

BLACK BULL RESOURCES INC.

**FINANCIAL STATEMENTS
PERIOD ENDED MARCH 31, 2004
UNAUDITED**

(Unaudited – Prepared by Management, not reviewed by an Auditor)

Black Bull Resources Inc.

BALANCE SHEET

Unaudited

Canadian Funds

ASSETS

	<u>Mar 31, 2004</u>	<u>Sept 30, 2003</u>
<u>Current:</u>		
Cash & Term Deposits	\$ 1,209,256	\$ 1,511,283
Accounts Receivable	24,188	31,490
Prepaid Expenses	315,602	14,684
	<u>\$ 1,549,046</u>	<u>\$ 1,557,457</u>
<u>Fixed Assets: (Net)</u>		
Computer & Software	7,019	3,592
Furniture	2,851	1,776
	<u>9,870</u>	<u>5,368</u>
Mineral Claims	670,275	703,477
Deferred Exploration Costs	2,091,070	1,895,390
	<u>\$ 4,320,261</u>	<u>\$ 4,161,692</u>

LIABILITIES

<u>Current:</u>		
Accounts Payable	\$ <u>71,691</u>	\$ <u>141,711</u>

SHAREHOLDERS'S EQUITY

Share Capital	\$ 7,881,414	\$ 7,311,414
Contributed Surplus	195,149	0
	<u>8,076,563</u>	<u>7,311,414</u>
Deficit at beginning of the Period	(3,291,433)	(2,668,660)
Net (loss) for the Period	(536,560)	(622,773)
	<u>(3,827,993)</u>	<u>(3,291,433)</u>
	<u>\$ 4,320,261</u>	<u>\$ 4,161,692</u>

Black Bull Resources Inc.

Interim Statement of Cash Flows

March 31, 2004

(unaudited)

	2004		2003	
	<u>Quarter to</u>	<u>Year to</u>	<u>Quarter to</u>	<u>Year to</u>
	<u>Date</u>	<u>Date</u>	<u>Date</u>	<u>Date</u>
Cash flows from operating activities				
Net Loss for the Period	\$ (186,295)	\$ (536,560)	\$ (181,347)	\$ (336,463)
Items not affecting Cash				
Depreciation	610	968	494	1,243
Options Expensed	2,890	195,149	0	0
	<u>(182,795)</u>	<u>(340,443)</u>	<u>(180,853)</u>	<u>(335,220)</u>
Change In non-cash working capital accounts				
Accounts receivable	12,368	(14,123)	1,213	20,260
Accounts payable	3,269	(70,020)	(26,167)	(57,086)
Prepaid Expenses	(303,677)	(279,493)	7,000	(14,000)
	<u>(470,835)</u>	<u>(704,079)</u>	<u>(198,807)</u>	<u>(386,046)</u>
Cash flows from financing activities				
Proceeds from sale of capital stock	<u>0</u>	<u>570,000</u>	<u>41,047</u>	<u>498,136</u>
	<u>0</u>	<u>570,000</u>	<u>41,047</u>	<u>498,136</u>
Cash flows from investing activities				
Acquisition of capital assets	5,470	5,470	0	0
Sale of marketable securities	0	0	0	(24,102)
Disposal of mineral claims	(33,202)	(33,202)	0	0
Exploration costs deferred	58,721	195,680	32,095	86,656
	<u>30,989</u>	<u>167,948</u>	<u>32,095</u>	<u>62,554</u>
Change in cash during the Period	(501,824)	(302,027)	(189,855)	49,536
Cash at beginning of the Period	<u>1,711,074</u>	<u>1,511,283</u>	<u>315,595</u>	<u>76,204</u>
Cash at the End of Period	<u>\$ <u>1,209,250</u></u>	<u>\$ <u>1,209,256</u></u>	<u>\$ <u>125,740</u></u>	<u>\$ <u>125,740</u></u>

BLACK BULL RESOURCES INC.

Statement of Operations

March 31, 2004

(Unaudited)

	2004		2003	
	Quarter to Date	Year to Date	Quarter to Date	Year to Date
<u>Revenue:</u>				
Interest Income	\$ 18,514	\$ 19,757	\$ 441	\$ 810
	18,514	19,757	441	810
<u>Expenses:</u>				
Wages & Benefits	54,310	277,868	23,473	52,249
Listing Fees & Transfer Agent	6,770	10,751	10,199	14,733
Consulting Fees	34,938	68,188	33,589	101,638
Professional Fees	6,583	23,384	47,839	51,221
Office Expenses	19,532	31,333	9,917	15,352
Travel & Vehicles	16,499	26,642	3,153	13,440
Rent & Utilities	4,083	8,193	3,510	7,020
Advertising & Promotion	3,845	17,273	3,641	8,203
Marketing Costs	0	15,749	26,394	44,567
Investor Relations	15,000	30,000	16,000	21,000
Insurance & Membership	7,234	10,238	3,308	3,308
Interest & Bank Charges	1,587	1,912	271	2,490
Exploration Cost	33,678	33,678	0	0
Conference Exp	140	140	0	1,300
Depreciation	610	968	494	1,243
	204,809	556,317	181,788	337,764
Net (Loss) from operations	(186,295)	(536,560)	(181,347)	(336,954)
Gain on Sale of Securities	0	0	0	491
Net Income (Loss) for the Period	\$ (186,295)	\$ (536,560)	\$ (181,347)	\$ (336,463)
Basic Loss per Share	(\$0.010)	(\$0.029)	(\$0.010)	(\$0.020)
Weighted Average Number of Shares	18,147,725	18,147,725	17,336,761	17,366,761

BLACK BULL RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
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1. CONTINUING OPERATIONS

The company was incorporated under the Company Act of Alberta on July 18, 1997 and is principally involved in mineral exploration activities and acquisition of mineral claims.

The company is in the process of exploring its mineral claims and is in the process of determining whether these claims contain any reserves that are economically recoverable. 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.

The financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the company will continue in operations for the foreseeable future and be able to realize its assets and satisfy its liabilities in the normal course of business.

The company has incurred, over a period of years, cumulative losses of approximately \$3,300,000. The ability of the company to continue as a going concern is primarily dependent upon the company's ability to operate one or more of its claims at a profit or obtaining injections of capital from its shareholders. Management is of the opinion that sufficient working capital will be obtained from future operations or from injections of capital to meet the company's liabilities and commitments as they become due.

The financial statements do not give effect to adjustments that would be necessary should the company not be able to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities in other than normal course of business and at amounts significantly different from those recorded in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Capital assets and amortization

Capital assets are recorded at cost and amortization is recorded on a declining balance basis using the following rates:

Office equipment	20%
Computer equipment	30%
Software	100%

BLACK BULL RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Mineral claims and deferred exploration costs

The company records its interest in mineral claims at cost. Exploration costs are deferred until the claim or project to which they relate is placed in production or abandoned. If placed in production, recoverable deferred costs will be amortized in proportion to the amount of resources mined during the period over the total estimated resources available for the claim or project. If the mineral claims or projects are sold or abandoned the related deferred amounts will be written off.

c) 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. Actual results could differ from those estimates.

3. RESTRICTED CASH

The company has \$0 in restricted cash that cannot be used in the day to day operations of the company.

4. CAPITAL ASSETS

			Mar 31, 2004	Sep 30, 2003
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office equipment	\$6,206	\$3,355	\$2,851	\$1,776
Computer equipment	17,472	10,453	7,019	3,592
Software	25,899	25,899	0	0
	\$49,577	\$39,707	\$9,870	\$5,368

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

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5. CAPITAL STOCK

Authorized

Unlimited common shares without par value

Unlimited preferred shares without par value

	Mar 31, 2004		Sep 30, 2003	
	#	\$	#	\$
Issued, common shares				
Balance at beginning of the year	21,355,605	\$7,311,414	16,592,451	\$5,130,724
Shares issued for cash	1,140,000	\$570,000	4,763,154	\$2,306,046
Flowthrough shares issued for cash	0	0	0	0
Shares issued to maintain mining properties	0	0	0	0
	<u>22,495,605</u>	<u>\$7,881,414</u>	<u>21,355,605</u>	<u>\$7,436,770</u>
Less: share issue costs		0		(125,356)
Balance at end of the year	<u>22,495,605</u>	<u>\$7,881,414</u>	<u>21,355,605</u>	<u>\$7,311,414</u>

BLACK BULL RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004
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5. CAPITAL STOCK (continued)

Stock Options and Warrants

As at March 31, 2004 the company had a total of 3,253,199 stock options and 5,761,860 warrants outstanding as follows:

Expiry Date	Number of Options	Exercise Price
May 4, 2004	25,000	\$0.68
August 3, 2004	50,000	\$1.00
October 18, 2004	25,000	\$1.00
January 16, 2005	385,000	\$0.85
June 22, 2005	120,465	\$1.00
October 6, 2005	238,000	\$1.44
November 5, 2005	820,000	\$0.53
December 21, 2005	575,000	\$0.85
January 19, 2006	200,000	\$0.50
March 7, 2006	235,000	\$0.96
September 10, 2007	523,334	\$0.42
November 4, 2007	56,400	\$0.60
TOTAL	3,253,199	

Expiry Date	Number of Warrants	Exercise Price
June 3, 2004	374,000	\$0.60
June 12, 2004	298,000	\$0.60
July 9, 2004	203,000	\$0.60
November 1, 2004	118,000	\$1.00
December 20, 2004	268,700	\$1.00
December 20, 2004	19,560	\$0.50
April 11, 2005	30,000	\$1.00
April 11, 2005	3,200	\$0.60
May 1, 2005	33,000	\$1.00
May 1, 2005	4,400	\$0.60
August 5, 2005	750,300	\$0.70
August 8, 2005	1,539,700	\$0.70
September 30, 2005	980,000	\$0.70
October 1, 2005	1,100,000	\$0.70
October 6, 2005	40,000	\$0.70
TOTAL	5,761,860	

During the quarter no options or warrants were exercised.

**BLACK BULL RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS**

UNAUDITED

6. SCHEDULE OF DEFERRED EXPLORATION COSTS

	Burn	Horn	Yarmouth	Other	Mar 31 2004	Sept 30 2003
Balance, beginning of year	\$16,783	\$24,590	\$1,894,913	(\$40,897)	\$1,895,389	\$1,744,217
Drilling/trenching/line cutting			2,355		2,355	15,886
Engineering			0		0	0
Geological consulting			48,986		48,986	7,480
Miscellaneous			576		576	6,702
Permitting			124,770		124,770	88,206
Report preparation			738		738	16,114
Sample processing			16,741		16,741	16,784
Research			1,991		1,991	0
Expenses for the period	0	0	196,157	0	196,157	151,172
Costs written-off	16,783	24,590		(40,897)	(476)	
Less: Recoveries						
Balance, end of Period	\$0	\$0	\$2,091,070	\$0	\$2,091,070	\$1,895,389

MINERAL CLAIMS

	Mar 2004	Sept 2003
Burn	\$0	\$6,542
Car	0	13,260
Horn	0	26,660
Yarmouth	670,275	670,275
	<u>670,275</u>	<u>716,737</u>
Less Recoveries	0	(13,260)
Net Cost	<u>\$670,275</u>	<u>\$703,477</u>

BLACK BULL RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

UNAUDITED

7. RELATED PARTY TRANSACTIONS

During the period the company entered into the following transactions with companies controlled by certain directors of Black Bull Resources Inc.:

Expenses	<u>March</u> <u>2004</u>	<u>March</u> <u>2003</u>
R.E. Condon Accounting Services Ltd. Accounting	\$1,145	\$2,205
Double Check Consulting Ltd	\$5,731	\$7,293
Zenith Appraisal & Land Consulting Ltd. Consulting	\$0	\$11,296
Joe MacDonald	\$7,480	\$0

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

8. CONSULTING FEES

During the quarter the company paid out \$9,283 in consulting fees to 1582877 Ontario Inc.

9. OPTIONS GRANTED

During the quarter the company granted 200,000 options at \$0.50 for a 2 year period. The fair value of these options have been calculated as \$42,313 using the Black Scholes Model. Stock price volatility of 40%. No dividend yield and a 3½% risk free rate.

Total amount booked for options to date: \$195,149

BLACK BULL RESOURCES INC.
 Suite #303-100 West Pender Street
 Vancouver, BC, V6B 1R8
 Contact Name: John Keating
 For the Quarter ended March 31, 2004

Tel: 604-688-9500
 Fax: 604-688-9550
 Email: blackbullresources@telus.net
 Date of Report: May 27, 2004

FORM 51-901F

Certificate: The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

Dated: May 27, 2004

“Robert E. Condon”
 Robert E. Condon, Chief Financial Officer, Director

“John Keating”
 John Keating, President & CEO

Schedule “A” – Financial Statements: See attached Financial Statements.

Schedule “B” – Supplementary Information:

1. Analysis of Expenses and Deferred Costs: See Note 6 in the notes to the Financial Statements attached.

2. Related Party Transactions

Related party transactions for the quarter ending March 31, 2004 included \$1,145 paid to R.E. Condon Accounting Services Ltd., a company owned by Robert Condon, an officer and director of the Company, for accounting services. Double Check Consulting Inc. (“Double Check”), a private company owned by Mr. David Wood, a Director of the Company, and an associate of Mr. Wood, was paid \$5,731 for supplying office management staff. Joseph MacDonald, a Director of the Company, received \$7,480 for marketing consulting services.

3. Summary of Securities Issued and Options Granted during the Period

(a) Summary of securities issued during the period:

Date	Security	Issuance	Number	Price	Proceeds	Consideration	Commission
Oct 1/03	Common Shares	Private Placement	1,100,000	\$0.50	\$550,000	Cash	\$78,375 finder’s fee for total issuance of 2,120,000 shares on Sep 30 (980,000 shares), Oct 1, 2003 (1,100,000) and Oct 6, 2003 (40,000)
Oct 1/03	Purchase Warrants	Private Placement	1,100,000	Nil	N/A	N/A	N/A
Oct 6/03	Common Shares	Private Placement	40,000	\$0.50	\$20,000	Cash	N/A
Oct 6/03	Purchase Warrants	Private Placement	40,000	Nil	N/A	N/A	N/A

(b) Summary of options granted during the period:

Date	Number	Name of Optionee	Exercise Price	Expiry Date
Jan 19/04	200,000	John Wonnacott, Vice-President, Operations	\$0.50	Jan 19/06

4. Summary of Securities as at the end of the Reporting Period:

- (a) Authorized and Issued Share Capital: unlimited common shares without par value.
- (b) Number of Shares Issued and Outstanding: 22,495,605 at a recorded value of \$7,881,414.
- (c) Options, Warrants and Convertible Securities Outstanding:

Security	Number	Price	Expiry Date
Options	25,000	\$0.68	May 4, 2004
Options	50,000	\$1.00	August 3, 2004
Options	25,000	\$1.00	October 18, 2004
Options	385,000	\$0.85	January 16, 2005
Options	120,465	\$1.00	June 22, 2005
Options	238,000	\$1.44	October 6, 2005
Options	820,000	\$0.53	November 20, 2005
Options	575,000	\$0.85	December 21, 2005
Options	200,000	\$0.50	January 19, 2006
Options	235,000	\$0.96	March 7, 2006
Options	523,334	\$0.42	September 10, 2007
Options	56,400	\$0.60	November 4, 2007

Security	Number	Price	Expiry Date
Warrants	374,000	\$0.60	June 3, 2004
Warrants	298,000	\$0.60	June 12, 2004
Warrants	203,000	\$0.60	July 9, 2004
Warrants	118,000	\$1.00	November 1, 2004
Warrants	268,700	\$1.00	December 20, 2004
Warrants	19,560	\$0.50	December 20, 2004
Warrants	30,000	\$1.00	April 11, 2005
Warrants	3,200	\$0.60	April 11, 2005
Warrants	33,000	\$1.00	May 1, 2005
Warrants	4,400	\$0.60	May 1, 2005
Warrants	750,300	\$0.70	August 5, 2005
Warrants	1,539,700	\$0.70	August 8, 2005
Warrants	980,000	\$0.70	September 30, 2005
Warrants	1,100,000	\$0.70	October 1, 2005
Warrants	40,000	\$0.70	October 6, 2005

5. Names of Directors and Officers as at date this report is signed and filed:

John Keating, President and CEO
Robert Condon, Chief Financial Officer and Director
John Wonnacott, Vice-President, Operations
George Cooper, Director
James Gogan, Director
Joseph MacDonald, Director
Wayne Mailloux, Director
David Wood, Director
Donald Wright, Director

Description of Business

Black Bull Resources Inc. ("Black Bull" or the "Company") commenced operations in 1998 as a junior natural resource company. The Company is currently in a transitional phase from a mineral development company to an industrial mineral producer. Its principal property is an industrial mineral property consisting of quartz, kaolin and mica, located near Shelburne, Nova Scotia (the "White Rock Property"). The White Rock Property consists of 105 mineral claims covering 1,650 hectares of Crown Land. The mineral claims are held 100% by the Company, subject to a 2% net smelter royalty payable to CAG Enterprises Ltd. During the current quarter the Company disposed of all of its British Columbia properties while retaining a 2% net smelter royalty.

Discussion of Operations and Financial Condition

The Company's working capital as at March 31, 2004 was \$1,477,355 which will be used primarily for permitting, marketing, pre-production development and general/administrative expenses. Subsequent to the quarter ended March 31, 2004 the Company raised gross proceeds of \$10,000,000 through the issuance of 20,000,000 common shares pursuant to private placements. These funds will be used for the continued development of the White Rock Property and to provide additional working capital.

General and administrative costs were \$204,809 for the quarter ended March 31, 2004 an increase of 12.7% from \$181,788 during the same period of 2003. The Company incurred a loss of \$186,295 for the quarter ended March 31, 2004 compared to a loss of \$181,347 for the same period ending March 31, 2003. The higher general and administrative costs incurred in the current quarter were largely offset by interest income earned from investing cash balances.

Exploration Expenditures

To date the Company has expended \$2,091,070 on deferred exploration costs and \$670,275 on property acquisition, including the deemed value of shares issued for such purposes. Exploration expenditures for the six months ended March 31, 2004 were \$196,157 compared to \$86,656 for the same period ended March 31, 2003. During the quarter ended March 31, 2004 the Company expensed \$33,678 in exploration costs in its Statement of Operations compared to \$nil for the same period of 2003.

Drilling, trenching and line cutting costs for the period ending March 31, 2004 were \$2,355 compared to \$11,750 for the period ending March 31, 2003. This continuing trend of lower exploration expenditures was a result of the majority of exploration work having been completed in the previous year.

Geological consulting costs for the period ending March 31, 2004 of \$48,986 increased from \$nil for the period ending March 31, 2003. This increase was attributed to additional geophysical surveys being carried out at the White Rock Property.

Permitting costs increased to \$124,770 during the first half of 2004 from \$48,108 during the same period of 2003.

The Company spent \$16,741 in sampling costs for the period ending March 31, 2004 compared to \$5,388 for the period ended March 31, 2003. This trend is expected to increase as US Silica proceeds with marketing and potential customers request larger product samples.

During the quarter ended March 31, 2004, deferred exploration costs of \$41,373 were written off on the sale of the Company's British Columbia properties.

Wages and Benefits

Wages and benefits for the quarter ended March 31, 2004 were \$54,310 compared to \$23,473 for the same period of 2003. This increase was largely due to increases in salaries to existing management and the appointment of Vice-President, Operations.

Consulting Fees and Related Party Transactions

The Company paid \$34,938 in consulting fees for the quarter ended March 31, 2004 compared to \$33,589 for the same period in 2003. Of this amount \$9,283 was paid to 1582877 Ontario Inc. for financial services consulting fees, \$5,731 was paid to Double Check Consulting Inc. for office management, and \$4,338 was paid in connection with government liaison services.

The Company paid \$14,356 in related party transactions for the quarter ended March 31, 2004 compared to \$20,794 for the same period of 2003. Related party transactions included \$1,145 paid to R.E. Condon Accounting Services Ltd., a company owned by Robert Condon, an officer and director of the Company. Double Check Consulting Inc. ("Double Check"), a private company owned by Mr. David Wood, a Director of the Company, and an associate of Mr. Wood, was paid \$5,731 for supplying office management staff. Joseph MacDonald, a Director of the Company, received \$7,480 for marketing consulting services.

Professional Fees

Audit and legal fees were \$6,583 for the quarter ended March 31, 2004 a decrease from \$47,839 for the same period of 2003. The higher professional fees incurred in 2003 were as a result of legal and audit fees related to the Company's continuous disclosure review.

Office Expenses

Office expenses for the quarter ended March 31, 2004 increased to \$19,532 from \$9,917 for the same period of 2003. This increase was due to the purchase of office equipment for the Company's Shelburne, Nova Scotia, office.

Travel and Vehicle Expenses

Travel expenses for the quarter ended March 31, 2004 increased to \$16,499 from \$3,153 for the same period of 2003. Management believes there will be a significant increase in travel and vehicle expenses for the balance of 2004 due to marketing and other related development costs associated with the White Rock Property.

Investor Relations

The Company paid Coal Harbor Communications \$15,000 for the quarter ended March 31, 2004 compared to \$16,000 for the same period in 2003 for investor relations services.

Insurance

Insurance premiums increased to \$7,234 for the quarter ended March, 31 2004 compared to \$3,308 for the same period of 2003. This trend is expected to continue as the Company's operating activity increases.

Renewal of British Columbia Property Claims

The Company renewed 222 mineral claims in the Fort Steel Mining District of British Columbia to April 3, 2004. The British Columbia properties were held primarily for their potential to host sedimentary exhalative lead/zinc/silver mineralization. During the quarter ended March 31, 2004 the Company disposed of all of its British Columbia properties and retained a 2% net smelter royalty thereon.

Material Contracts

On January 19, 2004 Mr. John Wonnacott, of Shelburne Nova Scotia, was appointed to the position of Vice President of Operations. Mr. Wonnacott will be responsible for all operational aspects related to the development of the Company's White Rock project in Nova Scotia.

Subsequent to the quarter ended March 31, 2004, the Company entered into an agreement, dated April 19, 2004, with Atcon Construction Inc. of Miramichi, NB, for contract mining on the Company's White Rock Property (see "Subsequent Events").

On March 16, 2004 the Company entered into an agreement with TD Securities for a best efforts private placement offering of subscription receipts at a price of \$0.50 each to raise gross proceeds of up to \$8,000,000. The Company also granted an option to TD Securities, with the prior approval of the Company, to increase the size of the offering by up to an additional \$2,000,000. The subscription receipts shall be exchanged for common shares on a one for one basis upon the Company receiving the necessary permits required to commence mining operations on its White Rock Property, and the receipt of all necessary shareholder approvals to reconstitute its Board of Directors from 5 to 7 persons including 3 nominees who are independent of the Company. In addition to the financing with TD Securities the Company entered into an agreement with Leede Financial Markets Inc. for a separate private placement of up to \$2,000,000 of common shares to retail investors pursuant to statutory exemptions, as previously announced on November 21, 2003.

Informal agreements with related parties are as follows:

Zenith Appraisal & Land Consulting Ltd. ("Zenith"), a private company controlled by David L. Wood, a director of the Company provides consulting services to the Company at a remuneration of \$40/hour.

Double Check Consulting Inc., a private company controlled by David L. Wood, a director of the Company, and an associate of Mr. Wood, provides administrative services to the Company at a remuneration of \$22/hour.

R.E. Condon Accounting Services Ltd., a private company controlled by Robert E. Condon, an officer and director of the Company. Remuneration paid to R.E. Condon Accounting Services is \$40/hour for accounting services to the Company.

Joe MacDonald, a Director of the Company, provides marketing consulting services at a remuneration of \$40/hour.

Other directors providing consulting services to the Company shall be paid at the remuneration of \$40/hour.

Subsequent Events

Date	Comments
April 2, 2004	Receipt from the Government of Nova Scotia of a Mining Lease, an Industrial Approval and a Letter of Authority to commence mine site development work at the Company's White Rock Property.
April 5, 2004	Announcement that, subject to regulatory approval, the Company intends to grant up to 640,000 stock options at an exercise price of \$0.80 to a consultant of the Company.
April 8, 2004	Announcement of the closing of an \$8,000,000 private placement with TD Securities Inc. in escrow pending receipt of the approvals and permits.
April 12, 2004	Announcement that James Gogan, Wayne Mailloux and Donald Wright have agreed to be nominated for election as independent directors of the Company at a special meeting of shareholders to be held on May 7, 2004.
April 21, 2004	Agreement with Atcon Construction Inc. of Miramichi, NB, for contract mining on the Company's White Rock Property. The Agreement covers site development and contract mining and has a value of approximately \$1.5 million.
April 27, 2004	The Nova Scotia Department of Natural Resources issued a surface lease and a mining permit to the Company. The receipt of the mining permit and surface lease entitled the Company to commence mining operations on the White Rock Property.
April 29, 2004	Filing of Annual Information Form for the year ended September 30, 2003
May 7, 2004	A Special shareholder's meeting was held where change of control, reconstitution of the Board of Directors to seven, election of directors, and amendment to the Company's stock option plan was approved. All conditions relating to the previously announced private placement, arranged by TD Securities Inc., of 16,000,000 subscription receipts for gross proceeds of \$8,000,000 were met. The subscription receipts were exchanged for common shares of the Company on a one for one basis.
May 11, 2004	Announcement of the granting of 300,000 stock options to Directors of the Company at an exercise price of \$0.95. These options were granted to the new independent Directors who were appointed to the Board of Directors at the May 7, 2004 shareholders meeting. The proposed granting of stock options is subject to regulatory approval.
May 17, 2004	Closing of a brokered private placement with Leede Financial Markets Inc. of \$2,000,000. Leede received a commission of 10% of the gross proceeds of \$2,000,000. Leede and its sub-agents also received options to acquire 400,000 common shares of the Company exercisable at \$0.70 for a period of two years from the date of closing.

Financings, Principal Purposes and Milestones

Financing

No financings were completed during the quarter ended March 31, 2004. Subsequent to the quarter ended March 31, 2004 the Company raised gross proceeds of \$10,000,000 through the issuance of 20,000,000 common shares pursuant to private placements. (see "Subsequent Events")

Permitting and Milestones

By April 2, 2004 the Government of Nova Scotia granted the Mining Lease, Industrial Approval and Letter of Authority to commence mine site development work at the Company's White Rock Property in Nova Scotia. On April 19, 2004, the Company signed a contract with Atcon Construction Inc. to prepare the site and to mine and produce crushed quartz and sand products.

Based on these approvals and contracts, the Company will immediately commence site development work including clearing and grubbing, construction of access roads, construction of storm water holding and treatment ponds, construction of pads for crushing, screening & stockpiling ore, and construction of a pad for storage of unprocessed rock; all in preparation for mining.

On April 27, 2004 the Nova Scotia Department of Natural Resources issued a surface lease and a mining permit to the Company. The receipt of the mining permit and surface lease entitles the Company to commence mining operations on the White Rock Property. The Company plans to initially produce bulk aggregate and quartz sand products using mobile equipment. The Company also plans to build a specialized crushing and screening plant to produce sand and finely ground quartz products. Plant construction is targeted to commence in the Fall of 2004 with a full range of quartz products available in the first half of 2005. The capital budget for site development and plant construction is estimated at \$7 million. The Company has the necessary funds from the proceeds of the recent private placement financings to build the plant.

Liquidity and Solvency

Total cash and short-term investments at March 31, 2004 were \$1,209,256 compared to \$1,486,083 as at September 30, 2003. Working capital at March 31, 2004 was \$1,477,355 compared to \$1,415,746 as at September 31, 2003. Subsequent to March 31, 2004 the Company increased working capital by the net proceeds of \$9,365,756 from the recent private placement financings and \$161,600 from the exercise of 266,000 share purchase warrants.

The Company's ability to continue as a going concern is dependent upon the key management personnel and the ability of the Company to raise equity or debt financing and the attainment of profitable operations. The Company's financial statements do not give effect to adjustments that would be necessary to carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.