Black Bull Resources Inc.

Condensed Interim Financial Statements (Unaudited)

June 30, 2019

BLACK BULL RESOURCES INC.

STATEMENTS OF FINANCIAL POSITION
PERIOD ENDED JUNE 30, 2019

(Expressed in Canadian Dollars)		June 30 2019		Sept 30 2018
ASSETS				
Current				
Cash and cash equivalents	$	677,403	$	27,831
Receivables		2,845		2,868
Prepaid expenses		12,661		22,002
Investments		500,000		293,854
Other Assets		297,636		293,854
		1,490,544		346,555
Property, plant and equipment		314		511
Mineral claims		1		1
Deferred costs		1		1
Other assets (Note 9)		-		.
	$	1,490,860	$	347,068
LIABILITIES				
Current				
Payables and accrued liabilities	$	117,485	$	135,926
Demand Loan		394,484		325,024
Deposit		53,778		53,778
Asset retirement obligation		265,693		260,899
		831,440		775,626
		831,440		775,626
SHAREHOLDERS' EQUITY				
Capital stock (Note 3)		24,883,518		23,588,518
Contributed surplus (Note 3)		2,070,133		2,070,133
Deficit		(26,294,231)		(26,087,209)
		659,420		(428,558)
	$	1,490,860	$	347,068

Continuation of business (Note 1) and reference Subsequent Events (Note 5)

These financial statements were approved for issue by the Board of Directors on August 27, 2019 and are signed on its behalf by:

David Crombie Director

Dave Wood Director

See accompanying notes to the financial statements

BLACK BULL RESOURCES INC.

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
PERIOD ENDED JUNE 30, 2019
(unaudited)

	2019		2018	
	3 months	**9 months**	**3 months**	**9 months**
COSTS AND EXPENSES				
Operations and overhead	5,029	16,070	9,210	25,815
Amortization	49	148	49	148
Sales and marketing	50	315	176	391
General and administration	20,530	163,202	16,474	60,489
	25,659	179,734	25,909	86,844
LOSS BEFORE OTHER ITEMS	(25,659)	(179,734) #	(25,909)	(86,844)
OTHER ITEMS				
Amortization	(1,199)	(3,596)	(1,199)	(3,596)
Interest income	717	2,285	234	1,667
LOSS BEFORE TAXES	(26,141)	(181,045)	(26,874)	(88,772)
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(26,141)	(181,045)	(26,874)	(88,772)
DEFICIT AT BEGINNING OF PERIOD	(26,268,090)	(26,113,186)	(26,060,335)	(25,998,437)
	-		-	
DEFICIT AT END OF PERIOD	$ (26,294,231)	$ (26,294,231)	$ (26,087,209)	$ (26,087,209)
Basic and diluted loss per share	(0.01)	(0.02)	(0.01)	(0.02)

BLACK BULL RESOURCES INC.

STATEMENTS OF CASH FLOWS
PERIOD ENDED JUNE 30, 2019
(unaudited)

	2019		2018	
	3 months	9 months	3 months	9 months
OPERATING ACTIVITIES				
Net loss for the period	$ (26,141)	$ (181,045)	$ (26,874)	$ (88,772)
Non-cash items included in net loss				
Amortization	49	148	49	148
Accretion on asset retirement obligation	1,199	3,596	1,199	3,596
	(24,893)	(177,301)	(25,676)	(85,028)
Change in non-cash working capital accounts				
Receivables	(5,446)	(974)	(2,362)	4,631
Prepaid expenses	1,611	(4,174)	(4,689)	(11,817)
Payables and accruals	27,697	(5,003)	12,342	3,057
	(1,031)	(187,452)	(20,384)	(89,157)
INVESTING ACTIVITIES				
Reclamation deposits	(708)	(2,125)	(708)	(2,125)
Convertible debentures	-	-	25,000	82,595
Investment	-	(500,000)	-	
	(708)	(689,578)	24,292	80,470
FINANCING ACTIVITIES				
Demand Loan		43,460		
Share issue	-	798,200	-	-
Preferred Shares	-	496,800	-	-
		1,338,460		
Change In Cash amd cash equivalents during the period	(1,739)	648,882	(21,092)	(8,687)
Cash and cash equivalents at beginning of the period	$ 679,142	$ 28,521	$ 37,348	$ 24,761
Cash and cash equivalents at end of period	$ 677,403	$ 677,403	$ 16,256	$ 16,074

BLACK BULL RESOURCES INC.

STATEMENTS OF CHANGES IN EQUITY

PERIOD ENDED JUNE 30 2018 and JUNE 30 2019

	Common Shares		Preferred Shares		Share based payment reserve	Deficit	Total Equity
	Without par Value	$	#	$	$	$	$
Balance September 30, 2017	**3,552,287**	**23,588,518**			**2,070,133**	**(25,998,437)**	**(339,786)**
Net Income (loss)		-				(88,772)	(88,772)
Balance June 30, 2018	**3,552,287**	**23,588,518**			**2,070,133**	**(26,087,209)**	**(428,558)**
Balance September 30, 2018	**3,552,287**	**23,588,518**			**2,070,133**	**(26,113,186)**	**(454,535)**
Investment - Shares	7,982,000	798,200				-	798,200
Investment - Preferred Shares			49,680	496,800	-		496,800
Net Income (loss)						(181,045)	(181,045)
Balance June 30, 2019	**11,534,287**	**24,386,718**	**49,680**	**496,800**	**2,070,133**	**(26,294,231)**	**659,420**

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

For period ended June 30, 2019 (Expressed in Canadian Dollars)
(Unaudited)

1. NATURE OF OPERATIONS AND CONTINUATION OF BUSINESS

The Company with the registered and head office at 6278 Yukon Street, Halifax, Nova Scotia, was incorporated under the Business Corporations Act (Alberta) on July 18, 1997. On June 12, 2008 the Company continued under the Canada Business Corporations Act.

The Company is in the business of mining, processing, and marketing quartz from its White Rock claim in Nova Scotia, Canada. The Company also investigated the commercialization of its kaolin resource.

On September 19, 2017 and amended on May 26, 2018, the Company entered into an asset purchase agreement with a group of investment and business professionals (the "Vendors") to affect an arm's length "Change of Business" transaction (as defined in Policy 5.2 of the TSX Venture Exchange). Under the amended terms of the transaction, the Company will acquire certain shareholdings from the Vendors in exchange for the issuance of 38,000,000 Common Shares of the Company as well as the creation and issuance to the Vendors of 100,000 Series A Preferred Shares of the Company.

The transaction, which is subject to regulatory and final closing conditions, will see the Company transition from a resource issuer to an investment issuer within the meaning of such terms in the policies of the TSX Venture Exchange. As a condition of closing, the Company and Vendors are required to jointly complete a private placement financing for gross proceeds of not less than $3,000,000. The closing is also subject to a number of other conditions, including but not limited to: requisite regulatory corporate, and third-party approvals, including TSX Venture Exchange approval; all required board approvals by the Company; the receipt of a fairness opinion to the satisfaction of the Board of Directors of the Company; and completion of due diligence investigations to the satisfaction of each of the Company and the Vendors.

In accordance with TSX Venture Exchange policy, sponsorship of a "Change of Business" transaction is required unless exempt therefrom in accordance with the TSX Venture Exchange's policies or a waiver is provided. The Company intends to apply for exemption from the sponsorship requirements pursuant to Section 3.4(a)(ii) of Policy 2.2 of the TSX Venture Exchange. If the exemption is not granted, the Company would be required to engage a sponsor or will seek a waiver from the sponsorship requirement.

GOING CONCERN

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

The Company continues to incur significant operating losses. The Company has no revenue-generating operating activities and has a significant accumulated deficit. If the trend continues, the current working capital is not sufficient to sustain the Company for the next 12 months. Such material uncertainties cast substantial doubt as to the ability of the Company to satisfy its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

The Company's continued existence is dependent upon maintaining control of its mineral resources until such time as the market improves. However, there can be no assurances that the steps management is taking will be successful. Management's opinion is that the Company must conserve cash resources while the Company seeks strategic options.

The Company's ability to continue as a going concern is dependent on the continued financial support of a director, either directly or indirectly through a Company under his control. As at the reporting period date, the Company has received $394,484 (September 30, 2018 - $351,024) of financing via demand loans from these related parties.

If the going concern assumption were not appropriate for these financial statements, adjustments might be necessary to the carrying value of assets and liabilities, reported revenues and expenses and the statement of financial position classifications used.

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed interim financial statements for the period ended June 30, 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Specifically, they have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting. The unaudited condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the audited financial statements for the year ended September 30, 2018, which has been prepared in accordance with IFRS.

Basis of Measurement

These condensed interim financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these unaudited condensed interim financial statements are described in Note 2 of the audited financial statements for the year ended September 30, 2018. There have been no changes to the Company's accounting policies since September 30, 2018 other than outlined below.

New and revised standards and interpretations

The Company has adopted the new and revised standards and interpretations issued by the IASB listed below effective October 1, 2018. These changes were made in accordance with the transitional provisions outlined in the respective standards and interpretations and had no material impact on the financial statements.

<u>Amendments to IFRS 2 Share-based Payment</u>

These amendments added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions.

<u>IFRS 9 Financial Instruments</u>

Effective October 1, 2018, the Company adopted IFRS 9, which replaced IAS39. The Company applied the new standard retrospectively and, in accordance with the transitional provisions, comparative figures have not been restated. The adoption of IFRS 9 did not have a material impact on the Company's Financial Statements. The nature and effects of the key changes to the Company's accounting policies resulting from the adoption of IFRS 9 are summarized below.

Classification of Financial Assets and Financial Liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit and loss ("FVTPL"). The previous IAS 39 categories of held to maturity, loans and receivables and available for sale are eliminated. IFRS 9 bases the classification of financial assets on the contractual cash flow characteristics and the Company's business model for managing the financial asset. Additionally, embedded derivatives are not separated if the host contract is a financial asset within the scope of IFRS 9. Instead, the entire hybrid contract is assessed for classification and measurement. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. The differences between the two standards did not impact the Company at the time of transition.

Impairment of Financial Assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an expected credit loss ("ECL") model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments measured at FVOCI. Under IFRS 9, credit losses will be recognized earlier than under IAS 39.

Transition

On October 1, 2018, the Company:

- Identified the business model used to manage its financial assets and classified its financial instruments into the appropriate IFRS 9 category; and
- Applied the ECL model to financial assets classified as measured at amortized cost.

The classification and measurement of financial instruments under IFRS 9 did not have a material impact on the Company's opening retained earnings as at October 1, 2018. In addition, the application of the ECL model to financial assets classified as measured at amortized cost did not result in a material adjustment on transition. The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 as at October 1, 2018 for each class of the Company's financial assets and financial liabilities. The Company has no contract assets or debt investments measured at FVOCI.

Financial Instrument	IAS 39		IFRS 9	
Asset	Classification	Measurement	Classification	Measurement
Cash and cash equivalents	FVTPL	Fair value	Amortized cost	Amortized cost
Receivables	Loans and receivables	Amortized cost	Amortized cost	Amortized cost
Liabilities				
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost	Amortized cost	Amortized cost
Demand loan	Other financial liabilities	Amortized cost	Amortized cost	Amortized cost

<u>IFRS 15 Revenue from Contracts with Customers</u>

The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. The adoption of this new standard had no material impact on the Company's financial statements.

Future accounting pronouncements

The following accounting standards and amendments are effective for future periods.

<u>IFRS 16 Leases</u>

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Company is still assessing the impact of this new standard.

This standard is effective for reporting periods beginning on or after January 1, 2019.

4. DEPOSIT

The Company has entered into an arm's length Share Exchange Agreement (the "Share Exchange Agreement") dated April 23, 2014, for the acquisition (the "Transaction") by the Company of all of the issued and outstanding shares of AUS Industrial Minerals Limited ("AUS"), a privately held company incorporated under the laws of British Columbia and wholly owned by AUS Streams.

On November 6, 2015, AUS Streams sold AUS Industrial Minerals Limited to DWF Capital Limited ("DWF"), a private equity group in Australia. DWF has re-named AUS Industrial Minerals Limited, to Renewable Energy Minerals Limited ("REM"). As a result, the proposed take-over transaction was with REM, a private company that is wholly owned by DWF.

Pursuant to the Share Exchange Agreement, AUS has advanced a non-refundable deposit in the amount of US$50,000 (CDN $53,778) in favour of the Company. In exchange, the Company has agreed to issue 333,333 common shares, of the Company at a deemed issue price $0.15 on the closing date, subject to the prior approval of the TSX- V.

These funds have been used to fund the legal requirements of the Agreement. To date, the Company has dispersed the total amount of $53,778 on transaction-related expenditures, which have been expensed in the period incurred.

During the year ended September 30, 2017, the Transaction was terminated by the Company. The Company and REM have not reached an agreement as to settlement of the deposit hence the balance remains to be recognized as a liability on the statement of financial position as at June 30, 2019.

5. RECEIVABLES

		Mar 31, 2019		Sept 30, 2018
Harmonized Sales Tax (HST)	**$**	**-2,845**	$	2,*868*

6. PROPERTY, PLANT AND EQUIPMENT

						Sep 30, 2018
				Accumulated		Net Book
		Cost		Amortization		Value
Computer equipment	$	43,132	$	42,672	$	460
Equipment - Water Treatment		107,871		107,871		-
Building - Water Treatment		105,821		105,821		-
Leasehold improvements		17,115		17,115		-
Site improvements		216,210		216,209		1
	$	490,149	$	489,688	$	461
						Jun 30, 2019
				Accumulated		**Net Book**
		Cost		**Amortization**		**Value**
Computer equipment	**$**	**43,132**	**$**	**42,820**	**$**	**311**
Equipment - Water Treatment		**107,871**		**107,871**		**-**
Building - Water Treatment		**105,821**		**105,821**		**-**
Leasehold improvements		**17,115**		**17,115**		**-**
Site improvements		**216,210**		**216,209**		**1**
	$	**490,151**	**$**	**433,093**	**$**	**312**

7. MINERAL CLAIMS

		Jun 30, 2019		Sep 30, 2018
Cost, beginning and end of period	**$**	**972,183**	$	972,183
Accumulated depletion, beginning and end of period		**(14,381)**		(14,381)
Accumulated impairment, beginning and end of period		**(957,801)**		(957,801)
Accumulated depletion and impairments, beginning and end of period		**(972,182)**		(972,182)
Carrying value, end of period	**$**	**1**	$	1

On July 13, 2018, the Company entered into an option agreement with Infrastructure Commodities Limited ("ICML"), a related party by virtue of a common officer and director. Under the terms of the agreement, the Company granted ICML the sole and exclusive right and option to explore and mine the Company's White Rock property located in Yarmouth County, Nova Scotia. In consideration of the grant of the option, ICML will pay to the Company 50% of the net after tax profits from the sale of quartz, kaolin and mica products mined at the property.

The agreement was subject to several conditions to closing. ICML has not complied with the terms of the agreement and the option has lapsed. Subsequent to year-end, the Company entered into a new option agreement with ICML (see Note 16).

8. EXPLORATION AND EVALUATION ASSETS

		June 30, 2019		September 30, 2018
Cost, beginning and end of period	**$**	**2,994,903**	$	2,994,903
Accumulated depletion, beginning and end of period		**(48,659)**		(48,659)
Accumulated impairment, beginning and end of period		**(2,946,243)**		(2,946,243)
Accumulated depletion and impairments, beginning and end of period		**(2,994,902)**		(2,994,902)
Carrying value, end of period	**$**	**1**	**$**	1

9. OTHER ASSETS

Other assets consist of funds held under the National Resources Reclamation Fund by the Province of Nova Scotia.

In addition, an irrevocable standby letter of credit of $17,400 (September 30, 2018 - $17,400) has been issued to the Province of Nova Scotia (Note 15).

10. PAYABLES AND ACCRUED LIABILITIES

	June 30, 2019	Sept 30, 2018
Trade payables	**$117,485**	$135,926

11. ASSET RETIREMENT OBLIGATION

The Company's total asset retirement obligation is estimated based on the Company's net ownership interest in mineral leases and management's estimate of costs to abandon and reclaim these leases, as well as an estimate of the future timing of the costs to be incurred. Under the terms of the agreement with the Province of Nova Scotia, the Company is obligated to update its reclamation plan every three years.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements could be significant. The total undiscounted amount of the estimated cash flows required to settle its asset retirement obligations are approximately $263,296 (September 30, 2018 - $262,097) which are expected to be settled over the next year. A risk-free interest rate of nil% (due to the nature of the liability being current) and an inflation rate of 2% were used to calculate the liability.

Changes to the liabilities were as follows:

		Jun 30, 2019		Sep 30, 2018
Balance, beginning of period	**$**	**262,097**	$	257,303
Accretion		**3,596**		4,794
Balance, end of period	**$**	**265,693**	$	262,097

12. SHAREHOLDERS' EQUITY

a) Authorized

Unlimited common shares without par value
Unlimited preferred shares without par value

b) Issued, common shares

	June 30, 2019		September 30, 2018	
	#	**$**	#	$
Balance, beginning of period	**3,552,287**	**23,588,518**	3,552,287	23,588,518
Balance, end of period	**11,534,287**	**24,386,718**	3,552,287	23,588,518

c) Issued, preferred shares

	June 30, 2019 #	June 30, 2019 $	September 30, 2018 #	September 30, 2018 $
Balance, beginning of period	-	-	-	-
Balance, end of period	**49,680**	**$496,800**	-	-

d) Contributed Surplus

	Stock Options Fair Value	Warrants Fair Value	Total
Balance, Sept 30, 2018	**$ 1,236,797**	**$ 833,336**	**$ 2,070,133**
Balance, Dec 31, 2018	**$ 1,236,797**	**$ 833,336**	**$ 2,070,133**

The contributed surplus of $2,070,133 (September 30, 2018 - $2,070,133) consists of the fair value attributed to options and warrants granted and recognized to date.

e) Stock options

The Company has adopted, and its shareholders have approved, a stock option plan whereby up to 10% of the outstanding shares of the Company as of the date of grant have been reserved for the grant and issuance to its employees, officers, directors and consultants. Under the plan, the exercise price of an option may not be set at less than the minimum price permitted by the TSX Venture Exchange, and the options may be exercisable for a period of up to five years. The aggregate number of options granted to any one individual during any 12-month period may not exceed 5% of the issued shares of the Company, or 2% in the case of consultants and investor relations representatives. The stock option plan provides for full vesting of the stock options on the date of approval of the options by the appropriate regulatory authority.

The Company did not have any options outstanding or exercisable as at June 30, 2019 and September 30, 2018.

13. DEMAND LOANS

During the nine-month period ended June 30, 2019, a director or a corporation under his control, Zenith Appraisal & Land Consulting Ltd. (the “Holders”) advanced funds under a promissory note in the amount of $43,460 (year ended September 30, 2018 - $108,595 advanced under four promissory notes). The loans are covered under a general security agreement, non-interest bearing and due on demand by the Holders or shall be converted to common shares of Black Bull Resources Inc. at a share price to be determined at the time of settlement.

14. RELATED PARTY BALANCES AND TRANSACTIONS

The following amounts are due to related parties:

Demand Loans		
	Jun 30, 2019	Sep 30, 2018
David Wood and Zenith Appraisal & Land Consulting Ltd.	**$ 394,484**	$ 351,024

The following amounts are included in payables and accrued liabilities:

	June 30, 2019	September 30, 2018
Due to directors and senior officers	**$nil**	$775

For the periods ending June 30, 2019 and December 31, 2017, the following is a summary of related party expenditures not disclosed elsewhere in these financial statements.

Six- month period ending		
	Jun 30, 2019	Jun 30, 2018
Consulting fees charged directly or indirectly by the CFO	**$ 8,300**	$ 10,963

Stock-based compensation expense for the directors and senior officers was $ nil (2017- $nil) for the period ending June 30, 2019.

15. RESTRICTED CASH

The Company has provided an assignment of cash as security on the irrevocable standby letter of credit to the Province of Nova Scotia (Note 9) and for corporate credit card liabilities. As at June 30, 2019, $17,400 (September 30, 2018 - $17,400) was held in a guaranteed investment certificate as security.

16. SUBSEQUENT EVENTS

1) On February 4, 2019, the Company entered into an option agreement with Infrastructure Commodities Limited ("ICML"), a related party by virtue of a common officer and director. Under the terms of the agreement, the Company granted ICML the sole and exclusive right and option to explore and mine the Company's White Rock property located in Yarmouth County, Nova Scotia. In consideration of the grant of the option, ICML will pay to the Company 50% of the net after tax profits from the sale of quartz, kaolin and mica products mined at the property.

   The agreement is subject to several conditions to closing as follows:

- Within 1 month of the option grant date, and no later than Feb 28, 2019, ICML must prepare a paper describing the anticipated exploitation prospects to facilitate the preparation of a bankable report;

- Within 3 months of the option grant date, and not later than May 28, 2019, ICML must:

a) Research and prepare a review of the applicable quartz market for use in preparing a plan for exploiting the quartz prospects on the property;

b) Prepare a report on options to pre-treat feedstock prior to delivery to high value clients;

c) Preview potential offtake partners in the USA, Canada, EU and Asia for higher-end market opportunities;

d) Preview potential exploitation partners; and

e) Preview prospects for beneficiation technology located in Nova Scotia.

- Within 4 months of the option grant date, and not later than June 28, 2019, ICML must:

a) Outline the prospective project value and return to investors in a pre-bankable report; and

b) Prepare an outline of a budget for completion of due diligence and a bankable report on the exploitation of the quartz, kaolin and mica assets on the property.

- Within 5 months of the option grant date, and not later than July 28, 2019, ICML must be prepared to review project possibilities with the Company for the way forward for exploitation of the property for quartz, kaolin and mica production and sale of aforesaid.

2) In January 2019, a related party advanced funds under a promissory note in the amount of $18,460. The loan is non-interest bearing, due on demand or shall be converted to shares of Black Bull Resources Inc. at a price to be determined.

3) In March 2019, the Company completed the issuance of 7,982,000 Common Shares and 49,680 Series A Preferred Shares for gross proceeds of $1,295,000. In April 2019, the Company completed the issuance of 130,499 Series A Preferred Shares for gross proceeds of 1,304,990.

4) The Company has used a portion of the Private Placement proceeds to make investments of $500,000 in Previcare and $250,000 in Foamtech.

17. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

Interest rate risk: The Company has cash balances invested in guaranteed investment certificates that are issued by a Canadian Chartered bank. The Company has no interest-bearing debt. The Company believes its interest rate risk is not significant.

Credit risk: The Company is exposed to credit risk from receivables, which is the risk that they will not be received in full when due. Loss allowances are provided for potential losses that have been incurred at the reporting period date (estimated by management based on previous experience and its assessment of the current economic environment). These loss allowances are $nil as at June 30, 2019 (September 30, 2018 - $nil). The carrying amount of receivables on the balance sheet represents the Company's maximum credit exposure at the balance sheet date.

Capital 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 debt and equity. The capital structure of the Company consists of shareholders' equity (deficit) comprising of capital stock, contributed surplus 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. The Company's capital management objectives are unchanged from the prior period. The Company has no externally imposed capital requirements.

Total managed capital was as follows:

		Sept 30, 2018	S	Sept 30 2017
Capital Stock	S	**23,588,518**		23,588,518
Contributed Surplus		**2,070,133**		2,070,133
Deficit		**(26,125,143)**		(25,998,436)
	$	**(466,492)**	$	(339,785)

CORPORATE INFORMATION

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GENERAL INFORMATION

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Black Bull Resources Inc.

MANAGEMENT'S DISCUSSION & ANALYSIS

OF FINANCIAL AND OPERATING RESULTS
(In Canadian dollars)

The following discussion and analysis are 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) 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 ("Black Bull" or the "Company") unaudited condensed interim financial statements for the period ended June 30, 2019, and audited financial statements for year ended September 30, 2018, together with the accompanying notes.

This MD&A is prepared as of August 27, 2019.

Forward Looking Statements

Certain statements contained in the report constitute forward-looking statements. When used in this document the words "anticipate", "believe", "estimate", "expect", "plan", "future", "intend", "may", "will", "should", "predicts", "potential", "continue", and similar expressions, as they relate to Black Bull or its management, are intended to identify forward-looking statements. Such statements reflect current views of Black Bull with respect to future events and are subject to certain known and unknown risks, uncertainties and assumptions. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Factors that could cause actual results or events to differ materially from current expectations include, among other things, changes in mineral prices, fluctuations in currency exchange rates, uncertainties relating to the availability and costs of financing needed in the future, the capital and operating costs varying significantly from estimates, delays in the development of projects, as well as those risk factors discussed or referred to herein, including those set forth under the heading "Risks and Uncertainties". Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated or expected. Unless required by law, the Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements.

Overall Performance

The focus for Black Bull in Q2 2019 was to continue to reduce its cash burn, and seek strategic options including completing the Proposed Change of Business.

The long-term future of Black Bull is dependent upon maintaining control of its mineral resources until the mineral markets improve. However, there can be no assurances that the steps management is taking will be successful.

Summary of Quarterly Results and Results of Operations

Quarterly Results	2019			2018			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	$	$	$	$	$	$	$
Income:							
Misc. revenue							
Interest (expense) income	717	717	835	1,657	234	717	717
Total Revenue	717	717	835	1,657	234	717	717
Costs:							
Operations and overhead	5,029	6,012	5,029	8,099	9,210	8,293	8,312
Sales & marketing	50	125	140	29	176	75	140
General & admin.	20,230	126,584	16,087	18,260	16,474	32,088	11,928
Amort./depletion	49	49	49	49	49	50	50
Interest on Demand loans							-
Total Costs	25,358	132,770	21,305	26,437	25,909	40,505	20,430
Loss	(24,641)	(132,053)	(20,470)	(24,780)	(25,675)	(39,788)	(19,713)
Other Items							
Accretion	1,199	1,199	1,199	1,198	1,199	1,198	1,198
Net loss	(25,840)	(133,252)	(21,669)	(25,978)	(26,874)	(40,986)	(20,911)
Net loss per share (basic & diluted)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)

Operating Cash	2019			2018			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	$	$	$	$	$	$	$
Net loss	(25,840)	(133,252)	(21,669)	(25,978)	(26,874)	(40,986)	(20,911)
Non-cash							
operating items	1,248	1,248	1,248	1,246	1,248	1,248	1,249
Net cash loss							
from operations	(24,592)	(132,004)	(20,421)	(24,732)	(25,626)	(39,738)	(19,662)

During Q3 2019, there was no income other than interest income of $717 (Q3 2018 $234) earned on reclamation funds and similar to the same period in the previous year. Operations and overhead cost of $5,029 (Q3 2018 - $8,099) is comprised of property leases allocation of $4,000 (Q3 2018 - $4,000), and property tax allocation $1,029 (Q2 2018 - $1,0299). Compared to Q2

2019, operations and overhead cost of $6,012 comprised of property leases of $4,000, and property tax allocations $1,1196.

In Q2 2019 marketing costs were $50 (Q2 2018 - $75) is related to web hosting.

General & Administrative Costs	Q2 2019	Q2 2018
	$	$
Accounting & Legal Fees	116,948	22,556
Investor Relations	3,556	4,000
Office, Rent & Telephone	425	929
Consulting Fees	4,950	3,962
Bank and Finance fees	1,005	1046
	126,884	32,493

In Q3 2019, General and Administration cost were $25,358 (Q3 2018 - $25,909). In Q2 2019 cost related to legal and accounting $116,948, virtually all related to the announced transaction. Investor relations $3,777 (Q3 -2018 - $3,501) The company continues to aim to complete the change of Business Transaction. Other General and Administration were similar to Q3 2018 and Q2 2019, other that the fees for the transaction.

Amortization costs were $49 (Q3 2018 $49).

In Q2 2019 other item consisted of reclamation accretion of $1,199 (Q2 2018 - $1,198)

During the second quarter of 2019, the Company reported a net loss of $25,840 compared to a net loss of $26,876 in Q3 2018 or $0.01 per share versus $0.01 in Q2 2018. The Company recorded $1,248 ($1,249 in Q3 2018) in non-cash operating items in Q3 2019, resulting in net cash loss from operations of $25,894 compared to a net cash loss from operation of $25,626 in Q3 2018.

Liquidity

As at March 31, 2019, Black Bull had working capital of $659,105, (current assets of 1,490,544 less current liabilities of $831,440). On September 30, 2018 the Company had negative working capital of $455,000.

The estimated cash requirement for the next twelve months is estimated to be $100,000. The Company plans to meet its financial shortfall through raising new funds through convertible debt, and through further reductions through costs controlling costs. The existing lender, David Wood (Zenith Appraisal & Land Consulting Ltd.) has indicated a willingness to provide the necessary working capital to the company pending the completion of the Proposed Change of Business.

Capital Resources

The Company will continue to incur significant operating losses. In response the Company implemented a plan to significantly reduce the Company's working capital requirements. The Company intends to continue with "care and maintenance", which allows the Company to operate into 2019 with minimal operational obligations.

To meet ongoing obligations the company intends to secure non-interest-bearing demand loans, while the Company pursues the proposed change of business.

Proposed Change of Business

On September 21, 2017, the Company announced it has entered into an asset purchase agreement with a group of investment and business professionals to affect an arm's length "Change of Business" transaction (as defined in Policy 5.2 of the TSX Venture Exchange). The transaction, which is subject to regulatory and final closing conditions, will see the Company transition from a resource issuer to an investment issuer within the meaning of such terms in the policies of the TSX Venture Exchange.

Transactions with Related Parties

Included in accounts payable and demand loans are amounts due to related parties. The amounts payable to related parties are due to directors and senior officers of the Company or to private companies controlled by them, for various services rendered and expenditures incurred on behalf of the Company.

Demand Loans		
	Dec 31 2018	Sept 30 2018
David Wood (Zenith Appraisal al & Land Consulting Ltd.)	**$394,484**	$351,024

Included in accounts payable are amounts due to related parties. The amounts payable to related parties are due to directors and senior officers of the Company or to private companies controlled by them, for various services rendered and expenditures incurred on behalf of the Company

	Period ending	Period ending
	December 31 2018	September 30, 2018
Martin MacKinnon CFO	Nil	$775

For the periods ending June 30, 2019 and June 30, 2018 the following is a summary of related party expenditures not disclosed elsewhere in these financial statements. Consulting fees directly related to administrative fees were charged by companies controlled by a director and senior officer.

	Six- month period ending	
	Jun 30, 2019	Jun 30, 2018
Consulting fees charged directly or indirectly by the CFO	**8,300**	$ 10,962

Stock-based compensation expense for the directors and senior officers was $ nil for the period ending June 30, 2019.

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Critical Accounting Estimates

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. These estimates are based upon management's historical experience and various other assumptions that are believed by management to be reasonable under the circumstances. Such assumptions and estimates are evaluated on an ongoing basis and form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

Management believes the following critical accounting policies affect its more significant estimates and assumptions used in the preparation of its financial statements.

Mineral properties and deferred costs

The Company records its interest in mineral properties at cost. Resource exploration and development costs are capitalized on an individual area of interest basis until such time as an economic resource body is defined or the prospect is abandoned. Costs for a producing prospect are amortized on a units-of-production method based on the estimated life of the reserves, while costs for the prospects abandoned are written off.

Management of the Company reviews and evaluates the carrying value of each mineral property for impairment when events or changes in circumstances indicate that the carrying amounts of the related asset may not be recoverable. When it is determined that a mineral property is impaired, it is written down to its estimated fair value.

Management's estimates of mineral prices, mineral resources, and operating, capital and reclamation costs are subject to certain risks and uncertainties that may affect the recoverability of deferred mineral property costs. Although management has made its best estimate of these factors, it is possible that material changes could occur which may adversely affect management's estimate of the net cash flows expected to be generated from its properties.

The recoverability of amounts shown for mineral properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to continue operations and to complete the development and upon future profitable production or proceeds from the disposition thereof.

Property, Plant and Equipment

Property, plant and equipment represent significant assets of the Company. Depreciation and amortization are recorded on either a declining-balance (DB) or straight-line (SL) basis. Management of the Company reviews and evaluates the carrying value of major assets for impairment each reporting period and when events or changes in circumstances indicate that the carrying amounts of the related asset may no longer represent their economic value.

Other estimates

The Company also makes estimates for doubtful accounts, income taxes, stock-based compensation and asset retirement obligations.

Management estimates the collectability of the Company's receivables based on historical experience, age of the receivables, the specific customers indebted to the Company and general market conditions. Based on these factors, management determines an appropriate amount to be provided as an allowance for doubtful accounts.

In the calculation of income taxes, management will recognize a future income tax asset for all deductible temporary differences, unused tax losses and income tax reductions, and then review the asset to estimate whether a portion or all of it will be realized. The future income tax valuation allowance is estimated to be sufficient to reduce the asset to the amount that is more likely than not to be realized.

The Company records compensation expense for stock options using the fair value method. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. To apply this application assumptions are made regarding the following factors; risk free interest rate, stock volatility, expected life and expected dividend yield. Management determines these factors based on current market conditions and other information available on the date of the grant.

The Company also uses estimates in recognizing the liability associated with an asset retirement obligation ("ARO") in the financial statements at the time the liability is incurred. The estimated fair value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The capitalized amount is depleted on a straight-line basis over the estimated life of the asset. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. The ARO can also increase or decrease due to changes in the estimates or timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded.

Other MD&A Disclosures

For the period ending June 30, 2019, no options were granted and no (June 30, 2018 – nil) options expired.

Outstanding Securities	Period Ending December 31, 2018	Period ending May 22, 2019
Common Shares	11,534,287	11,534,287
Options - (Exercisable to one Common Share)	Nil	Nil
Total Outstanding Securities	11,534,287	11,534,287

Risks and Uncertainties

Mineral exploration and development involve 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 several factors 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.

Like many Canadian companies many do business in the USA, Black Bull is affected by fluctuations in currency exchange rates. Most of the Company's sales, including freight charges, will be denominated in US dollars. The Company has some natural hedges with US 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.

Black Bull's ability to continue as a going concern, and the recoverability of its mineral properties, is dependent on improvement in mineral prices, improvement in sales volumes, and its ability to fund future development programs, and to manage and generate positive cash flows from operations in the future. The Company's financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary should the going concern assumption be inappropriate, and these adjustments could be material.

The Company has assessed whether the amounts recorded for mineral claims and deferred costs have suffered any impairment by considering resource estimates, future processing capacity, anticipated sales, and the longer-term price estimates for minerals. Management's estimates of these factors are subject to risk and uncertainties, affecting the recoverability of the recorded amounts for mineral claims and deferred costs. Any changes to these estimates may result in the recognition of an impairment charge with a corresponding reduction in the carrying value of such assets.

Subsequent Event

On February 4, 2019, the Company entered into an option agreement with Infrastructure Commodities Limited ("ICML"), a related party by virtue of a common officer and director. Under the terms of the agreement, the Company granted ICML the sole and exclusive right and option to explore and mine the Company's White Rock property located in Yarmouth County, Nova Scotia. In consideration of the grant of the option, ICML will pay to the Company 50% of the net after tax profits from the sale of quartz, kaolin and mica products mined at the property.

The agreement is subject to several conditions to closing as follows:

- Within 1 month of the option grant date, and no later than Feb 28, 2019, ICML must prepare a paper describing the anticipated exploitation prospects to facilitate the preparation of a bankable report;

- Within 3 months of the option grant date, and not later than May 28, 2019, ICML must:
  a) Research and prepare a review of the applicable quartz market for use in preparing a plan for exploiting the quartz prospects on the property;
  b) Prepare a report on options to pre-treat feedstock prior to delivery to high value clients;

c) Preview potential offtake partners in the USA, Canada, EU and Asia for higher-end market opportunities;

d) Preview potential exploitation partners; and

e) Preview prospects for beneficiation technology located in Nova Scotia.

- Within 4 months of the option grant date, and not later than June 28, 2019, ICML must:

a) Outline the prospective project value and return to investors in a pre-bankable report; and

b) Prepare an outline of a budget for completion of due diligence and a bankable report on the exploitation of the quartz, kaolin and mica assets on the property.

- Within 5 months of the option grant date, and not later than July 28, 2019, ICML must be prepared to review project possibilities with the Company for the way forward for exploitation of the property for quartz, kaolin and mica production and sale of aforesaid.

On January 22, 2019, a related party advanced funds under a promissory note in the amount of $18,460. The loan is non-interest baring on demand or shall be converted to shares of Black Bull Resources Inc. at a price to be determined.

On March 2019, the Company completed the issuance of 7,982,000 Common Shares and 49,680 Series A Preferred Shares for gross proceeds of $1,295,000. In April 2019, the Company completed the issuance of 130,499 Series A Preferred Shares for gross proceeds of 1,304,990.

The Company has used a portion of the Private Placement proceeds to make investments of $500,000 in Previcare and $250,000 in Foamtech

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.