



**Jackson  
Anderson LLP**

Chartered  
Accountants

Owen Jackson, C.A.\*

Clay Anderson, C.A.\*

\* Denotes Professional Corporation

82-4281

July 24, 2003



Office of International Corporate Finance  
Division of Corporate Finance  
Securities and Exchange Commission  
450 - 5th Street  
Washington, D.C.  
20549

SUPPL

PROCESSED  
AUG 12 2003



Dear Sirs:

Re: Micrex Development Corp.

Please find enclosed a copy of the unaudited financial statements of Micrex Development Corp. for the nine months ended May 31, 2003.

We have been requested to file these financial statements with you by the company's Chief Executive Officer, Mr. Stan Marshall. We understand from Mr. Marshall that the company has an exemption pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

If you have any questions, please do not hesitate to contact me.

Yours truly,

JACKSON ANDERSON LLP

Clay Anderson, C.A.

CA/jb  
Encl.

dlw 8/6

Exemption Number  
82-4281

**MICREX DEVELOPMENT CORP.**

**CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited – See Notice to Reader)

**May 31, 2003**

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# MICREX DEVELOPMENT CORP.

May 31, 2003

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#208, 17420 Stony Plain Road, Edmonton, Alberta, T5S 1K6 . Phone (780) 451-1131 . Fax: (780) 452-2204 . Email [jfa@jfa.ab.ca](mailto:jfa@jfa.ab.ca)

### NOTICE TO READER

We have compiled the consolidated balance sheet of Micrex Development Corp. as at May 31, 2003 and the consolidated statements of loss and deficit and cash flows for periods then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

Edmonton, Alberta  
July 24, 2003

"Jackson Anderson LLP"  
Chartered Accountants

**MICREX DEVELOPMENT CORP.**  
**Consolidated Statements of Loss**  
**FOR THE NINE MONTH PERIOD ENDED MAY 31, 2003**  
**(Unaudited – See Notice to Reader)**

	Third Quarter		First Nine Months	
	2003	2002	2003	2002
	\$	\$	\$	\$
<b>Revenue</b>	-	-	-	-
<b>Expenses</b>				
Amortization	5,550	7,836	16,649	23,508
Automotive	-	-	-	-
Consulting Fees	40,000	-	95,200	118,000
Insurance	768	178	2,187	1,048
Interest and bank charges	93	57	93	151
Listing and share issue	13,083	14,449	36,680	24,354
Office and sundry	5,580	4,354	14,800	10,451
Professional fees	781	10,086	24,800	32,581
Subcontract	22,484	49,780	66,684	99,780
Telephone	1,102	1,911	3,267	4,357
Travel and promotion	-	-	-	277
	<u>89,441</u>	<u>88,651</u>	<u>260,360</u>	<u>314,507</u>
<b>Net loss for the period</b>	<u>(89,441)</u>	<u>(88,651)</u>	<u>(260,360)</u>	<u>(314,507)</u>

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**MICREX DEVELOPMENT CORP.**  
Consolidated Statements of Deficit  
**FOR THE NINE MONTH PERIOD ENDED MAY 31, 2003**  
(Unaudited – See Notice to Reader)

	Third Quarter		First Nine Months	
	2003	2002	2003	2002
<b>Deficit, beginning of period</b>	(3,581,464)	(3,304,440)	(3,410,545)	(3,078,584)
<b>Net loss for the period</b>	<u>(89,441)</u>	<u>(88,651)</u>	<u>(260,360)</u>	<u>(314,507)</u>
<b>Deficit, end of period</b>	<u>(3,670,905)</u>	<u>(3,393,091)</u>	<u>(3,670,905)</u>	<u>(3,393,091)</u>

**MICREX DEVELOPMENT CORP.**  
**Consolidated Balance Sheet**  
(Unaudited – See Notice to Reader)

	May 31, 2003 (Unaudited)	August 31, 2002 (Audited)
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and short term deposits	67,670	62,764
Accounts receivable	28,731	5,237
Prepaid expenses	11,810	10,856
	108,211	78,857
<b>Plant and equipment, and mining properties (note 2)</b>	3,375,417	3,021,057
	3,483,628	3,099,914
<b>Liabilities (other than amounts due to shareholders)</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	120,938	36,863
<b>Shareholders' Interests</b>		
<b>Liabilities</b>		
Advances from shareholders	47	32,866
<b>Equity</b>		
Share capital (note 3)	7,033,548	6,440,730
Deficit	(3,670,905)	(3,410,545)
	3,362,690	3,063,051
	3,483,628	3,099,914

Approved On Behalf Of The Board

Director "Stan Marshall" \_\_\_\_\_

Director "Max Morpurgo" \_\_\_\_\_

The accompanying notes form part of these financial statements

**MICREX DEVELOPMENT CORP.**  
**Consolidated Statement of Cash Flows**  
**FOR THE NINE MONTH PERIOD ENDED MAY 31, 2003**  
(Unaudited – See Notice to Reader)

	Third Quarter		First Nine Months	
	2003	2002	2003	2002
	\$	\$	\$	\$
<b>Cash flows from operating activities</b>				
Net loss for the period	(89,441)	(88,651)	(260,360)	(314,507)
Adjustment for:				
Amortization	5,550	7,836	16,649	23,508
	(83,891)	(80,815)	(243,711)	(290,999)
Change in non cash working capital items				
Accounts receivable	(8,159)	14,891	(23,494)	6,682
Prepaid expenses	(327)	178	(954)	(620)
Accounts payable and accrued Liabilities	(1,501)	(20,000)	84,075	60,141
	(9,987)	(4,931)	59,627	66,203
<b>Cash flows from investing activity</b>				
Purchase of plant and equipment, and mining properties	(7,764)	(11,828)	(371,009)	(291,290)
<b>Cash flows from financing activity</b>				
Advances from shareholders	-	(500)	(32,819)	(29,181)
Issuance to share capital	-	18,000	592,818	598,923
	-	17,500	559,999	569,742
<b>Increase (decrease) in cash</b>	(101,642)	(80,074)	4,906	53,656
<b>Cash, beginning of period</b>	169,312	181,751	62,764	48,021
<b>Cash, end of period</b>	67,670	101,677	67,670	101,677



**MICREX DEVELOPMENT CORP.**  
**Notes to the Consolidated Financial Statements**  
**PERIOD ENDED MAY 31, 2003**  
**(Unaudited – See Notice to Reader)**

**1. Basis of Presentation**

These interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles following the same accounting policies and methods of computation as the consolidated financial statements for the fiscal year ended August 31, 2002. The interim consolidated financial statements should be read in conjunction with the August 31, 2002 annual financial statements.

**2. Plant and equipment, and mining properties**

a) Net book value

Given below are the net book values of plant and equipment, and mining development properties.

	May 31, 2003 (Unaudited)	August 31, 2002
	Plant and Equipment	Mining Development Properties
	\$	\$
Big Horn Mine	10,165	692,895
Wild Horse Mine	9,253	263,726
Banks Mine	11,587	986,282
Deadwood and Sunburst Mines	-	345,063
Mount Royal Mine	-	109,691
Burnis Magnetite Deposit	-	673,370
Clear Hills	-	30,176
Buffalo Head Hills	-	75,653
St. Charles de Bourget	-	140,290
Other	27,266	-
	<u>58,271</u>	<u>3,317,146</u>
		<u>3,375,417</u>
		<u>3,021,057</u>

**MICREX DEVELOPMENT CORP.**  
**Notes to the Consolidated Financial Statements**  
**PERIOD ENDED MAY 31, 2003**  
**(Unaudited – See Notice to Reader)**

**2. Plant and equipment, and mining properties (continued)**

b) Plant and equipment

		May 31, 2003 (Unaudited)	August 31, 2002.
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Automotive	40,540	21,846	18,694
Furniture & fixtures	750	515	235
Computer equipment	33,196	24,859	8,337
Mining equipment	427,331	396,326	31,005
	<u>501,817</u>	<u>443,546</u>	<u>58,271</u>
			<u>73,252</u>

c) The company has interest in the following mining development properties:

- (i) 100% interest in Big Horn hard rock mine located in the Atlin area of British Columbia, Canada.
- (ii) 51% interest in Wild Horse placer mine located in the Fort Steele area of British Columbia, Canada.
- (iii) 51% interest in Banks hard rock mine located in the Steeple Rock district of New Mexico, U.S.A.
- (iv) 100% interest in Deadwood patented hard rock mine and Sunburst patented hard rock mine claim located in Catron County, New Mexico, U.S.A.
- (v) 33% interest in Mount Royal patented hard rock mine claim located in the Steeple Rock district of New Mexico, U.S.A.
- (vi) 18% equity interest in the claims and 100% interest in all production from the claims relating to the Burmis Magnetite deposit located in the Crowsnest Pass, Alberta, Canada.
- (vii) 100% interest in the Clear Hills diamond exploration project consisting of 72 square miles located in the Clear Hills and Chinchaga Hills, Alberta, Canada.
- (viii) 100% interest in the Buffalo Hills diamond exploration project consisting of 72 square miles located in the Buffalo Head Hills, Alberta, Canada.
- (viii) 12% interest in the claims and 100% interest in all production from the claims relating to the St. Charles de Bourget magnetite deposit located near Chicoutimi, Quebec, Canada.

**MICREX DEVELOPMENT CORP.**  
**Notes to the Consolidated Financial Statements**  
**PERIOD ENDED MAY 31, 2003**  
**(Unaudited – See Notice to Reader)**

2. **Plant and equipment, and mining properties (continued)**

d) Acquisition costs and deferred exploration costs for the properties are as follows:

	May 31, 2003 (Unaudited)		
	Acquisition Costs	Deferred Exploration Costs	Total
	\$	\$	\$
Big Horn Mine	472,605	220,290	692,895
Wild Horse Mine	60,500	203,226	263,726
Banks Mine	50,000	936,282	986,282
Deadwood and Sunburst Mines	343,482	1,581	345,063
Mount Royal Mine	44,780	64,911	109,691
Burmis Magnetite Deposit	463,000	210,370	673,370
Clear Hills	13,420	16,756	30,176
Buffalo Head Hills	5,448	70,205	75,653
St. Charles de Bourget	90,290	50,000	140,290
	<u>1,543,525</u>	<u>1,773,621</u>	<u>3,317,146</u>
			August 31, 2002
	Acquisition Costs	Deferred Exploration Costs	Total
	\$	\$	\$
Big Horn Mine	472,605	110,290	582,895
Wild Horse Mine	60,500	202,726	263,226
Banks Mine	50,000	936,212	986,212
Deadwood and Sunburst Mines	343,482	1,581	345,063
Mount Royal Mine	44,780	64,911	109,691
Burmis Magnetite Deposit	463,000	162,094	625,094
Clear Hills	13,420	16,756	30,176
Buffalo Head Hills	5,448	-	5,448
	<u>1,453,235</u>	<u>1,494,570</u>	<u>2,947,805</u>

**MICREX DEVELOPMENT CORP.**  
**Notes to the Consolidated Financial Statements**  
**PERIOD ENDED MAY 31, 2003**  
(Unaudited – See Notice to Reader)

**3. Share capital**

a) Share capital consists of:

	May 31, 2003 (Unaudited)	August 31, 2002.
	\$	\$
Authorized		
Unlimited number of common voting shares		
10,000,000 preferred shares		
10,000,000 convertible preferred shares		
Issued		
21,816,037 common shares	7,033,548	6,440,730

Certain of the common shares issued by private placement for cash or other consideration are to be held in escrow. At May 31, 2003, 1,281,900 common shares were deposited in performance escrow. Preferred shares and convertible preferred shares may be issued in one or more series. The directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series.

**MICREX DEVELOPMENT CORP.**  
**Notes to the Consolidated Financial Statements**  
**PERIOD ENDED MAY 31, 2003**  
**(Unaudited – See Notice to Reader)**

3. Share capital (continued)

b) Transactions during the period:

	#	\$
Balance August 31, 2001.	17,602,991	5,869,796
Issued on exercise of warrants	-	-
Flow through shares issued for cash	1,703,076	510,923
Issued pursuant to a private placement	444,555	140,000
Issued on exercise of options	100,000	18,000
Tax benefit renounced to shareholders	-	(97,989)
Balance August 31, 2002	19,850,622	6,440,730
Issued pursuant to St. Charles de Bourget purchase	290,323	90,290
Flow through shares issued for cash	1,675,092	502,528
Balance May 31, 2003	21,816,037	7,033,548

c) Warrants

At May 31, 2003, the company had the following warrants outstanding:

- i) 1,281,900 warrants attached to shares which have been deposited in performance escrow. These warrants would expire 6 months after the release of the performance shares from escrow.
- ii) 1,667,076 warrants expiring December 15, 2003 entitling the subscribers to purchase one common share per warrant at a price of \$.40 per share.
- iii) 1,675,092 warrants expiring December 31, 2003 entitling the subscribers to purchase one common share per warrant at a price of \$.35 per share.

**MICREX DEVELOPMENT CORP.**  
**Notes to the Consolidated Financial Statements**  
**PERIOD ENDED MAY 31, 2003**  
**(Unaudited – See Notice to Reader)**

**3. Share capital (continued)**

d) Stock options

The Company has a stock option plan, which is administered by the Board of Directors. The number and terms of stock options granted are determined by the Board of Directors from time to time.

The following options to purchase shares have been granted.

	Number of Options	Weighted avg exercise price
Options outstanding August 31, 2001.	1,758,500	\$ 0.21
Granted	422,287	\$ 0.32
Exercised	(100,000)	\$ 0.18
Expired	(75,000)	\$ 0.28
Lapsed	<u>(40,000)</u>	\$ 0.18
Options outstanding August 31, 2002	1,965,787	\$ 0.23
Granted	<u>218,416</u>	\$ 0.30
Options outstanding May 31, 2003	2,184,203	\$ 0.24

The following summarizes the options outstanding at May 31, 2003.

Number of Options	Exercise Price	Expiry Date
385,000	\$ 0.18	May 2004
200,000	\$ 0.20	July 2004
153,000	\$ 0.20	February 2005
205,000	\$ 0.26	April 2005
150,000	\$ 0.25	November 2005
450,500	\$ 0.20	February 2006
40,087	\$ 0.26	January 2007
307,200	\$ 0.32	May 2007
75,000	\$ 0.36	June 2007
218,416	\$ 0.30	February 2008
2,184,203		