Champion Minerals Inc.
(an exploration stage company)

Financial Statements
September 30, 2009
(unaudited)

Management's Comments on Unaudited Interim Consolidated Financial Statements

These unaudited interim financial statements of Champion Minerals Inc. (the "Company") have been prepared by management and approved by the Board of Directors of the Company.

These unaudited interim financial statements have not been reviewed by the Company's external auditors.

Champion Minerals Inc.
(an exploration stage company)
Balance Sheets

	As at September 30, 2009 $ (unaudited)	As at March 31, 2009 $
Assets		
Current		
Cash	247,056	1,030,760
Receivable	130,161	135,714
Prepaid expenses and deposit	54,719	32,263
	431,935	1,198,737
Mineral resource properties (note 3)	4,824,846	3,895,811
	5,256,781	5,094,548
Liabilities		
Current		
Accounts payable and accrued liabilities	355,023	641,510
Future income taxes	405,000	405,000
	760,023	1,046,510
Shareholders' equity		
Capital stock (note 4)	8,533,853	7,809,287
Warrants (note 4)	830,091	653,445
Contributed surplus (note 4)	1,094,592	707,403
Deficit	(5,961,777)	(5,122,096)
	4,496,758	4,048,038
	5,256,781	5,094,548

See accompanying notes to financial statements

On behalf of the Board:

Thomas Larsen
Director

Paul Ankcorn
Director

Champion Minerals Inc.
(an exploration stage company)
Statements of Loss, Comprehensive Loss and Deficit

	3 months ended September 30, 2009 $ (unaudited)	3 months ended September 30, 2008 $ (unaudited)	6 months ended September 30, 2009 $ (unaudited)	6 months ended September 30, 2008 $ (unaudited)	Cumulative since March 14, 2006 $ (unaudited)
Expenses					
Professional fees	24,892	8,044	37,498	90,291	394,132
Consulting fees	51,500	47,214	86,500	97,714	510,500
Stock-based compensation	387,189	-	387,189	172,000	969,534
General and administrative	84,697	44,894	129,158	54,961	642,394
Investor relations	35,436	6,460	126,935	29,177	126,935
Travel	72,467	3,501	114,401	3,501	114,401
Part XII.6 tax	-	-	-	-	56,877
	656,182	110,114	881,681	447,644	2,814,773
Loss before the following item	(656,182)	(110,114)	(881,681)	(447,644)	(2,814,773)
Management fees	-	-	42,000	-	42,000
Loss before income taxes	(656,182)	(110,114)	(839,681)	(447,644)	(2,772,773)
Future income tax recovery	-	-	-	-	498,500
Loss and comprehensive loss for the period	(656,182)	(110,114)	(839,681)	(447,644)	(2,274,273)
Deficit, beginning of period	(5,305,596)	(4,669,427)	(5,122,096)	(4,331,897)	(3,687,504)
Deficit, end of period	(5,961,777)	(4,779,541)	(5,961,777)	(4,779,541)	(5,961,777)
Loss per share-basic and diluted	(0.032)	(0.007)	(0.041)	(0.030)	
Weighted average number of shares outstanding - basic and diluted	20,580,057	15,900,485	20,303,316	14,931,896	

See accompanying notes to financial statements

Champion Minerals Inc.
(an exploration stage company)
Statements of Cash Flows

	3 months ended September 30, 2009 $ (unaudited)	3 months ended September 30, 2008 $ (unaudited)	6 months ended September 30, 2009 $ (unaudited)	6 months ended September 30, 2008 $ (unaudited)	Cumulative since March 14, 2006 $ (unaudited)
Cash provided by (used in)					
Operating activities					
Loss for the period	(656,182)	(110,114)	(839,681)	(447,644)	(2,274,273)
Items not affecting cash					
Stock-based compensation	387,189	-	387,189	172,000	969,534
Future income tax recovery	-	-	-	-	(498,500)
Changes in non-cash operating working capital					
Receivable	(19,039)	(9,346)	5,554	4,796	(130,160)
Prepaid expenses and deposit	28,739	(22,079)	(22,455)	(22,079)	(54,718)
Accounts payable and accrued liabilities	(401,728)	(11,568)	(286,487)	(53,385)	339,426
	(661,021)	(153,107)	(755,880)	(346,312)	(1,648,691)
Financing activities					
Issue of common shares	800,000	-	800,000	1,500,000	6,002,749
Common shares to be issued	(86,750)	-	-	-	-
Exercise of stock options	-	16,875	-	21,375	21,375
Exercise of warrants	-	-	-	900	900
Loan payable	-	-	-	-	122,880
Share issue costs	(46,788)	-	(46,788)	(123,500)	(410,609)
	666,462	16,875	753,212	1,398,775	5,737,295
Investing activities					
Repayment of advance to Bear Lake Gold Ltd.	-	-	-	55,000	-
Mineral resource properties	(106,631)	(566,800)	(781,035)	(755,345)	(3,841,547)
	(106,631)	(566,800)	(781,035)	(700,345)	(3,841,547)
Net increase in cash	(101,190)	(703,033)	(783,703)	352,118	247,057
Cash, beginning of period	348,247	2,006,588	1,030,760	951,437	-
Cash, end of period	247,057	1,303,555	247,057	1,303,555	247,057
Non-cash transactions					
Issue of common shares for mineral resource properties			148,000	645,300	
Issue of common shares for finders fee			-	50,000	
Issue of warrants for share issue expenses			-	39,214	
Supplementary information					
Interest paid			-	-	
Income taxes paid			-	-	

See accompanying notes to financial statements

1. Nature of operations

Champion Minerals Inc. (the "Company") was incorporated under the laws of Ontario. The Company operates solely in the exploration and development of mineral properties and extraction of base metals in Canada. The Company considers that it entered the exploration stage on March 14, 2006 upon acquiring an option to acquire an interest in a mineral resource property.

The Company is in the exploration stage and has not yet determined whether its mineral resource properties contain reserves that are economically recoverable. The continued operations of the Company and the recoverability of amounts shown for mineral resource properties is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its mineral resource properties. The amounts shown for mineral resource properties do not necessarily represent present or future value. Changes in future conditions could require a material change in the amount recorded for mineral resource properties.

The Company is exposed to commodity price risk with respect to iron ore prices. A significant decline in metal commodity prices may affect the Company's ability to obtain capital for the exploration and development of its mineral resource properties.

As at September 30, 2009, the Company had a working capital of $76,912, which included cash of $247,056, which is not sufficient to enable the Company to fund its operations and the acquisition and exploration of mineral resource properties. Without additional funding to meet existing obligations and to finance its operations and the acquisition and exploration of mineral resource properties, there is substantial doubt as to the Company's ability to continue as a going concern. The Company is actively seeking to raise the necessary capital to meet its funding requirements. Although the Company has been successful in raising funds to date, there can be no assurance that additional funding will be available in the future, particularly in light of the current financial equity market conditions.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. Accounting presentation and disclosures

These financial statements of the Company have been prepared using accounting policies that are consistent with the policies used in preparing the Company's annual financial statements except as outlined below under "Accounting changes". Generally accepted accounting principles for interim financial statements do not conform in all respects to the disclosures required for annual financial statements, and accordingly, these financial statements should be read in conjunction with the annual financial statements.

Accounting changes

On April 1, 2009, the Company adopted CICA Handbook Section 3031, "Inventories", which replaced Section 3030. The new standard requires that inventories be measured at the lower of cost and the net realizable value, provides guidelines on determining cost, prohibits the use of the last-in, first-out method (LIFO) and requires the reversal of a previous write-down when the value of inventories increases.

On April 1, 2009, the Company adopted CICA Handbook Section 3064, "Goodwill and Intangible Assets" which replaced Section 3062. Concurrent with the introduction of this standard, the CICA withdrew EIC27, Revenues and Expenses during the pre-operating period. The new standard establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred.

The adoption of these new standards did not have an effect on the Company's financial statements.

Future accounting changes
On January 1, 2011, the Company will adopt CICA Handbook Section 1582, "Business Combinations", which will replace Section 1581, "Business Combinations". The new standard establishes standards for the recognition and measurement of identifiable assets acquired, liabilities assumed, non-controlling interest in the acquiree and goodwill acquired in a business combination.

On January 1, 2011, the Company will adopt CICA Handbook Sections 1601, "Consolidated Financial Statements" and Section 1602, "Non-controlling Interests", which together, will replace section 1600, "Consolidated Financial Statements". Section 1601establishes standards for the preparation of consolidated financial statements and Section 1602, establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination.

The Company does not expect the adoption of these new standards to have an effect on the Company's financial statements.

International Financial Reporting Standards ("IFRS"):
In February 2008, the CICA Accounting Standards Board confirmed that the changeover to IFRS from Canadian generally accepted accounting principles will be required for publicly accountable enterprises, effective for the interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Accordingly, the Company will report interim and annual financial statements in accordance with IFRS commencing with the interim financial statements for the 3 months ended June 30, 2012. The transition date of January 1, 2011, will require the restatement for comparative purposes of amounts reported by the Company for the year ended March 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. Mineral resource properties

	Powderhorn $	Attikamagen $	Gullbridge $	Pterodactyl $	Fermont $	Total $
Balance, March 31, 2008	737,001	319,263	–	–	–	1,056,264
Acquisition costs	255,000	–	38,500	63,800	527,280	884,580
Exploration	265,443	123,508	321,046	–	1,244,970	1,954,967
Balance, March 31, 2009	1,257,444	442,771	359,546	63,800	1,772,250	3,895,811
Acquisition costs	38,000	–	33,000	–	287,000	358,000
Exploration	(29,931)	(3,373)	(84,401)	–	688,740	571,035
Balance, September 30, 2009	1,265,514	439,398	308,146	63,800	2,747,989	4,824,846

Powderhorn
The Company has the option to acquire a 70% interest in the Powderhorn Lake Project ("Powderhorn Property"), which consists of 115 claims covering an area of 29 square kilometres situated in the Buchans-Robert's Arm Belt in Central Newfoundland. In order to earn its interest, the Company must make option payments, issue common shares and incur exploration expenditures as follows:

To earn 70% interest	**Option payments $**	**Common shares**	**Exploration expenditures $**
Paid prior to March 31, 2008	40,000	250,000	200,000
June 11, 2008 (paid)	10,000	250,000	300,000
At the earliest date the Company completes the exploration expenditure requirements, makes an economic discovery as evidenced by a pre-feasibility study or June 11, 2009 (paid)	–	100,000 (valued at $38,000)	–
June 11, 2010	–	–	500,000
	50,000	600,000	1,000,000

The Powderhorn Property is encumbered with a 2.85% net smelter royalty ("NSR"), of which, 1.85% can be purchased by the joint venture participants for $2,300,000 to reduce the NSR to 1.0%.

Option for the Gullbridge Property
The Company has an option to earn an 85% interest in the Gullbridge Property in the Buchans Mining Camp, Newfoundland. In order to earn its interest, the Company must make the option payment, issue common shares and incur exploration expenditures as follows:

	Option payments $	Common shares	Exploration expenditures $
To earn 51% interest			
On closing (paid)	10,000	50,000	–
May 5, 2009 (paid)	10,000	100,000 (valued at $33,000)	200,000
May 5, 2010	10,000	150,000	200,000
May 5, 2011	–	–	400,000
	30,000	300,000	800,000
To increase to 75% interest			
2 years after earning 51% interest	–	150,000	700,000
To increase to 85% interest	–	–	All necessary expenditures up to the completion of a positive bankable feasibility study

Option for the Fermont Property
The Company has an option to earn a 70% interest in the Fermont Property. In order to earn its interest, the Company must make the option payments, issue common shares and incur exploration expenditures as follows:

	Option payments $	Common shares	Exploration expenditures $
To earn a 65% interest			
Paid	100,000	300,000	–
November 27, 2008	100,000	–	–
May 27, 2009 (paid)	200,000	300,000 (valued at $87,000)	750,000
May 27, 2010	200,000	400,000	–
May 27, 2011	200,000	600,000	–
May 27, 2012	200,000	900,000	5,250,000
	1,000,000	2,500,000	6,000,000
To increase to a 70% interest	–	500,000	All necessary expenditures to completion of a positive bankable feasibility study

The vendors retained a 3% net smelter return royalty ("NSR"), of which, the Company will have the option to purchase 1% for $3,000,000. The Company will have the right of first refusal on the NSR and the vendors' interest in the Fermont Property. After the Company earns its interest, a joint venture will be formed to incur additional exploration expenditures. If the vendors do not choose to fund their proportionate interest in the joint venture, their interest will be diluted and, when the vendors' interest is reduced below 10%, the vendors' interest would be reduced solely to the NSR. In the event that the Company or the vendors propose to acquire any property within 10 kilometres of the Fermont Property, the purchaser must offer the property proposed to be acquired to the other party at cost.

On August 31, 2009, the Company amended the option to also include (a) an option to acquire up to a 70% interest in the Penguin Lake iron ore property, which consists of 58 claims covering 36.04 square kilometres in northeastern Quebec and (b) a right of first refusal on the sale or transfer of the Lamellee Lake iron ore property in northeastern Quebec. There were no other changes to any of terms or conditions of the Fermont Option Agreement. In consideration of the amendment, the Company issued 400,000 common shares of the Company to the optionor on October 2, 2009.

4. Capital stock

Share capital consists of the following issued and outstanding common shares:

	Number of shares	$
Balance as at March 31, 2008	12,003,035	5,303,139
Issued for cash-units	3,000,000	1,500,000
Issued for finders fee	100,000	50,000
Issued for cash-flow-through units	3,625,000	1,450,000
Issued for cash	286,000	100,100
Fair value of warrants issued	—	(630,301)
Exercise of stock options	47,500	21,375
Fair value of stock options exercised	—	12,741
Exercise of warrants	2,000	900
Fair value of warrants exercised	—	497
Issued for mineral resource properties	810,000	645,300
Issued for shares to be issued at March 31, 2008	150,000	45,000
Renunciation of flow-through expenditures	—	(420,500)
Share issue costs	—	(268,964)
Balance as at March 31, 2009	20,023,535	7,809,287
Private placement of units	3,200,000	800,000
Fair value of warrants issued	—	(437,789)
Fair value of warrants expired	—	261,143
Issued for mineral resource properties	500,000	148,000
Share issue costs	—	(46,788)
Balance as at September 30, 2009	23,723,535	8,533,853

Private placement

On September 14, 2009, the Company completed a private placement of 3,200,000 units at a price of $0.25 per unit for gross proceeds of $800,000. Each unit consists of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of $0.50 per share until March 14, 2011. Four months after the closing of private placement, if the average closing price of the common shares is over $0.75 for a period of 20 consecutive business days, the common share purchase warrants must be exercised within ten business days of receiving written notice from the Company or they will expire.

Stock options

A summary of the Company's stock option plan is presented below:

	Number of options	Weighted-average exercise price
Balance, March 31,2008	1,200,000	0.45
Granted	325,000	0.70
Exercised	(47,500)	0.45
Balance, March 31, 2009	1,477,500	0.50
Granted	1,847,500	0.30
Cancelled	(152,500)	0.45
Balance, September 31, 2009	3,172,000	0.39
Options exercisable	3,172,000	0.39

A summary of the stock options granted and the assumptions for the calculation of the fair value of those stock options using the Black Scholes option pricing model is presented below:

Date of grant	**September 16, 2009**	**September 24, 2014**
Options granted	1,695,000	152,500
Exercise price	$0.30	$0.33
Expiry date	September 16, 2014	September 24, 2014
Fair value	$353,279	$33,910
Expected volatility	100%	100%
Expected life of options	5 years	5 years
Expected dividend yield	0%	0%

A summary of the Company’s outstanding stock options as at September 30, 2009 is presented below:

Exercise price	**Expiry date**	**Options outstanding**	**Options exercisable**
$0.45	January 10, 2013	1,000,000	1,000,000
$0.70	May 16, 2013	325,000	325,000
$0.30	September 16, 2014	1,695,000	1,695,000
$0.33	September 24, 2014	152,500	152,500
		3,172,500	3,172,500

Warrants

A summary of the Company's warrants is presented below:

	Number of warrants	**Weighted-average exercise price $**
Balance, March 31, 2008	95,100	0.45
Issued	3,855,000	0.68
Exercised	(2,000)	0.45
Balance, March 31, 2009	3,948,100	0.68
Issued	3,200,000	0.50
Expired	(1,773,100)	0.71
Balance, September 30, 2009	5,375,000	0.56

A summary of the Company’s warrants outstanding at September 30, 2009 is presented below:

	Warrants outstanding	**Expiry date**
$0.70	1,812,500	June 5, 2010
$0.40	362,500	June 5, 2010
$0.50	3,200,000	March 14, 2011
	5,375,000	

A summary of the Company's warrant balance is presented below:

	Amount $
Balance, March 31, 2008	23,640
Issued	630,301
Exercised	(496)
Balance, March 31, 2009	653,445
Issued	437,789
Expired	(261,143)
Balance, September 30, 2009	830,090

Contributed surplus

	$
Balance, March 31, 2008	548,145
Fair value of stock options exercised	(12,742)
Stock-based compensation	172,000
Balance, March 31, 2009	707,403
Stock-based compensation	387,189
Balance, September 30, 2009	1,094,593

5. Related party transactions

For the 6 months ended September 30, 2009, consulting fees included $46,500 (2008 - $48,020) paid to companies controlled by a director and two officers of the Company; mineral resource properties included $274,862 (2008 - $154,546) paid to companies controlled by two directors and two officers of the Company; and legal fees included $22,246 (2008 - $nil) paid to a law firm controlled by a director. Accounts payable and accrued liabilities includes $80,356 (March 31, 2009 - $282,190) payable to a companies controlled by three directors and two officers of the Company. These transactions were in the normal course of business and are recorded at an exchange value established and agreed upon by the related parties.

6. Capital disclosures

Capital of the Company consists of the components of shareholders' equity. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to explore and develop its mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As the Company is an exploration stage company, it has no revenues and its principal source of capital is from the issue of common shares. In order to achieve its objectives, the Company will spend its existing working capital and raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

7. Financial instruments and risk management

Fair value

The carrying value of cash, accounts payable and accrued liabilities approximates fair value due to the short-term nature of these financial instruments.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk interest rate risk and commodity price risk.

Currency risk

As the majority of the Company's expenditures are in Canadian dollars, the Company limits it exposure to currency risk by maintaining its cash and cash equivalents in Canadian dollars.

Credit risk

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's limits its exposure to credit risk by holding its cash in deposits with high credit quality Canadian financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet is financial obligations as they come due. The Company manages its liquidity risk through the management of its capital structure as outlined in note 5. All of the Company's accounts payable and accrued liabilities are due within 30 days.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk due to the short-term nature of its financial instruments.

8. Subsequent event

Grant of stock options

On November 9, 2009, the Company granted 380,000 stock options to a director and consultants, entitling the holder to purchase one common share at a price od $0.405 per common share until November 9, 2014.

Proposed private placement

On November 26, 2009 the Company announced its intention to complete a private placement for gross proceeds of up to $3,000,000 consisting of:

a) Up to 2,727,272 flow-through units (“FT Unit”) at a price of $0.55 per FT Unit for gross proceeds of up to $1,500,000. Each FT Unit will consist of one common share to be issued on a “flow-through” basis under the Income Tax Act (Canada) and one-half of one common share purchase warrant, with each whole common share purchase warrant entitling the holder to purchase one common share at a price of $0.85 for 18 months from the closing date of the private placement.
b) Up to 3,000,000 units (“Unit”) at a price of $0.50 per Unit for gross proceeds of up to $1,500,000. Each Unit will consist of one common share and one-half of one common share purchase warrant, with each whole common share purchase warrant entitling the holder to purchase one common share at a price of $0.75 for 18 months from the closing date of the private placement.

The private placement is subject to TSX Venture Exchange and regulatory approval.