

BLACK BULL RESOURCES INC.

**FINANCIAL STATEMENTS
PERIOD ENDED JUNE 30, 2004
UNAUDITED**

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

Black Bull Resources Inc.

BALANCE SHEET

Unaudited

Canadian Funds

ASSETS

	<u>June 30, 2004</u>	<u>Sept 30, 2003</u>
<u>Current:</u>		
Cash & Term Deposits	\$ 10,043,917	\$ 1,511,283
Accounts Receivable	68,535	31,490
Prepaid Expenses	427,498	14,684
	<u>\$ 10,539,950</u>	<u>\$ 1,557,457</u>
<u>Fixed Assets: (Net)</u>		
Computer & Software	13,541	3,592
Equipment & Furniture	54,810	1,776
	<u>68,351</u>	<u>5,368</u>
Mineral Claims	670,275	703,477
Deferred Exploration Costs	2,130,971	1,895,390
Deferred Mining Costs	347,325	0
Trade Mark Costs	3,833	0
	<u>\$ 13,760,705</u>	<u>\$ 4,161,692</u>

LIABILITIES

<u>Current:</u>		
Accounts Payable	\$ <u>121,742</u>	\$ <u>141,711</u>

SHAREHOLDERS'S EQUITY

Share Capital	\$ 17,626,355	\$ 7,311,414
Contributed Surplus	<u>428,957</u>	<u>0</u>
Deficit at beginning of the Period	(3,291,433)	(2,668,660)
Net (loss) for the Period	<u>(1,124,916)</u>	<u>(622,773)</u>
Deficit at the end of the Period	<u>(4,416,349)</u>	<u>(3,291,433)</u>
	<u>\$ 13,760,705</u>	<u>\$ 4,161,692</u>

Black Bull Resources Inc.

Interim Statement of Cash Flows

June 30, 2004

(unaudited)

	2004		2003	
	<u>Quarter to Date</u>	<u>Year to Date</u>	<u>Quarter to Date</u>	<u>Year to Date</u>
Cash flows from operating activities				
Net Loss for the Period	\$ (588,356)	\$ (1,124,916)	\$ (119,505)	\$ (455,968)
Items not affecting Cash				
Depreciation	7,100	8,068	495	1,738
Options Expensed	233,808	428,957	0	0
	<u>(347,448)</u>	<u>(687,891)</u>	<u>(119,010)</u>	<u>(454,230)</u>
Change In non-cash working capital accounts				
Accounts receivable	(44,347)	(37,043)	3,894	24,154
Accounts payable	50,051	(19,969)	(7,806)	(64,892)
Prepaid Expenses	(111,896)	(412,814)	12,670	(1,330)
	<u>(453,640)</u>	<u>(1,157,717)</u>	<u>(110,252)</u>	<u>(496,298)</u>
Cash flows from financing activities				
Proceeds from sale of capital stock	<u>9,744,942</u>	<u>10,314,941</u>	<u>127,489</u>	<u>625,625</u>
	<u>9,744,942</u>	<u>10,314,941</u>	<u>127,489</u>	<u>625,625</u>
Cash flows from investing activities				
Trade Mark Exp	3,833	3,833	0	0
Acquisition of capital assets	65,582	71,052	0	0
Sale of marketable securities	0	0	0	(24,102)
Disposal of mineral claims	0	(33,202)	0	0
Exploration costs deferred	39,901	235,582	23,261	109,917
Mining Costs Deferred	347,325	347,325	0	0
	<u>456,641</u>	<u>624,590</u>	<u>23,261</u>	<u>85,815</u>
Change in cash during the Period	8,834,661	8,532,634	(6,024)	43,512
Cash at beginning of the Period	<u>1,209,256</u>	<u>1,511,283</u>	<u>125,740</u>	<u>76,204</u>
Cash at the End of Period	<u>\$ 10,043,917</u>	<u>\$ 10,043,917</u>	<u>\$ 119,716</u>	<u>\$ 119,716</u>

BLACK BULL RESOURCES INC.

Statement of Operations

June 30, 2004

(Unaudited)

	2004		2003	
	<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	\$ 31,615	\$ 51,372	\$ 476	\$ 1,286
	<u>31,615</u>	<u>51,372</u>	<u>476</u>	<u>1,286</u>
<u>Expenses:</u>				
Wages & Benefits	311,643	589,511	32,344	84,593
Listing Fees & Transfer Agent	43,067	53,818	7,560	22,293
Consulting Fees	33,695	101,883	38,443	136,681
Professional Fees	16,801	40,185	5,211	59,832
Office Expenses	15,837	47,170	7,837	23,189
Travel & Vehicles	38,097	64,739	2,321	15,761
Rent & Utilities	4,246	12,439	4,110	11,130
Advertising & Promotion	9,967	27,240	280	8,483
Marketing Costs	37,566	53,315	0	44,567
Investor Relations	15,000	45,000	15,000	36,000
Insurance & Membership	4,187	14,425	5,670	8,978
Interest & Bank Charges	1,249	3,161	245	2,735
Exploration Cost	0	33,678	0	0
Conference Exp	0	140	0	1,300
Mining Costs	81,516	81,516	0	0
Miscellaneous Expenses	0	0	465	465
Depreciation	7,100	8,068	495	1,738
Total Expenses	<u>619,971</u>	<u>1,176,288</u>	<u>119,981</u>	<u>457,745</u>
Net (Loss) from operations	(588,356)	(1,124,916)	(119,505)	(456,459)
Gain on Sale of Securities	<u>0</u>	<u>0</u>	<u>0</u>	<u>491</u>
Net Income (Loss) for the Period	<u>\$ (588,356)</u>	<u>\$ (1,124,916)</u>	<u>\$ (119,505)</u>	<u>\$ (455,968)</u>
Basic Loss per Share	<u>(\$0.022)</u>	<u>(\$0.042)</u>	<u>(\$0.010)</u>	<u>(\$0.030)</u>
Weighted Average Number of Shares	<u>26,691,313</u>	<u>26,691,313</u>	<u>17,586,656</u>	<u>17,586,656</u>

BLACK BULL RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004
UNAUDITED

1. CONTINUING OPERATIONS

The company was incorporated under the Company Act of Alberta on July 18, 1997 and is principally involved in mining effective April 1, 2004.

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

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 the White Rock claim at a profit or obtaining injections of capital from its shareholders.

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:

Equipment	20%
Office furniture	20%
Computer equipment	30%
Software	100%
Water treatment system	20%

BLACK BULL RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Mining, 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. The Mining costs will be amortized the same as the exploration costs.

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. CAPITAL ASSETS

			June 30, 2004	Sept 30, 2003
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture	\$6,206	\$3,498	\$2,708	\$1,776
Computer equipment	22,295	11,524	10,772	3,592
Software	30,329	24,560	2,769	0
Equipment	7,909	593	7,316	0
Water treatment system	48,418	3,632	44,786	0
	\$115,158	\$46,807	\$68,351	\$5,368

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

UNAUDITED

4. CAPITAL STOCK

Authorized

Unlimited common shares without par value

Unlimited preferred shares without par value

	June 30, 2004		Sept 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	22,628,000	\$11,384,800	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>43,983,605</u>	<u>\$18,696,214</u>	<u>21,355,605</u>	<u>\$7,436,770</u>
Less: share issue costs		(1,069,859)		(125,356)
Balance at end of the year	<u>43,983,605</u>	<u>\$17,626,355</u>	<u>21,355,605</u>	<u>\$7,311,414</u>

Stock Options and Warrants

As at June 30, 2004 the company had a total of 4,168,199 stock options and 6,137,860 warrants outstanding as follows:

Expiry Date	Number of Options	Exercise Price
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 20, 2005	430,000	\$0.53
December 21, 2005	575,000	\$0.85
January 19, 2006	200,000	\$0.50
March 7, 2006	235,000	\$0.96
May 7, 2006	640,000	\$0.80
September 10, 2007	523,334	\$0.42
November 4, 2007	56,400	\$0.60
November 20, 2008	390,000	\$0.53
May 7, 2009	300,000	\$0.95
TOTAL	4,168,199	

Expiry Date	Number of Warrants	Exercise Price
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	1,519,700	\$0.70
September 30, 2005	980,000	\$0.70
October 1, 2005	1,100,000	\$0.70
October 6, 2005	40,000	\$0.70
April 8, 2006	640,000	\$0.70
May 14, 2006	400,000	\$0.70
May 28, 2006	28,000	\$0.70
TOTAL	6,137,860	

BLACK BULL RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS

UNAUDITED

5. SCHEDULE OF DEFERRED EXPLORATION COSTS

	Burn	Horn	Yarmouth	Other	June 30 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			1,990		1,990	6,702
Permitting			133,667		133,667	88,206
Report preparation			738		738	16,114
Sample processing			21,192		21,192	16,784
Research			27,130		27,130	0
Expenses for the period	0	0	236,058	0	236,058	151,172
Costs written-off	16,783	24,590		(40,897)	(476)	
Less: Recoveries						
Balance, end of Period	\$0	\$0	\$2,130,971	\$0	\$2,130,971	\$1,895,389

MINERAL CLAIMS

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

MINING COSTS

Total costs to date amount to \$347,325

BLACK BULL RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
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6. 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>June</u> <u>2004</u>	<u>June</u> <u>2003</u>
R.E. Condon Accounting Services Ltd. Accounting	\$3,490	\$805
Double Check Consulting Ltd	\$6,809	\$8,943
Zenith Appraisal & Land Consulting Ltd. Consulting	\$0	\$7,000
Joe MacDonald	\$5,520	\$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.

7. CONSULTING FEES

During the quarter the company paid out \$6,812 in consulting fees to 1582877 Ontario Inc.

8. OPTIONS GRANTED

During the quarter the company granted 300,000 options at \$0.95 for a 5 year period and 640,000 options at \$0.80 for a 2 year period.

The Fair value of these options have been calculated as \$233,808 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: \$428,957.

BLACK BULL RESOURCES INC.
 Suite #303-100 West Pender Street
 Vancouver, BC, V6B 1R8
 Contact Name: John Keating
 For the Quarter ended June 30, 2004

Tel: 604-688-9500
 Fax: 604-688-9550
 Email: blackbullresources@telus.net
 Date of Report: August 16, 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: August 16, 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 5 in the notes to the Financial Statements attached.

2. Related Party Transactions

Related party transactions for the quarter ending June 30, 2004, included: Robert Condon, an officer and director of the company, owns R.E. Condon Accounting Services Ltd., which was paid \$3,490 for accounting services. David Wood, a director of the company, owns a 15% interest in Double Check Consulting Inc., which was paid \$6,809 for supplying office management staff. Joseph MacDonald, a director of the company, was paid \$5,520 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
Apr 8/04	Common Shares	Private Placement	16,000,000	\$0.50	\$8,000,000	Cash	\$320,000
Apr 8/04	Agent's Warrants	Private Placement	640,000	\$0.70	N/A	N/A	N/A
Apr 16/04	Common Shares	Exercise of Warrants	20,000	\$0.70	\$14,000	Cash	N/A
Apr 21/04	Common Shares	Exercise of Warrants	20,000	\$0.60	\$12,000	Cash	N/A
May 11/04	Common Shares	Exercise of Warrants	110,000	\$0.60	\$66,000	Cash	N/A
May 20/04	Common Shares	Exercise of Warrants	116,000	\$0.60	\$69,600	Cash	N/A
May 14/04	Common Shares	Private Placement	4,000,000	\$0.50	\$2,000,000	Cash	\$200,000
May 14/04	Agent's Warrants	Private Placement	400,000	\$0.70	N/A	N/A	N/A
May 28/04	Common Shares	Private Placement	800,000	\$0.50	\$400,000	Cash	\$14,000
May 28/04	Agent's Warrants	Private Placement	28,000	\$0.70	N/A	N/A	N/A
June 3/04	Common Shares	Exercise of Warrants	362,000	\$0.60	\$217,200	Cash	N/A
June 10/04	Common Shares	Exercise of Warrants	60,000	\$0.60	\$36,000	Cash	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
May 7/04	640,000	Consultant	\$0.80	May 7/06
May 7/04	100,000	James Gogan, Director	\$0.95	May 7/09
May 7/04	100,000	Wayne Mailloux, Director	\$0.95	May 7/09
May 7/04	100,000	Donald Wright, Director	\$0.95	May 7/09

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: 43,983,605 at a recorded value of \$17,626,355.
 (c) Options, Warrants, and Convertible Securities Outstanding:

Expiry Date	Number of Options	Exercise Price
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 20, 2005	430,000	\$0.53
December 21, 2005	575,000	\$0.85
January 19, 2006	200,000	\$0.50
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November 20, 2008	390,000	\$0.53
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TOTAL	4,168,199	

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November 1, 2004	118,000	\$1.00
December 20, 2004	268,700	\$1.00
December 20, 2004	19,560	\$0.50
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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	1,519,700	\$0.70
September 30, 2005	980,000	\$0.70
October 1, 2005	1,100,000	\$0.70
October 6, 2005	40,000	\$0.70
April 8, 2006	640,000	\$0.70
May 14, 2006	400,000	\$0.70
May 28, 2006	28,000	\$0.70
TOTAL	6,137,860	

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
 Donald Wright, Chairman
 George Cooper, Director
 James Gogan, Director
 Joseph MacDonald, Director
 Wayne Mailloux, Director
 David Wood, Director

Schedule "C" – Management Discussion & Analysis (MD&A):

Description of Business

Black Bull Resources Inc. ("Black Bull" or the "Company") commenced operations in 1997 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.

Discussion of Operations and Financial Condition

The Company's working capital as at June 30, 2004, was \$10,418,208 which will be used primarily for mining, processing plant construction, marketing, general/administrative expenses, and working capital.

Revenue for the quarter ended June 30, 2004, was \$31,615 resulting from interest income on invested cash balances compared to \$476 for the same period of 2003.

Total expenses for the quarter ended June 30, 2004, were \$967,296 compared to \$119,981 during the same period of 2003. This increase in expenses related primarily to site development and mining costs of \$ 428,841 for the quarter ended June 30, 2004 compared to \$0 for the same period of 2003 and an increase in wages and benefits to \$311,643 from \$32,344 for the same period of 2003 (refer to wages and benefits discussion below). Listing fees and transfer agent expenses increased to \$43,067 for the quarter ended June 30, 2004 as a result of the issuance of common shares during the quarter compared to \$7,560 for the same period of 2003. Marketing costs of \$37,566 were incurred in the quarter in anticipation of the commencement of production compared to \$0 for the same period of 2003.

The Company incurred a loss of \$935,681 for the quarter ended June 30, 2004, compared to a loss of \$119,505 for the same period ending June 30, 2003.

Exploration Expenditures

To date the Company has expended \$2,130,971 on deferred exploration costs and \$670,275 on property acquisition, including the deemed value of shares issued for such purposes. Deferred exploration expenditures for the nine months ended June 30, 2004, were \$235,582 compared to \$109,917 for the same period ended June 30, 2003. During the quarter ended June 30, 2004, the Company expended \$0 in exploration costs in its Statement of Operations, the same as for the same period of 2003.

Permitting costs increased to \$133,667 during the first nine months of 2004 from \$51,915 during the same period of 2003 as a result of the Company's application for all approvals required to commence production.

The Company spent \$21,192 in sampling costs for the period ending June 30, 2004, compared to \$12,093 for the period ended June 30, 2003. This trend is expected to increase as U.S. Silica proceeds with marketing and potential customers request larger product samples.

Total research costs to date are \$27,130, compared to \$0 for the same period of 2003. Research activities were largely related to additional testing of kaolin material.

Year to date, 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 June 30, 2004, were \$311,643 compared to \$32,344 for the same period of 2003. This increase was largely due to the expensing of the fair value of options in the amount of \$233,808 compared to \$0 for the same period of 2003. The balance was largely due to increases in salaries to existing management, human resource consulting services, and the appointment of a Vice-President, Operations, as well as the Office Administrator.

Consulting Fees and Related Party Transactions

The Company paid \$33,695 in consulting fees for the quarter ended June 30, 2004, compared to \$38,443 for the same period in 2003. Of this amount \$6,812.50 was paid to 1582877 Ontario Inc. for financial services consulting fees, \$6,809 was paid to Double Check Consulting Inc. for office management, and \$8,528 was paid in connection with government liaison services. Also, in connection with the Company's common share financing and pursuant to the Consulting Agreement, 1582877 Ontario

Inc. was paid \$334,000 in consulting fees and was granted 640,000 options exercisable at \$0.80 for a period of 2 years. These fees are reflected in the net proceeds from the issue of common shares.

The Company paid \$15,819 in related party transactions for the quarter ended June 30, 2004, compared to \$16,748 for the same period of 2003. Related party transactions included \$3,490 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., a private company with 15% ownership by Mr. David Wood, a director of the company, was paid \$6,809 for supplying office management staff. Joseph MacDonald, a director of the company, was paid \$5,520 for marketing consulting services.

Professional Fees

Audit and legal fees were \$16,801 for the quarter ended June 30, 2004, an increase from \$5,211 for the same period of 2003. The higher professional fees incurred in 2004 are largely a result of legal fees relating to permitting, and preparation of mining and other contracts.

Office Expenses

Office expenses for the quarter ended June 30, 2004, increased to \$15,837 from \$7,837 for the same period of 2003. This increase was largely related to the establishment of the Company's Shelburne, Nova Scotia, office.

Travel and Vehicle Expenses

Travel expenses for the quarter ended June 30, 2004, increased to \$38,097 from \$2,321 for the same period of 2003. The reason for the increase in travel and vehicle expenses was due to an increase in 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 June 30, 2004, compared to the same amount for the same period in 2003 for investor relations services.

Insurance

Insurance premiums were \$4,187 for the quarter ended June 30, 2004, compared to \$5,670 for the same period of 2003.

Options and Warrants

No options were exercised, although 25,000 options expired during the quarter ended June 30, 2004, and warrants in the amount of 688,000 were exercised.

Changes to Officers and Directors

On May 7, 2004, the Company announced that shareholder approval was received to reconstitute its Board of Directors from five to seven members. Board Directors are Donald Wright, Wayne Mailloux, James Gogan, David Wood, Robert Condon, George Cooper, and Joseph MacDonald.

Mr. Donald Wright, Director, was appointed Chairman of the Board effective June 1, 2004.

The Company announced that Mr. John Wonnacott resigned his position as Vice President of Operations, effective June 30, 2004. The Company has entered into an agreement with Mr. Wonnacott to provide consulting and management services with respect to the Company's operations at the White Rock Mine.

Material Contracts

On April 19, 2004, the Company entered into an agreement, valued at approximately \$1.5 million, with Atcon Construction Inc. of Miramichi, NB, for contract mining on the Company's White Rock Property. This work will include infrastructure development and one year's production of specified Quartz aggregate.

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 with 15% ownership by David L. Wood, a director of the company, 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
July 5, 2004	The Company announced commencement of quartz production at its White Rock Mine in Yarmouth County, Nova Scotia. Quartz material is being crushed and stockpiled for marketing.
July 9, 2004	203,000 warrants were exercised for gross proceeds of \$121,800.
August 3, 2004	50,000 options expired.

Financings, Principal Purposes, and Milestones

Financing

On May 7, 2004, 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 (the "Offering") had been met. The subscription receipts were exchanged for common shares of the Company on a one for one basis.

On May 17, 2004, the Company announced it had completed a brokered private placement with Leede Financial Markets Inc. ("Leede") for gross proceeds of \$2,000,000 through the issuance of 4 million common shares.

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 Corporation exercisable at \$0.70 for a period of two years from the date of closing.

On June 11, 2004, the Company announced that it completed a private placement arranged by TD Securities Inc. of 700,000 common shares for gross proceeds of \$350,000. The common shares are subject to a four month hold period expiring September 29, 2004. This private placement is the result of the partial exercise of the over allotment option held by TD Securities Inc.

Black Bull also issued 100,000 common shares under a concurrent non-brokered private placement directly with the subscriber for an additional \$50,000. The common shares are subject to a four month hold period expiring September 29, 2004.

Permitting and Milestones

On April 5, 2004, the Company announced that the Government of Nova Scotia had granted a Mining Lease, an Industrial Approval, and a Letter of Authority to commence mine site development on the Company's White Rock Property.

On April 27, 2004, the Company announced that the Nova Scotia Department of Natural Resources has issued a surface lease and a mining permit to the Company for the White Rock Property. Mine site development work has been largely completed; this includes clearing and grubbing, construction of access roads, construction of storm water holding and treatment ponds, construction of pads for crushing, and construction of a pad for storage of unprocessed rock.

As of June 30, 2004, the Company had commenced production at the White Rock Property, as announced in the July 5 news release. This included the mining, crushing, screening and stockpiling of bulk aggregate and sand-sized quartz products using mobile equipment. The Company is now in the process of marketing this material throughout eastern North America through a marketing agreement with U.S. Silica Company of Berkeley Springs, West Virginia. The Company will market its products directly in the Atlantic Provinces.

Black Bull Resources' strategy is to grow through the introduction of value-added processing technology. Initial production is coarse quartz material produced by mobile crushing equipment primarily to the construction and landscaping industries. The next phase will be the construction of a specialized crushing and screening facility that can produce higher-valued, finely-sorted sands and ground quartz products. The facility is expected to come on-stream by the middle 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 June 30, 2004, were \$10,043,917 compared to \$1,511,283 as at September 30, 2003. Working capital at June 30, 2004, was \$10,418,208 compared to \$1,415,746 as at September 31, 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.