

Black Bull Resources Inc.

INTERIM REPORT

2008

MARCH 31
2008



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LETTER TO SHAREHOLDERS

May 12, 2008

Black Bull Resources Inc. continues to make progress in its efforts to build its quartz business. The management team continues to work towards achieving positive cash flow.

As I have reported in earlier shareholder letters, we realize that we need more orders and more tons to drive revenue up and help bring costs down. The hard work in the field, led by Joe MacDonald, VP Sales and Marketing, continues to build monthly sales and add new customers. Since March 2007, our customer base has grown from 28 to 66.

Since the first of this quarter, however, it became apparent that the record drop in the building products markets on this continent has meant that our forecasts for growth in this segment will not be achieved. While we have positioned ourselves for a solid business in building products whenever things 'return to normal', we realize that we simply can't wait for the economy to rebound. Given our cash flow position, we have urgency for other programs to supplement the pool plaster sales.

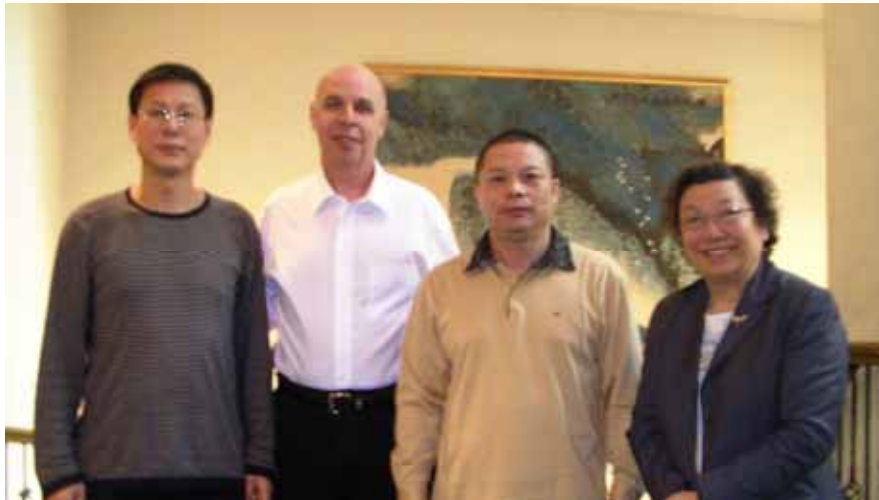
In January, the management team explored and re-examined other markets for *Scotia White*TM quartz, such as roofing granules, filtration, chemicals, grouts, Ferro silicon, solar panel glass, flooring, and golf course bunker sand. We've discovered additional possibilities in a relatively short timeframe. It appears that our *Scotia White*TM quartz performs well in various, diverse applications; including two major markets: Ferro silicon and low iron (Fe) sand for solar panel glass.

Ferro Silicon: In this market, 1" x 5" size quartz stones are shipped to the customer to be melted in large furnaces. The silicon is extracted from the melted quartz and mixed with various metal alloys, such as iron or aluminum. The silicon adds strength to the alloy. As of this writing, Black Bull has successfully completed a 1,000 Ton trial with one of the leading Ferro silicon producers in the world. We continue to follow-up on this opportunity.

Solar Panel Glass: Considerable product development has proven that our quartz material can be processed to achieve very low Fe levels. The glass industry is using increased amounts of low Fe sand for specialty applications. One major market of low Fe sand is the flat glass for solar panel applications. Several interested major glass producers are evaluating our low Fe quartz product.

We have also begun to explore the 'off shore' potential for *Scotia White*TM quartz products. It appears there could be new sales possibilities in both Europe and China. Using the support programs offered by the Canadian government, we initiated a market research program for flooring, plaster, ceramics, and glass markets in Europe. We conducted phone interviews and are now beginning to identify target customers.

With Nova Scotia government support, we moved ‘first hand’ into the Chinese market. I personally spent two weeks meeting with over 100 customers to better understand the market. While there is a lot of quartz in China, it can be inconsistent in quality and unreliable in supply. We signed a Memorandum of Understanding with an investment group who are planning a joint venture with Black Bull Resources Inc. Three market segments to be explored in China are: (a) swimming pool plaster aggregates; (b) engineered stone for countertops and flooring; and (c) solar panel glass sand. Each of these programs is actively being pursued and is geared toward short-term development.



Pictured after signing the MOU are: Huang Yonghong, Co-Owner of Fujian Nanan Xunda Stone Co., Ltd. ; Rick Shearer, President & CEO, Black Bull Resources Inc., Cai Chaoshui, Co-Owner of Fujian Nanan Xunda Stone Co., Ltd. ; and Grave Chum, President of Atlantic New Technology Inc.

In regards to operations, we have successfully completed Part 1 of a previously announced capital expansion (“CapEx”) at the processing plant, valued at \$715,000. This project allows us to improve production efficiency through improved material handling, expanded packaging capabilities, and added warehouse capacity. This CapEx program was completed within budget, and we have returned to full production.

This busy quarter also brought a conclusion to our arbitration with U.S. Silica Company. Now that this matter is behind us, we can move forward toward the priority of building this business.

The Board and the management team are exploring every viable option to get Black Bull Resources Inc. to a positive cash flow position.

Thank you for your interest and support.

“Richard J. Shearer”

Richard J. Shearer,
President & CEO

FINANCIAL STATEMENTS

BLACK BULL RESOURCES INC.

BALANCE SHEETS

	March 31 2008	September 30 2007
	<i>"Unaudited"</i>	<i>"Audited"</i>
ASSETS		
Current		
Cash and cash equivalents	\$ 2,293,264	\$ 5,042,378
Receivables (Note 3)	307,738	147,462
Inventory (Note 4)	592,914	589,005
Prepaid expenses	44,173	110,785
	3,238,089	5,889,630
Capital assets (Note 5)	4,085,094	3,629,361
Mineral claims (Note 6)	965,104	876,235
Deferred costs (Note 7)	2,902,232	2,902,232
Other assets (Note 8)	531,807	520,004
	\$ 11,722,326	\$ 13,817,462
LIABILITIES		
Current		
Payables and accruals (Note 9)	\$ 639,042	\$ 741,739
Convertible debentures, net of deferred financing costs (Note 10)	-	326,628
Capital tax payable	-	10,976
	639,042	1,079,343
Asset retirement obligation (Note 11)	348,079	250,588
	987,121	1,329,931
SHAREHOLDERS' EQUITY		
Capital stock (Note 12)	23,538,215	23,538,215
Contributed surplus (Note 12)	1,893,470	1,815,165
Deficit	(14,696,480)	(12,865,849)
	10,735,205	12,487,531
	\$ 11,722,326	\$ 13,817,462
Approved on behalf of the Board		
<i>"James W. Gogan"</i>	Director	
<i>"Richard J. Shearer"</i>	Director	

BLACK BULL RESOURCES INC.

**INTERIM STATEMENTS OF OPERATIONS,
COMPREHENSIVE LOSS, AND DEFICIT
PERIODS ENDED MARCH 31
(unaudited)**

	2008		2007	
	3 months	6 months	3 months	6 months
MINERAL REVENUE	\$ 83,462	\$ 113,730	\$ -	\$ 28,078
COSTS AND EXPENSES				
Operations and overhead	273,509	498,416	235,434	433,714
Amortization	154,843	307,762	9,918	105,729
Sales and marketing	93,914	175,005	142,665	261,217
General and administration	275,527	520,892	196,452	411,069
Arbitration (Note 16)	343,019	477,204	-	-
	1,140,812	1,979,279	584,469	1,211,729
LOSS BEFORE OTHER ITEMS	(1,057,350)	(1,865,549)	(584,469)	(1,183,651)
OTHER ITEMS				
Interest expense	(13,857)	(41,591)	(25,575)	(25,575)
Interest income	37,335	92,482	8,687	22,663
LOSS BEFORE TAXES	(1,033,872)	(1,814,658)	(601,357)	(1,186,563)
Provision for capital tax (Note 14)	(7,968)	(15,973)	(6,465)	(10,465)
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(1,041,840)	(1,830,631)	(607,822)	(1,197,028)
DEFICIT AT BEGINNING OF PERIOD	(13,654,640)	(12,865,849)	(10,603,628)	(10,014,422)
DEFICIT AT END OF PERIOD	\$ (14,696,480)	\$ (14,696,480)	\$ (11,211,450)	\$ (11,211,450)
Basic and diluted loss per share	(\$0.011)	(\$0.020)	(\$0.014)	(\$0.027)
Weighted average number of shares	90,853,271	90,853,271	44,186,605	44,186,605

BLACK BULL RESOURCES INC.

INTERIM STATEMENTS OF CASH FLOWS PERIODS ENDED MARCH 31 (unaudited)

	2008		2007	
	3 months	6 months	3 months	6 months
OPERATING ACTIVITIES				
Net loss for the period	\$ (1,041,840)	\$ (1,830,631)	\$ (607,822)	\$ (1,197,028)
Non-cash items included in net loss				
Amortization	154,843	307,762	9,918	105,729
Accretion on asset retirement obligation	4,348	8,622	4,063	8,058
Accretion on convertible debentures	6,138	23,372	25,575	25,575
Stock-based compensation	45,570	78,305	31,220	60,493
	(830,941)	(1,412,570)	(537,046)	(997,173)
Change in non-cash working capital accounts				
Receivables	(167,630)	(160,276)	(3,064)	85,527
Inventory	61,136	(3,909)	53,109	62,554
Prepaid expenses	285,911	66,612	(84,930)	(71,061)
Payables and accruals	310,011	(102,697)	36,248	(213,755)
Capital tax	-	(10,976)	13,443	13,443
	(341,513)	(1,623,816)	(522,240)	(1,120,465)
FINANCING ACTIVITIES				
(Repayment of) net proceeds from convertible debentures	(350,000)	(350,000)	790,324	790,324
INVESTING ACTIVITIES				
Acquisition of capital assets	(763,495)	(763,495)	-	-
Reclamation deposits	(5,400)	(11,803)	(3,900)	(7,800)
	(768,895)	(775,298)	(3,900)	(7,800)
Change in cash and cash equivalents during the period	(1,460,408)	(2,749,114)	264,184	(337,941)
Cash and cash equivalents at beginning of the period	\$ 3,753,672	\$ 5,042,378	\$ 479,416	\$ 1,081,541
Cash and cash equivalents at end of period	\$ 2,293,264	\$ 2,293,264	\$ 743,600	\$ 743,600

NOTES TO THE FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND CONTINUATION OF THE BUSINESS

The Company was incorporated under the Business Corporations Act (Alberta) on July 18, 1997, and began commercial production of quartz effective April 1, 2004.

The Company is in the business of mining, processing, and marketing quartz from its White Rock claim in Nova Scotia, Canada. The recoverability of the amounts shown for mineral claims and related, deferred exploration costs is dependent upon the existence of economically recoverable reserves and upon future profitable production.

While the financial statements have been prepared on the basis of accounting principles applicable to a going concern, several adverse conditions and events cast substantial doubt upon the validity of this assumption.

At March 31, 2008, the Company had not yet achieved profitable operations and continues to incur significant operating losses including \$1,830,631 in the current fiscal year to date. If the trend continues, the current working capital is not sufficient to sustain the Company for the next 12 months. Management's opinion is that the Company must obtain cash flow from operations, conserve cash resources, or obtain additional financing to maintain sufficient working capital to reach profitable operations from the *Scotia White*TM quartz operations and other potential mineral developments.

If the going-concern assumption was not appropriate for these financial statements, then adjustments would be necessary in the carrying values of assets and liabilities, the reported net losses, and the balance sheet classifications used.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as follows:

a) Cash and cash equivalents

Cash and cash equivalents include highly-liquid investments with maturities of less than three months.

b) Inventory

Product inventory is valued at the lower of production cost, consisting mainly of mining, crushing costs, drying, screening, packaging, and freight, and net realizable value.

c) Capital assets

Capital assets are recorded at cost and amortization is recorded on either a declining-balance (DB) or straight-line (SL) basis using the following rates:

Equipment	20% DB
Office furniture and equipment	20% DB
Computer equipment	30% DB
Software	100% DB
Buildings	10% DB
Vehicles	30% DB
Trademarks	10% SL
Leasehold improvements	50% SL
Site improvements	10% SL

Amortization of buildings and equipment commence when they are commercially utilized; other capital assets are amortized 50% of the given rate in the first year.

d) Mineral claims

Mineral claim expenses are capitalized and carried at cost until the claim to which they relate is placed in production or sold, or management has determined there to be a permanent impairment of value. If placed in production, the costs are depleted and amortized using the units-of-production method over the estimated life of the measured and indicated resource. If the mineral claims are sold or abandoned, the related deferred amounts will be expensed.

e) Deferred costs

Exploration and mine development expenses are capitalized and carried at cost until the claim or project to which they relate is placed in production or sold, or management has determined there to be a permanent impairment of value. If placed in production, the costs are depleted and amortized using the units-of-production method over the estimated life of the measured and indicated resource. If the claim or project is sold or abandoned, the related deferred amounts will be expensed.

f) Revenue recognition

Revenue from mining operations is recognized upon shipment of the product, when title has passed to the customer, and collection is reasonably assured.

g) Asset retirement obligation

Legal obligations associated with the retirement of tangible long-lived assets are recorded as estimated liabilities. The liabilities are calculated using the net present value of the cash flows required to settle the obligation using a discount rate of 7% over a 10-year term.

A corresponding amount is capitalized to the related asset. Asset retirement costs are charged to earnings in a manner consistent with the depletion and amortization of the underlying asset. The liabilities are subject to accretion over time for changes in the fair value of the liability through charges to accretion which are included in cost of sales and operating expenses.

It is possible that the Company's estimates of its asset retirement obligations could change as a result of changes in regulations, the extent of environmental remediation required, the means of reclamation, or cost estimates. Changes in estimates are accounted for prospectively from the period the estimate is revised.

The Company currently has \$549,207 in Reclamation Funds on deposit with the Province of Nova Scotia.

h) Use of estimates

The preparation of financial statements in conformity with Canadian 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 periods. Significant areas where management's judgment is applied are asset valuations, amortization and depletion, income taxes, stock-based compensation, and asset-retirement obligations. Actual results could differ from those estimates.

i) Stock-based compensation

The Company has a stock-based compensation plan as described in Note 12. The Company accounts for stock options using the fair-value method, whereby compensation expense for stock options is measured at the fair value at the grant date and is recognized over the vesting period of the options granted. The Company uses the Black-Scholes model to estimate fair value.

j) Income taxes

The Company follows the liability method of accounting for income taxes whereby future income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of tax loss carry forwards that are likely to be realized. Future income tax assets and liabilities are measured using substantively enacted tax rates that are expected to be effective when recovered or settled.

The net change in recorded future income tax assets and liabilities is recognized in income during the period in which the change occurs including any change in applicable future tax rates.

k) Loss per share

Loss per share is calculated using the weighted-average number of common shares outstanding. The weighted average is calculated on number of days outstanding for the three and six month periods ended March 31, 2008.

Diluted loss per share is determined as net loss divided by the weighted average number of diluted common shares outstanding for the period. Diluted common shares reflect the potential dilutive effect of exercising the stock options based on the treasury-stock method. The "if-converted" method is used to determine the dilutive effect of convertible debentures.

Options to purchase 5,980,667 and warrants to purchase 2,400,000 common shares were outstanding at March 31, 2008, but neither the options, warrants, nor convertible debenture were included in the computation of diluted loss per share because they were anti-dilutive.

l) Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

m) Financial instruments

Classification

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification. The Company has classified payables and accruals and convertible debentures as other financial liabilities and receivables as loans and receivables. The Company has classified cash and cash equivalents as held for trading, the carrying value of which approximates fair value. Loans and receivables and other financial liabilities are recorded at amortized cost using the effective interest method.

Transaction costs

Transaction costs related to loans and receivables and other financial liabilities are netted against the carrying value and are then recognized over the expected life using the effective interest method.

n) Change in accounting policies

Effective October 1, 2007, the Company adopted CICA Handbook Section 1535, *Capital Disclosures*, Section 3862, *Financial Instruments – Disclosures*, and Section 3863, *Financial Instruments – Presentation*. Section 3862 and 3863 replaced Section 3861, *Financial Instruments – Disclosure and Presentation*.

Section 1535, establishes standards for disclosing information about an entity's capital and how it is managed. It describes the disclosure requirements of the entity's objectives, policies, and processes for managing capital, the quantitative data relating to what the entity regards as capital, whether the entity has complied with capital requirements, and if it has not complied, the consequences of such non-compliance.

Section 3862, describes the required disclosure for the assessment of the significance of financial instruments for an entity's financial position and performance and of the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks. Section 3863, establishes standards for presentation of financial instruments and non-financial derivatives.

The additional disclosures, required as a result of the adoption of these standards, have been included in Note 15, Financial Instruments.

o) Future accounting changes

Inventories: In June 2007, the Canadian Institute of Chartered Accountants ("CICA") issued Section 3031, *Inventories*, replacing Section 3030, *Inventories*. The new Section will be applicable to financial statements relating to fiscal years beginning on or after January 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning

October 1, 2008. It provides more guidance on the measurement and disclosure requirements for inventories. The Company is currently evaluating the impact of the adoption of this new section on its financial statements.

3. RECEIVABLES

	March 31 2008	September 30 2007
Trade	\$ 207,334	\$ 90,091
Government (HST)	103,448	60,415
	310,782	150,506
Doubtful Account	(3,044)	(3,044)
	307,738	\$ 147,462

4. INVENTORY

	March 31 2008	September 30 2007
Semi-processed	\$ 365,958	\$ 384,089
Processed goods	174,337	148,132
Consumables	52,619	56,784
	\$ 592,914	\$ 589,005

During fiscal 2007, older semi-processed material valuation was adjusted by \$196,583 to reflect changes in net realizable value.

5. CAPITAL ASSETS

	March 31 2008		
	Cost	Accumulated Amortization	Net Book Value
Office furniture & equipment	\$ 37,065	\$ 16,749	\$ 20,316
Computer equipment	40,282	24,682	15,600
Software	32,089	32,089	-
Vehicle	68,468	27,085	41,383
Equipment	2,658,366	753,614	1,904,752
Buildings	1,477,145	261,130	1,216,015
Leasehold improvements	17,115	17,115	-
Site improvements	211,710	72,645	139,065
Capital Assets (under construction)	738,376	-	738,376
Trademark	12,783	3,196	9,587
	\$ 5,293,399	\$ 1,208,305	\$ 4,085,094

	September 30 2007		
	Cost	Accumulated Amortization	Net Book Value
Office furniture & equipment	\$ 37,065	\$ 14,492	\$ 22,573
Computer equipment	38,426	22,093	16,333
Software	32,089	32,089	-
Vehicle	47,968	21,590	26,378
Equipment	2,655,603	542,004	2,113,599
Buildings	1,477,145	197,129	1,280,016
Leasehold improvements	17,115	17,115	-
Site improvements	211,710	51,474	160,236
Trademark	12,783	2,557	10,226
	\$ 4,529,904	\$ 900,543	\$ 3,629,361

6. MINERAL CLAIMS

	March 31 2008	September 30 2007
Cost, beginning of period	\$ 883,314	\$ 883,314
Asset retirement obligation	88,869	-
Cost, end of period	972,183	883,314
Accumulated depletion	7,079	7,079
Net book value	\$ 965,104	\$ 876,235

7. DEFERRED COSTS

Deferred Exploration and Development Costs	March 31 2008	September 30 2007
Cost, beginning of period	\$ 2,925,631	\$ 2,925,631
Research/development	-	-
Cost, end of period	2,925,631	2,925,631
Accumulated depletion	23,399	23,399
Net book value	\$ 2,902,232	\$ 2,902,232

8. OTHER ASSETS

Other assets consist of funds held for future reclamation costs by the Province of Nova Scotia. The Natural Resources Reclamation Fund contains \$437,493 (\$427,268 at September 30, 2007). In addition, an Irrevocable Standby Letter of Credit of \$17,400 has been issued to the Province of Nova Scotia. The Environmental Reclamation Fund contains \$94,314 (\$92,736 at September 30, 2007). The funds bear interest at the provincially designated rate of 2.5% to 4.9%.

9. PAYABLES AND ACCRUED LIABILITIES

	March 31 2008	September 30 2007
Trade—operational	\$ 494,102	\$ 449,028
Trade—capital equipment	133,265	271,258
Government (payroll & WCB)	11,675	21,453
	\$ 639,042	\$ 741,739

10. CONVERTIBLE DEBENTURES

	March 31 2008	September 30 2007
Balance, beginning of period	\$ 326,628	\$ -
Total gross proceeds	-	850,000
Converted to common shares	-	(469,856)
Equity component	-	(51,245)
Deferred financing costs	-	(59,676)
Repayment of debentures	(350,000)	-
	(23,372)	269,223
Accretion	23,372	57,405
Balance, end of period	\$ -	\$ 326,628

On February 15, 2007, the Company issued 12% secured convertible debentures for total gross proceeds of \$850,000. The convertible debentures matured on February 15, 2008, and interest was paid quarterly on June 30, 2007, September 30, 2007, December 31, 2007, and February 15, 2008. The debentures were convertible at the debenture holder's option into common shares at a conversion rate of \$0.15 per share. The debentures held an automatic conversion option if the market value of the shares exceeded \$0.25 per share for 20 consecutive days. The Company had pledged all assets to secure the debentures; although the Company had the right to provide security over its accounts receivables and inventory to secure qualifying bank debt up to a maximum of \$1.0 million.

As the holder could convert the debentures into a fixed number of common shares, the debenture obligations were classified partially as a liability and partially as shareholders' equity. The liability component was calculated as the present value of the required contractual payments of principal and interest discounted at an interest rate approximating that which would have been applicable to non-convertible subordinated debt at the time the debentures were issued. The difference between the original principal amount of the debentures and the amount recorded as a liability, representing the value of the conversion option, \$51,245 was recorded as capital stock. On June 6 and June 11, 2007, a total of \$500,000 of debentures was converted to 3,333,333 common shares resulting in a reduction of the conversion option value of \$30,144.

On February 15, 2008, the remaining \$350,000 of debentures were repaid.

11. ASSET RETIREMENT OBLIGATION

		March 31 2008		September 30 2007
Balance, beginning of period	\$	250,588	\$	234,195
NPV of cash flows		88,869		-
Accretion		8,622		16,393
Balance, end of period	\$	348,079	\$	250,588

The gross undiscounted amount of future reclamation plans is \$535,895 (\$402,390 at September 30, 2007). During the period ending March 31, 2008, there was an increase in NPV of \$88,869 for new obligations.

12. SHAREHOLDERS' EQUITY

a) Authorized

Unlimited common shares without par value

Unlimited preferred shares without par value

b) Issued, common shares

		March 31 2008		September 30 2007
	#	\$	#	\$
Issued	90,853,271	\$ 23,538,215	44,186,605	\$ 17,268,842
Shares issued for cash	-	-	43,333,333	5,750,761
Shares issued for debentures	-	-	3,333,333	497,511
Common share conversion option (Note 10)	-	-	-	21,101
Total issued common shares and conversion option	90,853,271	\$ 23,538,215	90,853,271	\$ 23,538,215

On June 6, 2007, the Company completed a private placement for gross proceeds of \$6,500,000. As part of this transaction, a total of 43,333,333 shares were issued at \$0.15 per share.

c) Contributed surplus

	Stock Options		Warrants	
	#	Fair Value	#	Fair Value
Balance, beginning of period	6,513,964	\$ 981,829	4,608,000	\$ 833,336
Stock compensation expense	1,829,106	78,305	-	-
Balance, end of period	8,343,070	\$ 1,060,134	4,608,000	\$ 833,336

The contributed surplus of \$1,893,470 (\$1,815,165 at September 30, 2007) consists of the fair value attributed to options and warrants granted since October 1, 2003. The fair value of options is recognized over the length of the vesting period. Warrants were granted for consulting and stock issue fees; options were granted to directors, officers, and consultants. As part of the private placement on June 6, 2007, 2,400,000 broker warrants were issued. Each warrant is exercisable for one common share at an exercise price of \$0.15 per share at any time within the two-year term.

The fair value of the options and warrants were estimated at the date of grant using a Black-Scholes model with the following weighted average assumptions: risk-free interest rate of 4.1%; dividend yield of 0%; volatility factor of the expected market price of the Company's common stock of 51% to 69%; and a weighted average, expected life of 5 years for options and 2 years for warrants.

The Black-Scholes model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

d) Stock options and warrants

The following table summarizes the status and changes in stock options and warrants:

	Stock Options		Warrants	
	Number	Weighted average price	Number	Weighted average price
Outstanding as at				
September 30, 2006	2,925,007	\$ 0.45	-	\$ -
Granted/issued	2,404,200	0.11	2,400,000	0.15
Cancelled/expired	(1,011,000)	0.39	-	-
Outstanding as at				
September 30, 2007	4,318,207	\$ 0.28	2,400,000	0.15
Granted/issued	1,829,106	0.10	-	-
Cancelled/expired	(166,646)	0.41	-	-
Outstanding as at				
March 31, 2008	5,980,667	\$ 0.22	2,400,000	\$ 0.15

The following table summarizes information about stock options and warrants outstanding at March 31, 2008:

Range of exercise prices	Number of Options	Weighted average Remaining contractual life	Weighted average exercise price
\$0.10 - 0.42	5,400,667	3.9 years	\$ 0.16
\$0.53 - 0.95	580,000	0.9 years	\$ 0.75
	5,980,667	3.6 years	\$ 0.22

Range of exercise prices	Number of Warrants	Weighted average Remaining contractual life	Weighted average exercise price
\$0.15	2,400,000	1.25 years	\$ 0.15

On March 14, 2003, the Company adopted a formal Stock Option Plan whereby up to 20% of the issued and outstanding common shares are reserved for issuance under the Plan. The Plan provides for the granting of options which qualify for treatment as incentive stock options or non-statutory stock options and entitles directors, employees, and consultants to purchase common shares of the Company. Options granted are subject to approval by the Board of Directors. The exercise price of each option equals the average market price of the Company's stock on the date of grant and the maximum term of an option is 5 years. Options and warrants are exercisable to shares at a ratio of 1 to 1.

On November 7, 2007, the Board of Directors approved the grant of options to Officers of the Company on December 9, 2007, as part of their employment contracts. A total of 1,795,356 options were granted. The total included 481,546 which exceeded the maximum previously approved by shareholders. These options were granted subject to shareholder approval at the next Shareholders Meeting.

The options generally vest over a period of 18 months from the date of grant and immediately become exercisable once vested. The options generally have a term of 5 years.

13. RELATED PARTY TRANSACTIONS

During the period, the Company did not enter into any transactions with any directors or officers and companies under their control or control of their spouses.

For the three and six months ended March 31, 2007, the Company incurred fees for marketing consulting and performing President & CEO duties with Joseph MacDonald (J&E Consultants), Director, totaling \$43,300 and \$85,800, respectively.

For the three and six months ended March 31, 2007, the Company incurred fees for marketing consulting with Richard Shearer, Director, totaling \$28,971 and \$56,871, respectively. Mr. Shearer was appointed President & CEO effective March 1, 2007.

14. CAPITAL TAX

The Province of Nova Scotia currently taxes corporations on the portion of their long-term financial capital used in the Province. The tax threshold is \$5,000,000 of capital. The Company has exceeded the threshold. The provision for the period ending March 31, 2008, is \$15,973 (\$10,465 for the six months ended March 31, 2007).

15. FINANCIAL INSTRUMENTS

Fair value: The carrying values of cash and cash equivalents, receivables, payables and accruals and convertible debentures approximate their fair values based on their liquidity and short-term nature. The fair value of the asset retirement obligation is determined using the present value of cash-flows method.

Interest rate risk: The Company holds cash and cash equivalents which include highly liquid investments with maturities of less than three months. Interest rate exposure is limited due to the short-term nature of the instruments.

Credit risk: The Company is exposed to credit risk from receivables, which is the risk that they will not be paid in full when due. Allowances are provided for potential losses that have been incurred at the balance sheet date; however, these allowances are not significant.

Capital risk management: The Company manages its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of the debt and equity balance. The capital structure of the Company consists of cash and cash equivalents, and shareholders' equity comprising of capital stock and deficit. The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in the business environment.

16. COMMITMENTS

On January 29, 2007, Black Bull terminated the U.S. Silica sales agreement in accordance with its rights. The Company had instructed its attorneys to proceed with the damages claim against U.S. Silica, and U.S. Silica has counter claimed.

On March 18, 2008, Black Bull Resources Inc. resolved its dispute with U.S. Silica Company. Accordingly, the arbitration proceedings, which began on February 25, 2008, have been terminated on terms whereby each party has granted the other a full release of all matters in dispute and each bears its own expenses.

MANAGEMENT'S DISCUSSION & ANALYSIS

OF FINANCIAL AND OPERATING RESULTS (in Canadian dollars)

The following discussion and analysis is the responsibility of management. The Board of Directors carries out its responsibility for review of the disclosure principally through its Audit Committee, comprised exclusively of independent directors. The Audit Committee reviews this disclosure and recommends its approval by the Board of Directors. The management's discussion and analysis (MD&A) dated May 12, 2008, is prepared to conform to National Instrument 51-102F1 and has been approved by the Board of Directors. This MD&A should be read in conjunction with Black Bull Resources Inc.'s audited financial statements for the year ended September 30, 2007 and unaudited interim financial statements for the six-month period ending March 31, 2008, together with the accompanying notes. Such financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Overall Performance

The second quarter of fiscal 2008 continued to be dedicated to business development, as well as completing the planned Capital Expenditure Program ("CapEx"). Furthermore, during the quarter, Black Bull Resources Inc. announced that it had resolved its dispute with U.S. Silica Company.

Several external factors continue to adversely affect sales, such the continuing downturn in the American housing market, and rising fuel costs. Notwithstanding, these factors, the Company continued to find new customers and new markets.

In January, Black Bull employees attended the Atlantic City Pool and Spa Show and in February, exhibited at the National Plasterers Council Conference in Florida. These important tradeshows are to maintain and build the U.S. pool market customers.

During Q2, the Company received funding from Atlantic Canada Opportunities Agency ("ACOA") to explore marketing opportunities in Europe. This exploration identified many potential customers in Italy, Germany, Spain, and France. Further investigation of these markets will be undertaken in the coming months. The Company will seek eligible assistance from both ACOA and other government agencies for all marketing activities.

In April, we shipped 1,000 Tons of quartz to the USA to trial *Scotia White*TM material for the production of Ferro silicon. If this trial is successful, *Scotia White*TM could then be used in a variety of Ferro-silicon applications including the manufacturing of solar panels. Also in April, Rick Shearer, President & CEO, traveled to China to explore marketing opportunities, including meetings with companies in the pool market, engineered stone, flooring as well as solar manufacturing. Although China has plenty of quartz, it has problems of high iron content and other quality problems, such as impurities. Black Bull will continue to explore these opportunities.

The Company developed a marketing postcard promoting its *ScotiaPro* bunker sand to golf courses in Nova Scotia. This has already resulted in sales to this market.

During Q2 2008, there was 1,285 Tons of quartz sold, which does not include the 1,000-Ton trial shipped to the USA in April. While this was not at the preferred level, it was an increase over Q1 2008, (590 Tons) and near the total tonnage for fiscal 2007 (1,479 Tons).



The capital expansion project of approximately \$700,000 was completed. It included an expanded warehouse facility, additional processing equipment, and improved bagging line. Early indications are that these additions will improve the production efficiency as designed.



Warehouse Addition to the Quartz Processing Plant



Improved Product Bagging System

Production resumed in late April, and as a result, the work flow reduction plan announced in December was ended. Production employees returned to full time employment, along with some new hires. While inventory levels were sufficient for Q2 2008 sales, new inventory is required, which can now be stored in the new warehouse facility in East Kemptville, thus reducing third party warehouse costs.

On March 18, 2008, Black Bull Resources Inc. resolved its dispute with U.S. Silica Company. Accordingly, the arbitration proceedings, which began on February 25, 2008, have been terminated on terms whereby each party has granted the other a full release of all matters in dispute and each bears its own expenses. Black Bull's total expense related to the arbitration was \$477,204.

During this quarter, Black Bull Resources repaid its secured convertible debentures that matured February 15. The Company has met all its environmental requirements, including filing its annual government reports.

Summary of Quarterly Results and Results of Operations

Quarterly Results	2008		2007				2006	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Income:								
Mineral revenue	83,462	30,268	61,990	79,806	-	28,078	103,085	24,175
Interest income	37,335	55,146	60,606	22,920	8,687	13,976	22,412	25,035
	120,797	85,414	122,596	102,726	8,687	42,054	125,497	49,210
Costs:								
Operations	273,509	224,907	237,289	288,624	235,434	198,280	533,852	334,004
Sales & marketing	93,914	81,091	74,070	96,331	142,665	118,552	51,122	66,447
General & admin	275,527	520,892	280,212	319,526	196,452	214,617	280,856	360,304
Arbitration (one-time expense)	343,019	477,204	-	-	-	-	-	-
Amort./depletion	154,843	152,918	185,504	104,052	9,918	95,811	156,149	163,981
Interest expense	13,857	27,734	24,978	51,151	25,575	-	-	-
Other	7,968	8,005	212,770	5,214	6,465	4,000	(4,869)	8,574
	1,162,637	874,205	1,014,823	864,898	616,509	631,260	1,017,110	933,310
Net loss	(1,041,840)	(788,791)	(892,227)	(762,172)	(607,822)	(589,206)	(891,613)	(884,100)
Net loss per share (basic & diluted)	(0.011)	(0.009)	(0.014)	(0.016)	(0.014)	(0.013)	(0.020)	(0.020)

Operating Cash	2008		2007				2006	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net loss	(1,041,840)	(788,791)	(892,227)	(762,172)	(607,822)	(589,206)	(891,613)	(884,100)
Non-cash operating items	210,899	207,162	236,866	173,785	70,776	129,079	193,902	226,123
Net cash loss from operations	(830,941)	(581,629)	(655,361)	(588,387)	(537,046)	(460,127)	(697,711)	(657,977)

During the quarter, revenue was \$120,797. The increase of \$53,194 mineral revenue from Q1 2008 is due to improved sales to the swimming pool industry. There were no sales in Q2 2007 as the plant was shutdown.

Sales levels are projected to continue to increase into 2008. The Company continues to receive a premium price for the *Scotia White*TM products. The recent stabilizing of the Canadian currency to the U.S. dollar has helped to improve revenue in the quarter, as more than 90% of the sales were in U.S. dollars. The impact of the U.S. exchange rate will continue to be monitored as it relates to profit margins and freight costs. The Q2 2008 interest income (\$37,335) decreased from Q1 2008 (\$55,146) due to continued cash burn; however, it increased significantly from Q2 2007 (\$8,687), as a result of cash received from the equity financing in June 2007.

The \$48,602 increase in operating expenses in Q2 2008 (\$273,509) compared to Q1 2008 (\$224,997) was mainly attributable to expensing inventory related to sales (\$120,000) and increased warehouse costs (\$5,700). These costs were partially offset with lower production expenses of \$70,000 (Q2 2008 \$126,466 versus Q1 2008 \$196,371). In Q2 2007, operating expenses were \$235,434 mainly attributable to the Company completing maintenance and a refurbishing program as the plant was closed.

The Q2 2008 sales and marketing costs of \$93,914 increased from \$81,091 during Q1 2008 due to \$24,000 associated with travel required for the U.S. Silica arbitration. Marketing costs decreased compared to Q2 2007 by \$48,751. In Q2 2007 sales and marketing expenditures of \$142,665 included expenses for the Sales Taskforce, a team led by two directors, to develop a new sales strategy.

General and administration (“G&A”) costs are detailed below.

General & Administrative Costs	Q2 2008	Q1 2008	Q2 2007
Accounting & Legal Fees	346,035	100,086	33,293
Advertising & Promotion	142	848	1,120
Consulting Fees	14,236	9,729	4,025
Insurance	15,110	15,403	15,699
Investor Relations	7,507	7,178	14,727
Office, Rent & Telephone	13,742	15,335	11,765
Travel & Entertainment	16,199	18,773	6,132
Wages & Benefits	205,575	212,198	109,691
Total	618,546	379,550	196,452

The Company’s Q2 2008 general and administration costs of \$618,546 increased by \$238,996 over Q1 2008 \$379,550. This increase was primarily due to legal and accounting fees associated with the U.S. Silica arbitration, which was \$316,500.

Consulting fees of \$14,236 were associated with the former CFO providing support, which will conclude in the upcoming quarter. Q2 2008 wages and benefits decreased \$6,623 due to employee bonuses that were paid in Q1 2008. In Q2 2007 wages and benefits of \$109,691 included one individual performing both the CFO and CEO positions; whereas in Q2 2008 these positions were held separately.

The remaining Q2 2008 G&A expenses were consistent with Q1 2008 costs.

Interest expense for Q2 2008 decreased to \$13,857 from \$27,734 in Q1 2008 and \$25,575 in Q2 2007. This difference is due to the timing of the repayment of the secured convertible debentures. These debentures matured on February 15, 2008. Other expenses of \$7,968 relate to the provision for capital tax.

The total loss for Q2 2008 was \$1,042,840 compared to \$788,791 in Q1 2008 and \$607,822 in Q2 2007. The loss per share in Q2 2008 was \$0.011 compared to \$0.009 in Q1 2008 and \$0.014 in Q2 2007.

Liquidity

As at the end of Q2 2008, Black Bull had \$3,337,423 in working capital. The Company continues to incur significant operating losses. If the trend continues, the current working capital is not sufficient to sustain the Company for the next 12 months. Management’s opinion is that the Company must obtain cash flow from operations, conserve cash resources, or obtain additional financing to maintain sufficient working capital to reach profitable operations from the *Scotia White*TM quartz operations and other potential mineral developments.

Capital Resources

During this quarter, the Company fully repaid the secured convertible debentures totaling \$350,000.

Transactions with Related Parties

During the period, the Company did not enter into any transactions with any directors or officers and companies under their control or control of their spouses.

For the three and six months ended March 31, 2007, the Company incurred fees for marketing consulting and performing President & CEO duties with Joseph MacDonald (J&E Consultants), Director, totaling \$43,300 and \$85,800, respectively.

For the three and six months ended March 31, 2007, the Company incurred fees for marketing consulting with Richard Shearer, Director, totaling \$28,971 and \$56,871, respectively. Mr. Shearer was appointed President & CEO effective March 1, 2007.

Changes in Accounting Policies

Effective October 1, 2007, the Company adopted CICA Handbook Section 1535, *Capital Disclosures*, Section 3862, *Financial Instruments – Disclosures*, and Section 3863, *Financial Instruments – Presentation*. Section 3862 and 3863 replaced Section 3861, *Financial Instruments – Disclosure and Presentation*. These sections did not have any significant impact on the financial results.

Subsequent Events

No subsequent events have occurred since fiscal quarter end to May 12, 2008, the date of approval of the interim MD&A.

Other MD&A Disclosures

During Q2 2008, no options were granted or expired. As of this MD&A date, 583,911 options expired.

Outstanding Securities	Period Ended March 31, 2008	MD&A Dated May 12, 2008
Common Shares	90,853,271	90,853,271
Options (Exercisable to one Common Share)	5,980,667	5,396,756
Warrants (Exercisable to one Common Share)	2,400,000	2,400,000
Debentures (Convertible to one Common Share)	-	-
Total Outstanding Securities	99,233,938	98,650,027

Risks and Uncertainties

Mineral exploration and development involves a high degree of risk since few properties are developed into producing mines. There are no assurances that the Company's mineral exploration activities will result in further resources that would be economical for commercial production. The commercial viability of mineral deposits is dependent upon a number of factors, which are beyond the Company's control. Some of these factors are attributable to commodity or product pricing and demand, competitive products, currency fluctuations, government policy and regulation, transportation, and environmental protection.

Resource estimates involve degrees of uncertainty in calculation of reserves and the corresponding grades. Resource estimates are dependent partially on statistical inferences drawn from drilling, sampling, and other data. The indicated and inferred resource figures set forth by the Company are estimates, and there is no certainty that the level of resources will be realized or the chemical composition or concentration of the resources will be maintained throughout the property. In addition, a decline in the market price of industrial minerals, or a substantial increase in production or shipping costs, may adversely affect the economics of a reserve and may require the Company to reduce its estimates.

Transportation is a critical part of the Company's success. It is imperative that Black Bull provide cost-effective transportation solutions to customers.

At the current time, the USA is Black Bull's major customer base. Therefore, the continued downturn in the American housing market has a significant impact on the Company. Like many Canadian companies doing business in the USA, Black Bull is also affected by fluctuations in currency exchange rates. Most of the Company's sales including freight charges will be denominated in U.S. dollars. The Company has some natural hedges with U.S. dollar-based expenses; however, there will be instances when there is exposure to exchange risks. These risks are considered when management sets product pricing and makes hedging decisions.

Maintaining sufficient cash resources to finance a start-up operation is difficult. Debt financing is usually based on positive cash flows and a significant customer base. Many junior resource companies experience difficulties obtaining debt financing and must rely on other sources such as market equity, mezzanine financing, and/or government programs.

Liability insurance is an issue in the industrial minerals industry. There is growing concern over the number of silicosis-related claims that have been filed against silica processors in the USA. Black Bull has obtained international liability insurance with a silica dust exclusion endorsement. Company research indicates that Black Bull employees and employees of customers are covered for medical conditions by workers compensation. The Company has implemented procedures to ensure users of the materials are aware of available product information.

Forward-Looking Statements

Certain statements in this Management's Discussion & Analysis of Financial and Operating Results are forward-looking statements subject to risks and uncertainties. A number of factors could cause actual results to differ materially from those expressed in the forward-looking statements, including but not limited to: transportation availability and fluctuation in cost, success level of the Company's marketing and branding of the *Scotia White*TM quartz products, liquidity, energy costs, currency fluctuations, corporate compliance, limitations in liability insurance coverage, and local political stability.

The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by applicable law.

Additional Information

Additional information about the Company is available on SEDAR at www.sedar.com and at the Company's website at www.blackbullresources.com.

NOTES

CORPORATE INFORMATION

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Black Bull Resources Inc. is an integrated miner, processor, and marketer of silica-based industrial minerals under the trademark *Scotia White*[™].

Black Bull's vision is to become North America's leading supplier of bright white quartz to the pool-finish, engineered-stone, and other building products based industries.

This goal will be reached through successful branding and marketing techniques and the development of a world-class organization based on the values of serving customer needs, fulfilling safety, environmental, and social responsibilities, and delivering fair returns to our shareholders.

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