

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, 2003

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, 2003:

Common Stock, 1/3 of \$.01 par Value 81,217,541
(Class) (Number of Shares)

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

PURE CYCLE CORPORATION
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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

ASSETS	November 30, 2003	August 31, 2003 (unaudited)
Current assets:		
Cash and cash equivalents	\$ 430,382	\$ 525,780
Trade accounts receivable	70,636	67,687
Total current assets	501,018	593,467
Investment in water and systems:		
Rangeview water supply	13,730,373	13,710,773
Paradise water supply	5,494,323	5,494,323
Rangeview water system	148,441	148,441
Accumulated depreciation & depletion	(11,987)	(10,543)
Total investment in water and systems	19,361,150	19,342,994
Note receivable, including accrued interest	403,342	399,902
Other assets	70,741	77,041
	\$ 20,336,251	\$ 20,413,404

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 3,344	8,244
Accrued liabilities	16,600	43,528
Total current liabilities	19,944	51,772
Long-term debt - related parties, including accrued interest	4,933,028	4,889,545
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 - 1,100,000 and 1,600,000 shares issued and outstanding, respectively	1,100	1,600
Series B - 432,513 shares issued and outstanding	433	433
Series D - 6,455,000 shares issued and outstanding	6,455	6,455
Series D1- 2,000,000 shares issued and outstanding	2,000	2,000
Common stock, par value 1/3 of \$.01 per share; authorized - 135,000,000 shares; and 81,217,541 and 78,439,764 shares issued and outstanding, respectively	270,843	261,584
Additional paid-in capital	25,268,230	25,276,989
Accumulated deficit	(21,256,412)	(21,167,604)
Total stockholders' equity	4,292,649	4,381,457
	\$ 20,336,251	\$ 20,413,404

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,
2003 2002

Water service revenue		
Water usage fees	36,868	57,447
Wastewater usage fees	13,501	12,570
Revenue - other	951	--
	51,320	70,017
Water service operating expense	(2,429)	(3,213)
Wastewater service operating expense	(2,183)	(2,900)
Other expense	(998)	--
	(5,610)	(6,113)
Gross margin	45,710	63,904
General and administrative expense	(87,637)	(49,859)
Depreciation expense	(1,237)	(1,055)
Depletion expense	(207)	(738)
Other income (expense):		
Interest income	4,346	4,437
Interest expense:		
Related parties	(43,483)	(44,264)
Amortization of warrants	(6,300)	(6,300)
Net loss	\$ (88,808)	\$ (33,875)
Basic and diluted net loss per common share	\$ --*	\$ --*
Weighted average common shares outstanding	81,217,541	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, 2003	November 30, 2002
Cash flows from operating activities:		
Net loss	\$ (88,808)	\$ (33,875)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation on water system	1,237	1,055
Depletion expense	207	738
Increase in accrued interest on note receivable	(3,440)	(3,583)
Increase in accrued interest on long term debt and other non-current liabilities	43,483	44,264
Changes in operating assets and liabilities:		
Trade accounts receivable	(2,949)	29,748
Other assets	6,300	6,300
Accounts payable and accrued liabilities	(31,828)	13,117
Net cash provided by (used in) operating activities	(75,798)	57,764
Cash flows from investing activities:		
Investments in water supply	(19,600)	(64,343)
Net cash used in investing activities	(19,600)	(64,343)
Net decrease in cash and cash equivalents	(95,398)	(6,579)
Cash and cash equivalents beginning of period	525,780	287,720
Cash and cash equivalents end of period	\$ 430,382	\$ 281,141

PURE CYCLE CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ACCOUNTING PRINCIPLES

The balance sheet as of November 30, 2003, the statements of operations for the three months ended November 30, 2003 and 2002 and the statements of cash flows for the three months ended November 30, 2003 and 2002, 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, 2003 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 2003 Annual Report on Form 10-KSB. 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 2003, the Company entered into a Plan of Recapitalization and a Stock Purchase Agreement whereby the Company issued 2,000,000 shares of Series D-1 Preferred Stock to the Company's CEO, Mr. Thomas Clark in exchange for 2,000,000 shares of Common Stock owned by Mr. Clark. The Company sold 2,000,000 shares of the Company's Common Stock at \$.25 per share to eleven accredited investors, four of whom had previously invested with the Company. Proceeds to the Company were \$500,000. The Series D-1 Preferred Stock does not earn dividends and is convertible into 2,000,000 shares of common stock at such time that the Company has sufficient shares of authorized Common Stock. The shares were issued under Section 4(2) of the Securities Act of 1933.

During the quarter ended November 30, 2003, the Company issued 2,777,777 shares of Common Stock in exchange for 500,000 shares of Series A-1 Preferred Stock, pursuant to the certificate of designation of the Series A-1 Preferred Stock. The holders of the 500,000 shares of Series A-1 Preferred Stock surrendered the shares to the Company for retirement.

PURE CYCLE CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - RECENT ACCOUNTING PRONOUNCEMENTS

In January 2003, the FASB issued FASB Interpretation No. 46, Consolidation of Variable Interest Entities, an interpretation of ARB No. 51. FIN No. 46 requires an entity to consolidate a variable interest entity if it is designated as the primary beneficiary of that entity even if the entity does not have a majority of voting interests. A variable interest entity is generally defined as an entity where its equity is unable to finance its activities or where the owners of the entity lack the risk and rewards of ownership. The provisions of this statement apply at inception for any entity created after January 31, 2003. For an entity created before February 1, 2003, the provisions of this Interpretation must be applied at the beginning of the first interim or annual period beginning after June 15, 2003. The Company has determined it is not party to a variable interest entity.

In June 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." The statement is effective for financial instruments entered into or modified after May 31, 2003, and

otherwise is effective at the beginning of the first interim period beginning after June 15, 2003, except for mandatory redeemable financial instruments of a nonpublic entity. For mandatory redeemable financial instruments of a nonpublic entity, this statement shall be effective for fiscal periods beginning after December 15, 2003. The adoption of SFAS No. 150 did not have an impact on the Company's financial statements.

NOTE 4 - SIGNIFICANT EVENT

On October 31, 2003, the Company entered into a long-term Water Service Agreement ("Agreement") whereby the Company will provide domestic water service to a new master planned community located in the Denver metropolitan area in Arapahoe County. The new community will be developed over several years and be composed of up to 4,000 single family residences. The Company will generate one-time revenues from the sale of water taps (currently \$11,100 per tap) and annual revenues through the delivery of water. The agreement is expected to generate gross revenues of \$44 million in tap fee revenues and approximately \$2 million annually from water usage sales. The Company is responsible for developing the associated infrastructure, which is expected to commence in the summer of 2004 to provide water service to the development and expects the tap fee revenues will provide sufficient capital to the Company to construct facilities necessary to deliver water to the development.

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

Results of Operations

During the three months ended November 30, 2003, the Company delivered 14.8 million gallons of water generating revenues of \$36,868 compared to 12.6 million gallons during the quarter ended November 30, 2002, which generated revenues of \$57,447. The decrease in water service revenues is a result of seasonal water deliveries during peak periods resulting from the drought in 2002. During the three months ended November 30, 2003, the Company processed approximately 2.13 million gallons of wastewater generating revenues of \$13,501, compared to processing approximately 1.0 million gallons of wastewater generating revenues of \$12,570 during the period ending November 30, 2002. The Company incurred approximately \$2,429 in water operating costs and \$2,183 in wastewater operating costs during the quarter ending November 30, 2003, compared to \$3,213 and \$2,900 respectively for the quarter ending November 30, 2002. The decrease in operating costs are attributable to the Company operating and maintaining its water and wastewater systems in house as compared to contract operators in 2002.

General and administrative expenses for the three months ended November 30, 2003 were \$87,637 as compared to \$49,859 for the three months ended November 30, 2002. The increase in general and administrative expenses are due to the addition of an employee. Net loss for the three months ended November 30, 2003 was \$88,808 compared to \$33,875 in the three months ended November 30, 2002 primarily because of the addition of an employee.

Liquidity and Capital Resources

At November 30, 2003, current assets exceed current liabilities by \$481,074 and the Company had cash and cash equivalents of \$430,382.

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.

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Liquidity and Capital Resources (continued)

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, 2004 /S/ Thomas P. Clark
 Thomas P. Clark,
 CEO

Date:

January 14, 2004 /S/ Mark W. Harding
 Mark W. Harding,
 President

CERTIFICATIONS

I, Thomas P. Clark, certify that:

1. I have reviewed this quarterly report on Form 10QSB of PureCycle Corporation.;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15f and 15d-15f for the small business issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer's, 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;

(c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal controls over financial reporting.

Date January 14, 2004
/s/ Thomas P. Clark

A signed original of this written statement required by Section 302 of the Sarbanes-Oxley Act of 2002 has been provided to PureCycle Corporation and will be retained by PureCycle Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATIONS

I, Mark Harding, certify that:

1. I have reviewed this quarterly report on Form 10QSB of PureCycle Corporation.;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15f and 15d-15f for the small business issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer's, 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;

(c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal controls over financial reporting.

Date January 14, 2004
/s/ Mark Harding

A signed original of this written statement required by Section 302 of the Sarbanes-Oxley Act of 2002 has been provided to PureCycle Corporation and will be retained by PureCycle Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

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, 2003 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, 2004

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, 2003 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, 2004