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RICH MINERALS CORPORATION
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FIRST QUARTER REPORT
TO THE SHAREHOLDERS

for the Three Month Period
Ended November 30, 2002
(unaudited)

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FINANCIAL

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**RICH MINERALS CORPORATION
CONSOLIDATED BALANCE SHEET**

(unaudited)

November 30, 2002 August 31, 2002

ASSETS

CURRENT ASSETS

Cash	\$804	\$1,877
Accounts receivable	4,416,571	3,202,266
Inventory & work in progress	283,414	260,963
Prepaid expenses & deposits	59,583	23,230
	4,760,372	3,488,336

OTHER ASSETS

135,112 135,112

CAPITAL ASSETS

1,328,938 1,379,971

\$6,224,422 \$5,003,419

LIABILITIES

CURRENT LIABILITIES

Bank Indebtedness	\$150,000	-
Cheques issued in excess of funds on deposit	1,368,615	\$520,562
Accounts payable	2,307,653	2,092,217
Current portion of long term debt	132,574	142,029
	3,958,842	2,754,808

NON-CURRENT PORTION OF LONG TERM DEBT

1,026 1,026

3,959,868 2,755,834

SHAREHOLDERS' EQUITY

SHARE CAPITAL	2,276,325	2,276,325
RETAINED EARNINGS	(11,771)	(28,740)
	2,264,554	2,247,585
	\$6,224,422	\$5,003,419

RICH MINERALS CORPORATION
CONSOLIDATED STATEMENT OF INCOME
AND RETAINED EARNINGS
(unaudited)

Three Month Period
ended November 30

	2002	2001
REVENUE	\$3,993,221	\$3,719,768
DIRECT COSTS		
Equipment Operating	710,781	692,465
Materials	1,946,547	1,707,960
Other	36,439	25,201
Salaries & wages	856,242	759,080
Subcontract	224,180	286,259
	3,774,189	3,470,965
GROSS PROFIT	219,032	248,803
NON-DIRECT COSTS		
Amortization of capital assets	73,500	68,250
Interest, net of interest received	6,618	8,189
Management, consulting and professional fees paid	9,020	15,460
Other Non-direct costs	69,340	52,935
Salaries	55,397	65,204
	213,875	210,038
EARNINGS (LOSS) FOR THE PERIOD	5,157	38,765
GAIN ON SALE OF ASSETS	11,811	0
Retained earnings(deficit) beginning of period	(28,740)	33,355
Retained earnings(deficit) end of period	(\$11,772)	\$72,120
Basic earnings(loss) per share	\$0.000	\$0.001
Fully diluted earnings(loss) per share	\$0.000	\$0.001

RICH MINERALS CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)

Three Month Period
Ended November 30

	2002	2001
CASH WAS PROVIDED (USED) BY		
OPERATING ACTIVITIES		
Cash receipts from customers	\$2,756,465	\$4,322,016
Cash paid to suppliers and employees	(3,728,863)	(5,154,505)
Interest paid, net of interest received	(6,618)	(8,189)
	(\$979,016)	(\$840,678)
INVESTING ACTIVITIES		
Capital Assets	(10,656)	(6,250)
	(\$10,656)	(\$6,250)
FINANCING ACTIVITIES		
Bank Loan proceeds (repayment)	(150,000)	0
Long term debt proceeds	0	0
Long term debt repayment	(9,455)	(43,610)
	(\$159,455)	(\$43,610)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS IN THE PERIOD	(\$1,149,127)	(\$890,538)
Net (deficiency in) cash and cash equivalents beginning of the period	(218,685)	(279,448)
NET CASH AND CASH EQUIVALENTS END OF THE PERIOD	(\$1,367,812)	(\$1,169,986)

RICH MINERALS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED NOVEMBER 30, 2002

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation

These financial statements consolidate the accounts of the company and its wholly-owned subsidiaries, Rich Contracting Ltd. and Rich Venture Corporation.

(b) Construction Revenue And Direct Costs

The company recognizes construction revenue and direct costs on the percentage of contract completion basis.

(c) Inventory Valuation

The company records inventory of construction materials at the lesser of cost on a first in first out basis and market value.

(d) Amortization Of Capital Assets

The company provides for the amortization of all capital assets other than buildings on the straight line basis over the estimated economic life of the related capital asset to an ultimate residual value at the following annual rates:

Excavating equipment	10% to 33%
Automotive equipment	10% to 33%
Construction equipment	20% to 33%
Office equipment	33% to 50%

The company provides for the amortization of buildings on the declining balance basis at the rate of 5% per annum.

(e) Income Taxes

The company uses the liability method of accounting for income taxes. Under this method future tax assets and liabilities are recognized based on differences between financial statement values of assets and liabilities and their respective tax values. Future tax assets and liabilities are measured using rates that are expected to apply when the future tax asset is realized or the future tax liability is settled. The temporary differences that give rise to future income taxes payable/recoverable relate primarily to:

- the use of the completed contract method for income tax purposes as compared to the percentage of contract completion method which is used for financial statements purposes; and
- the differences in the methods of calculating amortization for financial statements purposes as compared to the methods required for income tax purposes.

(f) Financial Instruments

The company's financial instruments consist of various assets and liabilities. It is management's opinion that the company is not exposed to significant unusual interest, currency or credit risks arising from ownership of and liability under these financial instruments.

The company is of the opinion that the fair values of financial assets approximate their respective carrying values due to the relatively short-term maturity of these financial assets. The company is additionally of the opinion that the fair value of financial liabilities approximates their carrying value.

RICH MINERALS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
QUARTER ENDED NOVEMBER 30, 2002

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Measurement Uncertainty

The company's policy of recognizing construction revenue and direct costs on the percentage of contract completion basis makes necessary the use of estimates as to the degree to which construction projects have been completed. These estimates are then utilized to determine the amount of revenue, direct costs and gross profit recognized and to validate the company's accounts receivable from customers. Estimates of contract completion are based on contract outputs and carried out by third party engineers engaged directly by the company's customers.

The company must similarly estimate the amortization of capital assets and the value of other assets and liabilities in order to allow the preparation of these financial statements.

To the extent that there may exist material error in any of these estimates there may, in turn, exist material errors in the company's accounts.

(h) Segmented Information

The company has one operating segment, the installation and maintenance of underground utilities and ancillary services. The asset category of Other Assets represents assets not utilized in the installation and maintenance of underground utilities. Other Assets generate no revenue and due to their value as a proportion of all assets are not disclosed as a separate operating segment.

(i) Stock Option Plan

The company has established a stock option plan under which the company may grant options to purchase common shares. Under the plan the company may grant options to acquire common shares but the aggregate options so granted may not exceed ten per cent of the common shares outstanding from time to time. The stock option typically allows for the granting of options for a five year term and which vest twenty percent annually over that term.

Effective January 1, 2002 and for fiscal years beginning on or after that date Canadian generally accepted accounting principles require additional disclosure of stock-based compensation costs. The recommendations encourage, but do not require, the use of a fair value based method to account for stock-based compensation. The company has elected to not use the fair value method to account for stock-based compensation but will disclose the pro-forma effect of stock based compensation on its financial results.

(j) Earnings (Loss) Per Share

The calculation of earnings (loss) per share is based on the weighted average number of shares outstanding during the year, being 24,033,000 in each of 2002 and 2001. The company utilizes the treasury stock method of calculating diluted earnings (loss) per share.

RICH MINERALS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
QUARTER ENDED NOVEMBER 30, 2002

2. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
<u>First Quarter Fiscal 2003</u>	<u>\$ 3,084,100</u>	<u>\$ 1,755,162</u>	<u>\$ 1,328,938</u>
<u>First Quarter Fiscal 2002</u>	<u>\$ 3,001,702</u>	<u>\$ 1,561,528</u>	<u>\$ 1,440,174</u>

3. INVENTORY AND WORK IN PROGRESS

	<u>2002</u>	<u>2001</u>
Work in progress	\$ 28,103	\$ ---
Inventory	<u>255,311</u>	<u>262,285</u>
	<u>\$ 283,414</u>	<u>\$ 262,285</u>

4. OTHER ASSETS

In fiscal 2001 the company advanced \$ 119,721 to an unrelated corporation to allow that corporation to fund mineral exploration and development. The company advanced the funds pursuant to loan agreements and had the right to convert the advances to a joint venture participation in the project. In fiscal 2002 the company advanced a further \$ 15,391 to the debtor pursuant to the loan agreement. At August 31, 2002 the company had advanced a total of \$ 135,112 (2001 - \$ 119,721).

In fiscal 2003 the company agreed to participate in a series of transactions, the ultimate result of which would see the debtor become publicly traded and the company holding shares in that publicly traded corporation.

5. BANK INDEBTEDNESS

The company has arranged with Alberta Treasury Branches a revolving credit facility to a maximum of \$ 1,000,000; at November 30, 2002 the balance drawn was \$ 150,000 (2001 - \$ NIL). This credit facility is due on demand, bears interest at the lender's prime rate of interest plus one percent and is secured by all assets of the company.

6. LONG TERM DEBT

	<u>2002</u>	<u>2001</u>
The company is indebted to Alberta Treasury Branches. The company repays these advances in monthly installments of \$7,900, including interest at 8.25%. These advances are secured by all assets of the company	NIL	\$ 37,894

The company is indebted to Alberta Treasury Branches. The company repays these advances in monthly installments of 1.67% of the principle balance outstanding at the end of the previous month plus interest at the lender's prime rate plus 1.50%. These advances are secured by all assets of the company.	\$ 123,344	\$ 114,516
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RICH MINERALS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
QUARTER ENDED NOVEMBER 30, 2002

6. LONG TERM DEBT (Continued)

The company is indebted to General Motors Acceptance Corporation of Canada, Limited under conditional sale contracts. These loans are secured by automotive equipment with a carrying value of \$ 24,826 (2001 - \$ 30,931), are repayable in monthly installments of \$ 1,065, including interest at 1.90%, and are due to mature in fiscal 2004.

\$10,256	\$22,519
<u>\$ 133,600</u>	<u>\$ 174,929</u>

Expected repayment of indebtedness is as follows:

November 30, 2003	\$ 132,574
November 30, 2004	<u>1,026</u>
	<u>\$ 133,600</u>

Interest on long term debt totaled \$ 2,029 in the first quarter fiscal 2003 (2002 - \$ 3,211).

7. SHARE CAPITAL

(a) Shares Authorized

Unlimited common shares
 Unlimited preferred shares

(b) Shares Issued

	<u>Common Shares</u>	<u>Consideration</u>
Balance, November 30, 2001 and 2002	<u>24,033,000</u>	<u>\$ 2,276,325</u>

No preferred shares have been issued.

(c) Shares Under Option

Options to acquire shares at a price of \$ 0.16 per share were granted in fiscal 2001 when the market value of the shares was \$ 0.24. Stock options outstanding may be summarized as follows:

<u>Fiscal Year</u>	<u>Options Outstanding Beginning Of Year</u>	<u>Options Granted In The Year</u>	<u>Options Exercised In The Year</u>	<u>Forfeited/ Expired In The Year</u>	<u>Options Outstanding End Of Year</u>	<u>Options Exercisable At Year End</u>
2001	600,000	2,400,000	---	(600,000)	2,400,000	480,000
2002	2,400,000	---	---	(700,000)	1,700,000	680,000

<u>Fiscal Year</u>	<u>Options Outstanding End Of Year</u>	<u>Weighted Average Exercise Price Per Share</u>	<u>Option Expiry</u>	<u>Fair Value Of Options Granted And/Or Vesting Of Previous Grant</u>	<u>Additional Expense Per Share Had Fair Value Method Been Used</u>	<u>Loss Per Share Had Fair Value Method Been Used</u>
2001	<u>2,400,000</u>	\$ 0.16	July, 2006	<u>\$ 83,400</u>	<u>\$ 0.003</u>	<u>\$(0.003)</u>
2002	<u>1,700,000</u>	\$ 0.16	July, 2006	<u>\$ 40,000</u>	<u>\$ 0.002</u>	<u>\$ 0.001</u>
2003	<u>1,700,000</u>	\$ 0.16	July, 2006	<u>\$ NIL</u>	<u>\$ NIL</u>	<u>\$ 0.000</u>

RICH MINERALS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
QUARTER ENDED NOVEMBER 30, 2002

(c) **Shares Under Option (Continued)**

In calculating the fair value of options granted and/or vesting of option grants the company utilized the following assumptions:

- risk-free interest rate of 5.32 %;
- expected option life of five years;
- expected volatility of 100 %;
- no dividends expected
- the weighted average grant date fair value of each option granted was \$ 0.20.

The company has not recognized in the financial statements of any of the particular fiscal years any compensation cost or credits to contributed surplus in respect of the options granted and/or the vesting of option grants. Accordingly, earnings would have decreased / losses would have increased in a particular year had the fair value of stock-based compensation been recognized in the accounts of the company.

8. COMMITMENTS

The company has entered into agreements for the lease of vehicles. Minimum lease payments are due as follows:

Fiscal 2003	\$ 31,192
Fiscal 2004	23,262
Fiscal 2005	13,266
Fiscal 2006	<u>3,176</u>
	<u>\$ 70,896</u>

9. TRANSACTIONS WITH RELATED PARTIES

The company has entered into a series of transactions with corporations controlled by officers of the company. All transactions with related parties are measured at exchange value.

(a) Leasing Transactions

The company has entered into agreements to rent excavating equipment on a month to month basis from a corporation wholly-owned by an officer of the company ("the lessor"). The company has the right to terminate these rental agreements at any time with no penalty.

The company's transactions with the lessor may be summarized as follows:

	<u>2002</u>	<u>2001</u>
Revenue earned		
Premises rental	<u>\$1,500</u>	<u>\$1,500</u>
Equipment rental costs	<u>\$ 196,200</u>	<u>\$ 196,200</u>

The Board of Directors has reviewed the transactions with the lessor and has:

- expressly permitted the officer to undertake the business of equipment rental; and
- determined that the transactions with the lessor were fairly priced and in the best interests of the company.

RICH MINERALS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
QUARTER ENDED NOVEMBER 30, 2002

9. TRANSACTIONS WITH RELATED PARTIES (Continued)

(b) Contracting Transactions

The company has entered into agreements with a corporation wholly-owned by an officer of the company ("the contractor"). The contractor is a general contractor; the company has agreed to provide to the contractor its services as an underground utility subcontractor.

The company's transactions with the contractor may be summarized as follows:

	<u>2002</u>	<u>2001</u>
Included in revenue		
Premises rental	<u>\$3,000</u>	<u>\$3,000</u>
Contract revenue, in addition to above	\$427,049	\$ 96,968
Direct costs	<u>347,912</u>	<u>7,115</u>
Gross profit	<u>\$79,137</u>	<u>\$89,853</u>

At November 30, 2002 the contractor owed \$ 358,418 (2001 - \$ 94,855) to the company.

The Board of Directors has reviewed the transactions with the contractor and has:

- determined that the company did not wish to expand operations to general contracting;
- expressly permitted the officer to undertake a general contracting operation; and
- determined that the transactions with the contractor were fairly priced and in the best interests of the company.