Champion Minerals Inc.

(formerly Champion Natural Health.com Inc.)
(A Development Stage Company)

Financial Statements

March 31, 2007

KRAFT BERGER LLP CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To the Shareholders of
Champion Minerals Inc.

We have audited the balance sheets of **Champion Minerals Inc. (formerly Champion Natural Health.com Inc.)** as at March 31, 2007 and 2006 and the statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Kraft Berger LLP

KRAFT BERGER LLP
Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
July 24, 2007

Champion Minerals Inc.

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Balance Sheets

	As at March 31, 2007	2006
	$	$
Assets		
Current		
Cash	333,516	-
Accounts receivable	18,589	-
	352,105	-
Mineral resource properties (note 3)	270,925	-
	623,030	-
Liabilities		
Current		
Accounts payable and accrued liabilities (note 8)	109,384	15,597
Due to NFX Gold Inc. (note 4)	19,090	-
Loan payable (note 5)	-	77,120
	128,474	92,717
Future income taxes	108,000	-
	236,474	92,717
Commitments (notes 3 and 9)		
Shareholders' equity		
Capital stock (note 6)	4,082,376	3,456,987
Contributed surplus	137,800	137,800
Deficit	(3,833,620)	(3,687,504)
	386,556	(92,717)
	623,030	-

See accompanying notes to financial statements

On behalf of the Board:

Thomas G. Larsen	Paul Ankcorn
Director	**Director**

Champion Minerals Inc.
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Statements of Operations and Deficit

	Years ended March 31, 2007 $	2006 $
General and administrative expenses		
Professional fees	103,293	22,390
Consulting fees	11,000	27,000
General office	31,823	28,044
Net loss for the year	146,116	77,434
Deficit, beginning of year	3,687,504	3,610,070
Deficit, end of year	3,833,620	3,687,504
Loss per share-basic and diluted	(0.02)	(0.02)
Weighted average number of shares outstanding during the year- basic and diluted	6,102,105	5,155,667

See accompanying notes to financial statements

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Statements of Cash Flows

	Years ended March 31, 2007 $	2006 $
Cash provided by (used in)		
Operating activities		
Net loss for the year	(146,116)	(77,434)
Changes in non-cash operating working capital		
Accounts receivable	(18,589)	-
Accounts payable	93,787	1,431
	(70,918)	(76,003)
Financing activities		
Issue of common shares	250,000	-
Issue of flow-through common shares	300,000	-
Share issue costs	(36,611)	-
Loan payable	122,880	69,918
Advances from NFX Gold Inc.	19,090	-
	655,359	69,918
Investing activities		
Mineral resource properties	(250,925)	-
Increase (decrease) in cash	333,516	(6,085)
Cash, beginning of year	-	6,085
Cash, end of year	333,516	-
Non-cash activities		
Issue of common shares for mineral resource properties	20,000	-
Issue of common shares for debt	200,000	-
Supplementary information		
Interest paid	-	-
Income taxes paid	-	-

See accompanying notes to financial statements

Champion Minerals Inc.

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Notes to Financial Statements

March 31, 2007

1. Nature of operations and going concern

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 has not yet determined whether its properties contain ore reserves that are economically recoverable.

The Company is in the development stage and the continued operations of the Company and the recoverability of amounts shown for mineral resource properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain financing to complete the development of the properties and upon future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its interests. The amounts shown for mineral resource properties represent costs to date, less amounts written off, and 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.

At March 31, 2007, the Company reported a deficit of $3,833,620 and a loss for the year then ended of $146,116. These circumstances lend doubt as to the ability of the Company to continue as a going concern. The financial statements of the Company have been prepared on a going concern basis which contemplates the continuity of operations and the ability of the Company to meet its obligations as they come due.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Mineral resource properties
Costs relating to the acquisition, exploration and development of mineral resource properties are deferred until the properties are brought into commercial production, at which time, they are amortized over the estimated useful life of the related property on a unit-of-production basis. When a property is determined to be non-commercial, non-productive, or its value impaired, those costs in excess of estimated recoveries are charged to operations.

The cost of mineral resource properties includes the cash consideration and the fair value of shares issued on the date the property is acquired. The proceeds from options granted on properties are credited to the cost of the related property.

Impairment of long-lived assets
The Company reviews for impairment its long-lived assets, including mineral resource properties, for events or changes in circumstances that might indicate the carrying amount of the assets may not be recoverable. If such conditions exist, assets are considered impaired if the sum of the undiscounted expected future cash flows expected to result from the use and eventual disposition of an asset is less than its carrying amount. An impairment loss is measured at the amount by which the carrying amount of the asset exceeds its fair value. When quoted market value prices are not available, the Company uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value. The Company's mineral exploration and development activities are subject to various laws and regulations regarding protection of the environment. As a result of these, the Company is expected in the future to incur expenses from time to time to discharge its obligations under these laws and regulations. Certain of these expenses will meet the definition of an asset and other expenses will not meet this definition. The assets will be capitalized and the other costs will be expensed as incurred. When estimating the costs which are expected to be incurred there are many factors to be considered such as the extended period over which the costs are to be incurred, the discount factors and significant judgments and estimates. As such the fair value of the retirement obligations could change materially from year to year. In addition, changes in laws and regulations could cause significant changes in the expected costs and the related fair value.

Asset retirement obligations
The Company recognizes statutory, contractual or other legal obligations related to the retirement of tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset. The Company has no material asset retirement obligations as the disturbance to date is minimal.

Flow-through shares
The Company finances a portion of its exploration and development activities through the issue of flow-through shares issued pursuant to the *Income Tax Act* (Canada). Under the terms of these share issues, the deductions for income tax purposes of the related expenditures are renounced to the subscriber of the flow-through shares. Share capital is reduced and future income taxes are increased by the estimated income tax benefits renounced by the Company to the subscribers, except to the extent that the Company has unrecorded loss carryforwards and income tax pools in excess of book value available for deduction.

Stock-based compensation
The Company enters into transactions in which services are the consideration received for the issuance of equity instruments. The value of these transactions are measured and accounted for, based on the fair value of the equity instruments issued or the value of the services, whichever is more reliably measurable. The services are expensed in the year during which the services are rendered.

The Company applies the fair value-based method of accounting to all stock-based compensation payments to both employees and non-employees.

Income taxes
Income taxes are recorded using the asset and liability method of income tax allocation. Future income tax relates to the expected consequences of differences between the carrying amount of balance sheet items and their corresponding tax values. Future tax assets are recognized only to the extent that, in the opinion of management, it is more likely than not that the future income tax assets will be realized. Future income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment or substantive enactment.

Loss per share
The basic loss per share is calculated by dividing the loss applicable to the common shares by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated using the treasury stock method and reflects the potential dilution by including stock options and contingently issuable shares, in the weighted average number of common shares outstanding for the year, if dilutive.

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, liabilities, income and expenses and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Financial instruments
Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments.

Fair value
The carrying amounts of financial instruments approximate their fair values due to their short-term maturities.

3. Mineral resource properties

The Company entered into an option agreement (the “Option Agreement”) to acquire a 70% interest in a mineral exploration property, the Powderhorn Lake Project (the “Powderhorn Property”), which consists of a total of 115 claims covering an area of 29 square kilometers situated in the Buchans-Robert's Arm Belt in Central Newfoundland.

Pursuant to the Option Agreement, the Company has the option to acquire a 70% interest in the Powderhorn Property by: i) paying $50,000 as follows: $30,000 which has been paid, $10,000 which was paid on June 11, 2007 and $10,000 to be paid by June 11, 2008; ii) incurring exploration expenditures of $1,000,000 on the Powderhorn Property on or before June 11, 2009 in the following yearly increments: $200,000 by June 11, 2007 which has been incurred, $300,000 by June 11, 2008, and $500,000 by June 11, 2009; and iii) issuing 600,000 common shares as follows: 100,000 common shares which were issued on November 26, 2006 at a deemed price of $0.20 per common share, 150,000 common shares which were issued on June 11, 2007 at a deemed price of $0.30 per common share, 250,000 common shares before June 11, 2008, and 100,000 common shares before June 11, 2009; or upon completion of exploration expenditures required pursuant to the Option Agreement, or promptly after an economic discovery as evidenced by a pre-feasibility study has been made on the Powderhorn Property.

The Powderhorn Property is currently 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%.

As at March 31, 2007, the Company has a commitment to spend $211,000 received upon the issuance of flow-through shares on Canadian exploration expenditures prior to December 31, 2007.

4. Due to NFX Gold Inc.

The amount due to NFX is unsecured, bears no interest and has no fixed terms of repayment. Two directors of NFX are directors of the Company.

5. Loan payable

The loan payable to a corporation controlled by an officer and director of the Company was non-interest bearing and was repaid by the issue of common shares.

6. Capital stock

Authorized

As at March 31, 2006, the Company was authorized to issue an unlimited number of subordinate voting shares entitled to one vote per share, an unlimited number of multiple voting shares entitled to 100 votes per share and an unlimited number of Class A shares issuable in series and an unlimited number of Class B shares issuable in series.

During the year, the articles of the Company were amended to create an unlimited number of common shares. The Company completed the consolidation of the issued and outstanding subordinate shares and multiple voting shares of the Company on the basis of six old shares for one new share of the same class. Each post-consolidation subordinate voting share was then exchanged for one common share and each post-consolidation multiple voting share was exchanged for 100 common shares. After the consolidation and exchange, the only authorized shares are an unlimited number of common shares.

Issued

	Common shares		Subordinate voting shares		Multiple voting shares	
	Number	**$**	**Number**	**$**	**Number**	**$**
Balance, March 31, 2005 and 2006	–	–	9,158,303	3,331,776	217,758	125,211
Consolidation of 6 old shares for 1 new share	–	–	(7,631,936)	–	(181,465)	–
Conversion of each subordinate voting share to 1 common share	1,526,367	3,331,776	(1,526,367)	(3,331,776)	–	–
Conversion of each multiple voting share to 100 common shares	3,629,300	125,211	–	–	(36,293)	(125,211)
	5,155,667	3,456,987	–	–	–	–
Common shares issued for cash	1,250,000	250,000	–	–	–	–
Flow-through common shares issued for cash	1,100,000	300,000	–	–	–	–
Renunciation of flow-through expenditures	–	(108,000)	–	–	–	–
Issued for mineral resource properties	100,000	20,000	–	–	–	–
Issued for debt	1,000,000	200,000				
Share issue costs	–	(36,611)	–	–	–	–
Balance, March 31, 2007	8,605,667	4,082,376	–	–	–	–

On December 14, 2006, the Company completed a private placement of 750,000 common shares of the Company at a price of $0.20 per share for gross proceeds of $150,000 and 600,000 common shares at a price of $0.25 per common share issued on a flow-through basis pursuant to the Income Tax Act (Canada) for gross proceeds of $150,000.

On December 21, 2006, the Company issued 1,000,000 common shares at a deemed value of $0.20 per common share to settle outstanding debts of $200,000. Of that amount, a corporation controlled by a director of the Company converted $127,563 of debt into 637,865 common shares and a director of the Company converted $30,000 of debt into 150,000 common shares.

On December 29, 2006, the Company completed a private placement of 500,000 common shares at a price of $0.30 per common share issued on a flow-through basis pursuant to the Income Tax Act (Canada) for gross proceeds of $150,000.

On January 5, 2007, the Company completed a private placement of 500,000 common shares of the Company at a price of $0.20 per share for gross proceeds of $100,000.

Stock options

During the year, the Company terminated the existing stock option plan and established a new stock option plan (the "Plan") relating to the subordinate voting shares of the Company. The Company may grant options to its directors, officers, employees or consultants to acquire up to 515,553 common shares. The exercise price of each option shall not be less than the closing price of the Company's common shares on any exchange on the last trading day immediately preceding the date of grant of the option, less the applicable discount for option permissible under the rules of any exchange or other securities regulatory requirements. Options granted vest immediately and the option period for each option shall not exceed 5 years. At March 31, 2007 and March 31, 2006, there are no options outstanding.

7. *Income taxes*

The Company's effective income tax rate differs from the amount that would be computed by applying the federal and provincial statutory rate of 36% (2006 – 36%) to the net loss for the year. The reasons for the difference are as follows:

	2007	2006
Income tax recovery based on statutory rate	$ 52,600	$ 28,000
Share issue costs	(2,600)	—
Unrecorded tax benefit of losses	(55,200)	(28,000)
	$ —	$ —

At March 31, 2007, the Company's future income tax assets were as follows:

Non-capital loss carryforward	$ 55,200
Share issue costs	10,500
	65,700
Valuation allowance	(65,700)
	$ —

At March 31, 2007, the Company had a non-capital loss carryforward of $153,000 which expires in 2027.

8. *Related party transactions*

For the year ended March 31, 2007, consulting fees included $9,000 (2006-$nil) paid or payable to companies controlled by two directors and two officers of the Company and mineral resource properties included $42,301 (2006-$nil) paid or payable to a company controlled by a director of the Company. Accounts payable and accrued liabilities includes $16,775 (2006-$nil) payable to companies controlled by one director and one officer 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.

9. *Subsequent events*

On July 20, 2007, the Company acquired a 100% interest in 52 claims comprising the Attikamagen Lake Iron Prospect in eastern Labrador for a cash payment of $40,000 and the issuance of 100,000 common shares of the Company at a deemed value of $0.30 per common share. The Company agreed to pay an aggregate royalty of $3.00 per tonne of iron content in any and all iron ore, pellets or other product produced.