

**INTER-CITIC MINERAL TECHNOLOGIES INC.
CONSOLIDATED SECOND QUARTER
INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

MAY 31, 2003

INTER-CITIC MINERAL TECHNOLOGIES INC.
CONSOLIDATED BALANCE SHEETS
(All figures in Canadian dollars)

As at	May 31, 2003 <small>(Unaudited)</small>	November 30, 2002 <small>(Audited)</small>
ASSETS		
Current		
Cash and cash equivalents	\$ 552,880	\$ 1,564,858
Accounts receivable	86,688	77,434
Other receivables	56,411	184,598
Inventories	317,473	744,727
Prepaid expenses	-	28,290
	1,013,452	2,599,907
Deposits	60,000	60,000
Investments (Note 3)	48,781	48,781
Investment in associated company (Note 4)	1	1
Property, plant and equipment, net (Note 5)	2,430,361	4,109,019
	\$ 3,552,595	\$ 6,817,708
LIABILITIES		
Current		
Bank advances (Note 6)	\$ 495,600	\$ 567,900
Accounts payable and accrued liabilities	343,677	402,657
Customer deposits	-	190,536
Due to related party (Note 7)	48,609	55,701
Convertible debenture (Note 8)	2,150,150	1,995,101
	3,038,036	3,211,895
Non-controlling interest	323,679	461,272
COMMITMENTS (Note 9)		
SHAREHOLDERS' EQUITY		
Equity portion of convertible debenture (Note 8)	213,105	213,105
Share capital (Note 10)	16,577,337	16,577,337
Share purchase warrants (Note 10 (b))	612,706	612,706
Contributed surplus	15,000	15,000
Deficit	(17,227,268)	(14,273,607)
	190,880	3,144,541
	\$ 3,552,595	\$ 6,817,708

Note 1 - Nature of Operations and Going Concern Assumption

Approved by the Board of Directors:

[SIGNED] Mark R. Frederick Director	[SIGNED] James J. Moore Director
--	---

The accompanying Notes to Financial Statements are an integral part of these financial statements.

INTER-CITIC MINERAL TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(All figures in Canadian dollars)

	For the three months ended May 31, 2003 (Unaudited)	For the three months ended May 31, 2002 (Unaudited)	For the six months ended May 31, 2003 (Unaudited)	For the six months ended May 31, 2002 (Unaudited)
REVENUE				
Sales	\$ 117,327	\$ 23,456	\$ 398,628	\$ 71,582
COST OF SALES				
Cost of goods sold	362,610	39,955	625,800	72,814
Gross profit (loss)	(245,283)	(16,499)	(227,172)	(1,232)
OTHER EXPENSES				
Selling, general and administrative expenses	531,601	369,606	953,943	662,421
Depreciation and amortization	93,523	71,913	186,939	141,855
	625,124	441,519	1,140,882	804,276
Loss before the undernoted	(870,407)	(458,018)	(1,368,054)	(805,508)
Foreign exchange gain (loss)	(6,151)	(24,028)	(9,898)	(18,009)
Interest and other expense, net	(83,491)	(2,178)	(161,879)	(10,036)
Write down of the Rare Earth Division (Note 11)	(1,551,423)	-	(1,551,423)	-
Gain on sale of investments	-	12,357	-	12,357
Equity in net income (loss) of associated company (Note 4)	-	(17,297)	-	(44,014)
Loss before income taxes and non-controlling interest	(2,511,472)	(489,164)	(3,091,254)	(865,210)
Income taxes (Note 12)	-	-	-	-
Loss before non-controlling interest	(2,511,472)	(489,164)	(3,091,254)	(865,210)
Non-controlling interest	86,542	19,333	137,593	47,352
Net loss	(2,424,930)	(469,831)	(2,953,661)	(817,858)
Deficit, beginning of period	(14,802,338)	(11,973,669)	(14,273,607)	(11,625,642)
Deficit, end of period	\$ (17,227,268)	\$ (12,443,500)	\$ (17,227,268)	\$ (12,443,500)
Net loss per share - basic and diluted	\$ (0.08)	\$ (0.02)	\$ (0.10)	\$ (0.03)
Weighted average common shares outstanding	30,979,777	25,157,398	30,626,516	26,037,359

The accompanying Notes to Financial Statements are an integral part of these financial statements.

INTER-CITIC MINERAL TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(All figures in Canadian dollars)

	For the three months ended May 31, 2003 (Unaudited)	For the three months ended May 31, 2002 (Unaudited)	For the six months ended May 31, 2003 (Unaudited)	For the six months ended May 31, 2002 (Unaudited)
CASH PROVIDED BY (used in)				
Operating activities				
Loss for the period	\$ (2,424,930)	\$ (469,831)	\$ (2,953,661)	\$ (817,858)
Items not involving cash				
Depreciation and amortization	93,523	71,913	186,939	141,855
Writedown of the Rare Earth Division (Note 11)	1,551,423	-	1,551,423	-
Equity in net loss (income) of associated company (Note 4)	-	17,297	-	44,014
Non-controlling interest	(86,542)	(19,333)	(137,593)	(47,352)
	(866,526)	(399,954)	(1,352,892)	(679,341)
Changes in non-cash working capital balances				
Accounts receivable	85,662	31,882	(9,254)	30,661
Other receivables	117,598	(92,912)	128,187	(143,875)
Inventory	260,044	(401,912)	427,254	(535,614)
Prepaid expenses	21,183	86,888	28,290	(501)
Accounts payable and accrued liabilities	(18,550)	637,945	(58,980)	586,741
Customer deposits	(180,700)	(4,500)	(190,536)	92,850
Due to related party (Note 7)	(4,560)	(292,719)	(7,092)	(284,124)
	280,677	(35,328)	317,869	(253,862)
Financing activities				
Bank advances (Note 6)	(46,500)	(21,600)	(72,300)	(10,039)
Accrued interest and accretion on convertible debenture (Note 8)	78,012	-	155,049	-
Proceeds of convertible debenture (Note 8)	-	1,154,500	-	1,924,100
Non-controlling interest	-	286,010	-	286,010
Share subscription (Note 10 (b))	-	(1,300,000)	-	-
Issuance of shares (Note 10 (b))	-	3,018,000	-	3,054,000
	31,512	3,136,910	82,749	5,254,071
Investing activities				
Marketable securities (Note 3)	-	(12,805)	-	(12,805)
Property, plant and equipment (Note 5)	23,348	(796,360)	(59,704)	(847,803)
	23,348	(809,165)	(59,704)	(860,608)
Increase/(decrease) in cash for the period	(530,989)	1,892,463	(1,011,978)	3,460,260
Cash and cash equivalents, beginning of period	1,083,869	1,695,300	1,564,858	127,503
Cash and cash equivalents, end of period	\$ 552,880	\$ 3,587,763	\$ 552,880	\$ 3,587,763

Supplemental Information:

Income taxes paid during the period	\$ -	\$ -	\$ -	\$ -
Interest paid during the period	\$ 8,643	\$ 8,545	\$ 18,216	\$ 17,772

The accompanying Notes to Financial Statements are an integral part of these financial statements.

INTER-CITIC MINERAL TECHNOLOGIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED MAY 31, 2003

1. Going Concern Assumption

The accompanying financial statements have been prepared using Canadian generally accepted accounting principles assuming a going concern. The ability of the Company to continue as a going concern will be dependent upon the ability of the Company to raise additional financing and carrying out its business plan.

As at May 31, 2003, the Company reported a loss of \$2,953,661 and an accumulated deficit of \$17,227,268 (\$2,647,965 and \$14,273,607 as at November 30, 2002, respectively). This condition casts significant doubt as to the ability of the Company to continue in business and meet its obligations as they come due.

During 2002, \$1,114,067 was spent refurbishing the Techmat plant in China. These expenditures enhanced purity and marketability of the rare earths produced, which was confirmed by samples produced. However, as a result of unfavorable market conditions, the Company has been unable to secure contracts at sufficient prices and the plant remains idle. Accordingly, its future value could be severely impacted if not realized through normal production, and management has written down the assets of the Rare Earth Division to the estimated net recoverable and realizable amounts, resulting in a charge of \$1,551,423 to property, plant and equipment (see **Note 11**). The plant is carried on the financial statements at its cost of \$2,415,754 (\$4,092,312 as at November 30, 2002).

Management is considering various alternatives, including a private placement to raise capital in 2003. It is not possible to determine with certainty the success or adequacy of these initiatives.

The Company's continuance as a going concern is dependent on obtaining adequate resources through external funding or profitable operations. In the event that such resources are not secured, the assets may not be realized or liabilities discharged at their carrying amounts, and these differences could be material.

2. Summary of Significant Accounting Policies

Use of Estimates

The consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the consolidated financial statements. The most significant estimates relate to recoverability and carrying value of Rare Earth Division property, plant and equipment, useful economic lives of assets for amortization purposes and fair values of financial instruments. Actual results could differ from those estimates.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries as follows:

- (a) Inter-Citic Holdings Ltd. (100% owned), a company incorporated in the Cayman Islands
- (b) Techmat Inc. (100% owned), a company incorporated in the Republic of Mauritius
- (c) TechMat (USA) Corporation (100% owned), a company incorporated in Nevada, USA
- (d) United Worldwide Ltd. (100% owned), a company incorporated in the British Virgin Islands
- (e) Bay Roberts Resources Ltd. (98% owned), a company incorporated in British Columbia
- (f) Yangzhong Zhonghai Techmat Co., Ltd. (80% owned), a company incorporated in the People's Republic of China
- (g) Honor Link (HK) Ltd. (51% owned), a company incorporated in Hong Kong

All material inter-company transactions and balances have been eliminated.

Foreign Currency Translation

Effective January 1, 2002, the Company adopted, retroactively, a new Canadian Institute of Chartered Accountants ("CICA") accounting standard in respect of foreign currency translation that eliminates the deferral and amortization of currency translation.

Revenue Recognition

Revenue is recognized when title to shipments passes to third party purchasers.

INTER-CITIC MINERAL TECHNOLOGIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED MAY 31, 2003

Cash and Cash Equivalents

Cash and cash equivalents comprise cash, term deposits and other interest bearing instruments with original maturity dates of less than 90 days.

Investments

Investments are recorded at cost less a write down for an other than temporary decline in value.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable and other receivables, investments, bank advances and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

Inventories

Inventories are carried at the lower of cost and net realizable value with cost being determined on a first-in, first-out basis for raw materials and average cost for work-in-process and finished goods.

Property, plant and equipment

Property, plant and equipment are recorded at cost less depreciation and amortization calculated on a straight-line basis at the following rates:

Buildings	5%
Equipment	10%-33%

The Company has a long-term land lease in China, which has been prepaid, and the cost has been capitalized. This cost is being amortized on a straight-line basis over the term of the lease.

Construction in progress is not depreciated until it is put in use.

Income Taxes

Future income tax assets and liabilities are established where the accounting net book value of assets and liabilities differs from the corresponding tax basis. The benefit of future income tax assets is only recognised where their realisation is judged to be more likely than not.

Stock-based Compensation Plan

The Company has a stock-based compensation plan, which is described in Note 10. Effective January 1, 2002 the Company adopted CICA 3870 (Stock-based Compensation and Other Stock-based Payments). As permitted by CICA 3870 the Company has applied this change prospectively for new awards granted on or after January 1, 2002. The Company has chosen to recognize no compensation when stock options are granted under stock option plans with no cash settlement features. Consideration paid on exercise of stock options is credited to common share capital.

Earnings per Share

Net income (loss) per common share has been computed by dividing income (loss) applicable to common shareholders by the weighted-average number of common shares outstanding during the respective periods. Diluted net income (loss) per common share is computed by dividing net earnings (loss) applicable to common shares by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued.

3. Investments

	<u>May 31,</u> <u>2003</u>	<u>November 30,</u> <u>2002</u>
Investments in marketable securities (fair market value - \$37,784; 2002 - \$59,703)	<u>\$ 48,781</u>	<u>\$ 48,781</u>

It is the Company's intention to hold the marketable securities for greater than one year.

INTER-CITIC MINERAL TECHNOLOGIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED MAY 31, 2003

4. Investment in Associated Company

Investment in associated company is carried on an equity basis.

<u>Ideal e-Commerce Limited</u>	<u>May 31, 2003</u>	<u>November 30, 2002</u>
Equity - 50% ownership (a)	\$ 1	\$ 1
Shareholder loan (b)	250,000	250,000
Accumulated equity in net loss	<u>(250,000)</u>	<u>(250,000)</u>
	<u>\$ 1</u>	<u>\$ 1</u>

(a) Investment in associated company represents the Company's 50% interest in Ideal e-Commerce Limited ("Ideal e-Commerce"), a Hong Kong company formed in a 50/50 joint venture between the Company and Henderson China Holdings Ltd. ("Henderson China"), of Hong Kong, in March, 2000 for the development and launch of a Business-to-Business online metals trading portal through its 48% ownership in China Metals Net Company Ltd. ("China Metals Net"), of Hong Kong. This investment is consistent with the business activity of the Company and its long term strategic objectives.

52% of the shares of China Metals Net are owned by China National Non-Ferrous Industrial Trading Group Company ("CNIT"), formerly Minmetals International Non-Ferrous Metals Trading Company, of Beijing. CNIT has agreed to utilize the services of China Metals Net on an exclusive basis to conduct all of its non-ferrous metals trading business activities through the Business-to Business online metals trading portal.

(b) The Hong Kong dollar denominated shareholder loan (HK \$1,224,999; 2002 - HK\$1,224,999) is unsecured and bears no interest and has no terms of repayment.

(c) The Company's net investment in and operations of Ideal e-Commerce are represented by:

	<u>May 31, 2003</u>	<u>November 30, 2002</u>
Expenses and net loss	<u>\$ (46,586)</u>	<u>\$ (46,586)</u>
Current assets	\$ 31,626	\$ 31,626
Current liabilities	<u>(31,625)</u>	<u>(31,625)</u>
Net investment	<u>\$ 1</u>	<u>\$ 1</u>

5. Property, plant and equipment

	<u>May 31, 2003</u>			<u>November 30, 2002</u>		
	Cost	Accumulated Depreciation and Amortization	Net Book Value	Cost	Accumulated Depreciation and Amortization	Net Book Value
Prepaid land lease	\$ 255,232	\$ (19,178)	\$ 236,054	\$ 255,232	\$ (15,938)	\$ 239,294
Building	889,217	(110,686)	778,531	1,165,431	(120,997)	1,044,434
Equipment	1,664,837	(372,924)	1,291,913	3,322,219	(588,733)	2,733,486
Construction in progress	123,863	-	123,863	91,805	-	91,805
Total	<u>\$ 2,933,149</u>	<u>\$ (502,788)</u>	<u>\$ 2,430,361</u>	<u>\$ 4,834,687</u>	<u>\$ (725,668)</u>	<u>\$ 4,109,019</u>

During the quarter, the Company wrote off capital assets with a net book value of \$1,551,423 (see **Note 11**).

6. Bank Advances

As at May 31, 2003, Yangzhong Zhonghai Techmat Co., Ltd. in China has borrowed, in aggregate, \$495,600 (Renminbi 3,000,000; 2002 - \$567,900, Renminbi 3,000,000) from a domestic bank in the form of a line of credit, repayable on demand, and secured by a fixed charge on the land and buildings. The bank advances bear interest at a rate of 7.605%. During the quarter, the Company paid or accrued interest charges of \$8,643 (2002 - \$8,545).

INTER-CITIC MINERAL TECHNOLOGIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED MAY 31, 2003

7. Related Party Transactions

Due to Related Party of \$48,609 (Renminbi 294,239; 2002 - \$55,701, Renminbi 294,239) represents advances from the minority shareholder of Yangzhong Zhonghai Techmat Co., Ltd. bearing no interest and having no fixed terms of repayment.

During the quarter, the Company paid or accrued management fees of \$43,000 (2002 - \$34,500) to one company controlled by a director and to one director. These fees were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. Convertible Debenture

On July 10, 2002, the Company received the final tranche of a \$2,000,000 two-year, non-redeemable convertible debenture. The debenture carries an 8.9% coupon, non-compounding, and is convertible into common shares of the Company at a price of \$1.00 per share. Proceeds of the debenture were used to expand capacity and to enhance productivity at the Company's 80%-owned rare earths processing facility.

In view of the debenture holder's right to redeem the debenture through the issuance of common shares, the debenture is being accounted for as having both a debt and equity component in accordance with accounting standards of the Canadian Institute of Chartered Accountants. Accordingly, interest and accretion of \$78,013 has been accrued for the quarter.

9. Lease Commitment

The Company has entered into a lease for office space to the year 2010 with minimum lease payments as follows:

Balance of 2003	\$	22,293
2004	\$	44,585
2005	\$	46,593
2006	\$	46,995
2007	\$	46,995
2008 and thereafter	\$	105,739

10. Share Capital

(a) Authorized

98,500,000 common shares, without par value

(b) Issued and Outstanding

	May 31, 2003		November 30, 2002	
	Shares	Amount	Shares	Amount
Balance - Beginning of period	28,711,810	\$ 16,710,360	25,107,398	\$ 14,269,066
Issued by private placement	-	-	3,529,412	2,387,294
Exercise of Options	-	-	75,000	54,000
	28,711,810	16,710,360	28,711,810	16,710,360
Investment in own shares	(116,500)	(133,023)	(116,500)	(133,023)
Balance - End of period	28,595,310	\$ 16,577,337	28,595,310	\$ 16,577,337

On April 15, 2002 the Company completed a private placement for total proceeds of \$3,000,000, representing 3,529,412 units of the Company at a price of \$0.85 per unit. Each unit consists of one common share and a one-half of one share purchase warrant. Each whole share purchase warrant permits the purchase of one additional common share at \$1.00 for a period of twenty-four months from the date of issue.

As part of this financing transaction, the Company agreed to pay a finders's fee of \$75,000 in cash and 150,000 share purchase warrants. Each share purchase warrant entitles the holder to purchase one share at a price of \$1.00 for twenty-four months from the date of issue.

Consideration received has been allocated to the common shares after deducting the estimated fair value of the share purchase warrants of \$612,706.

Proceeds of the private placement were for general working capital.

**INTER-CITIC MINERAL TECHNOLOGIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED MAY 31, 2003**

(c) Stock-based Compensation Plan

The Company has a stock option compensation plan. No compensation expense is recognized when stock or stock options are issued. Any consideration paid on exercise of stock options or purchase of stock is credited to share capital. Shares issued under the plan are recorded at the exercise price.

	May 31, 2003		November 30, 2002	
	Number of Share Options	Weighted Average Exercise Price	Number of Share Options	Weighted Average Exercise Price
Options outstanding - beginning of period	1,674,000	\$ 0.83	1,764,000	\$ 0.85
Options granted	475,000	\$ 0.66	165,000	\$ 0.92
Options exercised	-	\$ -	(75,000)	\$ 0.72
Options expired	(100,000)	\$ 1.22	(100,000)	\$ 1.01
Options terminated	-	\$ -	(80,000)	\$ 1.15
Options outstanding - end of period	2,049,000	\$ 0.77	1,674,000	\$ 0.83

	May 31, 2003	November 30, 2002
Options Outstanding and Exercisable		
Price range per option	\$0.67 to \$0.96	\$0.67 to \$1.24
Weighted average remaining contractual life	3.05 Years	2.85 Years
Weighted average exercise price	\$0.77	\$0.83

Effective January 1, 2002, the Company adopted a new accounting standard issued by the CICA relating to stock-based compensation and other stock-based payments. This new standard requires either the recognition of compensation expense for grants of stock, stock options and other equity instruments to employees, or, alternatively, the disclosure of pro forma net earnings and net earnings per share data as if stock-based compensation had been recognized in earnings. The Company has elected to disclose, by way of note, pro forma net earnings and earnings per share data for options granted after January 1, 2002. Therefore, there is no effect of adopting this standard on the Company's results of operations and financial position. Had compensation costs been determined for all options granted, the Company's pro forma net loss per share would have been adjusted as follows:

	For the three months ended May 31, 2003	For the six months ended May 31, 2003
	Net loss	
As reported	\$ (2,424,930)	\$ (2,953,661)
Pro Forma	\$ (2,644,680)	\$ (3,173,411)
Net loss per share - basic and diluted		
As reported	\$ (0.08)	\$ (0.10)
Pro Forma	\$ (0.09)	\$ (0.10)

The fair value of the options at the date of grant was estimated using the Modified Black Scholes option pricing model based on the following assumptions: risk-free interest rate of 4.5%; expected life of 5 years; volatility of 74%.

11. Write-down of Rare Earth Division

During the quarter, the Company recognized a write down of \$1,551,423 against the property, plant and equipment of its RareEarth Division. The assets were written down to their estimated net recoverable and realizable amounts.

12. Income Taxes

(a) China Subsidiary Tax Status

According to the "Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises", Yangzhong Zhonghai Techmat Co., Ltd, the Company's China subsidiary, is entitled to an exemption on enterprise income tax for the first two years commencing with the first profitable year after offsetting all losses carried forward, and a 50% reduction for the three years thereafter. Following the expiration of the five-year exemption, the subsidiary will qualify for a 50% reduction in regular tax rates if the value of its exported products amounts to 70% or more of the total production value for the year. Yangzhong Zhonghai Techmat Co., Ltd. has not yet achieved its first full year of profitability.

INTER-CITIC MINERAL TECHNOLOGIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED MAY 31, 2003

(b) Loss Carry forwards - Canada

The Company has available losses of approximately \$3,871,000 which may be carried forward to reduce future years' income for tax purposes. A full valuation allowance of \$2,000,000 has been applied against the benefit of these tax losses, as in management's view recognition is not warranted.

2003	\$	388,000
2004	\$	653,000
2005	\$	447,000
2006	\$	658,000
2007	\$	664,000
2008	\$	752,000
2009	\$	1,028,000

13. Segmented Information

The Company's operations include a Head Office in Canada, a Mine Development Division based in Canada and Beijing, China, a Rare Earth Division with operations in China, and an e-Commerce division based in Canada and Hong Kong. The Mine Development Division is a newly formed division whose purpose is to acquire exploration stage resource properties in China and to explore and develop these properties. The Rare Earth Division processes rare earth concentrates in China which are primarily used in the optical and automotive catalytic converter industries as well as the manufacture of mini and micro magnets for the computer and telecommunication industries.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

(a) Segmented Net Loss

	For the three months ended May 31, 2003				
	Head Office	Mine Development Division	Rare Earth Division	e-Commerce Division	Consolidated
REVENUE					
Sales	\$ -	\$ -	\$ 117,327	\$ -	\$ 117,327
COST OF SALES					
Cost of goods sold	-	-	362,610	-	362,610
GROSS PROFIT (LOSS)	-	-	(245,283)	-	(245,283)
OTHER EXPENSES					
Selling, general and administrative expenses	114,970	181,056	235,575	-	531,601
Depreciation and amortization	960	-	92,563	-	93,523
	115,930	181,056	328,138	-	625,124
Operating loss	(115,930)	(181,056)	(573,421)	-	(870,407)
Foreign exchange gain (loss)	(3,904)	-	(2,247)	-	(6,151)
Interest and other income (expense), net	(73,974)	-	(9,517)	-	(83,491)
Write down of the Rare Earth Division (Note 11)	-	-	(1,551,423)	-	(1,551,423)
Equity in net income (loss) of associated company (Note 4)	-	-	-	-	-
Loss before income taxes and non-controlling interest	(193,808)	(181,056)	(2,136,608)	-	(2,511,472)
Income taxes (Note 12)	-	-	-	-	-
Loss before non-controlling interest	(193,808)	(181,056)	(2,136,608)	-	(2,511,472)
Non-controlling interest	-	-	86,542	-	86,542
Net loss	\$ (193,808)	\$ (181,056)	\$ (2,050,066)	\$ -	\$ (2,424,930)

INTER-CITIC MINERAL TECHNOLOGIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED MAY 31, 2003

(a) Segmented Net Loss, continued

For the three months ended May 31, 2002

	Head Office	Mine Development Division	Rare Earth Division	e-Commerce Division	Consolidated
REVENUE					
Sales	\$ -	\$ -	\$ 23,456	\$ -	\$ 23,456
COST OF SALES					
Cost of goods sold	-	-	39,955	-	39,955
GROSS PROFIT (LOSS)	-	-	(16,499)	-	(16,499)
OTHER EXPENSES					
Selling, general and administrative expenses	235,299	-	127,614	6,693	369,606
Depreciation and amortization	1,140	-	70,773	-	71,913
	236,439	-	198,387	6,693	441,519
Operating loss	(236,439)	-	(214,886)	(6,693)	(458,018)
Foreign exchange gain (loss)	(35,259)	-	11,231	-	(24,028)
Interest and other income (expense), net	3,830	-	(6,008)	-	(2,178)
Gain on sale of investments	12,357	-	-	-	12,357
Equity in net income (loss) of associated company (Note 4)	-	-	-	(17,297)	(17,297)
Loss before income taxes and non-controlling interest	(255,511)	-	(209,663)	(23,990)	(489,164)
Income taxes (Note 12)	-	-	-	-	-
Loss before non-controlling interest	(255,511)	-	(209,663)	(23,990)	(489,164)
Non-controlling interest	-	-	19,333	-	19,333
Net loss	\$ (255,511)	\$ -	\$ (190,330)	\$ (23,990)	\$ (469,831)

INTER-CITIC MINERAL TECHNOLOGIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED MAY 31, 2003

(a) **Segmented Net Loss, continued**

For the six months ended May 31, 2003

	Head Office	Mine Development Division	Rare Earth Division	e-Commerce Division	Consolidated
REVENUE					
Sales	\$ -	\$ -	\$ 398,628	\$ -	\$ 398,628
COST OF SALES					
Cost of goods sold	-	-	625,800	-	625,800
Gross margin (loss)	-	-	(227,172)	-	(227,172)
OTHER EXPENSES					
Selling, general and administrative expenses	304,690	181,056	468,197	-	953,943
Depreciation and amortization	2,100	-	184,839	-	186,939
	306,790	181,056	653,036	-	1,140,882
Operating loss	(306,790)	(181,056)	(880,208)	-	(1,368,054)
Foreign exchange gain (loss)	(4,592)	-	(5,306)	-	(9,898)
Interest and other income (expense), net	(143,567)	-	(18,312)	-	(161,879)
Write down of the Rare Earth Division (Note 11)	-	-	(1,551,423)	-	(1,551,423)
Equity in net income (loss) of associated company (Note 4)	-	-	-	-	-
Loss before income taxes and non-controlling interest	(454,949)	(181,056)	(2,455,249)	-	(3,091,254)
Income taxes (Note 12)	-	-	-	-	-
Loss before non-controlling interest	(454,949)	(181,056)	(2,455,249)	-	(3,091,254)
Non-controlling interest	-	-	137,593	-	137,593
Net loss	\$ (454,949)	\$ (181,056)	\$ (2,317,656)	\$ -	\$ (2,953,661)

INTER-CITIC MINERAL TECHNOLOGIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED MAY 31, 2003

(a) **Segmented Net Loss, continued**

For the six months ended May 31, 2002

	Head Office	Mine Development Division	Rare Earth Division	e-Commerce Division	Consolidated
REVENUE					
Sales	\$ -	\$ -	\$ 71,582	\$ -	\$ 71,582
COST OF SALES					
Cost of goods sold	-	-	72,814	-	72,814
Gross margin (loss)	-	-	(1,232)	-	(1,232)
OTHER EXPENSES					
Selling, general and administrative expenses	439,881	-	215,847	6,693	662,421
Depreciation and amortization	2,280	-	139,575	-	141,855
	442,161	-	355,422	6,693	804,276
Operating loss	(442,161)	-	(356,654)	(6,693)	(805,508)
Foreign exchange gains (losses)	(41,713)	-	23,704	-	(18,009)
Interest and other income (expense), net	5,061	-	(15,097)	-	(10,036)
Gain on sale of investments	12,357	-	-	-	12,357
Equity in net loss of associated company (Note 4)	-	-	-	(44,014)	(44,014)
Loss before income taxes and non-controlling interest	(466,456)	-	(348,047)	(50,707)	(865,210)
Income taxes (Note 10)	-	-	-	-	-
Loss before non-controlling interest	(466,456)	-	(348,047)	(50,707)	(865,210)
Non-controlling interest	-	-	47,352	-	47,352
Net loss	\$ (466,456)	\$ -	\$ (300,695)	\$ (50,707)	\$ (817,858)

(b) **Property, plant and equipment, net, by Geographic Region**

	May 31, 2003	November 30, 2002
China	\$ 2,415,754	\$ 4,092,312
Canada	14,607	16,707
	<u>\$ 2,430,361</u>	<u>\$ 4,109,019</u>

(c) **Total Assets by Segment**

	May 31, 2003	November 30, 2002
Rare Earth Division	\$ 2,893,959	\$ 5,407,531
Head Office	658,635	1,410,176
e-Commerce Division	1	1
Mine Development Division	-	-
	<u>\$ 3,552,595</u>	<u>\$ 6,817,708</u>

Inter-Citic Mineral Technologies Inc.

BC Form 51-901F - Schedule B (Supplementary Information)

1. ANALYSIS OF EXPENSES AND DEFERRED COSTS

Breakdown of Selling, general and administrative expenses:

For the three months ended May 31, 2003

	Head Office	Mine Development Division	Rare Earth Division	e-Commerce Division	Consolidated
Office and rent	\$ 34,735	\$ -	\$ 93,172	\$ -	\$ 127,907
Salaries and benefits	19,851	-	102,089	-	121,940
Travel and accommodation	98,536	137,348	11,091	-	109,627
Management fees	73,001	-	2,023	-	75,024
Consulting	41,272	43,708	12,638	-	53,910
Professional fees	12,291	-	9,083	-	21,374
Other expenses	6,466	-	5,479	-	11,945
Corporate relations	9,874	-	-	-	9,874
	<u>\$ 296,026</u>	<u>\$ 181,056</u>	<u>\$ 235,575</u>	<u>\$ -</u>	<u>\$ 531,601</u>

2. RELATED PARTY TRANSACTIONS

See Schedule A

3. SUMMARY OF SECURITIES ISSUED AND OPTIONS GRANTED DURING THE PERIOD

(a) *Summary of Securities Issued*

Not applicable.

(b) *Summary of Options Granted*

Date	Number	Optionee	Exercise Price	Expiry Date
27-Mar-03	100,000	Scott Dorey	\$ 0.58	27-Mar-08
27-Mar-03	175,000	James Moore	\$ 0.72	27-Mar-08
27-Mar-03	100,000	Lou Pasubio	\$ 0.72	27-Mar-08
27-Mar-03	100,000	David Wahl	\$ 0.58	27-Mar-08

4. SUMMARY OF SECURITIES AS AT THE END OF THE REPORTING PERIOD

Not applicable.

5. DIRECTORS AND OFFICERS

Scott Dorey - Director
Mark Frederick - Director
Carlos Ho - Director
Hao Veng Ho - Director
Sherman Hsiao Ming Hong - Director
James J. Moore - Director, President and Chief Executive Officer
Lou Pasubio - Vice-President, Finance and Chief Financial Officer
Peter Tang - Director and Secretary

Inter-Citic Mineral Technologies Inc.

BC Form 51-901F – Schedule C (Management Discussion and Analysis)

Management's Discussion and Analysis should be read in conjunction with the current period's financial statements.

OVERVIEW

Inter-Citic is focused on expanding its ability to bridge the gap between western business fundamentals with opportunities in the People's Republic of China (the "PRC"). Over the course of the past several years the Company has sought to systematically leverage its key relationships in the PRC to generate deal-flow with a strategic focus on the acquisition and development of key mineral and related projects in China. These opportunities have included establishment of the Rare Earth Division, the e-Commerce Division, and pursuit of the development rights to a large lead-zinc deposit in Yunnan, China.

Although none of these initiatives have yielded positive cash flow to date, the Company is confident that these initiatives have allowed the Company to establish critical relationships in China that can be built upon for future growth, and Inter-Citic's immediate business strategy of building an integrated mineral company that is focused on the Chinese marketplace is expected to result in additional opportunities. During the quarter, the "Mine Development Division" was established to capture and report financial activity related to activities associated with the acquisition of exploration stage resource properties, and the Company anticipates that new opportunities will be manifest in the second half of this year. The Company's immediate objectives are to acquire an interest in exploration stage resource properties in China and to explore and develop those properties. It is anticipated that funding for these activities will come in the form of private and public offerings.

In the medium to long term, the Company intends to evaluate and ultimately implement strategies for becoming a producer of precious metals in the PRC in conjunction with major international mining operators.

During the quarter, the Company recognized a write down of the Rare Earth Division in the form of a charge against property, plant and equipment of \$1,551,423 to reflect the Company's decision to suspend operations of the factory in the face of currently unfavorable market conditions. Although the Company expects this suspension of operations to be temporary, there is no guarantee that market conditions will recover sufficient to warrant a resumption of production, and that in such a case a further and equally significant write down could be warranted.

In addition, there has been no significant activity in the e-Commerce Division, nor has there been any further advancement of initiatives with respect to the Yunnan lead-zinc project.

RESULTS OF OPERATIONS

For the second quarter of 2003, the Company's consolidated net loss was \$2,424,930 (year to date - \$2,953,661). Excluding the write down of the Rare Earth Division of \$1,551,423 as discussed above, the net loss for the quarter was \$873,507 (year to date - \$1,402,238) compared to \$469,831 for the same period last year (year to date last year - \$817,858). The newly formed Mine Development Division incurred expenses of \$181,056 for the quarter. Again excluding the write down, the Rare Earth Division accounted for \$498,643 (year to date - \$766,233) of the overall loss compared to \$190,330 in 2002 (year to date last year - \$300,695), while the e-Commerce Division continued with no activity during the quarter (the e-Commerce Division incurred a loss of \$23,990 in the second quarter of last year). On a year to date basis,

last year the e-Commerce division incurred a loss of \$50,707 compared to no activity this year. The Company's consolidated net loss per share was \$0.08 for the quarter (\$0.10 on a year to date basis), compared to \$0.02 for the same period last year (\$0.03 on a year to date basis).

(Unaudited)	2003				2002			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales:								
Rare Earth	\$281,301	\$117,327			\$48,126	\$23,456	\$11,174	\$6,680
Net Loss:								
Head Office	\$261,141	\$193,808			\$210,945	\$255,511	\$357,794	\$352,805
Mine Development	\$0	\$181,056			\$0	\$0	\$0	\$0
Rare Earth	\$267,590	\$2,050,066 ^[1]			\$110,365	\$190,330	\$168,476	\$948,460 ^[2]
e-Commerce	\$0	\$0			\$26,717	\$23,990	\$2,572	\$0
Overall	\$528,751	\$2,424,930			\$348,027	\$469,831	\$528,842	\$1,301,265
Net Loss Per Share (Basic and Diluted)	\$0.02	\$0.08			\$0.01	\$0.02	\$0.02	\$0.04

[1] Includes a write down of \$1,551,423.

[2] Includes provisions of \$ 746,694 for low-grade inventory resulting from implementation and testing of expansion and improvement measures during the latter part of 2001 and throughout 2002.

A. The Rare Earth Division

Since its acquisition of an 80% interest in a joint venture in China, the Company's Rare Earth Division ("Techmat") has undergone a phased upgrade and expansion to facilitate future growth, which was substantially completed earlier this year. The operation processes rare earth concentrates for use in the automotive, catalyst, electronics and glass industries, and although globally the rare earth market has suffered a significant downturn since the establishment of the Division, the Company continues to see opportunity for growth in the medium to long-term. During the last fiscal year, senior technical staff was added to the Techmat management team and areas of further improvement and innovation were identified and implemented. Instead of continuing to sell lower-grade products at diminishing margins and increasingly saturated markets, the Company focused on re-positioning itself as a high-quality producer, and although upgrade and expansion efforts have succeeded in producing higher quality products, as evidenced by samples produced, the Company has been unable to enter into sales contracts at sufficient prices to warrant production. As a result, during the quarter the Company decided to suspend operations of the Techmat facility until such time as market conditions and currently unfavorable pricing improve.

Consequently, the Company has recognized a write down of \$1,551,423 against property, plant and equipment during the quarter, and understands that a further write down may be necessary if production is not resumed or alternative strategies are not implemented.

During the quarter, sales for the Rare Earth Division totaled \$117,327 (year to date - \$398,628) compared to \$23,456 for the same period last year (year to date last year - \$71,582) as a result of limited activity while carrying out the expansion, as well a decision to suspend operations. More significantly, selling, general and administrative expenses increased to \$235,575 from \$127,614 (\$468,197 from \$215,847 on a year to date basis) last year as a result of increased costs associated with sales and marketing initiatives in the USA and Europe. It is anticipated that these costs will fall dramatically in the second half of 2003 as a result of the suspension of operations.

As a result of the above, the Rare Earth Division experienced an overall loss for the quarter of \$2,050,066 (year to date - \$2,317,656) compared to a loss of \$190,330 in the previous year (year to date last year - \$300,695).

Non-controlling interest represents minority shareholder's interest in the earnings of the subsidiary company Yangzhong Zhonghai Techmat Co., Ltd.

B. The e-Commerce Division

The e-Commerce Division did not incur any expenses for the quarter, as commercial activity was limited as the Company continued work with its partners on satisfying all regulatory requirements for the conduct of e-commerce in China. A 50% equity pick-up of the Company's share of the net loss in Ideal e-Commerce Limited ("Ideal") resulted in a loss from the e-Commerce Division in the second quarter of last year of \$23,990, while no such loss was incurred for the second quarter of 2003. A total of \$500,000 in start-up costs (net of interest earned) has been incurred and fully expensed by Ideal as it continues to work on the development and implementation of an on line metals trading portal in China. To date, Ideal has finalized a business plan and secured a long-term service agreement that the Company believes will ensure positive cash flow from the Division immediately upon successful implementation.

C. The Mine Development Division

The Company intends to acquire an interest in exploration stage mineral properties. Although this objective has been in place for quite some time, as evidenced by the initiative to acquire a lead-zinc deposit in Yunnan, PRC, the Company has also pursued other ventures in China, including the e-Commerce and Rare Earth initiatives. Due to current market conditions, both the rare earth operations, and the e-Commerce initiative have effectively been suspended, however, with respect to the rare earth operations, the Company may reconsider its decision to suspend operations if the price for its products, which is currently unfavorable, improves, as discussed above.

During the quarter the Company established the Mine Development Division as a new reporting segment to reflect the enormous progress that the Company has enjoyed in its mining development and exploration initiatives, and it is anticipated that new opportunities for this division will become manifest in the second half of 2003. Expenses for this division totaled \$181,056.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Overall, these expenses have increased from \$369,606 in the second quarter of last year to \$531,601 this year (\$953,943 compared to \$662,421 on a year to date basis, respectively), with the most significant increase occurring in the Rare Earth Division as a result of increased costs associated with sales and marketing initiatives, and the newly formed Mine Development Division as a result of concentrated efforts to acquire exploration stage mineral properties in China.

	Q2, 2003	Q2, 2002	Q2, 2001
Head Office	\$114,970	\$235,299	\$196,875
Mine Development	\$181,056	\$0	\$0
Rare Earth	\$235,575	\$127,614	\$159,532
e-Commerce	\$0	\$6,693	\$0
Overall	\$531,601	\$369,606	\$356,407

Selling, general and administrative expenses for the e-Commerce Division expenses peaked in 2001 (\$88,932 for that year, although there were none of these expenses in the second quarter of 2001) and consisted primarily of travel and accommodation, as well as professional and consulting services associated with the establishment of an online metals trading portal in China. Significant additional expenses are not anticipated for this Division until the project is successful in satisfying regulatory requirements for the conduct of e-commerce in China.

OTHER EXPENSES

Other expenses from 2001 to 2003 include the following:

	Q2, 2003	Q2, 2002	Q2, 2001
Foreign exchange gain (loss)	\$(6,151)	\$(24,028)	\$(41,303)
Interest and other income (expense)	\$(83,491)	\$(2,178)	\$(196)
Gain on sale of investments	\$0	\$12,357	\$0
Write down of the Rare Earth Division	\$(1,551,423)	\$0	\$0
Equity in net income (loss) of associated company	\$0	\$(17,297)	\$(135,811)
Overall	\$(1,641,065)	\$(31,146)	\$(177,310)

Foreign exchange gains from year to year reflect coincidentally favorable exchange rates with respect to operations in China relating to capital expenditures.

Equity in net income of associated company represents an equity pick-up as a result of the Company's 50% share in Ideal e-Commerce Limited. Expenses incurred in the associated company are of a start-up nature. To date, the Company has recognized equity in net loss of associated company sufficient to reduce the carrying value of its investment to \$1, and no further expenditures for this initiative are anticipated for the foreseeable future.

Interest and accretion charges of \$78,013 were accrued during the second quarter of 2003, although interest is not actually payable until maturity. Excluding this amount, interest expense from year to year has not changed significantly. Expenses are net of interest earned on cash balances.

CASH RESOURCES AND LIQUIDITY

Operating Activities

The Company continued to generate negative cash flow from operations for the second quarter of 2003, as was the case in 2002 (\$585,849 compared to \$1,035,023, respectively), primarily as a result of losses incurred in the Rare Earth Division. Negative cash flow was worse in 2002 due to a build-up of inventory levels as a result of expansion efforts. For the same reasons, on a year to date basis, negative cash flow from operations was \$435,282 in 2003 compared to \$933,203 in 2002.

It is anticipated that the Company will finance ongoing operations through equity offerings to take place in the second half of 2003. Although expenses relating to the Mine Development Division are expected to increase as the Company redirects its focus, the Company does expect overall cash flow to improve dramatically as a result of the suspension of operations of the Rare Earth Division.

SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the consolidated financial statements. The most significant estimates relate to recoverability and carrying value of Rare Earth Division property, plant and equipment, useful economic lives of assets for amortization purposes and fair values of financial instruments. Actual results could differ from those estimates.

Foreign Currency Translation

Effective January 1, 2002, the Company adopted, retroactively, a new Canadian Institute of Chartered Accountants ("CICA") accounting standard in respect of foreign currency translation that eliminates the deferral and amortization of currency translation. There was no effect of adopting this standard on the Company's results of operations and financial position.

Stock-based Compensation Plan

Effective January 1, 2002, the Company adopted a new accounting standard issued by the CICA relating to stock-based compensation and other stock-based payments. This new standard requires either the recognition of compensation expense for grants of stock, stock options and other equity instruments to employees, or, alternatively, the disclosure of pro forma net earnings and net earnings per share data as if stock-based compensation had been recognized in earnings. The Company has elected to disclose, by way of note, pro forma net earnings and earnings per share data for options granted after January 1, 2002.

Therefore, there was no effect of adopting this standard on the Company's results of operations and financial position. Had compensation costs been determined for all options granted, the Company's pro forma net loss per share would have been adjusted as follows:

Net loss	Q2, 2003	YTD, 2003
As reported	\$(2,424,930)	\$(2,953,661)
Pro Forma	\$(2,644,680)	\$(3,173,411)
Net loss per share - basic and diluted		
As reported	\$(0.08)	\$(0.10)
Pro Forma	\$(0.09)	\$(0.10)

RISKS AND UNCERTAINTIES

The following describes certain principal risks not previously described in the management's discussion and analysis, but is not, by its very nature, all-inclusive.

Political Risk

The Company's strategic advantage is its ability to accomplish business objectives in China efficiently and effectively. Accordingly, the Company anticipates that a majority of its future revenue producing activities will be in that jurisdiction. As a result, the Company is subject to social, political and economic developments and trends that are beyond its control. This risk is mitigated by the Company's strong ties to China through its shareholder base and members of its Board of Directors, as well as its expertise in understanding the realities of the Chinese government's decision-making process. Much time and effort has been invested in identifying key senior contacts and understanding their deeper concerns when dealing with foreign investment. In fact, a cornerstone to Inter-Citic's ability to access the highest levels of the Chinese decision and policy-making structure is in leveraging the relationships and extensive connections available within its own shareholder base, and it is this ability that sets the Company apart from other western companies attempting to do business in China.

Environmental Risk

The Company believes that the environmental protection measures taken at its rare earth processing facility are adequate for the purposes of compliance with Chinese environmental protection regulations. However, future legislation and regulations could cause additional expenses, capital expenditures, restrictions or delays in production, the extent of which cannot be predicted.

Foreign Exchange Risk

The Rare Earth Division anticipates that a majority of its sales will occur outside China and will be invoiced and paid for in US dollars, while interest on Chinese debt as well as operating expenses within China are paid in Chinese currency. As a result, the company feels that it does not have a significant exposure to devaluation of the Chinese currency.

Interest Rate Risk

The Company currently has debt outstanding in China that is subject to fluctuating Chinese interest rates. Since the Company cannot control or predict fluctuations in these rates, the impact of such fluctuations on the interest expense incurred by the Company could be significant.

Mine Development Activities

As at the end of the second quarter of 2003, the Company did not have an interest in a resource property, and there is no guarantee that it will be successful in obtaining or acquiring such an interest. Exploration and development of mineral properties and as a result investing in the shares of the Company both involve a high degree of risk. Even if the Company acquires an interest in exploration properties, the marketability of the natural resources that may be discovered will be affected by numerous factors beyond the control of the Company. The return, if any on the investment in shares of a resource company is subject to market conditions that are beyond the control of the Company. Some of the factors affecting resource exploration and development include the proximity and capacity of resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure and land use, importing and exporting minerals and environmental protection. The effect of these and other factors cannot be predicted.

Going Concern Risk

In light of ongoing and significant losses, the ability of the Company to continue to meet its obligations as they come due and therefore to implement its initiatives depends on its ability to obtain adequate financing and commence profitable business operations.

During 2002 an additional \$1,114,067 was spent refurbishing the rare earth facility in China. An additional \$83,052 was spent during the first quarter of 2003. Although these expenditures enhanced product quality and marketability of the rare earth products produced, production has been suspended, as the company has been unsuccessful in securing supply contracts at favorable prices due to adverse market conditions. Management believes that at current product prices the plant will be profitable once contracts are secured. There is no assurance that such contracts will be negotiated and the plant reactivated. Accordingly, its future value could be severely impacted if not realized through normal production, and the Company has recognized a write down during this quarter of \$1,551,423. It is understood that further significant write down may occur by the end of 2003. The plant is currently reflected in the financial statements at its cost of \$2,415,754.

Management is considering various alternatives, including a private placement to raise capital in 2003. It is not possible to determine with certainty the success or adequacy of these initiatives. Although current financing initiatives appear favourable, the Company may experience delays in meeting its implementation timetable for its projects should there be problems securing adequate financing. The Company has mitigated this risk by entering into strategic partnerships with Companies and individuals that are experienced and capable of sourcing funds as and when required.

OUTLOOK

Over the next year the Company will focus all of its available resources and relationships in China to secure mineral exploration projects for further development. The Company believes that it will be successful in securing such projects, and that these projects will result in a significant enhancement of enterprise value in the coming twelve months.

In the meantime, the rare earth and e-Commerce operations will remain suspended to preserve capital and allow for focus of resources and effort on development of the above objective.

The Company does not expect any further activity on the Yunnan lead-zinc project for the foreseeable future.

CAUTION REGARDING FORWARD LOOKING INFORMATION

Certain of the statements that are not historical facts contained in this Annual Report and other disclosure documentation are forward-looking statements that involve risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in the forward-looking statements. These statements involve risk and uncertainties, including but not limited to the risk factors previously described. Actual results could differ materially from those projected as a result of these risks and should not be relied upon as a prediction of future events. Readers are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein. Inter-Citic Mineral Technologies Inc. undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results otherwise.