



British Columbia Securities Commission

QUARTERLY AND YEAR END REPORT

BC FORM 51-901F
(previously Form 61)

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ISSUER DETAILS
NAME OF ISSUER: MUSKOX MINERALS CORP.
FOR QUARTER ENDED: 04 | 05 | 31
DATE OF REPORT: 04 | 07 | 27
ISSUER ADDRESS: P.O. BOX 23113, RPO CONNAUGHT
CITY/PROVINCE: CALGARY/AB
POSTAL CODE: T2B 3S1
ISSUER FAX NO.: 403-398-0693
ISSUER TELEPHONE NO.: 403-236-2222
CONTACT PERSON: FEISAL SOMJI
CONTACT'S POSITION: CHIEF FINANCIAL OFFICER
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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.

DIRECTOR'S SIGNATURE: "ROGER MORTON"
PRINT FULL NAME: ROGER MORTON
DATE SIGNED: 04 | 07 | 27
DIRECTOR'S SIGNATURE: "FEISAL SOMJI"
PRINT FULL NAME: FEISAL SOMJI
DATE SIGNED: 04 | 07 | 27

MUSKOX MINERALS CORP.

**CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)**

MAY 31, 2004

MUSKOX MINERALS CORP.
CONSOLIDATED BALANCE SHEET
(Unaudited – Prepared by Management)
May 31, 2004

	May 31, 2004	August 31, 2003
ASSETS		
Current		
Cash and equivalents	\$ 93,112	\$ 567,482
Restricted Cash	-	328,173
GIC	2,850,000	-
Receivables (Note 4)	55,683	32,140
Exploration advances	393,745	32,500
Prepaid expenses and deposits	<u>121,849</u>	<u>163,849</u>
	3,514,389	1,124,144
Capital assets	24,433	2,555
Mineral properties (Note 5)	<u>18,058,939</u>	<u>16,963,653</u>
	<u>\$ 21,597,761</u>	<u>\$ 18,090,352</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities	35,212	106,196
Loan Payable	-	<u>672,539</u>
	35,212	778,735
Future income taxes	<u>2,795,844</u>	<u>2,795,844</u>
	<u>2,831,056</u>	<u>3,574,579</u>
Shareholders' equity		
Capital stock	21,819,932	16,707,575
Contributed Surplus	349,571	349,571
Deficit	<u>(3,402,798)</u>	<u>(2,541,373)</u>
	<u>18,766,705</u>	<u>14,515,773</u>
	<u>\$ 21,597,761</u>	<u>\$ 18,090,352</u>

Basis of presentation (Note 1)

Commitment (Note 13)

MUSKOX MINERALS CORP.
CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT
(Unaudited – Prepared by Management)
May 31, 2004

	Three Month Period Ended May 31, 2004	Three Month Period Ended May 31, 2003	Nine Month Period Ended May 31, 2004	Nine Month Period Ended May 31, 2003
Administrative	39,932	6,000	60,114	24,000
Amortization	207	207	622	622
Computer and website	416	-	12,805	1,041
Consulting fees	19,500	-	78,798	40,158
Corporate tax	11,508	-	19,538	-
Filing and listing fees	-	-	80,669	-
Interest on long-term debt	-	11,325	29,643	33,975
Management fees	45,000	12,000	134,000	60,000
Office and miscellaneous	17,003	5,399	56,210	26,208
Professional fees	39,353	6,101	70,825	21,306
Rent	8,997	9,000	26,995	30,000
Shareholder communications	88,150	543	128,615	543
Transfer agent and regulatory fees	15,133	3,800	10,786	12,984
Travel and related costs	<u>96,339</u>	<u>1,115</u>	<u>164,895</u>	<u>1,174</u>
Loss before other item	(381,538)	(55,490)	(874,515)	(252,011)
OTHER ITEM				
Interest Income	<u>12,391</u>	<u>-</u>	<u>13,082</u>	<u>-</u>
Loss for the period	(369,147)	(55,490)	(861,433)	(255,011)
Deficit beginning of period	(3,033,651)	(2,124,512)	(2,451,373)	(1,924,991)
Deficit end of period	(3,402,798)	(2,180,002)	(3,402,798)	(2,180,002)
Loss per share – basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding	77,389,318	28,754,584	65,557,745	28,754,584

MUSKOX MINERALS CORP.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited – Prepared by Management)
MAY 31, 2004

	Three Month Period Ended May 31, 2004	Three Month Period Ended May 31, 2003	Nine Month Period Ended May 31, 2004	Nine Month Period Ended May 31, 2003
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	\$ (368,934)	\$ (55,490)	\$ (861,426)	\$ (55,490)
Items not affecting cash:				
Amortization	207	207	622	622
Accrued interest on long term debt	(175,884)	11,325	(149,856)	33,999
Future income tax	-	-	-	-
Changes in non-cash working capital items:				
(Increase) decrease in receivables	(4,107)	7,362	(44,543)	27,073
(Increase) decrease in exploration advances	(200,213)	-	(361,245)	-
Increase (decrease) in prepaid expenses and deposits	10,000	(150,000)	42,000	(150,000)
Increase in accounts payable and accrued liabilities	(33,950)	37,575	(47,677)	268,193
Increase in due to related party	-	-	25,000	-
Net cash provided by (used in) operating activities	<u>(772,881)</u>	<u>(149,021)</u>	<u>(1,447,125)</u>	<u>(75,124)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Share Capital Private Placement	2,035,000	-	5,769,000	-
Loan Payable	(499,990)	-	(499,990)	548
Share Capital: Common Shares	-	-	(510,000)	-
Share Capital: Warrants	222,500	-	252,500	-
Share Subscriptions Received in Advance	-	250,000	-	250,000
Finder's fees and share issuance costs	<u>(168,043)</u>	<u>-</u>	<u>(399,143)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>1,589,467</u>	<u>250,000</u>	<u>4,612,367</u>	<u>175,424</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital assets	(13,006)	-	(22,499)	-
Investment in Atlin: cost of property acquisition	(100,000)	-	(280,000)	-
Deferred exploration costs, net of option payments received	<u>(202,622)</u>	<u>(1,197)</u>	<u>(815,286)</u>	<u>(73,451)</u>
Net cash used in investing activities	<u>(315,628)</u>	<u>(1,197)</u>	<u>(1,117,785)</u>	<u>(73,451)</u>
Increase in cash and equivalents during the period	500,958	99,782	2,047,457	101,973
Cash and equivalents, beginning of period	<u>2,442,154</u>	<u>(33)</u>	<u>895,655</u>	<u>(2,224)</u>
Cash and equivalents, end of period	<u>\$ 2,943,112</u>	<u>\$ 99,749</u>	<u>\$ 2,943,112</u>	<u>\$ 99,749</u>
Cash and equivalents is comprised of the following:				
Cash and equivalents	93,112	\$ 99,749	\$ 2,943,112	\$ 99,749
GIC	<u>2,850,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,943,112</u>	<u>\$ 99,749</u>	<u>\$ 2,943,112</u>	<u>\$ 99,749</u>

MUSKOX MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
MAY 31, 2004

1. BASIS OF PRESENTATION

The financial statements contained herein include the accounts of MuskoX Minerals Corp (the "Company") and its wholly owned subsidiaries, MuskoX Holdings Ltd. and 913169 Alberta Ltd.

The interim period financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements. Certain information and footnote disclosure normally included in financial statements prepared in accordance with Canadian generally accepted accounting principles have been condensed or omitted. These interim period statements should be read together with the audited financial statements and the accompanying notes included in the Company's latest annual report. In the opinion of the Company, its unaudited interim financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

Certain reclassifications have been made to the prior period financial statements to conform to the current period presentation.

2. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the Business Corporations Act (Alberta) on August 16, 1996. The Company, through its wholly owned subsidiaries, MuskoX Holdings Ltd. and 913169 Alberta Ltd., is currently in the process of exploring and developing its resource properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for resource properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production. The Company has not earned significant revenues and is considered to be in the development stage.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. As the Company has a serious working capital deficiency, its ability to continue as a going concern is dependent on obtaining continued financial support, completing public equity financing, or generating profitable operations in the future.

As of the Year Ended August 31, 2003

	2003	2002
Working capital (deficiency)	\$ 345,409	\$ (1,431,016)
Deficit	(2,541,373)	(1,924,991)

3. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Muskox Holdings Ltd., a company incorporated in British Columbia and 913169 Alberta Ltd., a company incorporated in Alberta. All significant inter-company balances and transactions have been eliminated upon consolidation.

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 and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and equivalents

Cash and equivalents include highly liquid investments with original maturities of three months or less.

Capital assets and amortization

Capital assets, being computer equipment, are amortized over their useful lives using the declining balance method at 30% per annum.

Resource properties

The Company capitalizes the costs of acquisition of mineral properties as well as all costs of exploration on the properties. These costs will be amortized over the estimated productive lives of the properties upon commencement of production using the unit-of-production method if commercial ore reserves are developed. Costs related to properties are written-off to operations in the year such properties are abandoned, sold or if management determines there is impairment in value. If continued exploration of a property is not planned in the foreseeable future, costs related to the property are written-off at the time the determination is made.

The revenue earned as a result of the sale or option of a resource property will be applied against the book value of the property. Any revenue received in excess of the property's book value will be included in income at that time.

Properties which have reached the production stage will have a gain or loss calculated on the portion of that property sold.

Cost of maintaining resource properties

The Company does not accrue the estimated future costs of maintaining its resource properties in good standing.

Environmental protection and rehabilitation costs

Liabilities related to environmental protection and rehabilitation costs are accrued and charged to income when their likelihood of occurrence is established. This includes future removal and site restoration costs as required due to environmental law or contracts.

SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Values

The amounts shown for resource properties represent costs incurred to date and do not necessarily reflect present or future values.

Income taxes

Future income taxes are recorded for using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it to be more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Stock based compensation

The Company grants stock options in accordance with the policies of the TSX Venture Exchange (“TSX-V”), as described in Note 13. No compensation expense is recognized when share options are granted. Consideration paid for the shares on exercise of the share options is credited to capital stock.

Earnings (loss) per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

Basic earnings (loss) per share is calculated using the weighted-average number of shares outstanding during the year.

Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

4. BUSINESS COMBINATION

Effective March 31, 2001, the Company's subsidiary, MuskoX Holdings Ltd., acquired all of the issued and outstanding share capital of 913169 Alberta Ltd. for a purchase price of \$3,445,002 (Note 5). As consideration, the Company issued 1,994,790 common shares at a price of \$1.727 per share.

The acquisition of 913169 Alberta Ltd. has been accounted for using the purchase method and accordingly, these consolidated financial statements include the results of operations of 913169 Alberta Ltd. from the date of acquisition.

The total purchase price of \$3,445,002 was allocated to mineral properties.

5. RECEIVABLES

Receivables represent GST refunds.

MUSKOX MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
MAY 31, 2004

6. MINERAL PROPERTIES

	May 31, 2004	August 31 2003
Mineral property costs	\$ 5,837,554	\$ 5,837,554
Deferred exploration costs	<u>11,941,385</u>	<u>11,126,099</u>
	17,778,939	16,963,653
Plus: Property acquisition	280,000	
Total mineral property costs and deferred exploration costs	\$ 18,058,939	\$ 16,963,653

Deferred exploration costs incurred are as follows:

	May 31, 2004	August 31, 2003
Balance, beginning of year	<u>\$ 11,126,099</u>	<u>\$ 11,103,124</u>
Aircraft charters:		
Fixed wing	-	-
Rotary	-	-
Other	-	-
Anglo American (Canada) Ltd	327,750	172,250
Camp maintenance	18,503	-
Camp support	24,563	37,500
Drilling: Drilling	175,550	-
Consulting	-	-
Equipment rental	34,049	383
Expediting and freight	14,760	-
Fuel	6,422	-
Geological and Geo-chemical	138,915	5,100
Geophysics: Airborne	-	-
Data Processing and interpretation, modelling	27,215	(12,500)
Project preparation and development	-	-
Report writing	8,190	19,885
Telecommunications	-	10,599
Tenure, licences and permits	5,513	400
Travel and accommodation	<u>33,856</u>	<u>-</u>
	233,617	233,617
Less: cost written off		(210,642)
Balance, end of year	\$ 11,941,385	\$ 11,126,099

7. RESOURCE PROPERTIES

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to its mineral properties and to the best of its knowledge, title to its properties is in good standing

Nunavut Tunngavik Incorporated Claims and Federal Claims

Pursuant to an agreement dated March 25, 1998, MuskoX Holdings Ltd. acquired a beneficial interest in certain mineral claims in Nunavut, Canada by issuing 11,590,418 common shares with a value of \$2,318,084, which represented costs incurred on the claims by the vendor. All the claims, the Nunavut Tunngavik Incorporated ("NTI") claims and the Federal claims, are subject to a 2.5% gross overriding royalty. In addition, the NTI claims are also subject to a 12% net profit royalty. If any claims are utilized in a commercial production, they will be subject to annual rental payments of up to \$150,000. MuskoX Holdings Ltd. subsequently granted an option to acquire a 10% interest in the mineral properties to a former related party (Note 5). The option is exercisable upon the optionee paying \$300,000 to the Company at the earlier of the properties being put into commercial production or December 31, 2020. If the option is exercised, the 10% interest will be converted into a 3% net smelter return royalty in favour of the optionee upon the properties being put into commercial production.

During the year ended August 31, 2001, the Company entered into an agreement with Areté Resources Limited Partnership 2000 ("Areté") whereby Areté incurred \$2,650,002 of exploration expenditures on certain mineral claims of the Company and Areté earned a 2.65% interest in these mineral claims. In addition, the Company issued 243,826 flow-through shares at a price of \$3.00 per share to Areté Capital Corp. The Company paid consulting fees of \$195,500 and is required to issue 127,948 warrants as a finder's fee to Areté Capital Corp. (Note 10). Pursuant to an agreement, Areté transferred the 2.65% interest in these mineral claims to 913169 Alberta Ltd. and the Company exercised the right to buy back the interest for a purchase price of \$3,445,002, equal to 130% of the exploration expenditures expended by Areté. As consideration, the Company issued 1,994,790 common shares of the Company at a price of \$1.727 per share for all of the issued and outstanding common shares of 913169 Alberta Ltd.

During the year ended August 31, 2002, the Company granted an option to purchase up to 50% of the Company's interests in certain mineral claims. As consideration, the Company received \$300,000 and paid \$50,000 as a finder's fee. The option to purchase 50% of the Company's interest in certain mineral claims subsequently expired unexercised. Subsequent to August 31, 2002, the NTI claims were abandoned and consequently, costs related to the NTI claims, totalling \$184,532, were written-off during the year ended August 31, 2002.

During the year ended August 31, 2003, the Company entered into an option agreement with Anglo American (Canada) Ltd. ("AAEC") whereby AAEC can acquire an initial 51% interest in certain mineral claims of the Company by incurring exploration expenditures of \$11,500,000 before August 31, 2008. AAEC may earn an additional 19% interest in certain mineral claims of the Company through additional funding of exploration and development work as well as a feasibility study.

Upon completion of the feasibility study, the Company is required to pay 39% of the cost of the feasibility study and may elect to permit AAEC to earn an additional 5% interest in certain mineral claims of the Company.

In addition, the Company issued 2,777,778 units of the Company to AAEC for \$500,000. Each unit consists of one common share and one common share purchase warrant. The share purchase warrant entitles AAEC to purchase one additional common share at an exercise price of \$0.25 per share for a period of year. The proceeds from the private placement are to be advanced back to AAEC and will be applied towards AAEC's first year of exploration expenditures. During the year ended August 31, 2003, the Company abandoned certain mineral claims and consequently, costs related to these claims, totalling \$210,642, were written off to operations

MUSKOX MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
MAY 31, 2004

7. RESOURCE PROPERTIES (cont'd...)

The Company has also obtained the agreement of holders of royalties and other similar interests in certain mineral claims of the Company for the sale of such interest in consideration of a future amount of \$2,000,000.

On May 26th, 2004 the Company reported that the Option/Joint Venture Agreement between Anglo American Exploration Canada ('AAEC') and Muskox has been terminated in its entirety. As per the Agreement, Muskox will retain all rights to the tenure of the Muskox Intrusion Project.

Exploration expenditures by AAEC exceeded \$ 2.5 million. The exploration program conducted over 2 years included integration of existing data sets from previous programs conducted by Muskox, a regional Spectrem airborne survey, soil geochemistry, ground UTEM and PEM surveys over specific targets on the western and eastern margins of the Intrusion.

ATLIN PROPERTY

Under the Option Agreement, Muskox may earn a 100% interest in the Atlin Property by making cash payments totaling \$2,590,000 over the next 7 years, and expending a minimum of \$250,000 in exploration work per year for the first three years, for a total of \$750,000. Muskox has paid the initial \$140,000 upon the signing of the Option Agreement. The next payment of \$100,000 is due on April 1, 2004. Muskox can choose to accelerate the cash payments to exercise the Option early, without penalty. Once the Option is exercised, the Property will be subject to a 1.5% NSR Royalty

8. RELATED PARTY TRANSACTIONS

During the three month period ended May 31, 2004, the Company entered into the following transactions with related parties:

- a) Paid or accrued \$45,000 in management fees to directors.

9. CURRENT PORTION OF LONG-TERM DEBT

Current portion of long term debt has been paid in this quarter. Payment included \$500,000 for the original loan and \$175,884.10 of accrued interest due to a former related party and was repayable on demand after December 31, 2001.

10. FUTURE INCOME TAXES

- a) A reconciliation of income taxes at statutory rates is as follows:

	2003	2002
Loss before income taxes	\$ (1,114,110)	\$ (963,070)
Expected income tax recovery	\$ (396,846)	\$ (381,568)
Reduction in tax rate	(201,181)	(586,341)
Non-deductible expenses	<u>100,301</u>	<u>4,185</u>
Total income tax recovery	<u>\$ (497,726)</u>	<u>\$ (963,724)</u>

MUSKOX MINERALS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited – Prepared by Management)
MAY 31, 2004

FUTURE INCOME TAXES (cont'd...)

The Company has non-capital losses of approximately \$3,800,000, which may be applied to reduce income taxes in future years. If not utilized, these losses expire through to 2010. Subject to certain restrictions, the Company also has resource expenditures of approximately \$5,300,000 available to reduce income taxes in future years. The tax benefit of the non-capital losses and resource expenditures have not been recognized in these consolidated financial statements except to the extent that they can be used to offset future income tax liabilities that existed on August 31, 2003.

b) Significant components of the Company's future income tax assets and liabilities are as follows:

	2003	2002
Future income tax assets		
Capital assets	\$ 1,562	\$ 1,337
Share issue costs and consulting fees	75,789	110,119
Losses available for future periods	<u>1,444,138</u>	<u>1,226,746</u>
Gross future tax assets	1,521,489	1,338,202
Future income tax liabilities		
Resource properties	(1,517,420)	(1,681,866)
Resource property costs due to flow-through shares	<u>(2,799,913)</u>	<u>(2,821,405)</u>
Net future income tax liability	\$ (2,795,844)	\$ (3,165,069)

During the year ended August 31, 2003, the Company issued 2,489,999 units on a flow-through basis for gross proceeds of \$360,750. The flow-through agreement requires the Company to renounce certain deductions for Canadian exploration expenditures incurred on the Company's resource properties. Future income taxes of \$128,503 on the exploration expenditures to be renounced to shareholders were applied against capital stock.

During the year ended August 31, 2002, the Company issued 320,000 common shares on a flow-through basis for gross proceeds of \$80,000. The Company renounced certain deductions for Canadian exploration expenditures incurred on the Company's resource properties. Future income taxes of \$30,096 on the exploration expenditures to be renounced to shareholders were applied against capital stock.

MUSKOX MINERALS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited – Prepared by Management)
MAY 31, 2004

11. CAPITAL STOCK

	Number of Shares	Amount
Authorized		
Unlimited number of voting common shares without par value		
Unlimited number of preferred shares, issuable in series		
Issued		
Balance at August 31, 2001	27,954,584	\$ 14,101,614
Private placements	800,000	200,000
Future income taxes on exploration expenditures renounced to shareholders	-	(30,096)
Balance at August 31, 2002	28,754,584	14,271,518
Private placements	20,711,278	2,616,740
Finders' fee	317,370	35,362
Share issuance costs	-	(87,542)
Future income taxes on exploration expenditures renounced to shareholders	-	(128,503)
Balance at August 31, 2003	49,783,232	\$ 16,707,575
Private Placements	28,196,666	3,224,000
Finder Fee	50,000	(12,000)
Share Issuance Costs		(219,100)
Exercise of Warrants	1,650,000	30,000
Balance at May 31, 2004	79,679,898	\$ 19,730,475

Stock options

The Company follows the policies of the TSX-V under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the policies, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years.

MUSKOX MINERALS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited – Prepared by Management)
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CAPITAL STOCK (cont'd...)

	Number of Shares		Weighted Average Exercise Price
Outstanding and exercisable at August 31, 2001	1,975,000	\$	1.81
Reprised			-1.53
Granted	830,000		0.28
Cancelled	(5,000)		0.28
Outstanding and exercisable at August 31, 2002	2,800,000		0.28
Granted	2,595,000		0.25
Cancelled	(450,000)		0.28
Cancelled			
Outstanding and exercisable at August 31, 2003	4,950,000	\$	0.26
Granted	700,000		0.24
Outstanding and exercisable at May 31, 2004	5,650,000	\$	0.26

As at November 30, 2002, the exercise price of options outstanding is \$0.28 (2001 – range from \$0.60 to \$3.00) and the weighted average remaining contractual life is 3.18 years (2001 – 3.68 years). During the period ended November 30, 2002, the Company amended stock options enabling optionees to acquire 1,970,000 common shares at exercise prices ranging from \$0.20 to \$3.00 per share to an amended price of \$0.28 per share.

On February 26, 2003 the Company re-distributed or issued 650,000 additional options at the price of \$0.28. On July 24, 2003 the Company issued 650,000 options at \$0.28. On August 18th, 2003, the Company issued 1,995,000 additional options at \$0.24. On February 12, 2004, the Company issued 700,000 options at \$0.24.

Warrants

The following warrants to acquire common shares were outstanding at May 31, 2004:

Number of Shares	Exercise Price	Expiry Date
8,948,000	\$ 0.15	July 28, 2004
4,508,230	0.20	August 12, 2004
2,777,778	0.25	August 18, 2004
3,144,999	0.20	August 28, 2004
21,616,667	0.18	December 9, 2005
3,406,667	0.40	March 23, 2006

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(Unaudited – Prepared by Management)
MAY 31, 2004

11. CAPITAL STOCK (cont'd...)

During the 9 month period ended May 31st, 2004, 1,550,000 warrants at \$0.15 was exercised for gross proceeds of \$232,500 and 200,000 warrants at \$0.20 for gross proceeds of \$20,000.

Subsequent to this period, all warrants due to expire in 2004 were extended to expire on August 29, 2005

Shareholders rights plan

During the year ended August 31, 2001, the Company adopted a shareholder rights plan whereby the Board of Directors authorized the issuance of (i) one right in respect to each common share outstanding on February 1, 2001 and (ii) one right in respect to each common share issued after February 1, 2001 and prior to the earlier of the Separation Time and the Expiration Time. The Separation Time is the tenth trading day after the earlier of (i) the first public announcement of beneficial ownership of 20% or more of the outstanding common shares of the Company and (ii) the commencement of a take-over bid. The Expiration Time is the earlier of (i) termination time pursuant to the plan and (ii) the close of the first annual meeting of shareholders of the Company following February 1, 2003 and every second annual meeting thereafter, subject to the renewal of the plan. Each right entitles the holder, after the Separation Time, to purchase a common share of the Company on an exercise price of one half of the market price of the common shares of the Company at the time of exercise. Subject to certain conditions, the rights may be redeemed by the Company at a redemption price of \$0.0001 per right.

12. STOCK-BASED COMPENSATION

The Company has elected to measure compensation costs using the fair value-based method for employee and non-employee stock options. Compensation costs have been determined based on the fair value of the options at the grant date using the Black-Scholes option-pricing model. During the year ended, August 31, 2003, compensation expense of \$349,571 have been recorded as \$194,654 for directors' fees and \$154,917 for consulting fees in the statement of operations for the current year. The weighted average fair value of the stock options granted during the year ended August 31, 2003 was \$0.14 per share. Under the transitional provisions of Section 3870, comparative figures are not required.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the year:

Risk-free interest rate	2.94%
Expected life of options	2.00 years
Annualized volatility	124.19%
Dividend rate	0.00%

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

MUSKOX MINERALS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited – Prepared by Management)
May 31, 2004

13. COMMITMENTS

The Company and ATF American Trade and Finance Corporation (“ATF”) entered into a corporate finance, corporate communications and investor relations services agreement. As consideration, the Company is required to pay \$10,000 per month until April 15, 2004. ATF shall also receive a finance fee equal to 10% of the gross amounts of any and all financings initiated by ATF for the benefit of the Company. The term of the agreement is eighteen months and may be renewed by mutual agreement thereafter. Included in prepaid expenses and deposits as at May 31, 2004 is \$30,000 advanced to ATF.

The Company has entered into an Investor Relations Agreement with Tom Corcoran whereby the Company is required to pay a monthly fee of \$5,500 and 350,000 stock options at a price of \$0.24 issue half upon signing of the Agreement and half after 6 months. The term of the agreement is for 6 months with a 6-month renewal upon the approval of the Company.

14. SEGMENTED INFORMATION

The Company currently conducts substantially all of its operations in Canada in one business segment being the exploration and development of mineral properties

15. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and equivalents, receivables, exploration advances, bank overdraft, accounts payable and accrued liabilities, loans payable and current portion of long-term debt. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values.

16. SUBSEQUENT EVENTS

On July 21, 2004, the Company completed its Annual General Meeting whereby Mr. Anthony Knott resigned from the Board of the Company and Mr. Daniel E. Kenney was nominated to the Board of Directors.

MUSKOX MINERALS CORP.
FORM 51-901F – QUARTERLY AND YEAR END REPORT
MAY 31, 2004

SCHEDULE A: FINANCIAL INFORMATION

See attached consolidated financial statements for the quarter ended May 31, 2004.

SCHEDULE B: SUPPLEMENTARY INFORMATION

1. a) See Note 6 of the attached consolidated financial statements for deferred exploration costs incurred during the quarter ended May 31, 2004.
 - b) During the quarter ended May 31, 2004, the Company incurred administrative expenses totalling \$39,932 This amount was for office and administrative support associated with the directors and management for the Company as well as administrative charges incurred by third party services.
 - c) During the quarter ended May 31, 2004, the Company incurred consulting fees totalling \$19,500 associated with recent financings and initiation of exploration work in Atlin.
 - d) During the quarter ended May 31, 2004, the Company incurred management fees totalling \$45,000. Management fees of \$5,000 per month are paid to the officers of the Company, being the CEI, CFO, and VP Exploration.
 - e) During the quarter ended May 31, 2004, the Company incurred shareholder communication totalling \$88,150 associated with the Investor Relation contracts with ATF and Tom Corcoran (see note 13 of the consolidated financial statements for the quarter ended May 31, 2004) and for the costs of widely disseminated press releases and the maintenance of the web site.
 - f) During the quarter ended May 31, 2004, the Company incurred travel and related cost of \$96,339, associated with the recent financings, and visits to the Atlin property.
 - g) During the quarter ended May 31, 2004, the Company incurred \$15,133 in Transfer Agent and Regulatory Fees. These costs were related to TSX-V and transfer agent fees associated with the recent private placements.
2. See Note 8 to the attached consolidated financial statements for the quarter ended May 31, 2004.
 3. a) Summary of securities issued during the three month period ended May 31, 2004:

Date of Issue	Type of Security	Type of Issue	Number	Price	Total Proceeds	Commissions Paid
March 23, 2004	Units ⁽¹⁾	Private placement	6,783,333	\$ 0.30	\$ 2,035,000	\$ 167,875
March 23, 2004	Warrants ⁽²⁾	Finder's Fee	15,000	0.40	N/A	N/A
March 12, 2004	Common Shares	Exercise of Warrants	150,000	0.15	\$ 22,500	nil
March 19, 2004	Common Shares	Exercise of Warrants	200,000	0.15	\$ 30,000	nil
April 1, 2004	Common Shares	Exercise of Warrants	100,000	0.20	\$ 20,000	nil
April 23, 2004	Common Shares	Exercise of Warrants	1,000,000	0.15	\$ 150,000	nil

⁽¹⁾ Each unit consists of one common share and one half share purchase warrant. Each warrant entitles the holder to purchase an additional common share of the Company at an exercise price of \$0.40 on or before the Eighteenth (18) month anniversary of the closing of the private placement.

MUSKOX MINERALS CORP.
FORM 51-901F – QUARTERLY AND YEAR END REPORT
May 31, 2004

SCHEDULE B: SUPPLEMENTARY INFORMATION (cont'd...)

⁽²⁾ Each warrant entitles the holder to purchase one common share at a price of \$0.40 on or before the Eighteenth (18) month anniversary of the closing of the private placement.

3. b) No stock options were granted during the quarter ended May 31, 2004

4. a) Authorized: Unlimited number of voting common shares without par value
Unlimited number of preferred shares, issuable in series

b) At May 31, 2004, there were 79,679,898 common shares issues and 49,551,982 warrants outstanding. The recorded value of the capital stock at May 31, 2004 was \$21,819,932.

c) Summary of stock options outstanding:

Number of Shares	Exercise Price	Expiry Date
870,000	\$ 0.28	November 19, 2004
875,000	0.28	October 20, 2005
605,000	0.28	January 25, 2007
650,000	0.28	July 23, 2008
1,945,000	0.24	August 17, 2008
700,000	0.24	February 12, 2009

Summary of share purchase warrants outstanding:

Number of Shares	Exercise Price	Expiry Date
8,948,000	\$ 0.15	July 28, 2004
4,508,230	0.20	August 12, 2004
2,777,778	0.25	August 18, 2004
3,144,999	0.20	August 28, 2004
21,616,667	0.18	December 9, 2005
3,406,667	0.40	March 23, 2006

4. d) Number of common shares held in escrow: None

Number of shares subject to pooling agreements: None

5. List of Directors and Officers:

Dr. Roger D. Morton, President and Director
William J. Dynes, Vice President of Exploration and Director
Feisal A. Somji, Chief Financial Officer, Secretary and Director
Andrew J. H. McGucken, Director
Anthony Knott, Director

MUSKOX MINERALS CORP.

FORM 51-901F – QUARTERLY AND YEAR END REPORT

May 31, 2004

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Description of Business

Muskox Minerals Corp. (the “Company”) is a natural resources company involved in the acquisition and exploration of precious-metal mineral properties. The present focus of its operations is gold-silver exploration in the Atlin District of northern British Columbia. The company has the option to acquire 100% of a claims block in the Pine Creek area where bedrock gold-silver deposits occur below gold-rich placer gravels. The option agreement, as described below, allows for the Company to be the operator for the project.

In Nunavut, northern Canada the Company’s wholly-owned subsidiary Muskox Holdings Ltd., holds mineral claims comprising the mineral tenure to the Muskox Intrusion. The Intrusion is a layered mafic/ultramafic igneous complex of similar composition and geological environment to other intrusions which host large nickel + copper + platinum +palladium deposits.

The Company has been actively exploring the property since 1996. Work to date has included extensive geophysical surveys, geological mapping, geochemical sampling, and diamond drilling. Results to date are encouraging and further exploration work is warranted. The Company had joint ventured the property with Anglo American Exploration (Canada) Ltd. (AAEC). AAEC was the operator for the project and incurred all on-going exploration and property maintenance costs as outlined in the option agreement described below. On May 26, 2004 the Company announced the AAEC had terminated the Option Agreement and the Company now retains 100% of the mineral properties in Nunavut.

Exploration Results and Corporate Progress

1) The Atlin Project

Under the Option Agreement dated, Muskox may earn a 100% interest in the Atlin Property by making cash payments totaling \$2,590,000 over the next 7 years, and expending a minimum of \$250,000 in exploration work per year for the first three years, for a total of \$750,000. Muskox has paid the initial \$140,000 upon the signing of the Option Agreement and has made the second property payment of \$100,000. The next payment of \$100,000 is due on October 1, 2004. Muskox can choose to accelerate the cash payments to exercise the Option early, without penalty. Once the Option is exercised, the Property will be subject to a 1.5% NSR Royalty.

The Atlin Project is seeking gold within geologic environments similar to those hosting rich gold deposits such as those in the Motherlode district of California and in the prolific Bralorne Mine area of Southern British Columbia. Gold in these areas is associated with the listwanitic (carbonate-quartz-mariposite) alteration of ultramafic ophiolitic rocks. The association of listwanitic rocks with the placer gold deposits of the Atlin area resulted in exploration of the area from 1987 to 1989 by Homestake Minerals Corporation.

Exploration Progress

In December 2003 a drill was mobilized on site and a 2 hole short program commenced on its property on Pine Creek, Atlin, northern British Columbia prior to the Christmas break. The primary objective of these holes was to check information which was gathered by Homestake Mining during the period 1986-88.

In February 2004, Muskox initiated a 3,000-meter drill program. The program first continued the December drilling designed to check information gathered by Homestake Mining during the period 1986-88. Subsequent new drilling then was based upon Muskox’s initial exploration drill data, combined with pre-existing data which the Company has translated into digital format.

At the end of the second Phase, Muskox has drilled a total of 1059.3 metres in holes YJ-03-01 to YJ-04-12 in 14 holes on the Yellowjacket Property. These holes were drilled using NQ drill rods. Some exceptional grades of gold mineralization were encountered in several drill holes (see following table).

MUSKOX MINERALS CORP.

FORM 51-901F – QUARTERLY AND YEAR END REPORT

May 31, 2004

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS (con't)**1) The Atlin Project (con't)**

HOLE #	LOCATION	FROM (m)	TO (m)	WIDTH (m)	GOLD (g/t)
YJ03-01	West Zone	19.51	13.95	5.56	513.5
		22.87	21.96	0.91	21.06
		26.52	25.00	1.52	40.42
		39.02	35.97	3.05	34.81
		44.21	42.99	1.22	57.88
YJ03-02	Main Zone	50.30	50.91	0.61	16.28
YJ04-01	Main Zone	49.30	50.20	0.90	4.72
And		92.50	93.00	0.50	128.15
YJ04-02	Main Zone	63.10	63.70	0.60	7.08
YJ04-03	Main Zone	36.40	36.90	0.50	4.22
And		44.15	44.35	0.20	14.79
And		45.02	45.70	0.68	11.66
YJ04-07	West Zone	24.47	24.97	0.50	6.75
And		38.66	39.16	0.50	24.61
And		48.85	54.45	6.10	40.10
Including		48.35	49.35	1.00	6.96
And		50.35	50.90	0.55	5.38
And		53.40	53.71	0.31	588.87
And		53.95	54.45	0.50	98.85

Extremely high grade gold values were intersected in holes YJ03-01, YJ04-01 and YJ04-07, whereas some of the adjacent drill holes returned lesser gold values. This is not surprising as this situation is quite common in “motherlode-type” gold systems where gold grains are very coarse, nuggety and difficult to intersect by diamond drilling.

On-Going Exploration

The current Phase III diamond drill program on the Yellowjacket Property has been designed to test along-strike and down-dip continuity of the mineralized structures. Data from the old Homestake drill holes have now been combined with the initial MuskoX drill results and the mineralized zones have been re-modeled with this new information.

The main drill target remains the steeply dipping fault zone trending along the Pine Creek valley, thought to be the source of the very rich placer gold channel. The fault structure, with its associated listwanite alteration and quartz veining, returned very high gold values in previous drilling. The new computer modeling has now revealed 3 sub-parallel mineralized bands located within the fault zone and new diamond-drill holes have now been planned to test these features.

A larger diamond drill is now on site, allowing for larger diameter core to be drilled, thus greatly increasing the core recoveries. Drilling to date using this larger drill has shown excellent core recoveries.

Hole layout consists of fences of drill holes along the length of the main zone, these being set up at average 30 metre spacings. These holes will be angled in a northerly direction in order to best cut the main southerly dipping fault zone. Additional holes will be drilled along the strike of the fault zone in areas where cross structures are believed to be located and have potentials for the concentration of gold mineralization.

MUSKOX MINERALS CORP.

FORM 51-901F – QUARTERLY AND YEAR END REPORT

May 31, 2004

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS (con't)

1) The Atlin Project (con't)

The current drill program will consist of 9 holes. The first 6 drill holes have now been completed. Core logging and sampling is ongoing and samples have started to be submitted for chemical analysis.

The objective of the current diamond drill program is to better understand the orientation and continuity of the structures hosting the alteration, quartz veining and high-grade gold mineralization on the Yellowjacket Property. Due to the nature of the coarse gold seen in drill core, the nugget effect of the mineralization cannot be overemphasized. Gold values will be statistically compared to analyses of associated gold indicator minerals, in order to determine the continuity of the gold mineralizing features, even in areas where coarsely disseminated gold grains are not recovered in the drill core.

Once the current drill program is completed, the size and orientation of the mineralized zone(s) will be better determined.

2) The Muskox Intrusion

Exploration Progress

A 1987 line-kilometer Spectrem airborne survey was completed by AAEC over the main outcropping body of the Intrusion. Spectrem is a high-powered electromagnetic (EM) geophysical system proprietary to AAEC which is employed to detect electrically conductive sulphide bodies. Spectrem's lower frequency and higher signal strength, compared to conventional EM systems, give it the capability of probing deeper into the Intrusion to depths greater than 300m and with a high degree of precision than the previously utilized ground geophysical methods.

On-site geological and geophysical surveys were performed by the AAEC crews and interpretation of data from the Spectrem airborne geophysical survey was completed.

Results of the initial phase of Spectrem geophysical data interpretation resulted in the rapid identification of 21 conductive targets of interest. On the basis of this success AAEC contracted 1500m of diamond-drilling to investigate some of these conductors.

AAEC completed their field program which included the Spectrum airborne geophysical survey, geological, ground geophysical surveys, geochemical soil sampling and drilling programs. The focus of the latter programs was on areas of interest defined by positive data acquired during the Spectrem airborne geophysical survey. The geochemical soil survey collected 965 samples for analysis with a view to better target definition.

Following the completion of their airborne Spectrem geophysical survey a total of 1,501.14 m of NQ core were drilled in 6 diamond drill holes.

In November, 2003, AAEC released preliminary results and final assays on their Muskox Intrusion field exploration program conducted during August and September, 2003.

During the last week of March 2004, AAEC mobilized field personnel to its camp on the Muskox Layered Intrusion to complete a pulse EM (electromagnetic) ground geophysical survey over a target which has been identified in the area of the Canoe Lake Fault in the northwestern part of Muskox property.

During the first week of April a drill crew was mobilized to the intrusion. AAEC planed to drill 2 diamond-drill holes in order to immediately test the aforementioned Canoe Lake target.

MUSKOX MINERALS CORP.

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May 31, 2004

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS (con't)

2) The Muskox Intrusion (con't)

The short drill program consisting of testing two specific targets (approximately 600m of drilling) in the Canoe Lake Fault Block area on the western side of the Muskox Intrusion. The first drill target tested a geophysical anomaly located approximately 400 metres north of the MX03-001 drill hole completed last year, where assay results were returned from sulphidic veins within footwall paragneisses (1.22% Ni, 0.76% Cu, 1,782.9 ppb Pt+Pd+Au in an intersect of 0.61m containing approximately 6% S).

The conductive anomaly, which is interpreted to occur within a magnetically modeled/defined trough-like structure at the base of this part of the intrusion, has been well delineated at surface by a recently completed pulse EM geophysical survey.

The second drill target is located approximately 600m north of MX04-001 along the same geophysical conductive trend. As with the first target, this geophysical anomaly is interpreted to occur at the base of this portion of the Muskox Intrusion and was detected by the 2003 Spectrem survey and by a surface geophysical survey. This target is also overlain by a Ni, Cu, Co, PGE soil geochemical anomaly.

On May 26, 2004 the Company announced that the Option/Joint Venture Agreement between Anglo American Exploration Canada ('AAEC') and Muskox has been terminated in its entirety. As per the Agreement, Muskox will retain all rights to the tenure of the Muskox Intrusion Project.

Exploration expenditures by AAEC exceeded \$ 2.5 million. The exploration program conducted over 2 years included integration of existing data sets from previous programs conducted by Muskox, a regional Spectrem airborne survey, soil geochemistry, ground UTEM and PEM surveys over specific targets on the western and eastern margins of the Intrusion.

The collection and compilation of data resulted in the identification of numerous drill targets throughout the Intrusion, of these targets, AAEC tested eight, with priority given to those strongly associated with high nickel values in soils and/or conductors from the Spectrem survey. Three of the eight holes drilled were located in the Canoe Lake fault region on the western margin.

The drilling of the 6 holes in 2003 and 2 in April/May 2004 totaled 2,030.58 meters. Downhole geophysics was conducted on all drill holes. A final report detailing the program will be prepared by AAEC and circulated in the near future.

Muskox Intrusion: Gravity Survey Planned by Muskox Minerals Corp.

Preliminary data from the 2003-2004 programs compiled with the Muskox Minerals dataset suggests that a large portion of the Muskox Intrusion requires further exploration. Magnetic and EM modeling indicates that the MacGregor Lake Area is the most prospective for a Norilsk type PGE-Ni-Cu magmatic sulphide deposit. As a result of this rigorous review of the data, Muskox will commence a large-scale gravity survey. The gravity survey will test the Keel region of the Intrusion from Valley Lake to MacGregor Lake and will also test an area between MacGregor Lake and Speers Lake. The targets delineated will then be drill tested. The survey will be conducted in a part of the Intrusion where Muskox Minerals has received values as high as 74.6 gm/T Pd, 7.4 g/T Pt, 5.3 g/T Au, 7.7 % Cu, and 0.3 % Cu from the corresponding margins of the Intrusion. A map outlining the Muskox Intrusion and the intended gravity survey can be found on Muskox's web site at www.muskoxminerals.com

Financings

During the quarter ended May 31, 2004 the Company completed private placements as described in Schedule B above. The total proceeds from this private placement were \$2,035,000, in addition to seeing some warrants being exercised. The funds will be used for exploration on the Company's newly acquired gold property in Atlin, British Columbia as well as to complete the gravity survey on the Muskox Intrusion.

MUSKOX MINERALS CORP.

FORM 51-901F – QUARTERLY AND YEAR END REPORT

May 31, 2004

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS (cont'd...)

Financings (cont'd...)

During this period there was no acquisition or abandonment of resource properties material to the Company and no acquisition or disposition of other material capital assets took place during the period, other than reported herein.

There were no material variances between the Company's financial results and the information previously disclosed by the Company, during the period. There were no material terms of any existing third party investor relation's arrangements or contracts made during the period other than disclosed above. During such period there were also no legal proceedings; no contingent liabilities made, no defaults under debt or other contractual obligations; no breaches of corporate securities or other laws, or of the Company's listing agreement with the TSX Venture Exchange, no regulatory approval requirements for a significant transaction, no management changes (other than disclosed above), and no special resolutions passed by the shareholders.

Milestones

The goals of MuskoX Minerals Corp. are to:

- (i) discover and develop precious metal deposits, particularly deposits of gold, silver, platinum and palladium.
- (ii) investigate and subsequently develop bedrock-hosted gold-silver deposits in the Pine Creek sector of the Atlin Mining district in northern British Columbia. The environment of mineralization is similar to that seen in the Motherlode District of California, U.S.A. The area was explored in a cursory manner during the mid- to late-1980's. At that time Homestake Mining discovered a number of gold occurrences within a sequence of serpentinites and intermediate volcanic rocks where they had been altered to typical listwanitic assemblages. Despite a number of drill holes being completed, Homestake did not clearly ascertain the controls of the mineralization that might lead to a better exploration/development model. MuskoX Minerals is drilling and exploring the bedrock metalliferous deposits in a systematic manner to ascertain the economic viability of the gold-silver deposits. The task of exploring in this area necessitates the drilling of a systematic sequence of drill holes based upon the interpretation of a plethora of previous drilling, combined with new geophysical data from the area.

MuskoX Minerals began a new study of the original data sets in January of 2004. This is being done with the intent of developing a 3-D model, which would help in the planning of the new drill program. MuskoX Minerals is now drilling a sequence of diamond drill holes in the same area as the original Homestake drilling in order to check on the validity of the original lithological interpretations and on the efficiency of the original sampling/assay protocols. One the results of this whole exercise are available and an interpretation has been made, MuskoX Minerals plans to continue drilling to delineate a reserve of gold and silver.
- (iii) discover and develop large Ni-Cu--PGE orebodies within the environment of the MuskoX Intrusion. The igneous environment is similar to those hosting clusters of such deposits such as at Noril'sk in Siberia, with individual deposits having net values on the scale of hundreds of billions of dollars. The Company will complete the proposed gravity survey and will then have the option to seek another joint venture partner that has the ability both corporately and financially to further develop the property, or decide the continue to operate on the property on its own.

MUSKOX MINERALS CORP.

FORM 51-901F – QUARTERLY AND YEAR END REPORT

May 31, 2004

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS (cont'd...)**Milestones (cont'd...)**

The enormous size of the Muskox Project warrants a systematic and methodical approach. Building on an extensive 3D digital database, fluid dynamic modeling has identified the Keel of the Muskox Intrusion as an area conducive to the accumulation of large volumes of sulphide mineralization. This model has been confirmed in drilling, as for example in the Keel 1 West area where extensive magmatic sulphide accumulation was delineated within the region of the Keel at its projection to surface in the southern quadrant of the Intrusion. This Keel environment projects north beneath the Intrusion for more than 30km and is virtually unexplored.

With the Keel environment of the Intrusion as a logical locus of sulphide accumulation, the challenge lies in identifying mineralization within this environment at depth. Because of its innately elevated magnetism and electrical conductivity, the Muskox Intrusion has been notoriously “opaque” and defiant of classic geophysical methods. In response to this challenge, a relatively new and powerful geophysical technique, magnetotellurics, was tested. Initial testing of a Controlled Source Audio Magnetotelluric (CSAMT) survey was successful in identified shallow mineralization (Keel 1 West) within the Keel environment. Later testing at depth revealed limitations with this specific variation of the technique (Keel 2 target). The calibration of an innovative new procedure, Audio Magnetotellurics (AMT) proved effective at identifying magmatic massive sulphide mineralization at depths of at least to 350m (drill holes MU 35 and 36). Building on this success an AMT survey designed to acquire more complete exploration coverage of the Keel and Basal Margin regions of the Intrusion has also been completed. In particular the region north of the Sinister Fault has been identified through geochemical and isotopic correlations as being conducive to high-grade Cu-Ni-PGE mineralization. The results from this survey are encouraging and several targets have been identified in spatial association with high grade Cu-Ni-PGE sulphide occurrences at Pyrrhotite Lake and SE McGregor Lake.

It is clear that the model predicting the localized deposition of large-scale magmatic sulphide mineralization within the Keel environment of the Muskox Intrusion has been confirmed in drill testing. The Company will leverage this information, results to date, and results from the gravity survey in order to attract a major joint venture partner who would have the exploration skills and resources to carry the Muskox project to the next level.

Liquidity and Solvency

The Company currently is in a strong financial position and is able to meet all of its anticipated corporate and exploration commitments for fiscal 2004. The Company has outstanding warrants that if exercised, would result in an even stronger financial position.