

Securities and Exchange Commission  
Washington, D.C. 20549

Form 10-QSB

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE  
SECURITIES AND EXCHANGE ACT OF 1934

For the quarterly period ended November 30, 2002

TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE  
EXCHANGE ACT

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-8814

PURE CYCLE CORPORATION  
(Exact name of small business issuer as specified in its charter)

Delaware 84-0705083  
(State of incorporation) (I.R.S. Employer Identification  
Number)

8451 Delaware Street, Thornton, Colorado 80260  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number (303) 292 - 3456

N/A

(Former name, former address and former fiscal year, if changed  
since last report.)

Check whether the registrant (1) filed all reports required to be  
filed by Section 13 or 15(d) of the Exchange Act during the past  
12 months (or for such shorter period that the registrant was  
required to file such reports), and (2) has been subject to such  
filing requirements for the past 90 days. Yes ; NO

State the number of shares outstanding of each of the issuer's  
classes of common equity, as of November 30, 2002:

Common Stock, 1/3 of \$.01 par Value 78,439,763  
(Class) (Number of Shares)

Transitional Small business Disclosure Format (Check one): Yes  
; No

PURE CYCLE CORPORATION  
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"SAFE HARBOR" STATEMENT UNDER THE UNITED STATES PRIVATE  
SECURITIES LITIGATION REFORM ACT OF 1995

Statements that are not historical facts contained in this Quarterly Report on Form 10-QSB are forward looking statements that involve risk and uncertainties that could cause actual results to differ from projected results. Factors that could cause actual results to differ materially include, among others: general economic conditions, the market price of water, changes in applicable statutory and regulatory requirements, changes in technology, uncertainties in the estimation of water available under decrees and timing of development, the strength and financial resources of the Company's competitors, the Company's ability to find and retain skilled personnel, climatic conditions, labor relations, availability and cost of material and equipment, delays in the anticipated permit and start-up dates, environmental risks, and the results of financing efforts.

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PURE CYCLE CORPORATION  
BALANCE SHEETS  
(unaudited)

	November 30 2002	August 31 2002
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 281,141	\$ 287,720
Trade accounts receivable	21,171	50,919
Total current assets	302,312	338,639
Investment in water and systems:		
Rangeview water supply	13,631,120	13,566,777
Paradise water supply	5,491,423	5,491,423
Rangeview water system	148,441	148,441
Accumulated depreciation & depletion	(6,751)	(4,958)
Total investment in water and systems	19,264,233	19,201,683
Note receivable, including accrued interest	389,299	385,716
Other assets	95,941	102,241
	\$ 20,051,785	\$ 20,028,279
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	10,077	2,384
Accrued liabilities	24,919	19,495
Total current liabilities	34,996	21,879
Long-term debt - related parties, including accrued interest	4,757,534	4,713,270
Participating interests in Rangeview water rights	11,090,630	11,090,630
Stockholders' equity:		
Preferred stock, par value \$.001 per share; authorized - 25,000,000 shares:		
Series A1 - 1,600,000 shares issued and outstanding	1,600	1,600
Series B - 432,514 shares issued and outstanding	433	433
Series D - 6,455,000 shares issued and outstanding	6,455	6,455

Common stock, par value 1/3 of \$.01 per share; authorized - 135,000,000 shares;			
78,439,763 shares issued and outstanding	261,584		261,584
Additional paid-in capital	24,778,989		24,778,989
Accumulated deficit	(20,880,436)		(20,846,561)
Total stockholders' equity	4,168,625	4,202,500	
	\$ 20,051,785	\$ 20,028,279	

See Accompanying Notes to the Financial Statements

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PURE CYCLE CORPORATION  
STATEMENTS OF OPERATIONS  
(unaudited)

	Three Months Ended		
	November 30	November 30	
	2002	2001	
Water service revenue			
Water usage fees	57,447	32,754	
Wastewater usage fees	12,570		--
	70,017	32,754	
Water service operating expense	( 3,213)		(8,561)
Wastewater service operating expense	( 2,900)		--
	( 6,113)	(8,561)	
Gross Margin	63,904	24,193	
General and administrative expense	( 49,859)		( 48,718)
Depreciation expense	(1,055)	(1,055)	
Depletion expense	(738)	--	
Other income (expense):			
Interest income	4,437	6,764	
Interest expense:			
Related parties	( 44,264)	( 56,720)	
Amortization of warrants	(6,300)		--
Net income (loss)	\$ (33,875)	\$ (75,536)	
Basic and diluted net loss per common share	\$ --*	\$ --*	
Weighted average common shares outstanding	78,439,763	78,439,763	

\* less than \$.01 per share

See Accompanying Notes to the Financial Statements

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PURE CYCLE CORPORATION  
STATEMENTS OF CASH FLOWS  
(unaudited)

Three Months Ended  
November 30 November 30

	2002	2001	
Cash flows from operating activities:			
Net loss	\$(33,875)	\$(75,536)	
Adjustments to reconcile			
net loss to net cash provided by			
operating activities:			
Depreciation on water system	1,055	1,055	
Depletion expense	738	--	
Increase in accrued interest			
on note receivable	(3,583)	( 4,300)	
Increase in accrued interest on long			
term debt and other non-current			
liabilities	44,264	50,420	
Changes in operating assets and liabilities:			
Accounts receivable	29,748	25,996	
Other assets	6,300	6,300	
Accounts payable and accrued liabilities	13,117	12,870	
Net cash provided by			
operating activities	57,764	18,916	
Cash flows from investing activities:			
Investments in water supply	( 64,343)	(10,728)	
Net cash used in investing activities:	(64,343)	(10,728)	
Net decrease			
in cash and cash equivalents	(6,579)	6,077	
Cash and cash equivalents			
beginning of period		287,720	435,660
Cash and cash equivalents			
end of period	\$ 281,141	\$ 441,737	

See Accompanying Notes to the Financial Statements  
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PURE CYCLE CORPORATION  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ACCOUNTING PRINCIPLES

The balance sheets as of November 30, 2002 and August 31, 2002, the statements of operations for the three months ended November 30, 2002 and 2001 and the statements of cash flows for the three months ended November 30, 2002 and 2001, have been prepared by the Company, without an audit. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position, results of operations and cash flows at November 30, 2002 and for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Company's 2001 Quarterly Report on Form 10-QSB. The results of operations for interim periods presented are not necessarily indicative of the operating results for the full year.

NOTE 2 - STOCKHOLDERS' EQUITY

In August 2001, the Company entered into a Plan of Recapitalization and a Stock Purchase Agreement whereby the Company issued 6,455,000 shares of Series D Preferred Stock to

the Company's CEO, Mr. Thomas Clark in exchange for 421,666 shares of common stock, 3,200,000 shares of Series C Preferred Stock, 500,000 shares of Series C-1 Preferred Stock, 666,667 shares of Series C-2 Preferred Stock, and 1,666,667 shares of Series C-3 Preferred Stock, all of which were owned by Mr. Clark. The Company retired 3,200,000 shares of Series C Preferred Stock, 500,000 shares of Series C-1 Preferred Stock, 666,667 shares of Series C-2 Preferred Stock, and 1,666,667 shares of Series C-3 Preferred Stock. The Company sold 625,000 shares of the Company's Common Stock at \$.16 per share to two accredited investors. Proceeds to the Company were \$100,000. The shares were issued under Section 4(2) of the Securities Act of 1933.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

During the three months ended November 30, 2002, the Company delivered 12.6 million gallons of water generating revenues of \$57,447 compared to 13.1 million gallons during the quarter ended November 30, 2001, generated revenues of \$32,754. The increase in water service revenues is a result an increase in the occupancy for the Model Facility and the potable water service for the Model Facility. During the three months ended November 30, 2002, the Company processed approximately 1,000,000 gallons of wastewater generating revenues of \$12,570, which represent the first full year of occupancy at the Model Facility. The Company incurred approximately \$6,113 in water and wastewater operating costs during the quarter ending November 30, 2002, compared to \$8,561 for the quarter ending November 30, 2001. The decrease in operating costs are attributable to one time startup costs incurred from the initiation of domestic water and wastewater service to the Model Facility beginning in July 2001.

General and administrative expenses for the three months ended November 30, 2002 were \$1,141 higher than for the three months ended November 30, 2001. Net loss for the three months ended November 30, 2002 was \$33,875 compared to \$75,536 in the three months ended November 30, 2001 primarily because of increased water and wastewater revenues from the Model Facility.

Liquidity and Capital Resources

At November 30, 2002, current assets exceed current liabilities by \$267,316 and the Company had cash and cash equivalents of \$281,141.

The Company is aggressively pursuing the sale and development of its water rights. The Company cannot provide any assurances that it will be able to sell its water rights. In the event a sale of the Company's water rights is not forthcoming and the Company is not able to generate revenues from the sale or development of its technology, the Company may sell additional portions of the Company's profit interest pursuant to the Water Commercialization Agreement, incur short or long-term debt

obligations or seek to sell additional shares of Common Stock, Preferred Stock or stock purchase warrants as deemed necessary by the Company to generate operating capital.

Development of any of the water rights that the Company has, or is seeking to acquire, will require substantial capital investment by the Company. Any such additional capital for the development of the water rights is anticipated to be financed through the sale of water taps and water delivery charges to a city or municipality. A water tap charge refers to a charge imposed by a municipality to permit a water user to access a water delivery system (i.e. a single-family home's tap into the municipal water system), and a water delivery charge refers to a water user's monthly water bill, generally based on a per 1,000 gallons of water consumed.

### Item 3. - Controls and Procedures

#### Evaluation of Disclosure Controls and Procedures

The Company's chief executive officer and chief financial officer have concluded that the Company's disclosure controls (as defined in Exchange Act Rule 13a-14(c)) are sufficiently effective to ensure that the information required to be disclosed by the Company in the reports it files under the Exchange Act is gathered, analyzed and disclosed with adequate timeliness, accuracy and completeness, based on an evaluation of such controls and procedures conducted within 90 days prior to the date hereof.

#### Changes in Internal Controls

There have been no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation referred to above.

PURE CYCLE CORPORATION  
SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PURE CYCLE CORPORATION

Date:

January 14, 2001     /S/ Thomas P. Clark  
                          Thomas P. Clark,  
                          CEO

Date:

January 14, 2001     /S/ Mark W. Harding  
                          Mark W. Harding,  
                          President

CERTIFICATION

I, Thomas P. Clark, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of PureCycle Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are

responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

- a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
- b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
- c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

- a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: January 14, 2003

/s/ Thomas P. Clark  
Chief Executive Officer

#### CERTIFICATION

I, Mark W. Harding, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of PureCycle Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have



indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date January 14, 2003

/s/ Mark W. Harding  
President, Chief Financial Officer

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of PureCycle Corporation (the "Company"), on Form 10-QSB for the period ending November 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas P. Clark, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Thomas P. Clark

Chief Executive Officer

January 14, 2003

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of PureCycle Corporation (the "Company"), on Form 10-QSB for the period ending November 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark Harding, President, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Mark W. Harding

Chief Financial Officer

January 14, 2003

