Champion Minerals Inc.
(an exploration stage company)

Financial Statements
September 30, 2010
(unaudited)

Management's Comments on Unaudited Interim 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, 2010 $ (unaudited)	As at March 31, 2010 $
Assets		
Current		
Cash	9,590,513	6,225,219
Receivable	744,236	401,766
Due from Northfield Metals Inc.(note 3)	7,500	-
Prepaid expenses and deposit	605,537	178,772
	10,947,785	6,805,757
Mineral resource properties (note 4)	20,007,524	7,621,010
	30,955,309	14,426,767
Liabilities		
Current		
Accounts payable and accrued liabilities	878,685	2,070,525
Current portion of notes payable (note 4)	500,000	-
	1,378,685	2,070,525
Notes payable (note 4)	500,000	-
Future income taxes	94,000	326,000
	1,972,685	2,396,525
Shareholders' equity		
Capital stock (note 5)	30,426,794	15,584,671
Warrants (note 5)	5,458,415	2,035,794
Contributed surplus (note 5)	2,792,429	1,093,238
Deficit	(9,695,015)	(6,683,461)
	28,982,624	12,030,241
	30,955,309	14,426,767

See accompanying notes to financial statements

Subsequent events (note 9)

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, 2010 $ (unaudited)	3 months ended September 30, 2009 $ (unaudited)	6 months ended September 30, 2010 $ (unaudited)	6 months ended September 30, 2009 $ (unaudited)	Cumulative since March 14, 2006 $ (unaudited)
Expenses					
Professional fees	36,023	24,892	106,101	37,498	543,480
Consulting fees	185,500	51,500	273,000	86,500	1,338,493
Stock-based compensation	1,745,000	387,189	1,745,000	387,189	2,830,581
General and administrative	128,613	84,697	204,607	129,158	867,836
Investor relations	323,352	35,436	516,129	126,935	951,548
Travel	69,085	72,467	172,567	114,401	515,247
Part XII.6 tax	-	-	-	-	74,069
	2,487,572	656,182	3,017,403	881,681	7,121,254
Loss before the following item	(2,487,572)	(656,182)	(3,017,403)	(881,681)	(7,121,254)
Management fees	-	-	-	42,000	60,794
Interest	-	-	5,849	-	5,849
Loss before income taxes	(2,487,572)	(656,182)	(3,011,554)	(839,681)	(7,054,610)
Future income tax recovery	-		-	-	1,047,100
Loss and comprehensive loss for the period	(2,487,572)	(656,182)	(3,011,554)	(839,681)	(6,007,510)
Deficit, beginning of period	(7,207,442)	(5,305,595)	(6,683,461)	(5,122,096)	(3,687,504)
Deficit, end of period	(9,695,015)	(5,961,777)	(9,695,015)	(5,961,777)	(9,695,014)
Loss per share-basic and diluted	(0.042)	(0.032)	(0.05)	(0.04)	
Weighted average number of shares outstanding - basic and diluted	59,833,176	20,580,057	54,804,217	20,023,535	

See accompanying notes to financial statements

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

	3 months ended September 30, 2010 $ (unaudited)	3 months ended September 30, 2009 $ (unaudited)	6 months ended September 30, 2010 $ (unaudited)	6 months ended September 30, 2009 $ (unaudited)	Cumulative since March 14, 2006 $ (unaudited)
Cash provided by (used in)					
Operating activities					
Loss for the period	(2,487,572)	(656,182)	(3,011,554)	(839,681)	(6,007,511)
Items not affecting cash					
Stock-based compensation	1,745,000	387,189	1,745,000	387,189	2,830,581
Future income tax recovery	-	-	-	-	(1,047,100)
Changes in non-cash operating working capital					
Receivable	(155,450)	(19,039)	(342,470)	5,554	(744,236)
Prepaid expenses and deposit	(318,588)	28,739	(426,765)	(22,455)	(605,537)
Accounts payable and accrued liabilities	(2,857,324)	(401,728)	(2,070,061)	(286,487)	(1,632,146)
	(4,073,934)	(661,021)	(4,105,850)	(755,880)	(7,205,949)
Financing activities					
Issue of common shares	-	800,000	12,190,000	800,000	25,379,878
Common shares to be issued	-	(86,750)	-	-	-
Exercise of stock options	-	-	60,750	-	175,125
Exercise of warrants	16,875	-	1,424,907	-	3,137,807
Loan payable	-	-	-	-	122,880
Share issue costs	(34,578)	(46,788)	(964,217)	(46,788)	(1,976,736)
	(17,703)	666,462	12,711,440	753,212	26,838,954
Investing activities					
Due from Northfield Metals Inc.	(7,500)	-	(7,500)	-	(7,500)
Mineral resource properties	(1,144,203)	(106,631)	(5,232,796)	(781,035)	(10,034,992)
	(1,151,703)	(106,631)	(5,240,296)	(781,035)	(10,042,492)
Net increase in cash	(5,243,340)	(101,190)	3,365,294	(783,703)	9,590,513
Cash, beginning of period	14,833,854	348,247	6,225,219	1,030,760	-
Cash, end of period	9,590,514	247,057	9,590,513	247,057	9,590,513
Non-cash transactions					
Issued for mineral resource properties					
Common shares			5,275,500	148,000	
Notes payable			1,000,000	-	
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 primarily in the exploration and development of iron ore mineral properties 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 commodity prices. A significant decline in iron ore 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, 2010, the Company had working capital of $9,569,100, which included cash of $9,590,513. While the Company has sufficient funds to meet its current commitments, the Company will require additional funding to fund its operations and the exploration of its mineral resource properties. Without additional funding, there is substantial doubt as to the Company's ability to continue as a going concern. Within the next 12 months, the Company will be 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.

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, 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 April 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 1601 establishes 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, 2011. The transition date of April 1, 2011, will require the restatement for comparative purposes of amounts reported by the Company for the year ended March 31, 2010. 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. Due from Northfield Metals Inc.
The amount due from Northfield Metals Inc. ("Northfield") is unsecured, bears no interest and has no fixed terms of repayment. Three directors of the Company are directors of Northfield.

4. Mineral resource properties

	March 31, 2010 $	Acquisition costs $	Exploration $	September 30, 2010 $
Powderhorn	1,303,506	–	48,509	1,352,015
Attikamagen	439,398	–	–	439,398
Gullbridge	396,166	–	23,938	420,104
Pterodactyl	63,800	–	–	63,800
Fermont	3,086,204	7,932,336	280,384	11,298,924
Bellechase	31,300	–	17,880	49,180
Harvey-Tuttle	1,412,629	–	3,341,949	4,754,578
Fire Lake North	888,007	–	694,246	1,582,253
Lake Penguin	–	–	47,273	47,273
	7,621,010	7,932,336	4,454,178	20,007,524

Fermont Property
The Company owns an 82.5% interest in the Fermont Property covering an area of 642 square kilometres situated in northeastern Quebec.

Effective June 8, 2010, the Company earned a 65% interest in the Fermont Property which consisted of 16 claim blocks covering an area of 385 square kilometres. In order to earn its interest, the Company made the option payments, issued common shares and incurred exploration expenditures as follows:

	Option payments $	Common shares	Exploration expenditures $
To earn a 65% interest			
Paid and issued	100,000	700,000	–
November 27, 2008 (paid)	100,000	–	–
May 27, 2009 (paid, issued and incurred)	200,000	300,000	750,000
May 27, 2010 (paid, issued and incurred)	200,000	400,000	–
May 27, 2011 (paid, issued and incurred)	200,000	600,000	–
May 27, 2012 (paid, issued and incurred)	200,000	900,000	5,250,000
	1,000,000	2,900,000	6,000,000

On July 12, 2010, the Company increased its interest in the Fermont Property to 82.5% by acquiring a 17.5% interest in the Fermont Property for the payment of $2,000,000 ($1,000,000 paid on closing, $500,000 payable on July 12, 2011 and $500,000 payable on January 12, 2012) and the issue of 4,000,000 common shares valued at $3,600,000.

On August 10, 2010, the Company staked an additional 290 claims covering an area of 223 square kilometres.

The Company has the option to earn an additional 2.5% interest in any of the 16 properties which comprise the Fermont Property, the Company must issue 250,000 common shares on a one-time basis and then incur all necessary expenditures to completion of a positive bankable feasibility study for the respective property or properties.

On September 15, 2010, the Company acquired a 100% interest in the O'Keefe-Purdy and Moire Lake claim blocks. The O'Keefe-Purdy claim block consists of 182 claims covering 94.3 square kilometres and the Moire Lake claim block consists of 25 claims covering 11 square kilometres. In order to acquire its interest, the Company paid $25,000 and issued 125,000 common shares valued at $107,500.

5. Capital stock

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

	Number of shares	**$**
Balance as at March 31, 2010	41,543,313	15,584,671
Issued for mineral resource properties (note 4)	6,025,000	5,275,500
Private placement of units	10,600,000	12,190,000
Fair value of warrants issued	–	(3,388,114)
Exercise of stock options	150,000	60,750
Fair value of stock options exercised	–	45,808
Exercise of warrants	2,169,184	1,424,907
Fair value of warrants exercised	–	408,490
Share issue costs, net of tax	–	(1,175,217)
Balance as at September 30, 2010	60,487,497	30,426,794

Private placement of units

On April 30, 2010, the Company completed a private placement of 10,600,000 units at a price of $1.15 per unit for gross proceeds of $12,190,000. Each unit consists of one common share and one-half of one common share warrant, with each whole warrant entitling the holder to purchase one common share at a price of $1.50 per share until April 30, 2012. In connection with the private placement, the Company paid a commission of $731,400 and issued 636,000 broker, with each warrant entitling the holder to purchase one common share at a price of $1.15 per share until April 30, 2012.

The fair value of $3,388,114 for the 5,300,000 common share purchase warrants and $443,000 for the 636,000 broker warrants was calculated using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.86%
Expected volatility	124%
Expected life of warrants	2 years
Expected dividend yield	Nil

Stock options

The Company may grant up to 12,000,000 stock options (March 31, 2010 – 4,075,000) to directors, officers, employees and consultants.

A summary of the Company's fixed stock options outstanding and exercisable is presented below:

	Number of options	**Weighted-average exercise price**
Balance, March 31, 2009	1,477,500	0.50
Granted	2,227,500	0.32
Exercised	(290,000)	0.32
Cancelled	(152,500)	0.45
Balance, March 31, 2010	3,262,500	0.40
Granted	3,050,000	0.84
Exercised	(150,000)	0.41
Balance, September 30, 2010	6,162,500	0.62

A summary of the Company’s outstanding stock options at September 30, 2010 is presented below:

Exercise price	**Expiry date**	**Options outstanding and exercisable**
$0.45	January 10, 2013	1,000,000
$0.70	May 16, 2013	310,000
$0.30	September 16, 2014	1,420,000
$0.33	September 24, 2014	152,500
$0.405	November 9, 2014	230,000
$0.80	January 14, 2015	2,200,000
$0.85	February 2, 2015	300,000
$1.00	March 2, 2015	550,000
		6,162,500

Upon receipt of shareholder approval on September 3, 2010, the Company issued the following previously granted stock options:

	January 14, 2010	**February 2, 2010**	**March 2, 2010**
Options granted	2,200,000	300,000	550,000
Exercise price	$0.80	$0.85	$1.00
Expiry date	January 14, 2015	February 2, 2015	March 2, 2015
Fair value	$1,327,000	$192,000	$226,000
Risk-free interest rate	2.69%	2.45%	2.53%
Expected volatility	100%	100%	100%
Expected life of options	5 years	5 years	5 years
Expected dividend yield	0%	0%	0%

The fair value of these stock options was recorded as stock-based compensation when shareholder approval was received.

Warrants

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

	Common share purchase warrants			**Unit warrants**			
	Number of warrants	**Weighted -average exercise price $**	**$**	**Number of warrants**	**Weighted -average exercise price $**	**$**	**Total $**
Balance, March 31, 2009	3,948,100	0.68	653,445	–	–	–	653,445
Issued	8,775,907	0.70	2,003,475	333,360	0.54	96,308	2,099,783
Exercised	(3,360,000)	0.51	(456,291)	–	–	–	(456,291)
Expired	(1,773,100)	0.71	(261,143)	–	–	–	(261,143)
Balance, March 31, 2010	7,590,907	0.76	1,939,486	333,360	0.54	96,308	2,035,794
Issued	5,936,000	1.46	3,831,115	–	–	–	3,831,115
Exercised	(2,169,184)	0.66	(404,193)	–	–	–	(404,193)
Expired	(25,000)	0.70	(4,300)	–	–	–	(4,300)
Balance, September 30, 2010	11,332,723	1.15	5,362,108	333,360	0.54	96,308	5,458,415

A summary of the Company's warrants outstanding at September 30, 2010 is presented below:

Common share warrant exercise price	Expiry date	Warrants outstanding
$0.85	June 30, 2011	2,240,706
$0.85	June 30, 2011	90,017
$0.75	July 11, 2011	1,777,500
$0.75	July 11, 2011	38,500
$0.60	July 13, 2011	350,000
$0.90	August 22, 2011	900,000
$1.50	April 30, 2012	5,300,000
$1.15	April 30, 2012	636,000
		11,332,723

Unit warrant exercise price		
$0.55	June 30, 2011	263,360
$0.50	July 11, 2011	70,000
		333,360

Contributed surplus

	$
Balance, March 31, 2009	707,403
Fair value of stock options exercised	(117,402)
Stock-based compensation	503,236
Balance, March 31, 2010	1,093,238
Fair value of stock options granted	1,745,000
Fair value of stock options exercised	(45,808)
Balance, September 30, 2010	2,792,430

6. Capital disclosures

Capital of the Company consists of the equity attributable to the common shareholders, comprised of share capital, warrants, contributed surplus and deficit. 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. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. 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 period.

7. Financial instruments and risk management

Fair value

Fair value represents the amount at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. Fair values estimates are based on quoted market values and other valuation methods.

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

Risk management
The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and interest rate 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 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 6. Accounts payable are all 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. Related party transactions
For the 6 months ended September 30, 2010, consulting fees included $142,000 (2009 - $46,500) paid to companies controlled by a director and two officers of the Company; mineral resource properties included $1,376,356 (2009 - $274,862) paid to companies controlled by two directors and two officers of the Company; share issue costs included $105,065 (2009 - $nil) and legal fees included $98,078 (2009 - $22,246) paid to a law firm controlled by a director. Accounts payable and accrued liabilities includes $172,429 (March 31, 2010 - $678,603) payable to ten directors and officers of the Company or companies controlled by them. These transactions were in the normal course of business and are recorded at an exchange value established and agreed upon by the related parties.

9. Subsequent events
On October 8, 2010, the Company completed a private placement of 3,333,333 units at a price of $0.90 per unit for gross proceeds of $3,000,000. Each unit consists of one common share and one common share warrant entitling the holder to purchase one common share at a price of $1.20 per share until October 7, 2012, and thereafter, $1.50 per share until October 7, 2013.

Subsequent to September 30, 2010, the Company granted the following stock options:

	October 1, 2010	**October 3, 2010**	**October 4, 2010**	**October 4, 2010**	**October 24, 2010**	**November 5, 2010**
Options granted	100,000	3,500,000	500,000	500,000	100,000	50,000
Exercise price	$1.15	$1.00	$1.00	$1.50	$1.00	$1.10
Expiry date	October 1, 2013	October 3, 2015	October 4, 2015	October 4, 2015	October 24, 2015	November 5, 2015

On November 15, 2010, the Company completed a private placement of 480,769 flow-through common shares at a price of $1.30 per share for gross proceeds of $625,000.