

Tirex CORP  
Form 10-Q  
May 20, 2009

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

- Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934  
**For the quarterly period ended March 31, 2009.**
- Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 33-17598-NY

**THE TIREX CORPORATION**

(Exact Name of Small Business Issuer as Specified in Its Charter)

**Delaware**  
(State or other jurisdiction of  
Incorporation or Organization)

**22-2824362**  
(I.R.S. Employer  
Identification No.)

**1771 Post Road East  
Westport CT USA 06880**  
(Mailing Address)

**(203) 292-6922**  
(Issuer's telephone number, including area code)

**PO Box 1000 Stratford, CT, USA  
06614-9991**  
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Check whether the issuer: (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 issuer was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

***APPLICABLE ONLY TO CORPORATE ISSUERS***

State the number of shares outstanding for each of the issuer's classes of common equity, as of **April 30, 2009: 999,992,216**  
shares, single series

Transitional Small Business Disclosure Format (check one):

Yes  No

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**The Tirex Corporation**  
**(A Development Stage Company)**

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The financial statements are unaudited. However, Management of registrant believes that all necessary adjustments, including normal recurring adjustments, have been reflected to present fairly the financial position of registrant at March 31, 2009 and the results of its operations and changes in its cash position for the nine period ended March 31, 2009 and 2008 and for the period from inception (July 15, 1987). Our independent accountant has not yet completed their review of these quarterly financial statements, for reasons beyond the control of The Tirex Corporation. The Review Report will be filed subsequently.

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**THE TIREX CORPORATION  
A DEVELOPMENT STAGE COMPANY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2009**

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**THE TIREX CORPORATION**  
**A DEVELOPMENT STAGE COMPANY**

**CONSOLIDATED BALANCE SHEET**  
**MARCH 31, 2009**

	<b>March 31, 2009</b>
<u>ASSETS</u>	
Current Assets	
Cash and cash equivalents	\$ -
Accounts receivable	-
Notes receivable	-
Inventory	-
Research and Experimental Development tax credits receivable	-
Total Current Assets	-
Property and equipment	25,000
Other assets	
Patents	1
Investment, at cost	-
Total Other Assets	1
Total Assets	\$ 25,001
<u>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</u>	
Current Liabilities	
Accounts payable and accrued liabilities	\$ 1,313,373
Current portion of long-term debt	-
Total Current Liabilities	1,313,373
Other liabilities	
Long-term deposits and convertible notes	69,000
Government loans (net of current)	-
Capital lease obligations (net of current)	-
Convertible notes	389,294
Convertible notes	185,556
Convertible loans	2,233,340
Total Other Liabilities	2,877,189
Total Liabilities	4,190,562
Stockholders' Equity (Deficit)	
Preferred stock, \$.001 par value, authorized	

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5,000,000 Series A shares, issued and outstanding	
3,000,000 Series A shares (June 30, 2008 - 3,000,000 shares)	75,000
Common stock, \$.001 par value, authorized	
1,000,000,000 shares, issued and outstanding	
999,992,216 shares (June 30, 2008 - 291,995,892 shares)	978,992
Additional paid-in capital	25,728,623
Deficit accumulated during the development stage	(30,471,588)
Unrealized gain (loss) on foreign exchange	(416,589)
	(4,165,561)
<hr/>	
Total Liabilities and Stockholders' Equity (Deficit)	\$ 25,001

The accompanying notes form an integral part of these financial statements

**THE TIREX CORPORATION**  
**A DEVELOPMENT STAGE COMPANY**

**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

	Three months ended		Nine months ended		Cumulative from March 26, 1993 to March 31, 2009
	March 31		March 31		
	2009	2008	2009	2008	
Revenues	\$ -	\$ -	\$ -	\$ -	\$ 1,354,088
Cost of Sales	-	-	-	-	1,031,075
Gross profit	-	-	-	-	323,013
Operations					
General and administrative	91,875	97,219	378,034	291,547	14,239,881
Depreciation and amortization	-	-	-	-	365,545
Research and development	-	-	-	-	15,396,966
Total Expense	91,875	97,219	378,034	291,547	30,002,392
Income (loss) before other expenses	(91,875)	(97,219)	(378,034)	(291,547)	(29,679,379)
Other expenses (income)					
Interest expense	11,699	11,699	35,096	35,096	1,074,269
Interest income	-	-	-	-	(45,443)
Income from stock options	-	-	-	-	(10,855)
Gain from extinguishment of debt	-	-	-	-	(1,047,921)
Loss on disposal of equipment	-	-	-	-	4,549
Total Other expenses (income)	11,699	11,699	35,096	35,096	-25,401
Provision for income taxes	-	-	-	-	-
Net income (loss)	(103,574)	(108,918)	(413,130)	(326,643)	(29,653,978)
Other comprehensive loss					
Loss (gain) on foreign exchange	-	-	-	-	106,137
Net income (loss) and comprehensive loss	\$ (103,574)	\$ (108,918)	\$ (413,130)	\$ (326,643)	\$ (29,760,115)

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Basic and Diluted net loss and comprehensive loss per common share	\$	(0.00)	\$	(0.00)	\$	(0.00)	\$	(0.00)
Weighted average shares of common stock outstanding		463,990,061		249,895,892		463,990,061		249,895,892

The accompanying notes form an integral part of these financial statements



**THE TIREX CORPORATION**  
**A DEVELOPMENT STAGE COMPANY**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Nine months ended		Cumulative from March 26, 1993 to March 31, 2009
	March 31		
	2009	2008	
<b>Cash flows from operating activities:</b>			
Net income (loss)	\$ (413,130)	\$ (326,643)	\$ (29,760,115)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	-	-	389,304
(Gain) loss on disposal and abandonment of assets	-	-	2,005,498
Stock issued in exchange for interest	-	-	169,142
Stock issued in exchange for services and expenses	-	-	10,574,972
Stock options issued in exchange for services	-	-	3,083,390
Unrealized (loss) gain on foreign exchange	188,651	(77,737)	(416,589)
Other non-cash items	390,028	251,250	1,304,942
<b>Changes in assets and liabilities:</b>			
(Increase) decrease in:			
Account receivable	-	-	-
Inventory	-	-	(73,323)
Sales tax receivable	-	-	(36)
Research and experimental development tax credits receivable	-	-	-
Other assets	-	-	(10,120)
(Decrease) increase in :			
Accounts payables and accrued liabilities	(265,299)	59,380	1,752,167
Accrued salaries	99,750	93,750	922,902
Due to stockholders	-	-	5,000
<b>Net cash used in operating activities</b>	<b>-</b>	<b>-</b>	<b>(10,052,866)</b>
<b>Cash flow from investing activities:</b>			
Increase in notes receivable	-	-	(259,358)
Reduction in notes receivable	-	-	237,652
Investment	-	-	(89,500)
Equipment	-	-	(321,567)
Equipment assembly costs	-	-	(1,999,801)
Organization cost	-	-	6,700
Reduction in security deposit	-	-	(1,542)

Net cash used in investing activities	-	-	(2,427,416)
Cash flow from financing activities:			
Loans from related parties			4,354,835
Deferred financing costs	-	-	180,557
Proceeds from deposits	-	-	143,500
Payments on notes payable	-	-	(409,939)
Proceeds from convertible notes	-	-	754,999
Proceeds from notes payable	-	-	524,639
Payments on lease obligations	-	-	(86,380)
Proceeds from issuance of convertible subordinated debentures	-	-	1,035,000
Proceeds from loan payable	-	-	591,619
Payments on loan payable	-	-	(488,439)
Proceeds from issuance of stock options	-	-	20,000
Proceeds from grants	-	-	3,628,277
Proceeds from issuance of common stock	-	-	85,582
Proceeds from additional paid-in capital	-	-	2,145,775
Net cash provided by financing activities	-	-	12,480,025
Net (decrease) increase in cash and cash equivalents	-	-	(257)
Cash and cash equivalents - beginning of period	-	-	257
Cash and cash equivalents - end of period	\$	-	\$ -

The accompanying notes form an integral part of these financial statements

**THE TIREX CORPORATION**  
**A DEVELOPMENT STAGE COMPANY**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

Three months ended		Nine months ended		Cumulative from March 26, 1993 to March 31, 2009
March 31		March 31		
2009	2008	2009	2008	

**Supplemental Disclosure of Non-Cash  
Activities:**

During the year ended June 30, 2008, the Company issued 42,100,000 common shares in exchange for services performed and in recognition of the payment of debt. During the nine month period ended March 31, 2009, the Company issued 686,996,324 common shares in exchange for services performed and in recognition of the payment of debt.

**Supplemental Disclosure of Cash Flow  
Information:**

Interest paid	\$	-	\$	-	\$	-	\$	-	\$	232,748
Income taxes paid	\$	-	\$	-	\$	-	\$	-	\$	-

The accompanying notes form an integral part of these financial statements

THE TIREX CORPORATION  
A DEVELOPMENT STAGE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2009

**Note 1**

**SUMMARY OF ACCOUNTING POLICIES**

**NATURE OF BUSINESS**

The Tirex Corporation (the "Company") was incorporated under the laws of the State of Delaware on August 19, 1987 as Tirex America, Inc. The Company was originally organized to provide comprehensive health care services, but due to its inability to raise sufficient capital, was unable to implement its business plan. The Company became inactive in November 1990.

**REORGANIZATION**

On March 26, 1993, the Company entered into an acquisition agreement (the "Acquisition Agreement") with Louis V. Muro, currently an officer and a director of the Company, and former Officers and Directors of the Company (collectively the "Seller"), for the purchase of certain technology owned and developed by the Seller (the "Technology") to be used to design, develop and construct a prototype machine and thereafter a production quality machine for the cryogenic disintegration of used tires. The Technology was conceptually developed by the Seller prior to their affiliation or association with the Company.

**CHANGE OF NAME**

On July 11, 1997, the Company changed its name from Tirex America, Inc. to The Tirex Corporation.

**DEVELOPMENTAL STAGE**

At March 31, 2009, the Company is still in the development stage. The operations consist mainly of raising capital, obtaining financing, developing equipment, obtaining customers and supplies, installing and testing equipment and administrative activities.

**BASIS OF CONSOLIDATION**

The consolidated financial statements include the consolidated accounts of The Tirex Corporation, Tirex Canada R&D Inc., The Tirex Corporation Canada Inc., Tirex Advanced Products Quebec Inc. and Tirex Acquisition Corp., all of these subsidiaries currently being dormant. Certain of these companies have actually been de-registered by government authorities but could easily be revived if circumstances would warrant such action. Tirex Canada R&D Inc. is held 51% by two shareholders of the Company. The shares owned by these shareholders are held in escrow by the Company's attorney and are restricted from transfer thereby, substantively for recording purposes, allowing for a full consolidation of this Company. The Tirex Corporation Canada Inc., Tirex Advanced Products Quebec Inc. and Tirex Acquisition Corp. are 100% held by the Company. All subsidiary companies are dormant. All material inter-company transactions and accounts have been eliminated in consolidation.

**CASH AND CASH EQUIVALENTS**

For purposes of the statement of cash flows, all highly liquid debt instruments purchased with a maturity of three months or less, were deemed to be cash equivalents.

#### INVENTORY

The Company policy is to value inventory, which could consist of finished goods and equipment held for resale, at the lower of cost (first-in, first-out method) or market. At present, the Company has no inventory.

THE TIREX CORPORATION  
A DEVELOPMENT STAGE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2009

PROPERTY AND EQUIPMENT

The Company policy is to record Property and equipment at cost less accumulated depreciation and provisions for write-downs. Depreciation is computed using the straight-line method over the estimated useful lives of five years. No depreciation is recorded for equipment written down to salvage value. The Company has written off its equipment to salvage value.

The Company policy is that repairs and maintenance costs are expensed as incurred while additions and betterments are capitalized. The cost and related accumulated depreciation of assets sold or retired are eliminated from the accounts and any gains or losses are reflected in earnings.

ESTIMATES

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

ADOPTION OF STATEMENT OF ACCOUNTING STANDARD NO. 123

In 1997, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 123, Accounting for Stock-Based Compensation. SFAS 123 encourages, but does not require, companies to record stock-based Compensation and other costs paid by the issuance of stock at fair value. The Company has chosen to account for stock-based compensation, stock issued for non-employee services and stock issued to obtain assets or in exchange for liabilities using the fair value method prescribed in SFAS 123. Accordingly, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock.

ADOPTION OF STATEMENT OF ACCOUNTING STANDARD NO. 128

In 1997, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 128, Earnings per Share. SFAS 128 changes the standards for computing and presenting earnings per share (EPS) and supersedes Accounting Principles Board Opinion No. 15, Earnings per Share. SFAS 128 replaces the presentation of Primary EPS with a presentation of Basic EPS and replaces the presentation of Fully Diluted EPS with a presentation of Diluted EPS. It also requires dual presentation of Basic and Diluted EPS on the face of the income statement for all entities with complex capital structures and requires a reconciliation of the numerator and denominator of the Basic EPS computation to the numerator and denominator of the Diluted EPS computation. SFAS 128 is effective for financial statements issued for periods ending after December 15, 1997, including interim periods. SFAS 128 also requires restatement of all prior-period EPS data presented.

As it relates to the Company, the principal differences between the provisions of SFAS 128 and previous authoritative pronouncements are the exclusion of common stock equivalents in the determination of Basic Earnings per Share and the market price at which common stock equivalents are calculated in the Determination of Diluted Earnings Per Share.

A Basic Earnings per Share is computed using the weighted average number of shares of common stock outstanding for the period. Diluted Earnings per Share is computed using the weighted average number of shares of common stock and dilutive common equivalent shares related to stock options, warrants outstanding and debt conversions during the period.

A net loss was reported for the years ended June 30, 2008 and June 30, 2007, and accordingly, in those years, the denominator for the Basic EPS calculation was equal to the weighted average of outstanding shares with no consideration for outstanding options and warrants to purchase shares of the Company's common stock because to do so would have been anti-dilutive.

THE TIREX CORPORATION  
A DEVELOPMENT STAGE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2009

**FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying amount of the Company's financial instruments, which principally include cash, note receivable, accounts payable and accrued expenses, approximates fair value due to the relatively short maturity of such instruments.

The fair values of the Company's debt instruments are based on the amount of future cash flows associated with each instrument discounted using the Company's borrowing rate. At March 31, 2009 and June 30, 2008, respectively, the carrying value of all financial instruments was not materially different from fair value.

**INCOME TAXES**

The Company has net operating loss carryovers of approximately \$30.8 million as of March 31, 2009, expiring through 2029. However, based upon present Internal Revenue Service regulations governing the utilization of net operating loss carryovers where the corporation has issued substantial additional stock and there has been a change in control as defined by the Internal Revenue Service regulations, a substantial portion of this loss carryover may not be available to the Company.

The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 109, Accounting for Income Taxes, effective July 1993. SFAS No. 109 requires the establishment of a deferred tax asset for all deductible temporary differences and operating loss carryforwards. Because of the uncertainties discussed in Note 2, however, any deferred tax asset established for utilization of the Company's tax loss carryforwards would correspondingly require a valuation allowance of the same amount pursuant to SFAS No. 109. Accordingly, no deferred tax asset is reflected in these financial statements.

The Company does not currently have research and experimental development tax credits receivable from the Canadian Federal government and the Quebec Provincial government as at March 31, 2009.

**FOREIGN CURRENCY TRANSLATION**

Assets and liabilities of non-U.S. subsidiaries that operate in a local currency environment are translated to U.S. dollars at exchange rates in effect at the balance sheet date for monetary items and historical rates of exchange for non-monetary items with the resulting translation adjustment recorded directly to a separate component of shareholders' equity. Income and expense accounts are translated at average exchange rates during the year. Currency transaction gains or losses are recognized in current operations.

**REVENUE RECOGNITION**

Revenue from the sale of TCS Systems will be recognized when the installed product is accepted by the Customer. All other revenue from other products will be recognized when shipped to the customer.

**Note 2**

**GOING CONCERN**



As reported in the accompanying financial statements, the Company incurred a net loss of \$498,322 for the year ended June 30, 2008 and a net loss of \$413,130 for the nine month period ended March 31, 2009.

In March 1993, the Company had begun its developmental stage with a new business plan. As of March 2000, the Company had developed a production quality prototype of its patented system for the disintegration of scrap tires, but nonetheless continued its research and development efforts to improve the machine's performance and to permit greater flexibility in design for specific customer applications. Due to the Company's lack of working capital during the year ended June 30, 2002, all rubber crumb production was suspended and research and development efforts have been hampered. Pending receipt of funding from operations, government assistance, loans or equity financing, crumb rubber production and previous research and development efforts will not be resumed. While the Company has engaged the process of marketing the TCS System to numerous potential clients since the beginning of the fiscal year commencing July 1, 2000, as of March 31, 2009, the Company had not yet consummated an unconditional purchase order for a TCS System.

**THE TIREX CORPORATION**  
**A DEVELOPMENT STAGE COMPANY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2009**

The Company is dependent on the success of its marketing of its TCS Systems, and/or raising funds through equity sales, bank or investor loans, governmental grants or a combination of these, to continue as a going concern. The Company's uncertainty as to its ability to generate revenue and its ability to raise sufficient capital, raise substantial doubt about the entity's ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

**Note 3****PROPERTY AND EQUIPMENT**

As at March 31, 2009, plant and equipment consisted of the following:

Furniture, fixtures and equipment	\$	149,516
Manufacturing equipment		62,400
Subtotal		211,916
Less: Accumulated depreciation and amortization		186,916
Total (the amount remaining is the salvage value)	\$	25,000

Depreciation and amortization expense charged to operations for the year ended June 30, 2008 was zero. Depreciation and amortization expense charged to operations for the nine month period ended March 31, 2009 was zero.

**Note 4****PATENTS**

The Company's technology is patent protected in both the United States and Canada. Patent maintenance fees are current in both countries. The valuation on the Balance Sheet reflects recognition of valid patents and does not attempt to establish true commercial value.

THE TIREX CORPORATION  
A DEVELOPMENT STAGE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2009

**Note 5**

**CAPITAL LEASE OBLIGATIONS**

The Company leased certain manufacturing equipment under agreements classified as capital leases. The cost and the accumulated amortization for such equipment as of March 31, 2009 and June 30, 2008 was \$62,400 and \$62,400, respectively. The Company is in arrears on payment of these leases but default has not been declared. The lease expired on June 30, 2004.

**Note 6**

**CONVERTIBLE SUBORDINATED DEBENTURES**

The Company issued Type B Convertible Subordinated Debentures between December 1997 and February 1998. These debentures bore interest at 10% and were convertible into common shares of the Company at \$0.20 per share. The conversion privilege on the remaining \$55,000 of these debentures expired and the amount is now included on the Balance Sheet in Long term deposits and notes.

**Note 7**

**CONVERTIBLE NOTES**

The Convertible Notes appearing on the balance sheet consisted of an investment arrangement with a group of institutional investors involving a multi-stage financing under which the Company had access to, at its option, up to \$5,000,000. A first tranche of \$750,000 was completed but no further draw downs were made. The terms of the convertible note were:

Balance at March 31, 2009	\$389,294
Interest rate	8%, payable quarterly, commencing June 30, 2001
Issue date	February 26, 2001
Maturity date	February 26, 2003
Redemption rights	If not converted, the holder may require the Company to redeem at any time after maturity for the principal amount plus interest.
Conversion ratio	Lower of (i) 80% of the average of the three lowest closing bid prices for the thirty trading days prior to the issue date, which equals \$.073, or (ii) 80% of the average of the three lowest closing bid prices for the sixty trading days prior to the conversion date.

Common stock warrants

The Convertible Notes carried an option to purchase Common stock warrants at the rate of one Warrant for each \$1.25 of purchase price. The exercise price on the first tranche of \$ 750,000 is \$ .077 per share.

Certain current and previous Directors and Officers of the Company have pledged approximately 12,000,000 of their personal shares of Common Stock of the Company as security for the Convertible Notes until such time as the Company would successfully file with the Securities and Exchange Commission a Registration Statement on Form SB-2, to register common stock and warrants issuable upon the conversion of the notes, no later than 150 days after the issue date of the Convertible Notes. This deadline was not met and, as such, the investors served a notice of default to the Company on July 19, 2001. The Registration Statement was never declared effective by the Securities and Exchange Commission and was eventually withdrawn. Thus, the Convertible Notes cannot be converted to Common Stock nor may the Common Stock warrants be exercised. On April 24, 2002 the Company entered into a Settlement Agreement with the Note holders. The Company was forced to default on this Settlement Agreement. Accordingly, the terms of the Convertible Notes have become effective once again. 8,371,597 collateral common shares provided to the investors were the property of former Tirex Director, Louis A, Sanzaro, now deceased. The shares due to Louis A. Sanzaro have been issued during the quarter ended September 30, 2008 to a family member. The collateral shares provided by Louis V. Muro, 1,723,514 common shares, were replaced during the quarter ended September 30, 2008. The collateral shares provided by John L. Threshie Jr., 1,891,204 shares, were replaced during the quarter ended December 31, 2008.

THE TIREX CORPORATION  
A DEVELOPMENT STAGE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2009

**Note 8****CONVERTIBLE NOTES**

A convertible note, under a private arrangement, consists of the following:

Balance at March 31, 2009	\$ 185,556
Interest rate	8%
Issue date	July 19 <sup>th</sup> , 2000
Maturity date	January 19 <sup>th</sup> , 2002
Redemption rights	If not converted, the holder may require the Company to redeem at any time after maturity for the principal amount plus interest.
Conversion ratio	Not convertible prior to July 19 <sup>th</sup> , 2001, at 20% discount to market between July 19 <sup>th</sup> , 2001 and January 19 <sup>th</sup> , 2002 or at 25% to market if held to maturity, to a maximum of not more than 2,500,000 shares.

Following Fiscal 2005, the expenses of our company have been funded by a series of non-interest bearing convertible loans with no specific terms of repayment made by a significant number of individuals investing modest amounts for a grand total of approximately US\$206,300 these loans being made to Tirex via Tirex President, John L. Threshie Jr. These investors, fully cognizant of the Company's situation, and so documented in writing, accepted that their investments were being made via Mr. Threshie and represented a convertible debt. The shares related to this cash received have all been issued.

	Fiscals <u>2006-2007</u>	Fiscal 2008 <u>Q-1</u>	Fiscal 2009 <u>Q-1</u>	Fiscal 2009 <u>Q-2</u>	Fiscal 2009 <u>Q-3</u>
Dollars received	\$114,700	\$64,100	\$12,000	0	\$2,500
Shares	26,040,000	20,900,000	2,400,000	0	3,951,429

These debts were convertible at fixed prices rather than as a discount to market.

THE TIREX CORPORATION  
A DEVELOPMENT STAGE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2009

**Note 9**

**RELATED PARTY TRANSACTIONS**

Convertible loans include amounts primarily due to Directors, Officers and employees. Historically, such amounts due have been repaid through the issuance of stock. At March 31, 2009 and June 30, 2008, the balances owing to Directors and Officers was \$2,227,744 and \$2,609,429, respectively. These amounts are without interest or terms of repayment.

Long-term deposits and notes at June 30, 2008 included an amount of \$118,500 which was payable to Ocean Tire Recycling & Processing Co., Inc., a company previously owned by a former Director of the Company, Louis A. Sanzaro, deceased approximately 30 months ago. The Company negotiated a Settlement Agreement with the family of Louis A. Sanzaro with respect to the note representing \$118,500, lease obligations and other expenses paid by Mr. Sanzaro, under which the Company would issue a total of 50,000,000 shares. 35,500,000 million shares were issued during the quarter ended September 30, 2008. There thus remains 14,500,000 million shares to be issued. As part of the share issuance during the quarter ended September 30, 2008, the note of 118,500 has been eliminated. The balance owing as part of the Settlement Agreement, at March 31, 2009, is included in Convertible Loans.

**Note 10**

**COMMON STOCK**

During the year ended June 30, 2008, the Company issued 42,100,000 common shares for services performed and in partial payment of a Settlement Agreement under Securities Act Regulation 10(a)3. During the nine month period ended March 31, 2009, the Company issued 686,996,324 common shares for services performed and in partial payment of a Settlement Agreement under Securities Act Regulation 10(a)3.

During the year ended June 30, 2004, an Officer of the Company exercised stock options pursuant to a services agreement. The exercise of these stock options entitled the Officer to 1,500,000 common shares of the Company on a cash-less basis. These shares were issued during the first quarter of Fiscal year 2009.

On January 31, 2001, the Company's stockholders approved an amendment to the Articles of Incorporation of the Company to increase the number of authorized shares of Common stock, par value \$0.001, from 165,000,000 shares to 250,000,000 shares. On February 11, 2008, the Company's Board of Directors approved an amendment to the Articles of Incorporation of the Company to increase the number of authorized shares of Common stock, par value \$0.001, from 250,000,000 shares to 1,000,000,000 shares.

As at March 31, 2009, the Company had 978,992,216 Common shares issued and outstanding, versus its authorization of 1,000,000,000 shares.

**Note 11**

**PREFERRED STOCK**

On May 12, 2008, the Company's Board of Directors approved an amended Certificate of Designation with respect to the authorization and issuance of up to 3,000,000 Series A Preferred shares, an increase from the 1,000,000 shares of Series A Preferred stock that were authorized to be issued in the Certificate of Designation of Series A Preferred stock passed by the Board of Directors on February 12, 2008. This was further amended to issue a total of five (5) million Series A preferred shares. No cash dividends shall be paid with respect to the shares of Series A Preferred stock. The Series A Preferred stock shall give its holders the right to 100 votes per share on any matter properly before the shareholders for a vote. The voting rights of the Series A Preferred stock shall be subject to all splits and each share will be convertible into 5 shares of Common stock upon the earlier of: (i) the holders' election or (ii) January 8, 2009. The holders of all shares of Series A Preferred stock shall not be subject to any non-cash distributions to holders of shares of Common stock, including without limitation, stock dividends, stock splits and securities issued in a recapitalization. In the event of liquidation or winding up of the Corporation, the holders of the Series A Preferred stock will be entitled to receive, prior and in preference to the holders of the Common stock, an amount up to but not greater than the original purchase price per share of Series A Preferred stock, notwithstanding the par value of the Series A Preferred stock. These three million Series A Preferred Shares were issued to three Directors and Officers in June 2008.

THE TIREX CORPORATION  
A DEVELOPMENT STAGE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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On April 14, 2009, the Company filed a Form 8-K with the Securities and Exchange Commission relating to the increase of the Series A preferred shares from the previous five (5) million shares to fifteen (15) million shares. Company's Board of Directors approved an amended Certificate of Designation with respect to the authorization and issuance of up to 15,000,000 Series A Preferred shares, an increase from the 5,000,000 shares of Series A Preferred stock that were authorized to be issued in the Certificate of Designation of Series A Preferred stock previously passed by the Board of Directors. No cash dividends shall be paid with respect to the shares of Series A Preferred stock. The Series A Preferred stock shall give its holders the right to 100 votes per share on any matter properly before the shareholders for a vote. The voting rights of the Series A Preferred stock shall be subject to all splits and each share will be convertible into 5 shares of Common stock upon the earlier of: (i) the holders' election or (ii) January 8, 2009. The holders of all shares of Series A Preferred stock shall not be subject to any non-cash distributions to holders of shares of Common stock, including without limitation, stock dividends, stock splits and securities issued in a recapitalization. In the event of liquidation or winding up of the Corporation, the holders of the Series A Preferred stock will be entitled to receive, prior and in preference to the holders of the Common stock, an amount up to but not greater than the original purchase price per share of Series A Preferred stock, notwithstanding the par value of the Series A Preferred stock. These twelve million Series A Preferred Shares were issued to three Directors and Officers in March 2009.

**Note 12**

**GOVERNMENT ASSISTANCE**

The Company was eligible for and made claims for tax credits related to scientific research and experimental development expenditures made in Canada in previous years. These amounts, under Canadian Federal and Provincial tax law in conjunction with its annual tax return filings, need not be offset against taxes otherwise payable to become refundable to the Company at the end of its fiscal year. As such, during the year ended June 30, 2003, the Company received approximately \$246,970, which was recorded as an increase in stockholders' equity paid-in capital. During the years ended June 30, 2004 and June 30, 2005 and the three month period ended September 30, 2005, the Company did not make any additional claims for tax credits as it was not eligible to do so and, as such, the Company did not record any additional tax credits receivable. The previous receivable balance in respect of tax credits from these governments went from \$246,970 as of June 30, 2002 to zero as of June 30, 2003 and remained as such as of June 30, 2004, June 30, 2005, June 30, 2006, June 30, 2007, June 30, 2008 and March 31, 2009.

**Note 13**

**COMMITMENTS**

Rental expense for the year ended June 30, 2008 amounted to zero. Rental expense for the nine month period ended March 31, 2009 amounted to zero.

At March 31, 2009, the Company was in arrears of rent, including interest and related charges, in the approximate amount of \$560,000 related to its former occupation of premises in Montreal up to the end of Fiscal year 2003. A settlement agreement with the former landlord is in place under the terms of which the Company would pay to the former landlord the sum of \$140,000 from the proceeds to the Company of revenues from each of the first four sales of TCS Systems.





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**Note 14**

**LITIGATION**

An action was instituted by Plaintiffs, an individual and a corporation, in a Canadian court alleging a breach of contract and claims damages of approximately \$508,600 representing expenses and an additional approximate amount of \$1,874,000 in loss of profits. The current action follows two similar actions taken in United States courts, the first of which was withdrawn and the second of which was dismissed based on forum non convenience and other considerations. A detailed answer has been filed by the Company denying all liability, stating further that Plaintiffs failed to comply with their obligations. Counsel for the Company believes that the Company has meritorious defenses to all of the Plaintiff's claims. The action is still pending.

A Plaintiff instituted an action, a corporation, in August 2001 in a Canadian court claiming approximately \$63,000 is due and owing for the manufacture and delivery of tire disintegrators. The Company has prepared its defense and a cross claim against the Plaintiff as the product delivered was defective and the Company believes it is entitled to a reimbursement of sums paid. The action is still pending.

An action was instituted by a Plaintiff, the Company's landlord, against the Company in June 2001 for arrears of rent in the amount of approximately \$113,900. Subsequent additions to arrearages with respect to rent and property taxes raised the amount due to approximately \$560,000. A settlement agreement with the former landlord is in place, under the terms of which the Company would pay to the former landlord the sum of \$140,000 from the proceeds to the Company of revenues from the first four sales of TCS Systems.

**Note 15**

**ACCUMULATED OTHER COMPREHENSIVE INCOME**

The deficit accumulated during the development stage included accumulated comprehensive other income totaling \$103,396.

**Note 16**

**SUBSEQUENT EVENTS - ISSUANCE OF TWENTY-ONE (21) MILLION COMMON SHARES AND  
SUBSEQUENT INCREASE OF COMMON SHARE AUTHORIZATION TO 1,500,000,000 COMMON  
SHARES, SINGLE SERIES**

In April 2009, the Company authorized the issuance of twenty-one (21) million common shares resulting from a request to convertible promissory held by a person who is not an affiliate of The Tirex Corporation, as that term is defined. Following this issuance, the total number of common shares of The Tirex Corporation is 999,992,216 common shares, single series.

On May 7, the Board of Directors resolved to increase the common share authorization to 1,500,000,000 shares, single series. The resolution was approved by a majority of votes on May 8, 2009. The relevant documents were filed with the State of Delaware.



**Item 3 - Controls and Procedures**

The Company's management, with the participation of its Chief Executive Officer, who is the Company's principal executive officer, and its Chief Financial Officer, who is the Company's principal financial officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as of March 31, 2009. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective in alerting them in a timely manner to material information relating to The Tirex Corporation, including its consolidated subsidiaries, required to be included in this report and the other reports that the Company files or submits under the Securities Exchange Act of 1934. During the third quarter of fiscal 2008-09, there have been no changes in the Company's internal control over financial reporting that have materially affected, or that are reasonably likely to materially affect, its internal control over financial reporting.

**ITEM 2 — MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN OF OPERATIONS**

The following is management's discussion and analysis of significant factors which have affected the Company's financial position and operations during the three and nine month periods ended March 31, 2009. This discussion also includes events which occurred subsequent to the end of the last quarter and contains both historical and forward-looking statements. When used in this discussion, the words "expect(s)", "feel(s)", "believe(s)", "will", "may", "anticipate(s)", "intend(s)" and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks and uncertainties, which could cause actual results to differ materially from those projected.

In March 2000, we announced that our tire recycling technology prototype was ready for replication and commercialization. Our technology has been upgraded and refined since that year 2000 date. The intellectual property owned by Tirex comprises the patented fracturing mill (both US and Canadian patents) and the rubber freezing process using economically-attractive cold air instead of the outdated and expensive liquid nitrogen-based processes. This permits the effective separation of the materials components of the tires, and this at a significant cost saving. The intellectual property of our process is recognized in the Manufacturing License Agreement we have with Simpro [www.simpro.it](http://www.simpro.it). Our patent renewals for both the USA and Canada have both been completed.

Since the March 2000 announcement respecting the commercial availability of its TCS-1 model, Tirex worked to complete the design of the TCS-2, the version of the technology which processes two million tires per year, and has worked with its manufacturing partner, Simpro S.p.A. of Turin, Italy, to refine the technology and to create the possibility of auxiliary crumb rubber processing to permit the production of much finer mesh crumb rubber than the initial technology delivers. Under the Manufacturing Agreement, any improvements to the TCS-2 revert to Tirex. These refinements, at no significant additional cost to customers, allow for access to higher-value crumb rubber markets which some customers desire. The TCS-2 is now the primary model being offered to customers for reasons of capital and operating cost efficiencies per unit volume of output of finished product although inquiries for TCS-3 and TCS-4 models have been entertained.

Concurrent with the continued technological refinement of our technology, our primary objective has been to conclude a first purchase and sales agreement of a TCS System. In this regard, Tirex has responded to requests for information and has engaged in negotiations with potential customers throughout the world. Simultaneously, our manufacturing partner, Simpro, which also has a non-exclusive marketing agreement, has been actively negotiating with numerous potential customers.

Over the last eighteen months Tirex has explored the New York market. Two primary groups have considered investing in a New York TCS facility(s). The first group, representing investors from India, after signing a letter of intent with Simpro, could not come to agreeable terms with Tirex. The second group of prominent North American developers is currently doing its due diligence on New York and other overseas projects, including Ireland, and has recently met with Simpro and Tirex. It has been represented to us that both the American and Irish interests have significant financial resources to support the purchase of one or more TCS Systems. This group has already been in contact with Simpro and has proposed, among other things, that they would supply their own front end to the system (everything up to the freezing chamber) and Simpro is reportedly amenable to this concept. The Tirex technology does not involve any of the front-end systems. Supplying their own front end would obviously cause an appreciable reduction in the Euro cost of equipment to be supplied and installed by Simpro.

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With the recent upheavals in world financial markets and appreciable credit squeezing, it is clear that we cannot assure that this project will be consummated quickly, if at all. Insofar as none of the above opportunities have reached the point of being actual agreements, we cannot offer any guarantees that any of the above will actually result in formal contracts.

In the context of the information being provided to potential customers, we point out to these persons or entities that the original TCS-1 prototype located in Montreal has been disassembled and that the patented fracturing mill is currently physically located in Italy for reference in research and development purposes. These customers are also provided copies of videotapes, which include, among other things, a visual demonstration of the prototype actually in use. In addition, these customers are provided with documentation as to the various accreditations and attestations as to the effectiveness of the TCS technology, this documentation coming entirely from independent sources, including private sector engineering firms, public sector government agencies and internationally-accredited technical universities. Customers are also offered the free-of-charge possibility to obtain tailor-made pro-forma financial forecasts for their specific region, based on an adjustable financial model created by our Chief Financial Officer, which allows for the input of local economic costing of goods and services, local taxation conditions, and various loan and depreciation scenarios.

Despite this important quantity of substantiation of the effectiveness of the TCS technology and the substantial offers of assistance in the development of the business plans for these customers, the conclusion of the first purchase and sales agreement has proven elusive. Our manufacturing partner, Simpro, has succeeded in putting into place a limited performance guarantee with respect to the installations which it would accomplish, and this performance guarantee, backed by a major international insurance company, is offered to potential customers. Even with performance guarantees, conclusion of an agreement has been difficult. At issue is that Tirex is not in a position to simply sell new technology systems into an established industry. Also with Simpro selling its systems in Euros, and considering the appreciation of the Euro versus US Dollar, North American sales have proven very difficult. Most potential customers are confronted with the reality of becoming involved in a recycling industry which has complexities not found in other industrial sectors. To screen inquiries from potential customers and to assist them in their own decision-making process as to whether or not they want to really participate in this industrial sector, Tirex routinely sends out a questionnaire to such persons pertaining to the key success factors of their proposed initiative to ascertain their readiness and capability to become involved in such activities. While negotiations on several fronts have progressed to an advanced stage, as of March 31, 2009, no unconditional contracts had been concluded.

Management attributes the difficulty in concluding a sale primarily to the historical lack of a long-term track record of the system, to the lack of a demonstration unit to establish the visual confirmation for customers that the technology actually works as represented and to current economic and credit conditions. While the video of the prototype creates interest, it would appear that, by itself, it cannot replace the visual impact of a functioning fracturing mill. The approximate installed cost of a complete TCS-2, from front-end to crumb packaging, is approximately 5,500,000 Euros (currently, approximately US\$7.21 million using the exchange rate of March 19, 2009 1 Euro = US\$1.3110), which is a lot of money for most entrepreneurs or their financial backers for unproven long-term technology, and particularly in the context of global financial and credit difficulties. The project cost is not limited to the acquisition cost of the TCS. Depending somewhat on the location, we consider that the entrepreneur is facing a total investment cost of approximately US\$8 million to US\$9 million, taking into account preproduction and early production losses, local infrastructure costs, freight an in-transit insurance, local labor, permits, and a reasonable allocation for working capital to support early operations. There could also be import duties on equipment imported from Europe.

Tirex continues to be listed on the Internet Recycling Exchange, combined with our web site, [www.tirex-tcs.com](http://www.tirex-tcs.com), and Mr. Threshie's network, it continues to generate interest on a global basis. What appears to be quite clear is the desire to acquire new technologies to replace existing technologies which are either being phased out by evolving government regulations or which are not economically viable in the absence of tire recycling subsidies. Furthermore, government subsidies and focus, as is the case in New York, are towards technologies that can produce higher value added recycled products.

The Agreement with Simpro means that the gross revenues from sales will be recorded on Simpro's books, not in the books of Tirex, unless Simpro refuses the contract at which time the gross revenues would be recorded by Tirex. The amount remitted back to Tirex will take the form of a royalty and will be accounted for as such. Regardless of the contract structure and the accounting effects which result, generally accepted accounting principles in effect in the USA have the effect that the revenues to Tirex resulting from such transactions will not be recognizable until the systems will have been accepted by the customers. Given the time line required to manufacture, install and have accepted these systems, it is impossible that any revenues would become recognizable, from the point of view of US Generally Accepted Accounting Principles, during our fiscal year which will end June 30, 2009. While the Company will benefit from the periodic cash inflows resulting from progress payments during the next approximately ten months, the royalty will, in fact, not have been earned until the systems are accepted by the customers.

Since Fiscal 2006, the expenses of our company were funded by a series of loans made by a significant number of individuals investing modest amounts totaling approximately US\$200,500 to March 31, 2009. Each investment was made through Tirex President, John L. Threshie Jr., and insofar as Tirex did not have shares to issue at that time, these investors, fully cognizant of our situation, and so documented in writing, accepted that their investment was being made via Mr. Threshie and represented a convertible debt, the conversion of which could occur once Tirex would have shares available for issuance. To March 31, 2009, approximately 53,711,429 shares were involved. This convertible debt was priced at fixed prices rather than as a discount to market. These shares have now all been issued. The funds were lent directly to Mr. Threshie rather than to Tirex directly, with Mr. Threshie then paying personally the expenses of Tirex, which expenses were duly recorded in our accounts, offset by a liability to him. As these private placement shares have been and continue to be issued. Shares have been issued to Mr. Threshie in compensation for Tirex expenses paid by him, the liability on our books toward Mr. Threshie is thus being progressively reduced with the goal of eventual extinguishing of this liability.

In addition to the above liability for shares, Tirex had been liable for the replacement of 11,986,315 shares which were delivered as collateral by Tirex Directors, Threshie, Muro and Sanzaro (now deceased, and thus the shares due to his estate) for the \$750,000 of convertible debt contracted for in 2001, which shares were sold by the debt holders. These collateral shares were replaced during fiscal 2009.

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In February of 2001, we concluded a private financing with an investor group. Under the terms of the Agreement, we had the contractual right to require the Investor to purchase up to US\$5,000,000 of put notes. We drew down US\$750,000 of this amount and used the proceeds of this financing toward legal and consulting fees due, normal operating expenses such as payroll, rent and taxes and the acquisition of equipment for our prototype TCS-1 Plant. In July of 2001, the Company entered into a technical default with respect to the Agreement by not having an SB-2 Registration Statement declared effective by the SEC. After several months of negotiations, the Company entered into a Settlement Agreement with the Investor Group which provided for a cash pay down of the amount owed, including interest and penalties over a period of approximately two years starting with the date the Settlement Agreement was signed, the right of the Investor Group to continue to be able to sell up to 600,000 collateral and Rule 144 shares per month and the issuance of three series of warrants, 500,000 each, exercisable at prices of one cent, five cents and ten cents over a three year period. This Settlement Agreement was announced in April of 2002, and details of the terms of the Agreement are filed as an Exhibit to this Report. The Company, in the absence of having completed its first sales of TCS Systems according to our expectations, was unable to generate the cash flow necessary to pay down the Convertible Note in accordance with the terms of the Settlement Agreement. Thus, the Company once again finds itself in a position of default. Numerous recourses are available to the holders of the Convertible Notes, but to date, these recourses have not been exercised. Such recourses can be exercised at any time and the fact that they have not been exercised so far does not preclude their being exercised now or in the future. The Company has kept the Convertible Note holders apprised of its efforts to sell TCS Systems and thus restart the repayments on the Convertible Notes. The collateral shares provided by the directors, totaling approximately 11,986,000 shares, were sold by the investors.

In the first half of fiscal 2009, the company's financial statements for the fiscal years ended 2004 through 2007 inclusive were audited and amended forms 10-KSB were filed accordingly. We are accumulating the cash required to pay the auditors to release the fiscal 2008 audit report, a legal requirement, at which point an amended 10-KSB for fiscal 2008 will be filed. In the meantime, the company's shares have been elevated from the gray market to the pink sheets. Once the fiscal 2008 audited statements will have been released and the amended 10-KSB filed, Tirex intends to apply for re-instatement onto the Bulletin Board. While management sees no reason why such re-instatement would be refused, management cannot guarantee that such re-instatement will, in fact, be approved.

Because of the lengthy delay preceding the commencement of commercial operations, we have historically had to cover our overhead costs from sources other than from commercial revenues. We expect that some portion of our future overhead costs, which may be significant, will continue to be covered from sources other than commercial revenues. Since March of 2003, our monthly out-of-pocket cash costs have been reduced to relatively inconsequential amounts, and thus our requirement to find financial resources to fund operations has been minimal. Our greatest expense, from an accounting standpoint, is for salaries. These salaries have not actually been paid for several years, but rather set up as payables. Some of these accrued salaries were translated into convertible promissory notes. Our cash flow deficit condition will continue until such time as the Company will start generating revenues from the sale of TCS Systems. Until we can succeed in securing an unconditional sales contract for the sale of one or more systems employing our technology, the company will not be engaging any significant financial commitments and will not be engaging in any significant research and development activities nor increasing employment.

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Since the third quarter of Fiscal 2008, Management has devoted substantial time and efforts to restructure the Balance Sheet of the Corporation and to position the company for release from the gray sheets and elevation to the Pink Sheets, with an ultimate goal of seeing its securities listed once again on the OTC Bulletin Board. During the fourth quarter of Fiscal 2008 and during the first quarter of Fiscal 2009, booked liabilities in excess of one million dollars were written off as a function of the Statute of Limitations and other liabilities were converted to equity through the issuance of stock. During the fourth quarter of Fiscal 2008, Tirex engaged the services of Moore & Associates to undertake the audit of our annual accounts for the years ended June 30, 2004 through 2007 inclusive and to continue with an additional mandate for the audit of our Fiscal 2008 accounts and to undertake the required Review Engagements for our Fiscal 2009 quarterly reports. This new certifying accountant released its audit opinions for the fiscal years 2004 through 2007 inclusive in October 2007. We prepared and filed amended 10-KSB Reports for these fiscal years. Moore & Associates has completed the audit of our financial statements for our fiscal year ended June 30, 2008, but cannot release the audit report until he invoices for previous years will have been fully paid. Once done, an amended 10-KSB will be filed.

Concurrently, the company engaged the services of consultants to assist us in getting our stock listed on the Pink Sheets. The efforts of this consultant and the market maker engaged by him were successful in that our stock was officially re-listed on the Pink Sheets on October 24, 2008. We intend that, once the 2008 financial statements are audited and an amended 10-KSB filed, we will apply for a further elevation of our listing to the OTC Bulletin Board. We can offer no guarantees that such an application will be accepted.

### **Liquidity and Capital Resources**

As of March 31, 2009, the Company had total assets of \$25,001 as compared to \$25,001 at June 30, 2008 reflecting a change of Nil. There were no changes in the value of individual assets, representing Property and Equipment and Patents from June 30, 2008 to March 31, 2009.

As of March 31, 2009, the Company had total liabilities of \$4,190,562 as compared to \$5,126,083 at June 30, 2008, reflecting a decrease in liabilities of \$935,521. Total liabilities at June 30, 2008 had reflected a previous increase of \$413,985 over \$4,712,098 in total liabilities at June 30, 2007. The decrease in total liabilities from June 30, 2008 to March 31, 2009 is primarily attributable to: (i) a decrease in Accounts Payable and Accrued Liabilities in the amount of \$165,549 from \$1,478,922 as of June 30, 2008 to \$1,313,373 as of March 31, 2009, and (ii) a decrease in Long-Term Deposits and Convertible Notes in the amount of \$237,000 from \$306,000 as of June 30, 2008 to \$69,000 as of March 31, 2009, and (iii) a decrease in Convertible Loans in the amount of \$522,876 from \$2,756,216 as of June 30, 2008 to \$2,233,340 as of March 31, 2009.

Reflecting the foregoing, the financial statements indicate that as at March 31, 2009, the Company had a working capital deficit (current assets minus current liabilities) of \$1,313,373 and that as at June 30, 2008, the Company had a working capital deficit of \$1,478,922, a working capital deficit decrease of \$165,549.



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There were no changes in current assets, as noted above, while there were reductions to current liabilities due to third parties represented by Accounts Payable and Accrued Liabilities.

The financial statements, which are included in this report, reflect total operations and other expenses of \$413,130 for the nine month period ended December 31, 2008, which reflects an increase of \$86,487 over the nine month period ended December 31, 2007 when total operations and other expenses were \$326,643. The Company has ceased Research and Development activities thereby resulting in a significant decrease in personnel expenses and other Research and Development expenses compared with prior periods.

The success of the tire recycling manufacturing business and the ability to continue as a going concern will be dependent upon the ability of the Company to obtain adequate financing to commence profitable, commercial manufacturing and sales activities and the TCS Systems' ability to meet anticipated performance specifications on a continuous, long term commercial basis.

The Company believes that the amounts accrued to date in respect of the shares issued to compensate the executive officers and consultants reflect the fair value of the services rendered, and that the recipients of such shares received such shares at an appropriate and reasonable discount from the then current public market price. The Company believes that the discount is warranted due to the fact that there are often restrictions on the transfer of said shares arising out of the absence of registration, and the uncertainty respecting our ability to continue as a going concern.

From inception (July 15, 1987) through December 31, 2008, the Company has incurred a cumulative net loss of \$30,817,471. Approximately \$1,057,356 of such cumulative net loss was incurred prior to the inception of the Company's present business plan, in connection with the Company's discontinued proposed health care business and was due primarily to the expending of costs associated with the unsuccessful attempt to establish such health care business. The Company never commenced the proposed health care operations and therefore, generated no revenues therefrom.

### **PART II: OTHER INFORMATION**

#### **Item 1:**

##### **Item 1 - Legal Proceedings**

We are presently a party in the following legal proceedings, the status of which has not changed since the Company filed its Annual Report on Form 10-KSB for Fiscal 2008.

**IM(2) Merchandising and Manufacturing, Inc and David B. Sinclair v. The Tirex Corporation, Tirex Corporation Canada, Inc., et al.**

**Lefebvre Frères Limited v. The Tirex Corporation**

**Tri-Steel Industries Inc. v. The Tirex Corporation**

No director, officer, or affiliate of the Company, or any associate of any of them, is a party to or has a material interest in any proceeding adverse to us.

**Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds**

Following Fiscal 2005, the expenses of our company have been funded by a series of non-interest bearing convertible loans with no specific terms of repayment made by a significant number of individuals investing modest amounts for a grand total of approximately US\$206,300 these loans being made to Tirex via Tirex President, John L. Threshie Jr. These investors, fully cognizant of the Company's situation, and so documented in writing, accepted that their investments were being made via Mr. Threshie and represented a convertible debt. The shares related to this cash received have all been issued.

	<b>Fiscals</b>	<b>Fiscal 2008</b>	<b>Fiscal 2009</b>	<b>Fiscal 2009</b>	<b>Fiscal 2009</b>
	<b><u>2006-2007</u></b>	<b><u>Q-1</u></b>	<b><u>Q-1</u></b>	<b><u>Q-2</u></b>	<b><u>Q-3</u></b>
Dollars received	\$ 114,700	\$ 64,100	\$ 12,000	0	\$ 2,500
Shares	26,040,000	20,900,000	2,400,000	0	3,951,429

**Item 3 - Defaults Upon Senior Securities**

Other than defaults previously reported on in prior periods, there were no other defaults upon senior securities.

**Item 4 - Submission of Matters to a Vote of Security Holders**

None

**Item 5 - Other Information**

There have been no material changes in the way in which shareholders may nominate directors.

**Item 6 - Exhibits and Reports on Form 8-K**

Exhibits

Exhibit 31.1 Certification of Form 10-Q filing by the Chief Executive Officer  
 Exhibit 31.2 Certification of Form 10-Q filing by the Chief Financial Officer  
 Exhibit 32.1 Certification Pursuant to the Sarbanes-Oxley Act by the Chief Executive Officer  
 Exhibit 32.2 Certification Pursuant to the Sarbanes-Oxley Act by the Chief Financial Officer

No Reports on Form 8-K were filed during the period covered by this report. A Form 8-K was filed on April 14, 2009 (two weeks following the end of this period) respecting the issuance of ten (10) million additional Series A Preferred Shares. A second Form 8-K was filed on May 12, 2009 respecting an authorization increase for common shares (single series) from the previous one billion (1,000,000,000) shares to a revised authorization of one billion, five hundred million (1,500,000,000) common shares.

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*SIGNATURES*

In accordance with the requirements of the Exchange Act, the registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**THE TIREX CORPORATION**

Date: May 15, 2009

By /s/ John L. Threshie, Jr.  
John L. Threshie, Jr. President

Date: May 15, 2009

By /s/ Michael Ash  
Michael Ash, Treasurer and  
Chief Accounting and Financial Officer