

BLACK BULL RESOURCES INC.

**FINANCIAL STATEMENTS
PERIOD ENDED JUNE 30, 2003
UNAUDITED**

Black Bull Resources Inc.

BALANCE SHEET

Unaudited

Canadian Funds

ASSETS

	<u>June 30, 2003</u>	<u>Sept 30, 2002</u>
<u>Current:</u>		
Cash & Term Deposits	\$ 119,716	\$ 76,204
Accounts Receivable	26,720	50,874
Prepaid Expenses	13,278	11,948
Marketable Securities	0	24,103
	<u>\$ 159,714</u>	<u>\$ 163,129</u>
<u>Fixed Assets: (Net)</u>		
Computer & Software	3,978	5,383
Furniture	1,887	2,220
	<u>5,865</u>	<u>7,603</u>
Mineral Claims	703,477	703,477
Deferred Exploration Costs	1,854,134	1,744,217
	<u>\$ 2,723,190</u>	<u>\$ 2,618,426</u>

LIABILITIES

<u>Current:</u>		
Accounts Payable	\$ <u>91,469</u>	\$ <u>156,361</u>

SHAREHOLDERS'S EQUITY

Share Capital	\$ <u>5,756,349</u>	\$ <u>5,130,724</u>
Deficit at beginning of the Period	(2,668,660)	(2,184,365)
Net (loss) for the Period	<u>(455,968)</u>	<u>(484,294)</u>
Deficit at the end of the Period	<u>(3,124,628)</u>	<u>(2,668,659)</u>
	<u>\$ 2,723,190</u>	<u>\$ 2,618,426</u>

Black Bull Resources Inc.

Interim Statement of Cash Flows

June 30, 2003

(unaudited)

	2003		2002	
	<u>Quarter to</u> <u>Date</u>	<u>Year to</u> <u>Date</u>	<u>Quarter to</u> <u>Date</u>	<u>Year to</u> <u>Date</u>
Cash flows from operating activities				
Net Loss for the Period	\$ (119,505)	\$ (455,968)	\$ (138,891)	\$ (313,698)
Depreciation	495	1,738	0	0
	<u>(119,010)</u>	<u>(454,230)</u>	<u>(138,891)</u>	<u>(313,698)</u>
Change In non-cash working capital accounts				
Accounts receivable	3,894	24,154	25,357	33,659
Accounts payable	(7,806)	(64,892)	24,735	(46,052)
Prepaid Expenses	12,670	(1,330)	(20,642)	(19,842)
	<u>(110,252)</u>	<u>(496,298)</u>	<u>(109,441)</u>	<u>(345,933)</u>
Cash flows from financing activities				
Proceeds from sale of capital stock	<u>127,489</u>	<u>625,625</u>	<u>336,000</u>	<u>709,945</u>
	<u>127,489</u>	<u>625,625</u>	<u>336,000</u>	<u>709,945</u>
Cash flows from investing activities				
Acquisition of capital assets	0	0	0	505
Sale of marketable securities	0	(24,102)	0	0
Acquisition of mineral claims	0	0	0	0
Exploration costs deferred	<u>23,261</u>	<u>109,917</u>	<u>95,698</u>	<u>455,991</u>
	<u>23,261</u>	<u>85,815</u>	<u>95,698</u>	<u>456,496</u>
Change in cash during the Period	(6,024)	43,512	130,861	(92,484)
Cash at beginning of the Period	125,740	76,204	118,040	341,385
Cash at the End of Period	<u>\$ 119,716</u>	<u>\$ 119,716</u>	<u>\$ 248,901</u>	<u>\$ 248,901</u>

BLACK BULL RESOURCES INC.

Statement of Operations

June 30, 2003

(Unaudited)

	2003		2002	
	Quarter to Date	Year to Date	Quarter to Date	Year to Date
<u>Revenue:</u>				
Interest Income	\$ 476	\$ 1,286	\$ 653	\$ 4,317
	476	1,286	313	4,317
<u>Expenses:</u>				
Wages & Benefits	32,344	84,593	25,057	84,575
Listing Fees	4,704	15,478	3,828	6,717
Consulting Fees	38,443	136,681	89,280	111,752
Professional Fees	5,211	59,832	2,410	17,029
Office Expenses	7,837	23,189	6,693	16,707
Transfer Agent Fees	2,856	6,815	1,508	6,480
Travel & Vehicles	2,321	15,761	6,690	41,300
Rent & Utilities	4,110	11,130	2,700	8,100
Advertising & Promotion	280	8,483	572	14,923
Marketing Costs	0	44,567	0	0
Investor Relations	15,000	36,000	0	0
Insurance & Membership Fees	5,670	8,978	251	5,628
Conference Expenses	0	1,300	0	2,050
Interest & Bank Charges	245	2,735	180	662
Miscellaneous Expenses	465	465	35	2,092
Depreciation	495	1,738	0	0
Total Expenses	119,981	457,745	139,204	318,015
Net (Loss) from operations	(119,505)	(456,459)	(138,891)	(313,698)
Gain on Sale of Securities	0	491	0	0
Net Income (Loss) for the Period	\$ (119,505)	\$ (455,968)	\$ (138,891)	\$ (313,698)
Basic Loss per Share	(\$0.01)	(\$0.03)	(\$0.01)	(\$0.02)
Weighted Average Number of Shares	17,586,656	17,586,656	16,376,119	16,376,119

BLACK BULL RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003
UNAUDITED

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 \$2,845,000. 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
JUNE 30, 2003
UNAUDITED

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 \$75,485 in restricted cash that cannot be used in the day to day operations of the company. This cash was obtained by issuing flow through shares and which must be used for exploration only.

4. CAPITAL ASSETS

			June 30, 2003	Sep 30, 2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office equipment	\$4,910	\$3,023	\$1,887	\$2,220
Computer equipment	13,298	9,320	3,978	5,130
Software	25,899	25,899	0	253
	\$44,107	\$38,242	\$5,865	\$7,603

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

UNAUDITED

5. CAPITAL STOCK

Authorized

Unlimited common shares without par value

Unlimited preferred shares without par value

	June 30, 2003		Sep 30, 2002	
	#	\$	#	\$
Issued, common shares				
Balance at beginning of the year	16,592,451	5,130,724	15,091,319	\$4,293,512
Shares issued for cash	1,277,754	559,945	1,463,632	\$820,245
Flowthrough shares issued for cash	205,400	106,900	0	0
Shares issued to maintain mining properties	0	0	37,500	\$18,750
	<u>18,075,605</u>	<u>\$5,797,569</u>	<u>16,592,451</u>	<u>\$5,132,507</u>
Less: share issue costs		(41,220)		(1,783)
Balance at end of the year	<u>18,075,605</u>	<u>\$5,756,349</u>	<u>16,592,451</u>	<u>\$5,130,724</u>

Stock Options and Warrants

As at June 30, 2003 the company had a total of 2,243,199 stock options and 1,617,160 warrants outstanding as follows:

Expiry Date	# 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
June 22, 2005	120,465	\$1.00
October 6, 2005	238,000	\$1.44
December 21, 2005	575,000	\$0.85
January 16, 2005	385,000	\$0.85
March 7, 2006	235,000	\$0.96
September 10, 2007	533,334	\$0.42
November 4, 2007	56,400	\$0.60
TOTAL	2,243,199	

Expiry Date	# of Warrants	Exercise Price
November 30, 2003	265,300	\$0.80
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
	1,617,160	

During the quarter 118,176 options were exercised

During the quarter no warrants were exercised; however expiry dates for 374,000, 298,000, 203,000 warrants were extended by one year to June 3, 2004, June 12, 2004 and July 9, 2004, respectively.

BLACK BULL RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003
 UNAUDITED

6. SCHEDULE OF DEFERRED EXPLORATION COSTS

	Burn	Horn	Car	Yarmouth	Other	2003	2002
Balance, beginning of year	\$15,604	\$23,411	\$0	\$1,746,099	(\$40,897)	\$1,744,217	\$1,059,193
Drilling/trenching/line cutting				15,886		15,886	173,390
Engineering				4,666		4,666	0
Geological consulting				7,480		7,480	1,383
Miscellaneous				1,763		1,763	5,262
Permitting				51,915		51,915	412,496
Report preparation				16,114		16,114	3,335
Sample processing				12,093		12,093	25,639
Research						0	63,519
Expenses for the period	0	0	0	109,917	0	109,917	685,024
Costs written-off							
Less: Recoveries							
Balance, end of year	\$15,604	\$23,411	\$0	\$1,856,016	(\$40,897)	\$1,854,134	\$1,744,217

MINERAL CLAIMS

	<u>2003</u>	<u>2002</u>
Burn	\$6,542	\$6,542
Car	13,260	13,260
Horn	26,660	26,660
Yarmouth	670,275	670,275
	<u>716,737</u>	<u>716,737</u>
Less Recoveries	(13,260)	(13,260)
Net Cost	<u>\$703,477</u>	<u>\$703,477</u>

BLACK BULL RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

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>2003</u>	<u>2002</u>
R.E. Condon Accounting Services Ltd. Accounting	<u>\$805</u>	<u>\$1,638</u>
Double Check Consulting Ltd	<u>\$8,943</u>	<u>\$0</u>
Zenith Appraisal & Land Consulting Ltd. Consulting	<u>\$7,000</u>	<u>\$66,873</u>

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 \$15,000 in consulting fees to Mr. Don Hilton, plus an additional \$7,500 that was recorded as an accounts payable.

BLACK BULL RESOURCES INC.
 Suite #303-100 West Pender Street
 Vancouver, BC, V6B 1R8
 Contact Name: John Keating
 For the Quarter ended June 30, 2003

Tel: 604-688-9500
 Fax: 604-688-9550
 Email: blackbullresources@telus.net
 Date of Report: August 23, 2003

BCSC 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: August 23, 2003

"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 included \$805 paid to R.E. Condon Accounting Services Ltd., a company owned by Robert Condon, an officer and director of the Company, for accounting services. A total of \$7,000 was paid to Zenith Appraisal & Land Consulting Ltd. ("Zenith"), a company owned by David Wood, a director of the Company, for financial consulting services. \$8,943 was paid to Double Check Consulting Inc. ("Double Check"), a private company owned by Mr. David Wood, a Director of the Company and his associate, for supplying office management staff for the quarter.

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

(a) Summary of securities issued year to date:

Date	Security	Issuance	Number	Price	Proceeds	Consideration	Commission
Nov 1/02	Common Shares	Private Placement	236,000	\$0.50	\$118,000	Cash	\$0.00
Nov 1/02	Purchase Warrants	Private Placement	118,000	\$1.00	N/A	N/A	N/A
Dec 20/02	Common Shares	Exercise of Options	13,332	\$0.66	\$8,800	Cash	N/A
Dec 20/02	Common Shares	Exercise of Options	42,000	\$0.20	\$8,400	Cash	N/A
Dec 20/02	Common Shares	Private Placement	700,800	\$0.50	\$350,400	Cash	\$19,560
Dec 20/02	Purchase Warrants	Private Placement	268,700	\$1.00	N/A	N/A	N/A
Dec 20/02	Purchase Warrants	Private Placement	19,560	\$0.50	N/A	N/A	N/A
Jan 28/03	Common Shares	Exercise of Options	97,500	\$0.20	\$19,500	Cash	N/A
Feb 17/03	Common Shares	Exercise of Options	30,000	\$0.20	\$6,000	Cash	N/A
Mar 13/03	Common Shares	Exercise of Options	30,680	\$0.20	\$6,136	Cash	N/A
Mar 31/03	Common Shares	Exercise of Options	30,000	\$0.20	\$6,000	Cash	N/A
Mar 31/03	Common Shares	Exercise of Options	16,666	\$0.42	\$7,000	Cash	N/A
Apr 11/03	Common Shares	Private Placement	80,000	\$0.60	\$48,000	Cash	\$3,840
Apr 11/03	Purchase Warrants	Private Placement	30,000	\$1.00	N/A	N/A	N/A
Apr 11/03	Purchase Warrants	Private Placement	3,200	\$0.60	N/A	N/A	N/A
May 1/03	Common Shares	Private Placement	88,000	\$0.60	\$52,800	Cash	\$5,280
May 1/03	Purchase Warrants	Private Placement	33,000	\$1.00	N/A	N/A	N/A
May 1/03	Purchase Warrants	Private Placement	4,400	\$0.60	N/A	N/A	N/A
May 1/03	Common Shares	Exercise of Options	35,000	\$0.20	\$7,000	Cash	N/A
Jun 2/03	Common Shares	Exercise of Options	27,500	\$0.20	\$5,500	Cash	N/A
Jun 30/03	Common Shares	Exercise of Options	28,740	\$0.20	\$5,748	Cash	N/A
Jun 30/03	Common Shares	Exercise of Options	3,600	\$0.60	\$2,160	Cash	N/A
Jun 30/03	Common Shares	Exercise of Options	23,336	\$0.66	\$15,402	Cash	N/A

(b) Summary of options granted during the period:

Date	Number	Name of Optionee	Exercise Price	Expiry Date
Nov 4/02	60,000	Joseph MacDonald	\$0.60	Nov 4/07

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: 18,075,605 at a recorded value of \$5,756,349.
- (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	120,465	\$1.00	June 22, 2005
Options	238,000	\$1.44	October 6, 2005
Options	385,000	\$0.85	January 16, 2005
Options	575,000	\$0.85	December 21, 2005
Options	235,000	\$0.96	March 7, 2006
Options	533,334	\$0.42	September 10, 2007
Options	56,400	\$0.60	November 4, 2007
Warrants	265,300	\$0.80	November 30, 2003
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

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
 George Cooper, Director
 Dennis Crawford, Director
 Joseph MacDonald, Director
 James McDonald, Director
 David Wood, Director

Schedule “C” – Management Discussion

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 a large 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. The Company also has three properties located in British Columbia. The British Columbia properties are not considered to be material properties, but will continue to be held in inventory until a time when base metal prices and exploration/development interest improve.

Discussion of Operations and Financial Condition

During the 3rd quarter, the Company raised net proceeds of \$127,489 through the issuance of 168,000 and 118,176 common shares pursuant to private placements and exercise of options, respectively. Of this amount, \$106,900 was raised in flow through funds. The Company intends to use the flow through proceeds for pre-production site development work on the White Rock property such as overburden removal, test pits, and sample preparation. During the current period the Company spent \$12,738 of flow through funds. The remaining funds of \$119,716 will be used primarily for permitting, marketing and general/administrative expenses.

The Company incurred a loss of \$119,505 for the quarter ended June 30, 2003 compared to a loss of \$138,891 in the same period of 2002. This reduced loss was largely as a result of a decrease of \$50,837 in consulting fees for the same period last year. This reduction in consulting fees was partially offset by an increase of \$7,287 in wages and benefits and an increase of \$15,000 in expenditures for investor relations.

Exploration Expenditures

To date the Company has expended \$1,854,134 on exploration and \$703,477 on property acquisition, including the deemed value of shares issued for such purposes. Exploration expenditures for the six months ended June 30, 2003 totaled \$109,917 and consisted primarily of \$15,886 for line cutting/trenching, \$51,915 for permitting expenses, \$12,093 for sample processing and \$16,114 on report preparation for the White Rock Property. The remaining \$13,909 was for engineering and geological consulting.

Renewal of British Columbia Property Claims

The Company renewed 222 property claims in the Fort Steele Mining District of British Columbia on August 15, 2003. (See “Subsequent Events”).

Consulting Fees and Related Party Transactions

During the period the company has paid, or recorded as a payable, consulting fees of \$38,443 which is comprised as follows: \$7,000 to Zenith Appraisal & Land Consulting Ltd. (“Zenith”), a company owned by David Wood, a director of the Company. For financial consulting services the Company paid \$22,500 to Mr. Don Hilton. Double Check, a private company owned by Mr. David Wood, a Director of the Company and his associate, received \$8,943 for supplying office management staff.

Related Party fees of \$805 were paid to R.E. Condon Accounting Services Ltd., a company owned by Robert Condon, an officer and director of the Company, for accounting services.

Investor Relations

The Company paid Coal Harbor Communications \$15,000 for the quarter ended June 30, 2003 for investor relations and associated expenses compared to nil in the previous year.

Advertising and Promotion

Advertising and promotion fees for the quarter ended June 30, 2003 were \$280, a decrease from the prior year’s period of \$572.

Travel and Vehicle Expenses

Travel and vehicle expenses for the quarter were \$2,321 compared to \$6,690 for the same quarter of 2002. Higher costs during Q3 2002 were largely related to increased travel to Nova Scotia.

Professional Fees

Professional fees were \$5,211 for the 3rd quarter as compared to \$2,410 in the same quarter of 2002. The increase was partly as a result of new company operating procedures that require a more comprehensive professional review of public and other documentation prior to being released.

Rent and Utilities Expenses

Rent and utilities expenses for the quarter were \$4,110, an increase from the prior year’s period of \$2,700 as a result of opening an office in Shelburne, Nova Scotia.

Insurance and Membership Fees

Insurance and membership fees were \$5,670 during the quarter as compared to \$251 in the same quarter of 2002. This is a result of different year to year recording dates for Directors and Officers liability insurance.

Subsequent Events	
Date	Comments
July 25, 2003	The Company announced a non brokered private placement offering (the “Offering”) of up to 2 million units each consisting of one common share and one common share purchase warrant (the “Unit”). The private placement was later increased from 2,000,000 to 2,290,000 with an announcement on August 8, 2003. In light of the decision to proceed with the Offering, the Company decided not to proceed with the brokered convertible debenture financing previously announced January 28, 2003.
August 11, 2003	The Company and U.S. Silica Company of Berkeley Springs, West Virginia, USA announced the signing of a Marketing, Sales, and Distribution Agreement for any future quartz products produced from Black Bull’s White Rock Property in Nova Scotia, Canada. US Silica will be the exclusive agent to market, sell and distribute these products within the United States, Mexico and Canada, except Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland & Labrador where the Company will market their products separate from the Agreement.
August 13, 2003	The Company closed its non-brokered private placement totalling 2,290,000 Units at a price of \$0.50/Unit with gross proceeds of \$1,145,000. Each Unit consisted of one common share and one common share purchase warrant. Each warrant together with \$0.70 entitles the holder to purchase a common share for a period of 2 years from date of issuance. Finder’s fees of \$4,950 were paid under the Offering to arm’s length parties. All securities issued pursuant to the private placement are subject to a 4 month hold period from the date of issuance. Proceeds from the Offering will be used for permitting, marketing, other project development activities and working capital. .
August 15, 2003	The Company renewed 222 mineral claims in the Fort Steel Mining District of British Columbia to April 3, 2004. The British Columbia properties are held primarily for their potential to host sedimentary exhalative lead/zinc/silver mineralization. The Company will continue to hold the properties in inventory until April 4, 2004 during which time the Company will look for opportunities to either joint venture or sell the properties.

Financings, Principal Purposes and Milestones

Financing

During the quarter ended June 30, 2003 the Company received total net proceeds of \$127,489 through the issuance of 168,000 and 118,176 common shares pursuant to private placements and exercise of options, respectively..

The Company received approval from the TSX Venture Exchange to the extension in the expiry dates of 875,000 warrants by one year. The new expiry dates of the warrants are June 3, 2004, June 12, 2004 and July 9, 2004.

On May 28, 2003, the Company announced the close of a brokered private placement totalling 42,000 units at a price of \$2.40/unit with gross proceeds of \$100,800. Each unit was comprised of one flow through common share, three common shares and one and one half common share purchase warrants. Each whole warrant together with \$1.00 entitles the holder to purchase a common share for a period of 2 years from the date of issuance. All securities issued pursuant to the private placement are subject to a 4 month hold period from the date of issuance. Pursuant to the agreement between Black Bull and Datile Securities Inc. ("DSI"), DSI received commissions of \$9,120 from the gross proceeds for the sale of the units. Black Bull also issued to DSI 7,600 options to purchase common shares at an exercise price of \$0.60 for a period of two years from closing.

Principal Purposes and Material Variances

On July 25, 2003 the company announced a non-brokered private placement offering which resulted in its decision not to proceed with the brokered convertible debenture financing with TD Securities previously announced January 28, 2003. (See "Subsequent Events").

In 2003 the Company plans to complete permitting and pre-production development work and make a decision with respect to the development of a quartz mine at the White Rock Property. The budget for the remaining work is estimated at under \$1,000,000. The Company intends to fund these activities through equity financing.

Liquidity and Solvency

The Company raised \$127,489 in the current quarter. Working capital was \$68,245 compared to \$282,610 as at June 30, 2002. A total of \$23,261 was expended on deferred exploration costs for the quarter ending June 30, 2003.

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. The Company believes that it will be able to continue to raise the necessary funds not only to meet its administrative expenses but also for any future capital expenditures.

Black Bull Resources Inc.

BALANCE SHEET

Unaudited

Canadian Funds

ASSETS

	<u>June 30, 2003</u>	<u>Sept 30, 2002</u>
<u>Current:</u>		
Cash & Term Deposits	\$ 119,716	\$ 76,204
Accounts Receivable	26,720	50,874
Prepaid Expenses	13,278	11,948
Marketable Securities	0	24,103
	<u>\$ 159,714</u>	<u>\$ 163,129</u>
<u>Fixed Assets: (Net)</u>		
Computer & Software	3,978	5,383
Furniture	1,887	2,220
	<u>5,865</u>	<u>7,603</u>
Mineral Claims	703,477	703,477
Deferred Exploration Costs	1,854,134	1,744,217
	<u>\$ 2,723,190</u>	<u>\$ 2,618,426</u>

LIABILITIES

<u>Current:</u>		
Accounts Payable	\$ 91,469	\$ 156,361

SHAREHOLDERS'S EQUITY

Share Capital	\$ 5,756,349	\$ 5,130,724
Deficit at beginning of the Period	(2,668,660)	(2,184,365)
Net (loss) for the Period	(455,968)	(484,294)
Deficit at the end of the Period	<u>(3,124,628)</u>	<u>(2,668,659)</u>
	<u>\$ 2,723,190</u>	<u>\$ 2,618,426</u>

Black Bull Resources Inc.

Interim Statement of Cash Flows

June 30, 2003

(unaudited)

	2003		2002	
	Quarter to Date	Year to Date	Quarter to Date	Year to Date
Cash flows from operating activities				
Net Loss for the Period	\$ (119,505)	\$ (455,968)	\$ (138,891)	\$ (313,698)
Depreciation	495	1,738	0	0
	(119,010)	(454,230)	(138,891)	(313,698)
 Change In non-cash working capital accounts				
Accounts receivable	3,894	24,154	25,357	33,659
Accounts payable	(7,806)	(64,892)	24,735	(46,052)
Prepaid Expenses	12,670	(1,330)	(20,642)	(19,842)
	(110,252)	(496,298)	(109,441)	(345,933)
 Cash flows from financing activities				
Proceeds from sale of capital stock	127,489	625,625	336,000	709,945
	127,489	625,625	336,000	709,945
 Cash flows from investing activities				
Acquisition of capital assets	0	0	0	505
Sale of marketable securities	0	(24,102)	0	0
Acquisition of mineral claims	0	0	0	0
Exploration costs deferred	23,261	109,917	95,698	455,991
	23,261	85,815	95,698	456,496
 Change in cash during the Period	(6,024)	43,512	130,861	(92,484)
Cash at beginning of the Period	125,740	76,204	118,040	341,385
Cash at the End of Period	\$ 119,716	\$ 119,716	\$ 248,901	\$ 248,901

BLACK BULL RESOURCES INC.

Statement of Operations

June 30, 2003

(Unaudited)

	2003		2002	
	<u>Quarter to Date</u>	<u>Year to Date</u>	<u>Quarter to Date</u>	<u>Year to Date</u>
<u>Revenue:</u>				
Interest Income	\$ 476	\$ 1,286	\$ 653	\$ 4,317
	<u>476</u>	<u>1,286</u>	<u>313</u>	<u>4,317</u>
<u>Expenses:</u>				
Wages & Benefits	32,344	84,593	25,057	84,575
Listing Fees	4,704	15,478	3,828	6,717
Consulting Fees	38,443	136,681	89,280	111,752
Professional Fees	5,211	59,832	2,410	17,029
Office Expenses	7,837	23,189	6,693	16,707
Transfer Agent Fees	2,856	6,815	1,508	6,480
Travel & Vehicles	2,321	15,761	6,690	41,300
Rent & Utilities	4,110	11,130	2,700	8,100
Advertising & Promotion	280	8,483	572	14,923
Marketing Costs	0	44,567	0	0
Investor Relations	15,000	36,000	0	0
Insurance & Membership Fees	5,670	8,978	251	5,628
Conference Expenses	0	1,300	0	2,050
Interest & Bank Charges	245	2,735	180	662
Miscellaneous Expenses	465	465	35	2,092
Depreciation	495	1,738	0	0
Total Expenses	<u>119,981</u>	<u>457,745</u>	<u>139,204</u>	<u>318,015</u>
Net (Loss) from operations	(119,505)	(456,459)	(138,891)	(313,698)
Gain on Sale of Securities	<u>0</u>	<u>491</u>	<u>0</u>	<u>0</u>
Net Income (Loss) for the Period	<u>\$ (119,505)</u>	<u>\$ (455,968)</u>	<u>\$ (138,891)</u>	<u>\$ (313,698)</u>
Basic Loss per Share	<u>(\$0.01)</u>	<u>(\$0.03)</u>	<u>(\$0.01)</u>	<u>(\$0.02)</u>
Weighted Average Number of Shares	<u>17,586,656</u>	<u>17,586,656</u>	<u>16,376,119</u>	<u>16,376,119</u>

BLACK BULL RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003
UNAUDITED

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 \$2,845,000. 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
JUNE 30, 2003
UNAUDITED

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 \$75,485 in restricted cash that cannot be used in the day to day operations of the company. This cash was obtained by issuing flow through shares and which must be used for exploration only.

4. CAPITAL ASSETS

			June 30, 2003	Sep 30, 2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office equipment	\$4,910	\$3,023	\$1,887	\$2,220
Computer equipment	13,298	9,320	3,978	5,130
Software	25,899	25,899	0	253
	\$44,107	\$38,242	\$5,865	\$7,603

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

UNAUDITED

5. CAPITAL STOCK

Authorized

Unlimited common shares without par value

Unlimited preferred shares without par value

	June 30, 2003		Sep 30, 2002	
	#	\$	#	\$
Issued, common shares				
Balance at beginning of the year	16,592,451	5,130,724	15,091,319	\$4,293,512
Shares issued for cash	1,277,754	559,945	1,463,632	\$820,245
Flowthrough shares issued for cash	205,400	106,900	0	0
Shares issued to maintain mining properties	0	0	37,500	\$18,750
	<u>18,075,605</u>	<u>\$5,797,569</u>	<u>16,592,451</u>	<u>\$5,132,507</u>
Less: share issue costs		(41,220)		(1,783)
Balance at end of the year	<u>18,075,605</u>	<u>\$5,756,349</u>	<u>16,592,451</u>	<u>\$5,130,724</u>

Stock Options and Warrants

As at June 30, 2003 the company had a total of 2,243,199 stock options and 1,617,160 warrants outstanding as follows:

Expiry Date	# 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
June 22, 2005	120,465	\$1.00
October 6, 2005	238,000	\$1.44
December 21, 2005	575,000	\$0.85
January 16, 2005	385,000	\$0.85
March 7, 2006	235,000	\$0.96
September 10, 2007	533,334	\$0.42
November 4, 2007	56,400	\$0.60
TOTAL	2,243,199	

Expiry Date	# of Warrants	Exercise Price
November 30, 2003	265,300	\$0.80
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
	1,617,160	

During the quarter 118,176 options were exercised

During the quarter no warrants were exercised; however expiry dates for 374,000, 298,000, 203,000 warrants were extended by one year to June 3, 2004, June 12, 2004 and July 9, 2004, respectively.

BLACK BULL RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

UNAUDITED

6. SCHEDULE OF DEFERRED EXPLORATION COSTS

	Burn	Horn	Car	Yarmouth	Other	2003	2002
Balance, beginning of year	\$15,604	\$23,411	\$0	\$1,746,099	(\$40,897)	\$1,744,217	\$1,059,193
Drilling/trenching/line cutting				15,886		15,886	173,390
Engineering				4,666		4,666	0
Geological consulting				7,480		7,480	1,383
Miscellaneous				1,763		1,763	5,262
Permitting				51,915		51,915	412,496
Report preparation				16,114		16,114	3,335
Sample processing				12,093		12,093	25,639
Research						0	63,519
Expenses for the period	0	0	0	109,917	0	109,917	685,024
Costs written-off							
Less: Recoveries							
Balance, end of year	\$15,604	\$23,411	\$0	\$1,856,016	(\$40,897)	\$1,854,134	\$1,744,217

MINERAL CLAIMS

	<u>2003</u>	<u>2002</u>
Burn	\$6,542	\$6,542
Car	13,260	13,260
Horn	26,660	26,660
Yarmouth	670,275	670,275
	<u>716,737</u>	<u>716,737</u>
Less Recoveries	(13,260)	(13,260)
Net Cost	<u>\$703,477</u>	<u>\$703,477</u>

BLACK BULL RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

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>2003</u>	<u>2002</u>
R.E. Condon Accounting Services Ltd. Accounting	<u>\$805</u>	<u>\$1,638</u>
Double Check Consulting Ltd	<u>\$8,943</u>	<u>\$0</u>
Zenith Appraisal & Land Consulting Ltd. Consulting	<u>\$7,000</u>	<u>\$66,873</u>

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 \$15,000 in consulting fees to Mr. Don Hilton, plus an additional \$7,500 that was recorded as an accounts payable.