and US\$300,000 in year four. In addition, property payments of US\$25,000 per year from year one to year four, US\$50,000 per year for years five and six, and US\$100,000 per year in years seven and eight. The Company will also pay 150,000 shares in the capital stock of the Company each year under the Memorandum commencing on TSX approval, until a bankable feasibility study is completed. The Company will have earned a 70% interest in the claims after completing the work program and an additional 10% totalling 80% by completing a bankable feasibility study.

During the year ended June 30, 2003, the Company paid US\$25,000 for the first year property payment in accordance with this agreement.

Subsequent to period end, the Company terminated this option agreement. As a result of the termination, the Company paid \$20,000 and will issue 150,000 pre-consolidated common shares of the Company to JABA subject to regulatory approval.

5. CAPITAL STOCK

Authorized

- (i) Unlimited number of common shares without par value
- (ii) Unlimited number of 10% cumulative redeemable convertible non-voting Class A preferred shares without par value
- (iii) Unlimited number of non-voting Class B preferred shares without par value

Issued

Share capital consists of common shares issued as follows:

	2003		2002	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning and end of period	10,609,475	\$49,681	10,592,808	\$47,681

- (a) There were no share issuances during the period ended September 30, 2003.
- (b) The Company has no options outstanding at September 30, 2003.
- (c) The Company has no warrants outstanding at September 30, 2003.
- (d) The Company has 8,333 (2002 - 8,333) common shares held in escrow.

HEDONG ENERGY INC.
Notes to Financial Statements
Three Month Periods Ended September 30, 2003 and 2002

6. RELATED PARTY TRANSACTIONS

During the period, the Company paid or accrued the following amounts to companies controlled by directors of the Company, to a former director of the Company and to a company controlled by a former director of the Company:

	September 30	
	2003	2002
Consulting services	\$ -	\$ 3,000
Management and administrative services	7,500	5,000
Rent	15,000	15,000

These services were carried out by related parties on normal commercial terms at economically competitive amounts for the services they provided.

7. COMMITMENT

The Company has agreed to pay a company controlled by a former director monthly rent of \$5,000. The agreement will expire January 31, 2004.